

BENEFIT

Plan Developments



A report covering plan design and legislative changes

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Public Health Risks Highlight Need For Employer Preparation

In response to potential public health risks, such as the recent outbreak of swine flu (H1N1 virus), a number of government agencies, including the Centers for Disease Control (CDC), the Department of Health and Human Services (HHS), and the Occupational Safety and Health Administration (OSHA), have created PandemicFlu.gov. The site provides one-stop access to U.S. government information about pandemic influenza and avian influenza for the general public, health and emergency preparedness professionals, policy makers, government and business leaders, and local communities.

Business owners and employers are advised to review and update their disaster contingency plans to ensure that their business and their employees are protected in the event

of a pandemic. If such an outbreak should occur, the health of employees is critical to continued operations. If business operations require close contact with other employees and the public, there are a number of protective measures that can be implemented to prevent the spread of infectious disease in the workplace.

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First, employers must prepare for the possibility that large numbers of workers could become ill or have to remain at home due to possible exposure to a pandemic illness. Therefore, it is important for businesses to establish in advance a business continuity contingency plan that enables the organization to continue to function even if a significant number of employees are unable to come to work.

Flexible work arrangements, such as telecommuting or modified scheduling, can reduce the number of workers who must be at the workplace at one time, or in one specific location. Employers may also wish to implement a cross-training program so that employees will have the ability to step in and fulfill responsibilities that are critical to the business, as needed. To facilitate automation and

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Employers are advised to communicate any immediate changes to workplace policies, such as hygiene-related procedures or sick leave entitlement, as well as any emergency measures that might be implemented in the event of increased risk.

remote communication, information technology systems should be enhanced or upgraded, if needed. Business owners must also consider their inventory. If they usually operate on a “just in time” inventory model, they may want to consider accumulating some reserves in preparation for possible disruptions in distributions and deliveries.

Second, employers are encouraged to develop contingency practices to minimize face-to-face contact between employees in the event of a pandemic. Such practices may include minimizing group meetings and increasing the use of teleconferencing and e-mail. Depending on the type of business, other measures may include distributing and promoting the use of hand sanitizers, tissues, and disinfectants.

When pandemic risk is acute, employees should be advised to minimize physical contact and proximity with coworkers and clients. In some cases, workers may be required to wear protective equipment. To further minimize contact, barriers, such as transparent plastic or glass walls or windows, may be installed.

Third, employers and business owners must clearly communicate their leave policies in the case of a pandemic situation. Employees who may have been exposed must be encouraged to stay at home, without fear of reprisal, to minimize the spread of a potentially dangerous virus. Any employee who has flu-like symptoms should see a physician or health care provider immediately for testing. An employer can legally require an employee who may be infected with a pandemic illness to stay at home, or require a medical note or medical examination before returning to work. However, employers must be fair when imposing mandatory testing and leave policies to avoid discrimination. Protecting the privacy rights of individual employees is another important consideration. Finally, employers are advised to communicate any immediate changes to workplace policies, such as hygiene-related procedures or sick leave entitlement, as well as any emergency measures that might be implemented in the event of increased risk.

“Influenza pandemics, whether severe or comparatively mild, are recurring phenomena,” wrote Former HHS Secretary Mike Leavitt and Former Secretary of Homeland Security Michael Chertoff in a January 2009 report to the U.S. Department of Homeland Security. “The prevailing uncertainty, therefore, is not whether the world will experience another influenza pandemic but rather when the next one will occur and how severe it will be. And, considering that a catastrophic pandemic could be among the possibilities, thorough preparedness is imperative.”

Employee Access To Wellness Programs Varies

While many American workers appreciate employer programs that promote a healthy lifestyle, some employees remain skeptical about wellness initiatives, and a significant number of employees continue to have no access to these programs, according to a report released by the John J. Heldrich Center for Workforce Development at Rutgers University.

“Healthy at Work? Unequal Access to Employer Wellness Programs” was written by Allison Kopicki, Carl Van Horn, and Cliff Zukin. The study’s findings are based on a national survey of 583 full-time workers. The authors noted that, with U.S. health care spending expected to reach \$2.5 trillion in 2009 (representing 17.6% of gross domestic product), policymakers and businesses are looking to wellness programs as a means of promoting healthy behaviors that can help to stabilize these escalating costs.

For nearly one in four (38%) of the workers surveyed, their employer provides some kind of wellness program. Of those who have access to a wellness program at work, 75% said their employer offers exercise programs or gym discounts, 70% reported having access to nutrition programs, 66% said their employer offers

stress management programs, and 61% reported that their company provides smoking cessation and drug and alcohol rehabilitation services. Additionally, 58% indicated that their company offers weight or obesity control programs, 55% said their employer pays for regular medical check-ups, and 46% reported that their workplace has disease management programs for chronic conditions, such as diabetes and asthma.

When those with access to wellness programs at work were asked for their views on the potential impact of the initiatives, 30% said the programs had a major impact on the health of the people in the workplace, 54% called the impact of the wellness programs minor, and 10% said there was no impact at all.

The survey also indicated that company size matters a great deal when it comes to wellness programs. The results showed that 62% of respondents who work for companies with 250 or more employees have access to some type of wellness program, compared with 37% of respondents at companies with 25–250 employees and just 6% of respondents who work for businesses with fewer than 25 employees.

“Large companies generally have the resources and staff to devote to promoting and organizing such programs, or have the means for more comprehensive health insurance plans that provide these wellness features,” the study’s authors noted.

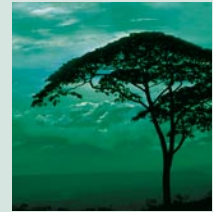
In addition, the survey showed that highly educated and more affluent workers are much more likely to have access to wellness programs in the workplace. Nearly half (46%) of the college graduates surveyed indicated their employer offers wellness programs, compared with just one-quarter (25%) of employees with a high school education or less. Similarly, 45% of salaried workers, but only 35% of hourly workers, reported having access to wellness programs, and 44% of employees with incomes of \$70,000 or more work for companies that provide wellness programs, compared with just 21% of those earning \$35,000 or less.

The survey asked respondents for their views on wellness programs in general, as well as what types of incentives for positive lifestyle changes they consider to be fair and effective. When asked whether they support certain incentives for participating in wellness programs, 74% said they are in favor of offering participants lower health care premiums, and 50% approved of presenting participants with gift certificates or gift cards. However, just 39% said they thought wellness program participants should be given extra time off, and only 32% were in favor of offering extra pay for participation.

The findings further revealed that workers tend to believe it is unfair to penalize people for unhealthy behaviors, and even less so for factors that are out of their control. While around half of respondents indicated they are in favor of charging higher health insurance premiums to people who smoke (47%) and drink heavily (43%), just 26% agreed that very overweight people should pay more for their health insurance. Meanwhile, only 8% said people with emotional problems should have higher premiums, and a mere 6% agreed that older people or people with genetic markers suggesting an increased risk for developing a serious condition later in life should be charged more for coverage.

According to the study, a small but noticeable percentage of workers are concerned that wellness and disease management programs in the workplace could give supervisors and managers too much information about employees’ health status. When asked about their level of concern about whether their manager might see their insurance claim, 13% of respondents said they are very concerned, and another 13% indicated they are somewhat worried about whether their privacy is being protected.

“Workers across the board have mixed feelings about what incentives and penalties employers should be able to utilize to encourage healthy behavior,” the study’s authors said in conclusion. “In the



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implementation of wellness programs, employers and human resource professionals must be sensitive to privacy and fairness concerns.”

Workers Lack Plan For Unexpected Disability

Most Americans who lack disability coverage would have to tap savings, use credit cards, or ask for financial support from family and friends if they could not work because of injury or illness, according to a survey conducted for employee benefits provider Unum by Harris Interactive.

The survey included responses from 1,353 adults, 548 of whom belong to Generation Y (ages 18–30) and 805 of whom are baby boomers (ages 44–62). When the Gen Y respondents who lack disability coverage were asked what they would do if they could not work, 39% indicated they would likely rely on savings, 33% said they would borrow from friends or family, 16% said they would borrow from credit cards, and 18% admitted they are not sure how they would cope.

When the employed baby boomers with no disability insurance were asked what they would do if they could not work, 49% said they would rely on savings, 40% said they would depend on a partner's earnings, and 15% said they are not sure how they would manage.

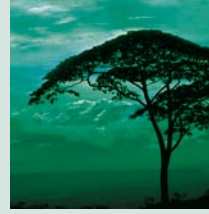
Citing industry data from the Council for Disability Awareness, Mike Simonds, senior vice president of Unum US, noted that around one-third of Americans entering the workforce today will be disabled before reaching retirement age, and one in seven will be disabled for five years

or longer. “Today's workers face a time of tremendous economic upheaval, and the benefits decisions they make now can help protect their financial futures,” Simonds said.

Simonds cited industry data that revealed that more than 70% of Americans live paycheck to paycheck, and half of bankruptcies are caused by unexpected illnesses, injuries, and medical bills. “As financial safety nets fray and savings erode, these generations have a particular need to think about ways to protect their financial stability,” Simonds observed. “Boomers are facing the loss of savings and 401(k) values, while the newest generation of workers is trying to build a financial foundation in an unsteady time.”

Despite this lack of stability, the survey also showed that neither age group considers disability coverage a top financial priority. Only 1% of Gen Y and 5% of baby boomer respondents cited disability coverage as one of their top four financial priorities. Among Gen Y workers, 63% consider paying down debt/student loans to be a top financial priority, and 57% put dining out and entertainment among the top four priorities. Meanwhile, 66% of baby boomers rated putting money into savings or retirement accounts as a top priority, and 32% placed paying for vacations on their top four list.

The findings further revealed that the workplace represents a critical source of information about benefit protection. 76% of the employed baby boomers and 68% of the employed Gen Y respondents reported that the workplace is among their most reliable sources of information about benefits. “Effective education at work is the best way to help American workers understand the value of benefits,” Simonds added.



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