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Banyan Consulting is pleased to present our monthly newsletter. We hope the articles in this and future editions will provide insight into an array of employee benefits topics.

We appreciate your feedback! If you have a topic for future discussion, please let us know.

Integrated Disability and Health Programs Yield Fewer Employee Absences

Whether the economy and business is good or bad, employers in all industries pay careful attention to labor costs. As far as labor costs go, lost productivity due to disabling injury or illness is one of the main cost drivers. In fact, the 2010 Total Impact of Employee Absences survey by Mercer/Kronos showed that unscheduled disability absences account for around 8.7% of U.S. payrolls. This percentage is comparatively over half of the 13.6% of payroll that accounts for the cost of health care.

According to the 2010 CIGNA Integration Value Study, which compared both non-integrated and integrated medical and disability plans, employees that suffer a short-term disabling injury or illness and that have disability and medical coverage spent fewer days on medical leave and away from work than those that didn't have an integrated program. Other key points from the CIGNA study included the following about employees that have an integrated health and disability insurance program:

- This group had a 20% lower absentee rate than employees with only disability coverage.
- When compared to employees without an integrated plan, this group had an 11% greater return-to-work rate.
- This group needed an average of 13 fewer days of short-term disability leave than employees without access to an integrated program.

Direct And Indirect Savings Through Medical And Disability Programs

Each day of disability for a business with average benefit offerings, an average hourly loaded wage of \$29.71, and a 60% short-term disability benefit costs the business approximately \$159.00. A business with 5,000 medical and disability-covered employees could see around 2,500 fewer disability days, which would add up to a productivity and direct cost savings of almost \$400,000.

Don't Forget The Value Of Chronic Care

It's also important for employers to remember that illness and injury prevention doesn't cease after the employee starts a long-term or short-term disability absence, as one medical condition can often lead into or cause another to develop. Multiple studies have shown that a chronic care program is an important aspect of an employer having an integrated approach. For example, a different CIGNA study on chronic care showed that employees participating in chronic care programs were absent four fewer days and had a higher return-to-work rate after a disability than employees not participating in chronic care programs. The benefits of a chronic care program, such as coaching, support, and education, can be instrumental in preventing employees already going through a difficult time from seeing their situation drastically worsen.

It's clear that reining in employee absentee-related cost is vital to a company's financial bottom line. Research like CIGNA's Integration Value Study shows that integrated programs are key to having a coordinated effort in not only assisting employees to return to work, but also to stay on the job and healthy. The greater opportunity that integrated medical and disability programs offer to employees to lessen disability absence and improve their health is a win-win for employee and employer alike.

Employer Workplace Wellness Programs For Employees: A Win-Win Situation

According to the fourth-quarter 2010 Principal Financial Well-Being Index, 43 percent of American workers cite the achievement of better overall health as the number one reason they would or do participate in a wellness benefit program. In second place, with 33%, was the reduction of personal health care costs. In third place, with 31%, was the increased chance of living a healthier and extended life.

The Principal Financial Well-Being Index is released by the financial services provider, Principal Financial Group. This is a quarterly survey of American workers from American businesses with between 10 and 1,000 employees. The findings of the fourth-quarter 2010 survey involved data from 528 retirees and 1,159 employees.

Some key points from the survey included:

- When offered by an employer, blood sugar screenings had an 84% utilization rate. This was an 18 point increase from 2009 statistics.
- When offered by an employer, weight management programs were utilized by 53% of employees. This was a 25 point increase from 2009 statistics.
- When offered by an employer, personalized action plans for conditions considered high-risk were utilized by 68% of employees. This was a 21 point increase from 2009 statistics.

Some credit rising health care costs and more public awareness about diseases like heart disease and diabetes with American workers being more ready to take action toward their own health. None the less, as evidenced by the substantial increase in how many workers are taking advantage of wellness benefits, there is clear indication that there's a growing element of employees taking more personal responsibility for their health.

Employers Can Benefit From Wellness Programs Too

Personal responsibility may drive employee participation in wellness programs, but employees have much to gain from offering wellness and encouraging its usage. During the index, workers said the following occurred as a direct result of the wellness program offered by their employer:

- Forty-three percent felt they were motivated to perform better and work harder.
- Twenty-eight percent said they were absent fewer days from work.
- Thirty-eight percent said they experienced improved productivity and energy while at work.
- Forty-eight percent said that the offering of wellness benefits encouraged them to remain with their current employer.

This research is echoed by many other studies showing employers that invest in the wellness of their employees by offering them the means and the educational resources they need to control their own wellness not only gain physically healthier employees, but also productivity and cost-saving increases.

Banyan's 11th Annual Human Resources Conference

Save the date and join us for our 11th annual Human Resources Conference scheduled for Thursday, May 19th, 2011 at the Hershey Country Club in Hershey, PA.

Conference topics include:

- Health Care Reform
- FML Outsourcing Panel Discussion
- Employment Law
- Economy & HR

Introducing Banyan's Benefits Boot Camp:

Managers, invite members of your HR team to attend our Benefits Boot Camp for extra training on employee benefits basics. The sessions include:

- Life and Disability: An overview of employer-provided life and disability insurance policies
- Medical Funding: Basics of fully insured and self funded
- Retirement 101: What you should know about your current Defined Contribution Plan

Visit www.banyanconference.eventbrite.com to register