

Benefit Insights

Reach Out to Young Workers on the Importance of Health Insurance

When young, one tends to feel invulnerable. Reflecting this, young people often take the kinds of risks that, when looked back upon after a few years of added experience, often elicit the remark, "I was lucky." A recent survey conducted on behalf of Aetna and the Financial Planning Association shows that this risk-taking behavior shows up in young people's views toward health insurance, with many saying they would choose to pay their monthly cell phone bill rather than pay a health insurance premium.

As a group, young adults are among those least likely to have health insurance. According to research funded by the Agency for Healthcare Research and Quality, 36% of individuals age 19 to 24 were uninsured for all or part of 2003. An Issue Brief from the Commonwealth Fund states that young adults age 19 to 29 are among the largest and fastest growing population segments without health insurance, with 13.7 million uninsured in 2004, an increase of 2.5 million over 2000's levels.

It's easy to see how people in this age group become uninsured. Most young people have coverage under their parents' health insurance policies (or a state children's health insurance fund) until they reach age 19; college students may keep this coverage until they graduate. After that time, coverage ends, and many young folks are not replacing their former dependent coverage with coverage of their own. The Commonwealth Fund Issue Brief states that nearly two out of five college graduates, and one-half of high school graduates who do not go on to college, will be uninsured for part of their first year after graduation.

While it's understandable how this loss of coverage occurs, what's disturbing about the survey cited at the begin-

ning of this article is the lack of priority that many young people have given to having health insurance coverage. According to the survey, young workers have set their financial priorities in areas other than health insurance coverage. Seventy percent would rather contribute a portion of their monthly earnings to paying down credit card debt, building their savings accounts, or contributing to their 401(k) plans, than paying for health insurance coverage. Forty-four percent would rather pay their cell phone bills. And only 8% ranked health benefits as a top item they look for when considering a job.

Employers that offer health benefits programs can reach out to this group in a number of ways to emphasize the importance of joining the company-sponsored health plan. Since most young people will have seen for themselves few—if any—medical bills, they may have no real sense of the cost of medical treatment, whether it be for a severe condition or catastrophic event, or even routine care. Sharing cost information with them through a variety of media (company newsletters, e-mails, paycheck stuffers, posters/table-toppers in the lunchroom) can make the point simply and effectively. Once they are more in tune with what a health care event could cost them out-of-pocket, young workers may be more likely to consider the options available to them. Lower-cost health plan options—including high deductible plans coupled with a health savings account—could appeal to young workers who might appreciate the expense of a catastrophic event, but are otherwise healthy.

Moving young workers into appropriate health plan coverage might result in some expressions of "I was lucky," when these individuals later look back on their uninsured days.

Benefit Strategies, Inc. is pleased to present our quarterly newsletter which contains important information on current and/or emerging employee benefit topics.

Ultimately, our goal is to provide you relevant benefit information that will enable your organization to fulfill both its financial and benefit objectives now and into the future. As always, we welcome your thoughts and suggestions.

We appreciate your confidence in us and thank you for allowing us to serve your organization.



Benefit Strategies, Inc.
Delivering results, not promises.™

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Exploring the High Cost of “Presenteeism”

Employers are always on the look out for ways to combat excessive absenteeism. It hurts productivity and destroys the morale of employees who pick up the slack for their absent colleagues.

But while employers have been vigilant about keeping absences down, a new phenomenon has been developing right under their noses. This phenomenon, named “presenteeism” by workplace health experts, happens when employees come to work when they are sick and contagious enough to spread germs to other employees. The problem is far more widespread and has many more consequences than most employers realize.

According to an article that appeared in the Boston Globe, Walter Stewart, an epidemiologist who studies workplace health issues for Geisinger Health System, conducted a survey of 29,000 workers, asking them how their health affected their jobs. This is what he discovered:

“Health problems, from cancer diagnoses to backaches to the flu, result in \$225 billion in lost work time annually in the United States. And most of that -- 71 percent -- can be traced to workers who showed up feeling punk, largely because of respiratory and gastrointestinal bugs.”

Clearly presenteeism adds significant cost to a company’s operations. It may be that presenteeism becomes an even greater cost factor than absenteeism. Employers need to develop an effective strategy to prevent presenteeism from

becoming a problem in their workplace. Companies should start by identifying the problem. Many of the costs connected with presenteeism result from manageable chronic illnesses, such as depression, migraines, and allergies. Developing an employee education program that teaches employees how to manage these illnesses effectively will go a long way toward eliminating the problem of presenteeism.

The second step is to realize that presenteeism is grounded in economic necessity. As the article in the Boston Globe pointed out, “Millions of U.S. employees don’t get paid if they take a sick day. And millions more now have all their time off -- vacation days, personal days, sick days -- lumped into a single pot, meaning the more sick days they take, the fewer vacation days they’ll get.” It’s obvious that it’s good business to provide employees with a specific number of paid sick days to promote a healthier work environment.

Finally, employers need to address ergonomic issues in their work environment. Employees who develop musculoskeletal conditions due to poor ergonomics operate below capacity because they have to make adjustments to compensate for pain. That’s why employers must identify ergonomic issues and address them through workplace redesign. Involving employees in the changes will show that management is concerned about their health. Redesigning a workplace to be more employee-friendly will also reduce presenteeism that results from stress associated with working through pain.

Depression’s Toll Felt in the Workplace

Long stigmatized or ignored, depression today is recognized as an illness with health, productivity and social costs on a par with physical disorders. Consider these statistics:

- A disability claims analysis by Aetna found that when depression is a comorbidity to another diagnosis—such as irritable bowel syndrome, chronic fatigue, pregnancy, hypertension, back pain, morbid obesity or carpal tunnel syndrome—the duration of the disability is longer. For example, depressed individuals with irritable bowel syndrome had an average of 63% longer disability durations than those who were not depressed, and the disability durations of individuals whose claims were for back pain lasted 25% longer when the claimants also had depression.
- Employees treated for depression incurred annual health and disability costs that were significantly more than the cost for hypertension and comparable to the costs incurred by employees with heart disease, diabetes or back problems, according to an article published in the American

Journal of Psychiatry and based on data of 15,000-plus employees. Furthermore, employees with depression plus any of these four other medical conditions cost 1.7 times more than those with the medical condition alone. Depression was associated with an average of almost 10 sick days per affected employee, significantly more than that recorded for the other four medical conditions.

- An article in the Journal of Occupational and Environmental Medicine cites Health Enhancement Research Organization estimates that employees with depression annually generate almost 1.9 times the health care costs of non-depressed employees.
- Beyond these types of costs are those that may be more difficult to get a handle on. In a symposium on depression, a speaker from CIGNA Behavioral Health outlined the indirect costs of depression, such as absenteeism, poor productivity, flawed decision-making, accidents, turnover, failed projects, faulty products, poor customer service,

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Chronic Pain: The Silent Deterrent to Productivity

It's commonly understood that health is a significant factor in employee productivity. Although a worker may not exhibit obvious symptoms of illness, an employee may still be a victim of poor health. Chronic pain, in the form of persistent migraines, breathing ailments, back problems or worsening arthritis, may make it extremely difficult for an employee to keep up with the minimum demands of the job; let alone attempt to increase productivity.

Employees with chronic, pain-inducing conditions will often try to hide them from their employers. They fear being considered incompetent, which could cause them to lose the job. They also fear being viewed as taking advantage, as some co-workers may feel chronically ill employees use their condition as a "free pass" that will entitle them to have their responsibilities lessened but still earn the same salary.

Wayne Hochwarter, an associate professor of management at Florida State University's College of Business, has conducted several studies to examine how chronic pain affects job stress, employee performance and organizational profitability. During the course of one study, Hochwarter polled more than 2,000 employees to determine the number of hours of non-productivity each week attributed to their chronic pain; the research revealed that the average was five hours. Hochwarter went on to project the cost of this lost productivity over a year's time, concluding a figure of more than \$5,000 per employee. This figure did not take into consideration indirect costs like absenteeism, which can double or sometimes even triple, the amount.

The best offense against this kind of loss is a good defense. The Job Accommodation Network (JAN), a service of the

Office of Disability Policy of the U.S. Department of Labor, recommends that employers ask themselves the following questions when considering how to redesign a job to enhance the performance of an employee with chronic pain:

- What limitations is the employee with chronic pain experiencing?
- How do these limitations affect the employee's job performance?
- What specific job tasks are problematic as a result of these limitations?
- What accommodations are available to reduce or eliminate these problems? Are all possible resources being used to determine possible accommodations?
- Has the employee with chronic pain been consulted regarding possible accommodations?
- Once accommodations are in place, would it be useful to meet with the employee with chronic pain to evaluate the effectiveness of the accommodations and to determine whether additional accommodations are needed?
- Do supervisory personnel and employees need training regarding chronic pain?

JAN's Searchable Online Accommodation Resource (SOAR) at <http://www.jan.wvu.edu/soar/disabilities.html> provides accommodation options for a variety of chronic conditions. There are also a number of product vendor lists available through this system. In addition, JAN encourages employers to contact the agency directly if they have specific accommodation situations, are looking for products, need vendor information, or are seeking a referral.

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and poor teamwork. Estimates from the U.S. Surgeon General put the indirect costs of depression at \$80 billion annually.

Numbers like these have many employers looking to find ways to better manage the costs of depression in the workplace. Among the strategies being implemented are—

- Education programs that reduce depression's stigma and urge employees to seek help.
- Confidential screenings, sometimes through easy-to-access phone and Web-based tools, so employees who think they might benefit from treatment have minimal barriers in seeking care.
- Case and care managers for employees receiving treatment. This individual can have a number of roles, including coordinating medication and talk therapies, staying in touch with employees in treatment to ensure they are following any prescription regimens, and facilitating access to other services.
- Integrating mental health and disability benefits so as to better assess cost data, improve information flow and

monitor the return-to-work progress or accommodation needs of employees out on disability.

How much is depression costing your company? One way to gauge an estimate, along with the possible cost and productivity savings to be realized if affected employees received the treatment they need, is through the online "depression calculator" (www.depressioncalculator.com). Using data entered by the employer, the calculator determines the likely incidence of depression within an organization, predicts losses due to depression's toll on productivity and attendance, and projects the savings possible if depressed employees receive appropriate treatment. Several organizations are publicizing the availability of this tool to employers, including the U.S. Chamber of Commerce, the American Psychiatric Association, the Institute for Health and Productivity Management, the Mid-America Coalition on Healthcare, and the Pharmaceutical Research and Manufacturers of America (PhRMA).

Compelling statistics and innovative workplace strategies make now an ideal time to tackle depression in the workplace.

Employers Need to Ensure Employees Are Financially Prepared for High-Deductible Health Plans

According to new research by the Commonwealth Fund, high-deductible health plans often trigger financial difficulties and cause members to forgo needed care. Results of the survey are based on responses from 4,052 adults polled nationwide covered by high-deductible health plans.



Approximately 49% of adults with high-deductible coverage have debts or problems in paying medical bills, compared to just 31% of those covered by lower-deductible plans. Furthermore, individuals with high-deductible plans are more likely than those with lower-deductible plans to leave a prescription unfilled or skip a medical test, treatment, or follow-up when needed, due to cost, the organization reports.

“Health savings accounts coupled with high deductible health plans have potential pitfalls, especially for families with low incomes or individuals with chronic health conditions, who are at greater risk of accruing burdensome medical debts and facing barriers to needed health care,” said Commonwealth Fund President, Karen Davis. “The evidence is that increased patient cost-sharing leads to underuse of appropriate care.”

With many employers evaluating Health Savings Accounts (HSAs), what questions should employers consider to make sure their employees are ready for a change?

1. Will the employer contribute to the HSA on behalf of the employee? If not, what happens to employees who cannot afford to save into a HSA?
2. Will the employer offer a HSA alongside of a traditional major medical plan? Giving employees a choice of plans should reduce the stress associated with such a large transition.
3. What is the average income of the company’s employees? Lower income employees have less money to save in HSAs and could be impacted the most by an unexpected medical claim.
4. What is the participation rate in the company’s retirement plan? While certainly not an accurate measure, employers with low retirement plan participation should expect similar results with a HSA plan.

While HSAs have been proven to cut down on unnecessary medical care and reduce frivolous claims, thoughtful employers need to consider how a high-deductible health plan will impact their employees’ financial lives. Financially stressed employees make for unproductive employees.



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