



The Recession's Toll on Employees' Health: Results of a New National Business Group on Health Survey

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Why We Commissioned The Survey

- As the country has struggled with the worst economy in 70 years, employers have been under tremendous pressure to reduce health costs.
- At the same, employers don't fully understand how employees are coping and responding to this recession.
- Given that the financial and mental health of employees and their dependents directly impacts their physical health and thus the cost of their health benefits, **employers have wondered what they can do to support their employees while still managing their health care costs during this tenuous time.**

What We Wanted to Learn

What changes have employees made over the past year relative to their own health?

How have employees' priorities changed in regards to their job and their health?

How much of a factor is cost in employees' health care decision-making?

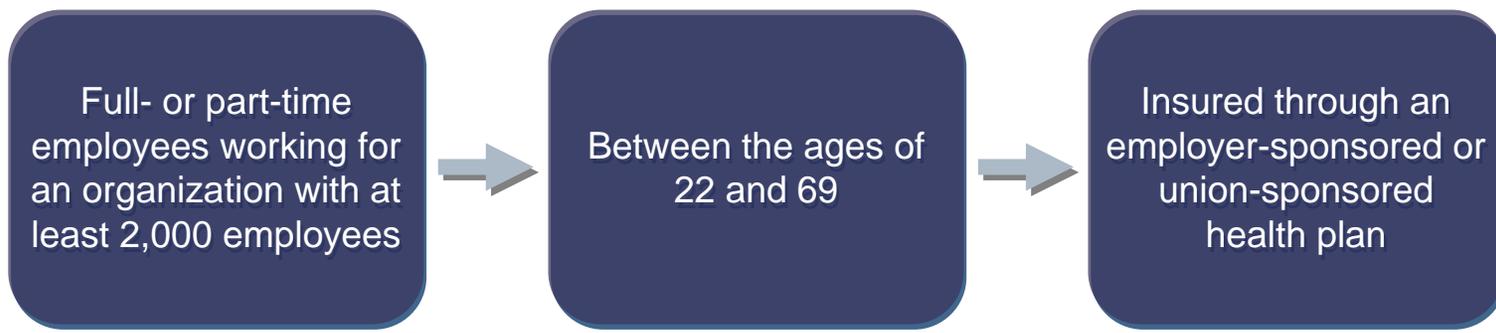
How has the downturn in the economy affected their health?

How much of a priority is improving their physical health and adopting healthier lifestyles become?

About the Study

The National Business Group on Health commissioned Fidelity Consulting Services to survey employees of large U.S. employers about the impact of the economy on their health

Participants were selected who are:



Respondent Profile

- **Employment Status:** 95% are employed full-time, 5% part-time
- **Size of company:** 48% work for companies with 2,000 to 10,000 employees, 52% work for companies with greater than 10,000 employees
- **Type of employment:** 55% salaried, non-union employees, 32% hourly, non-union, 13% of the respondents belong to a union
- **Gender:** 43% male; 57% female
- **Work location:** 74% in an office, 12% at a plant/factory, 11% in the field, 3% work at home

Key Study Findings



1. The economic downturn is taking a toll on employees' physical, mental and financial health

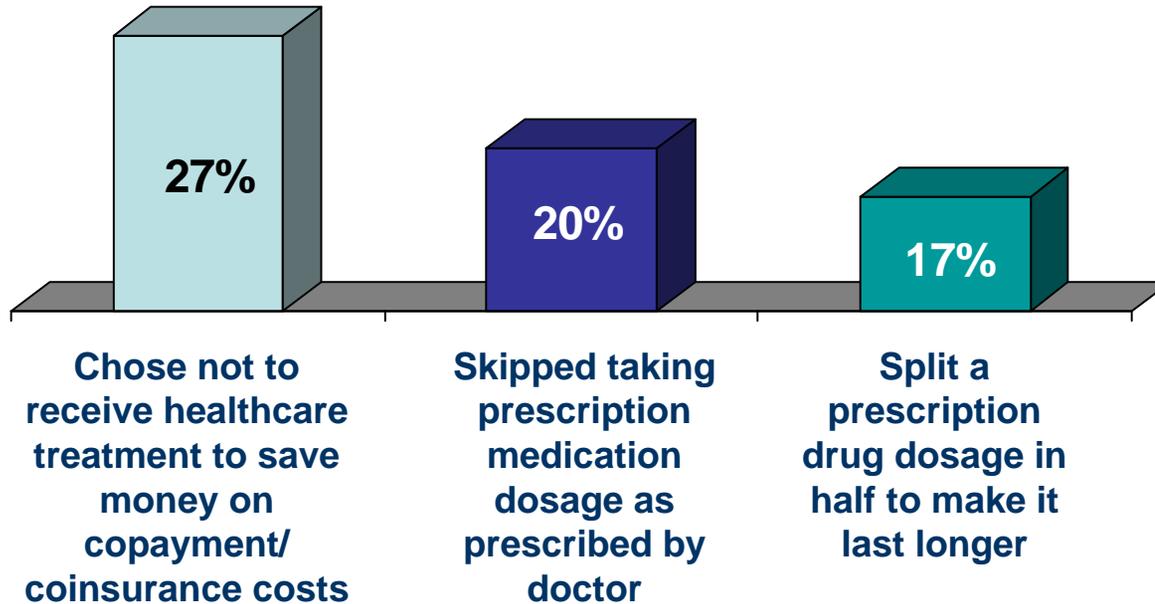


2. Employees are more sensitive to the cost of health care



3. Health improvement is more of a priority than it was a year ago

Key Finding #1: The economic downturn is taking a toll on employees' physical health



21% say being worried about the economy and how it's affecting them/their family is preventing them from leading a healthier life

...and employees' mental and financial health

➤ Mental health

- 40% indicate their mental health – including stress and anxiety – is worse since the economic downturn
 - Employees age 45 – 64 are more likely to say that their mental health has been negatively impacted by economy than those who are age 22 – 34 (44% vs. 35%)
- The good news: 40% say they have taken action to improve their mental health over the past year. However, another 8% say they need assistance to take action to improve.

➤ Financial health

- 50% indicate that recent changes in the economy have made their financial health worse
 - Employees age 45 – 64 are more likely to say that their finances have been negatively impacted by the downturn in the economy
- The good news: Two-thirds (67%) indicate that saving is more of a priority this year than it was in 2008

Key Finding #2: Employees are more sensitive to the cost of health care

- 72% of employees say they have become more aware of the total cost of healthcare services in the last year; 56% are more aware of what they pay for health insurance
 - However, 58% continue to be surprised at their out-of-pocket costs
- 61% say they are aware of what their employer spends on health benefits
 - However, 67% still believe their employer has an obligation to provide health benefits to employees
- 68% say having access to health benefits is a key reason for staying with my employer
- 66% of employees whose employer offers financial incentives indicate that it has motivated them to try to lead a healthier life
 - And, 58% believe smokers should pay a higher healthcare premium and 46% believe obese employees should pay a higher healthcare premium

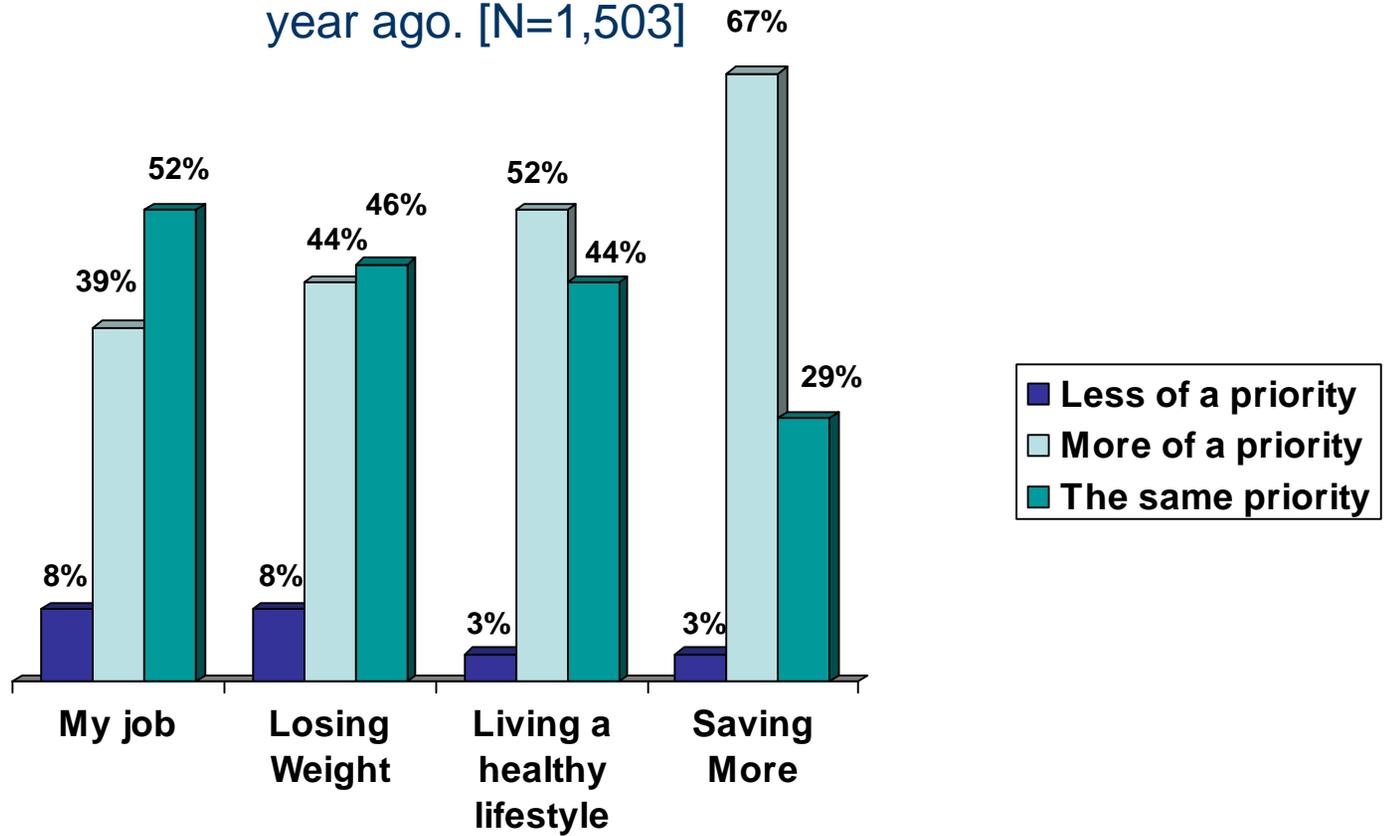


Greater financial awareness impacts choice of health plans as well

- Half of all respondents (52%) say cost has the most influence when choosing a health plan
 - *Those earning less than \$75K indicate it is more of an influence than higher income earners*
- 88% say they reviewed the health plan options during the last annual enrollment period
 - *This is up from 73% from the July 2008 survey**
- 24% switched health plans as a result of their review
 - *This has stayed constant from the July 2008 survey**
- 25% of those who changed plans did so to reduce their annual premium

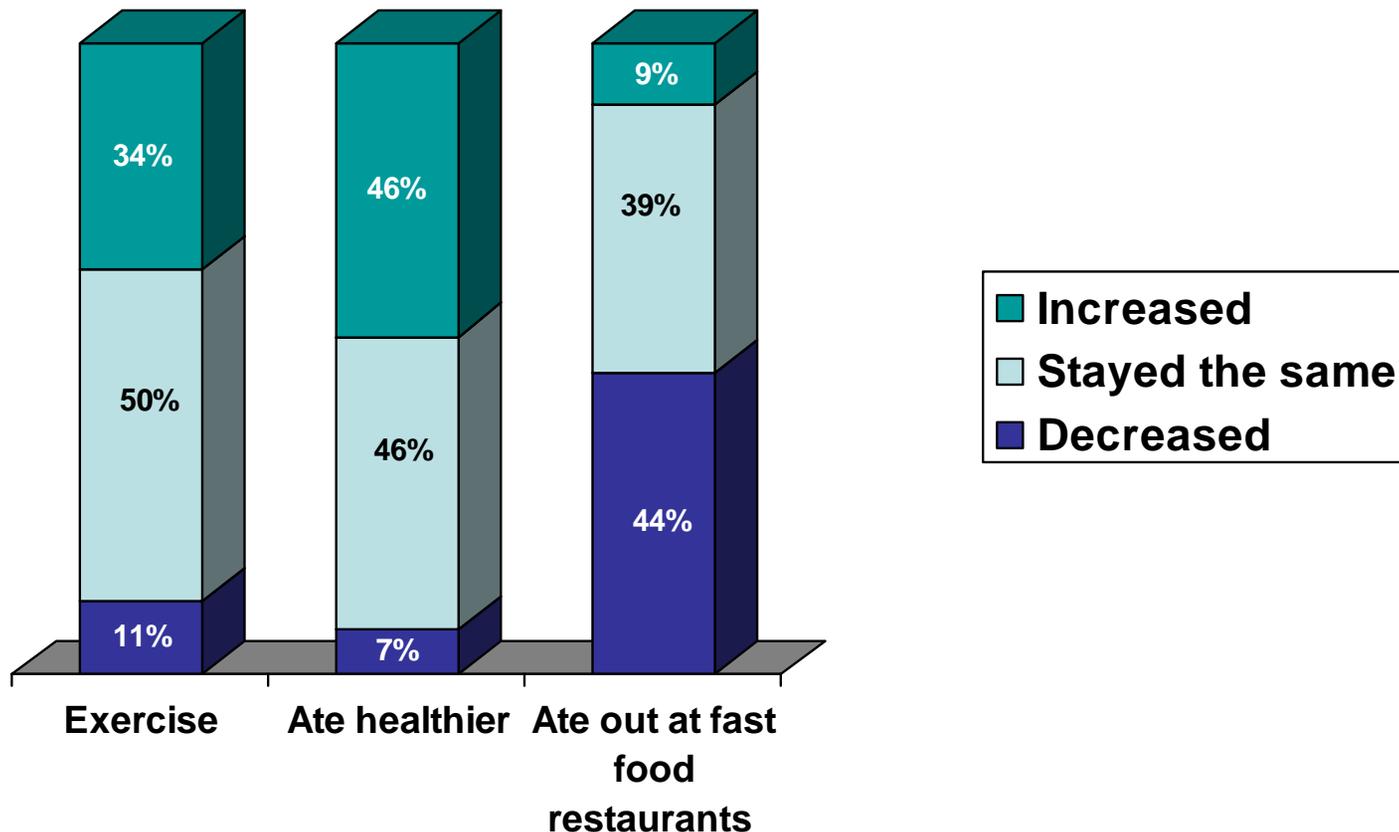
Key Finding #3: Health improvement is more of a priority than it was a year ago

For each of the following life components, please indicate whether each is less of a priority, more of a priority, or the same priority in 2009 as compared to a year ago. [N=1,503]



**"Don't Know" category produced responses at 1% ("Don't Know" response for *Losing Weight* was 2%)

In the last year, employees are engaging more in activities to improve their health



Overall, 58% of employees have taken action to improve their physical health over the past year

What Employers Can Do

- Emphasize that managing healthcare costs is not the same as foregoing necessary medical care and prescriptions
 - The best way to control costs is to aggressively pursue healthy living—the ‘silver bullet’ is exercise
 - Remind employees of other cost savings such as generics, use of mail-order and nurse lines to determine when/how to seek care
- Communicate very aggressively about availability of financial counseling and mental health services available through stand-alone programs and Employee Assistance Programs (EAPs)
- Help employees understand the link between mental health and the impact on future physical health
 - Exercise is a great way to improve physical health and reduce stress at the same time
- Work with vendors to ensure that referrals to support services are being made in a timely manner
 - Ask your vendors to screen for depression and other stress-related health problems and behaviors



What Employers Can Do

- Promote an enterprise-wide culture of health
- Offer (or consider offering) financial incentives to motivate healthy behavior changes: even small amounts may be effective
- Disseminate more information about costs and quality of services at a provider level, including retail clinics instead of emergency room use
- Use benefits statements and other personalized communication to clearly illustrate your commitment to improving employee health and the value of these benefits
- Provide more targeted communication based on specific health conditions