



Employee well-being programs: as essential as health benefits

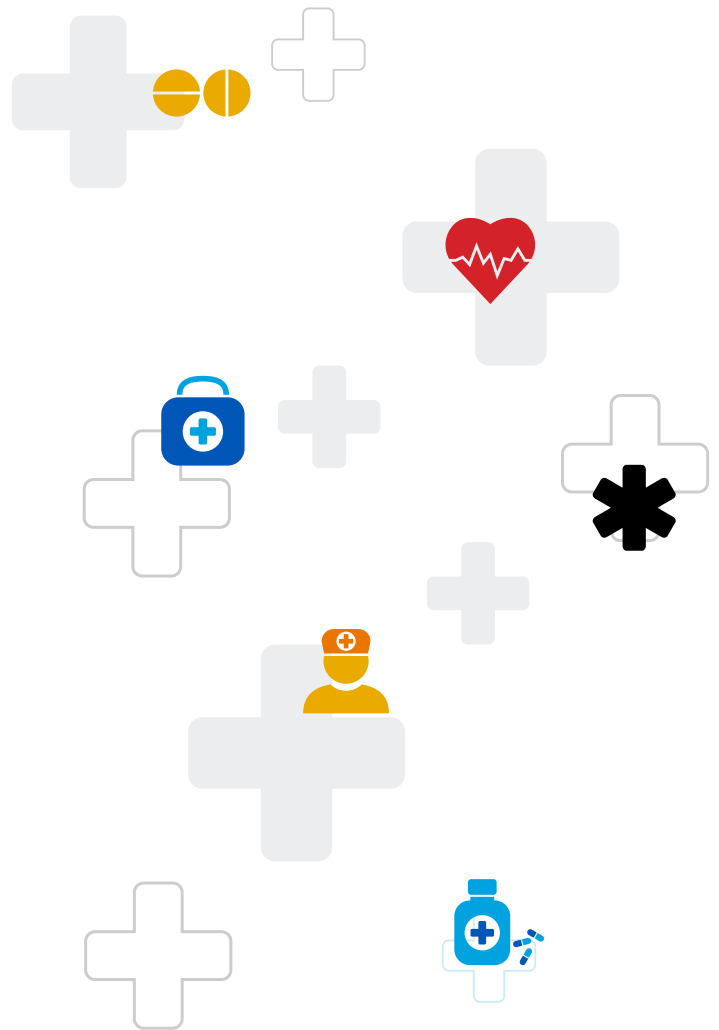
Even during times of crisis, employers are not only keeping but improving their well-being programs

► Introduction

Employers have always played a role in their employees' health and well-being. Health benefits that help employees afford health care are expected. Wellness and well-being programs have also become an integral component of an employer's overall compensation package. These started as simple wellness perks and health risk assessments and have evolved into overall well-being strategies that include assistance and education for things like stress, personal finances, career advancement, mental health, and community involvement.

More recent societal changes have left employers responsible for their employees' health, physical safety, and financial well-being in ways they never thought possible. Even during these unprecedented times, employers both large and small are planning to invest more time and resources in well-being programs in the future to boost benefits enrollment and help employees reduce health care costs.

To dig deeper into the state of wellness and well-being benefits, Ameritas partnered with Workforce.com to survey large and small employers. We asked questions about well-being best practices, what business goals they hope to fulfill through offering well-being programs, and their plans for these benefits.



► Demographics in brief

Nearly 500 employers responded to the survey. Nearly half of respondents (48.1%) work at small companies (<1,000 employees). Most survey responses came in during the beginning of the COVID-19 pandemic (March-May 2020).

► Key Findings



Many companies already use well-being programs; participation is holding steady or increasing.



Programs are also being delivered more broadly across the business and beyond, to spouses, dependents, and employees' domestic partners.



The scope of well-being programs is expanding to include programs beyond physical wellness to overall well-being.



There's a positive relationship between well-being programs, increased benefits enrollment, and reduced health care costs.

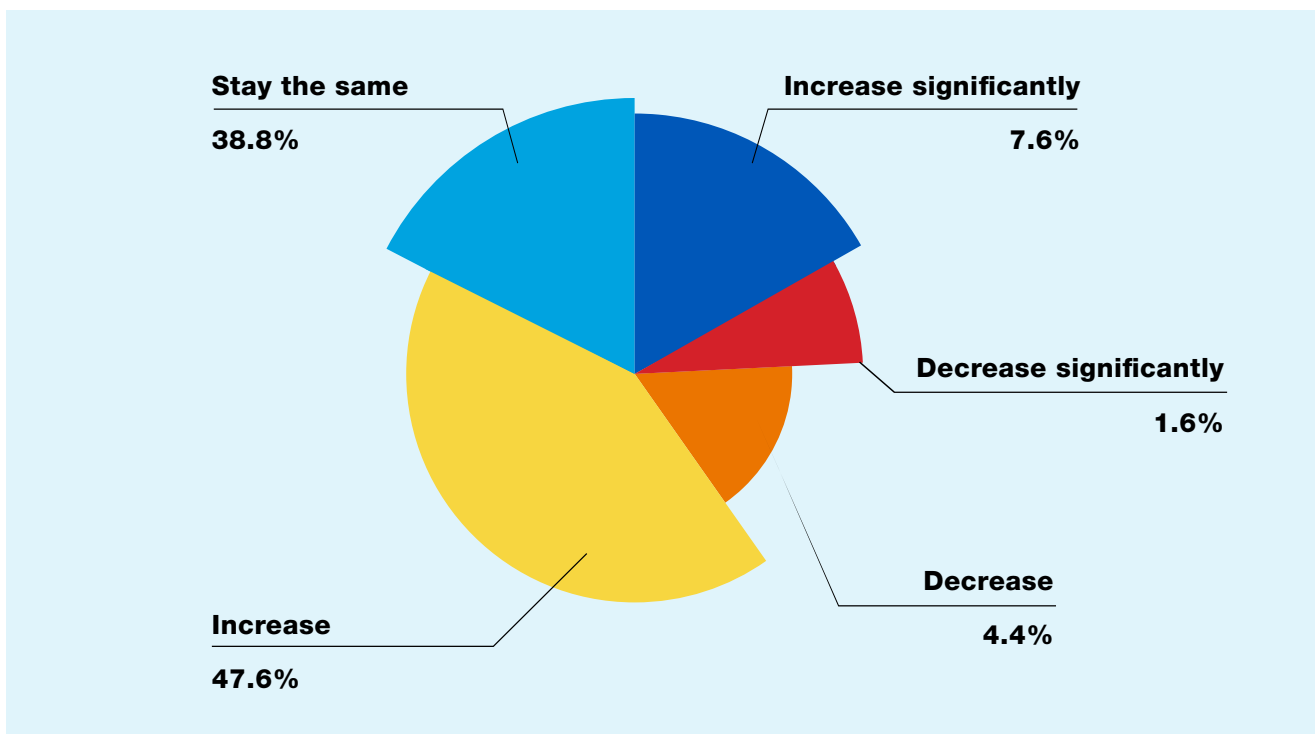
► Nearly everyone offers well-being programs – and for good reason

Employers have been offering a variety of well-being benefits to their employees for years. The actual benefit mix changes over time as employees' needs change. However, as an overall supplement to health care benefits, well-being programs are widely used. More than three-fourths of survey respondents (78%) already have them, while 8% say they plan to implement them soon.

Despite the pandemic, there's also evidence that well-being program use is increasing. Many companies plan to continue investing in well-being. In the next three years, 56% of companies believe their spending on well-being programs will increase. And only 6% expect investment in well-being programs to decrease (Figure 1).

Conventional wisdom suggests that large companies would be able to keep their benefits and well-being programs during a crisis. But what about smaller businesses? While one might imagine small businesses would reduce well-being programs as a cost-saving measure, our findings suggest this isn't the case. Among survey respondents, there's no significant difference between small and large companies regarding whether well-being program investment will increase or decrease. This pledge demonstrates a commitment to well-being investment by companies of all sizes.

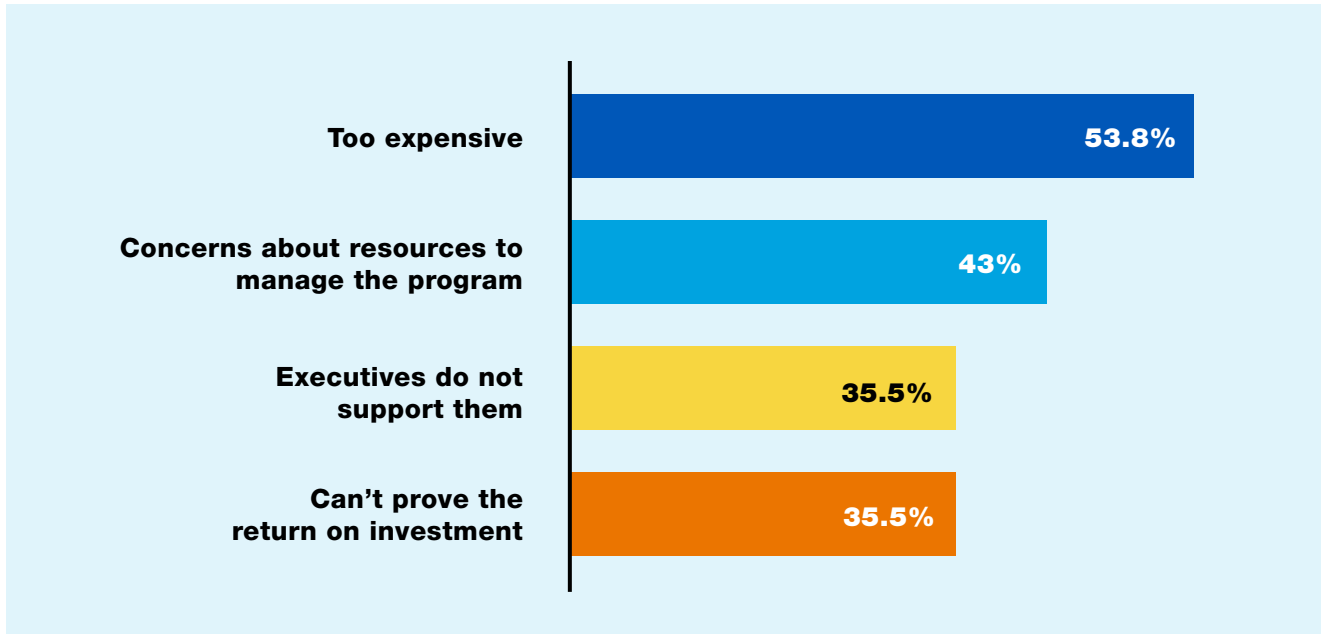
Figure 1: In the next three years, my company's spending on well-being programs will increase



► If your company doesn't offer well-being programs, why not?

What's holding back the 14% of employers who don't offer well-being benefits and have no plans to offer them in the future? Common obstacles include cost, lack of buy-in, and concerns about current resources or the ability to prove a return on investment (Figure 2).

Figure 2: Common obstacles to offering well-being programs (employers who don't offer programs)



If your company doesn't offer a well-being program, it's likely you're running into some or all of these challenges. Cost and buy-in are perennial obstacles to any new initiative. Show how you can prove the return on your investment by educating executives about the relationship between well-being programs and health care costs. [Find out more in this white paper.](#)

Ultimately, companies need to offer employees well-being benefits to remain competitive when recruiting and retaining top talent.

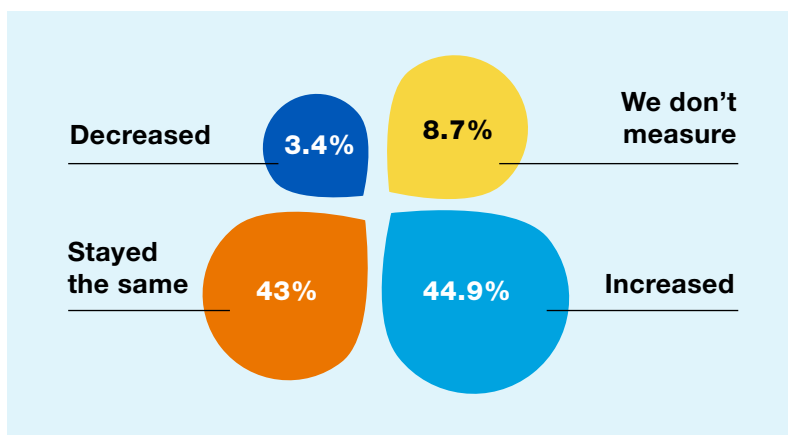


► Why are well-being programs so popular?

One thing is sure – employees love to use their well-being programs. Employees have gone from viewing these programs as a perk to depending on employers to provide them. According to survey respondents, 45% say that well-being program participation has increased in the past year, and only 3% say participation has decreased (Figure 3).

During 2020, well-being programs have taken on new meaning as employers look for ways to keep employees safe and content, and employees look for comfort and security. New company policies include everything from working from home to implementing strict safety precautions for essential workers. During this time, well-being programs offer much-needed resources such as stress management tools, online meditation apps, and incentives for remaining active and healthy.

Figure 3: Program participation changes in the past year



There's always room for growth, both in program participation and realizing the benefits of a healthy workforce. Companies should start by keeping track of participation rates. Nearly 9% of respondents overall (and 13% of small businesses) don't measure this simple metric. By keeping track of employee participation, companies can more easily tie well-being to business outcomes and make the case for well-being programs. If companies hope to show a return on investment (ROI) on well-being programs, it will be essential to track participation.

Continuing dental and vision coverage in times of crisis

There may be times when consumers can't obtain routine health care, such as annual dental and vision care visits. Some may be unable to continue paying for their current benefits. Even so, their health needs continue. A delay in seeking routine care may increase the need for some. Consumers need their benefits more than ever.

Insurance carriers have options to help customers maintain dental and vision benefits. For example, carriers can extend premium grace periods, continuing coverage and claims payment. If employees can't pay insurance premiums on their employer-sponsored dental and vision plans during times of crisis, employers can pay for them until employees can resume payment. Employees may worry that they can't use their benefits when dental and vision care offices are closed temporarily. Since dental and vision benefits are renewed annually, customers have the entire year to visit their providers and take advantage of their benefits. So, it's important to maintain those benefits.

Some plans might offer incentives, earned through regular visits to the dentist or eye doctor. Employees often depend on those financial advantages. Employers and consumers should make sure they understand how those benefits work, and if the inability to seek care will affect their ability to earn rewards and incentives. They can learn more by contacting their insurance carrier's customer service center.

By working closely with insurance carriers during times of crisis, employers and consumers will continue to have the right benefits to help them pay for care.

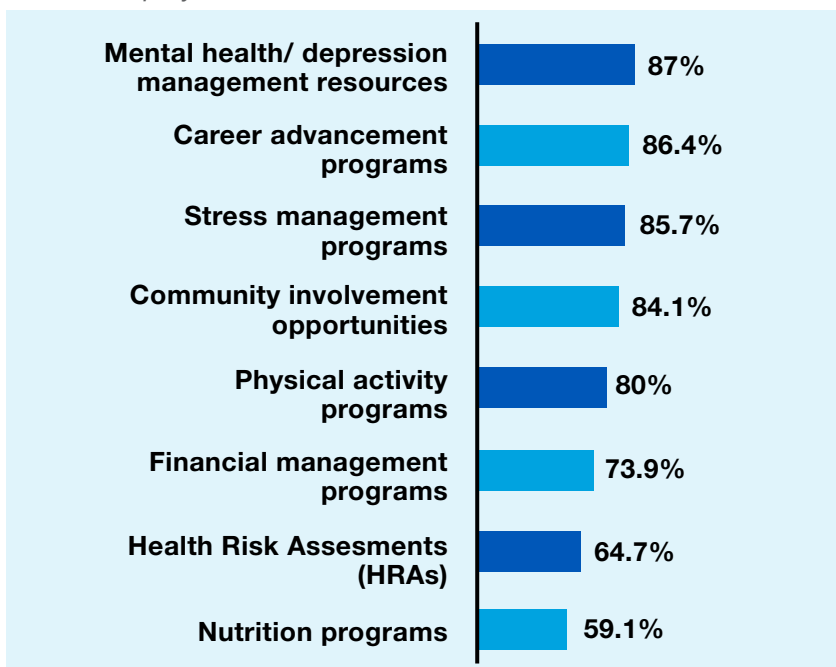
► Discovering the right program mix to offer employees

Finding the right mix of programs to offer employees starts with an understanding of what well-being means. Wellness programs address employees' physical health. But overall well-being programs also consider employees' mental health, financial stability, and their satisfaction with their career status and community involvement.

Most employers surveyed agree with the expansion of the scope of typical wellness programs — 89% of respondents say wellness benefits are expanding beyond physical health. This includes offering programs that address mental, financial, and social well-being. By implementing a diverse mix of benefits, companies are exploring ways they can boost employee health beyond physical fitness.

In the next few years, nearly 9 in 10 respondents (87%) plan to offer mental health benefits to their employees. And 85.7% plan to offer stress management programs. Most also plan to offer other programs addressing financial or social health (Figure 4).

Figure 4: What types of well-being programs do you plan to offer to employees?



How health care costs impact employee well-being

Americans pay over 3.4 trillion in medical costs annually, reports the Centers for Disease Control and Prevention¹. That's about \$10,000 per person. By 2023, the costs are projected to increase to \$15,000 per person. Many Americans find it difficult to balance health care expenses with the costs of necessities like food, housing, and utilities. These financial worries can impact employees' health and job performance.

A University of Chicago study on the impact of health care expenses on people's lives revealed:

- 30% had difficulty paying for daily needs due to health care costs
- 36% used all or most of their savings to cover medical expenses
- 33% borrowed or increased credit card debt to pay medical bills²

These financial worries impact employees' physical and emotional well-being, too.

Employers can ease employees' stress by offering good health care insurance, along with voluntary dental and vision plans, and financial well-being programs. Dental benefits allow employees to seek preventive care for just the cost of the premium. And dentists can detect health conditions, such as diabetes, during routine exams. Consider making these benefits part of your employee well-being program.

¹ "How We Spend \$3,400,000,000,000." *The Atlantic*, 2017.

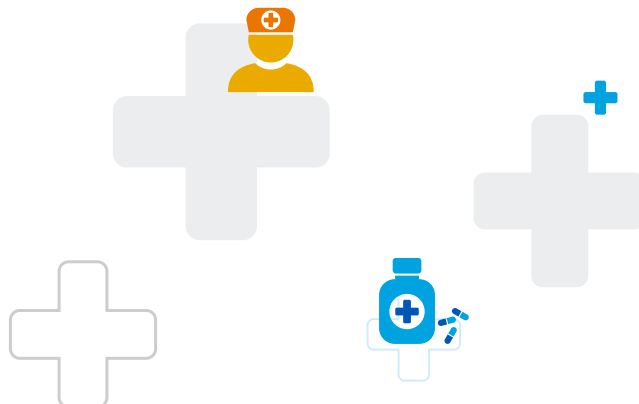
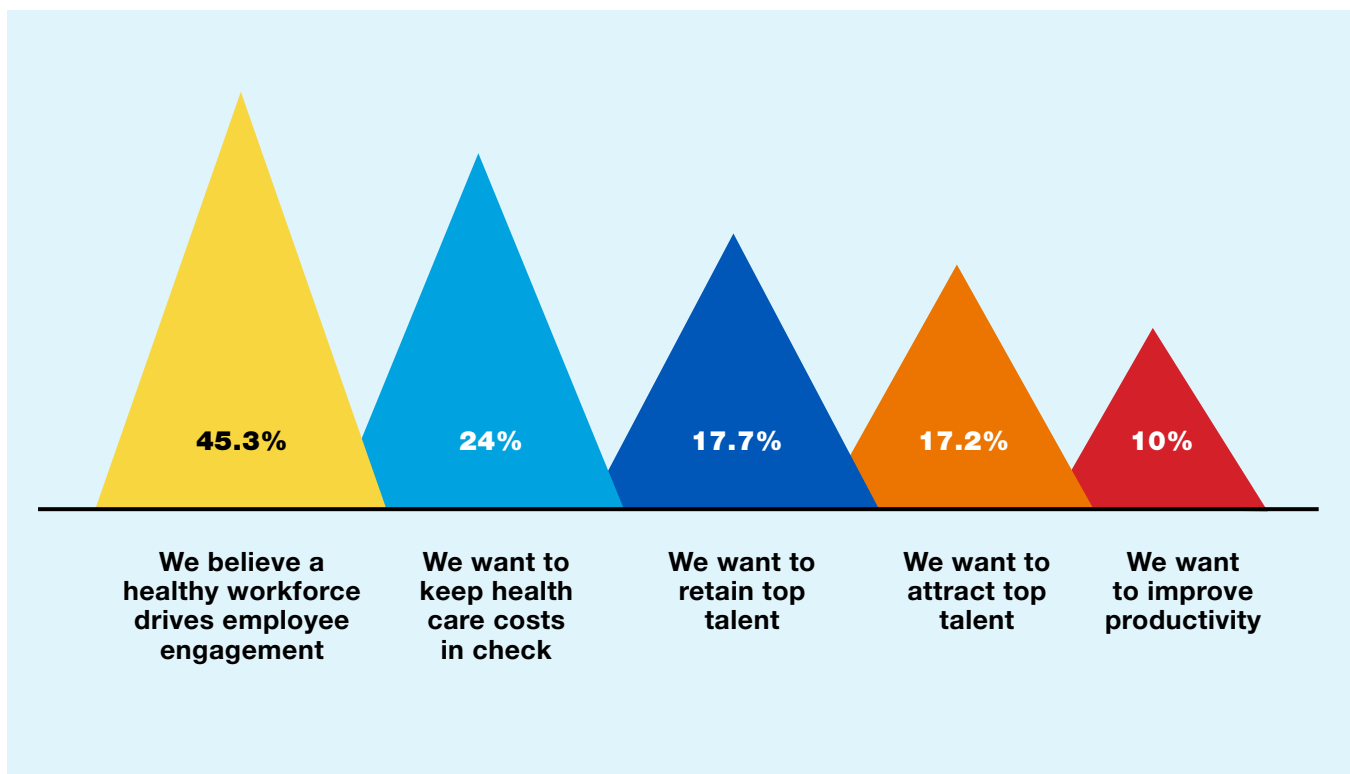
² *New Survey Finds Large Number of People Skipping Necessary Medical Care Because of Cost*. NORC at the University of Chicago, 2018.

► Motivations – understanding the why

Companies that understand what they want to get out of offering well-being programs can align those goals with business outcomes. That helps them build their business case to senior leaders for securing the budget and resources needed to implement and upgrade well-being programs.

For many, the motivations behind offering well-being programs already align to their mission and values. Desired outcomes such as increasing engagement, improving retention, or reducing health care costs are at top of the list for many (Figure 5). By identifying what they hope to accomplish, it will be easier for companies to pinpoint the metrics they can use to determine the success of their programs.

Figure 5: Top drivers behind the choice to offer well-being benefits

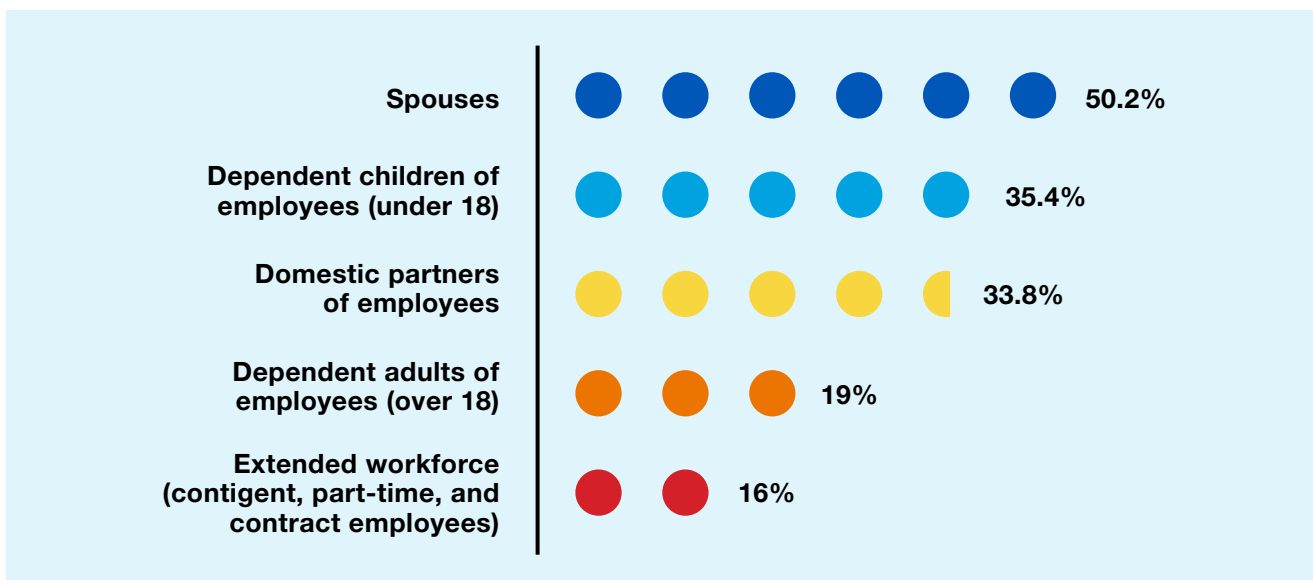


► Deploying programs beyond employees

Well-being programs work better when more people participate. When employees' spouses and dependents can also participate, they learn healthy habits themselves and provide encouragement and support to employees.

Employers typically offer health care benefits enrollment options to employees' spouses and dependents. However, such availability is not always extended to well-being programs, although this is changing. More than half of employers surveyed offer their well-being programs beyond full-time employees, which may include spouses, children, dependents, domestic partners, contingent workers, or contractors (Figure 6).

Figure 6: Offering well-being benefits beyond employees



There is some evidence that smaller companies are ahead of larger ones in offering benefits to these extended groups—19.5% of small businesses offer well-being benefits to the extended workforce, while only 13.5% of large companies do. Small businesses need to do all they can to retain their top performers, and well-being programs are one way to do that.

Larger companies are more likely to have employees with varied needs and in a variety of locations. Some companies offer one well-being program company wide, while others tailor their approach. More than half

of respondents (53%) say that the same programs are offered to all employees across the company. A third of respondents (30%) say that programs differ by location but are offered to all employees.

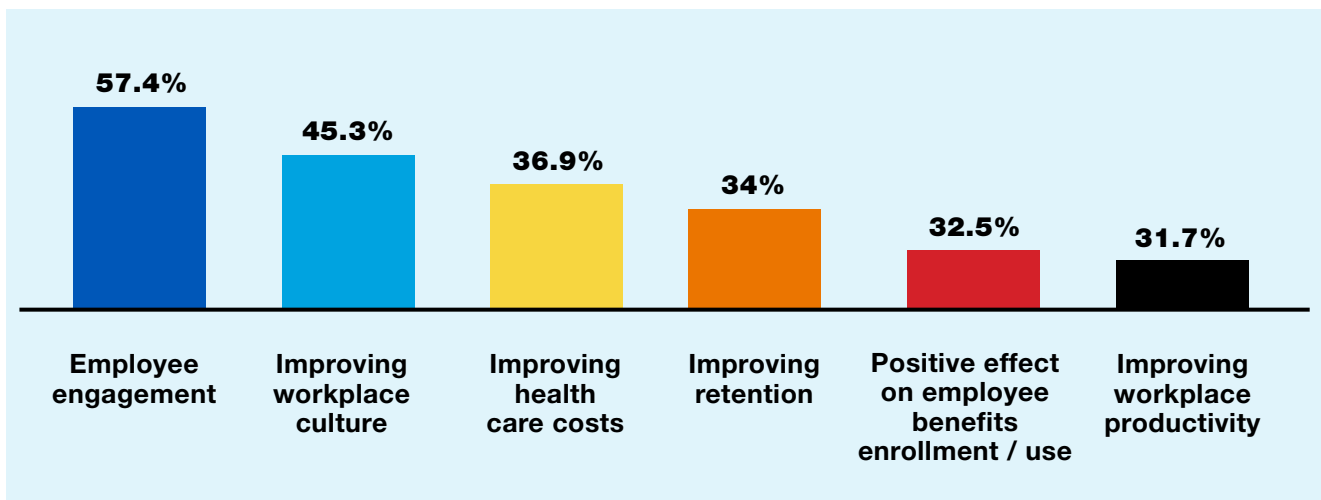
Tailoring well-being programs and offering them beyond the full-time workforce has positive effects. Not only can it increase employee engagement, but it can help control health care costs for employees and their families and, in turn, help control benefits costs for employers.

► The impact of well-being programs – showing the return on your investment

One of the biggest challenges to implementing well-being programs is the perceived inability to prove ROI. Making the connection between well-being and business results is also a stated driver of offering well-being programs. Companies implement well-being programs to help enhance employee engagement and improve workplace culture. But those who track the impact of these programs are finding that they can also help offset the costs of health care for employees, and eventually bring down the cost of health coverage for the employer. Currently, companies pay around \$7,000 per person annually for health care coverage.

It's not surprising that 58% of survey respondents said their well-being programs had a high to moderate impact on employee engagement. And 45% report an improvement in workplace productivity (Figure 7). But 37% have seen an impact on employee health care costs. And 33% have seen a positive effect on benefits enrollment and use, with 15% reporting increased benefits enrollment.

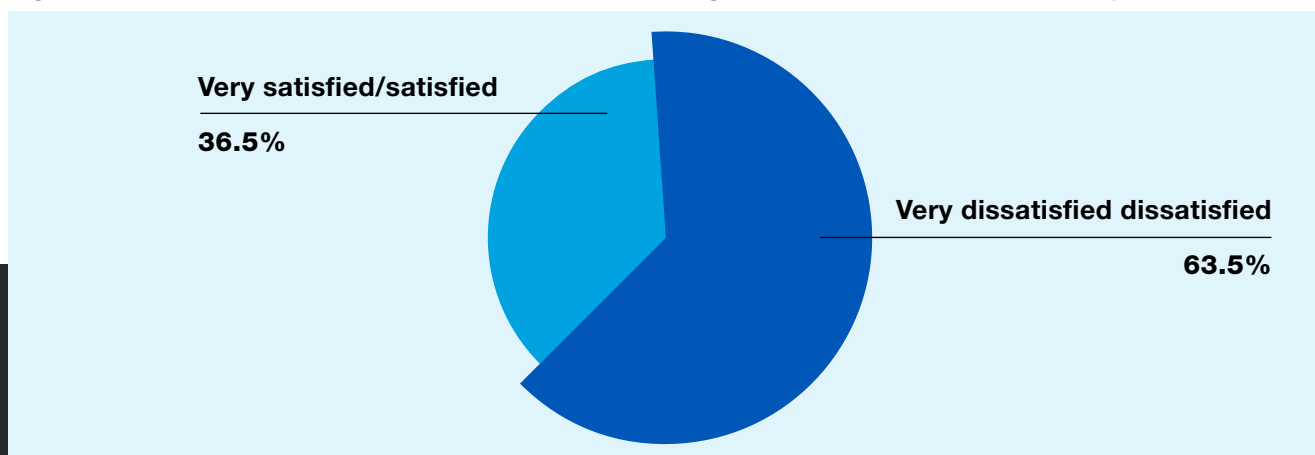
Figure 7: The extent well-being programs have had an impact on business outcomes



However, there's room for improvement regarding tracking outcomes, which starts with the metrics necessary to prove ROI. While a direct correlation between implementing well-being programs and reducing health care costs might be tricky to prove, it's the most effective way to identify what's needed to improve the success and impact of well-being programs.

Smaller companies might not have the time, bandwidth, or expertise to make such direct comparisons. Survey results shows that 31.6% of small businesses don't track well-being program metrics relative to health care cost reduction. Meanwhile, 15.4% of large businesses don't track these metrics. More than 36% of respondents indicate they are not completely satisfied with the measurement of their well-being programs related to business impact (Figure 8).

Figure 8: Satisfaction with the measurement of well-being benefits relative to business impact



How small businesses can measure the impact of well-being programs

Every small business owner would like a guarantee that money invested in employee well-being programs directly benefits their company. But measuring a direct return on investment (ROI) for well-being programs is complicated.

Well-being programs are holistic, focused on helping employees improve their overall health. The benefits of these changes are revealed gradually.

Instead of measuring ROI from a financial perspective, set measurable goals to help you evaluate program success. Here are three tips:

1. Know the desired outcome – Before offering well-being programs, define your goals. Think through these questions:
 - What are your goals for the programs?
 - What employee outcomes or changes would you like to see?
 - Where do employees struggle with well-being? Survey employees to learn more about their needs.
 - How do well-being programs align with your business goals?
 - How can you track employee engagement?
2. Be strategic – Use the answers from these questions to formulate a list of well-being program goals. When writing these goals make them:
 - specific and direct, with measurable outcomes
 - focused on several short-term achievements
3. Address employees' needs – Work with employees to offer the well-being programs that enhance their lives. For example, if workers are concerned about stress, what is the source? Ensure the programs address these specific concerns. Continually ask employees for feedback to confirm that programs make a difference in their overall well-being.

Small business owners know their employees are the key to their success. Well-being programs pay off in huge dividends of loyal employees who are committed to your business.

► Steps to increase participation and buy-in

For 60% of survey respondents, increasing program participation is a top goal for well-being efforts in the next year. Companies can achieve this by identifying stakeholders, increasing communications around well-being, and addressing the biggest gaps in current offerings.

Identify stakeholders: Know who your stakeholders are and solicit their input when reviewing or implementing programs. Among survey respondents, common stakeholders include HR leaders (76.9%), employees (57%), and the C-suite (52.6%).

Increase communication: Employees need to know the availability of well-being programs and how they can participate. Top tactics to improve well-being program communications include adopting new communications channels (44.2%), personalizing employee communications (35.5%), and leveraging employees as program champions (33.6%).

Address the gaps in current offerings: Recognizing and filling the gaps in current offerings will help increase participation, allowing companies to increase buy-in for well-being programs. Among survey respondents, common gaps include personalization (40.7%), comprehensiveness of program offerings (38.7%), and insights/analytics (35.7%).

► Conclusion

Health and well-being are taking on new meaning in 2020. Employee needs will continue to evolve with the condition of the public health crisis. More than ever, employees are depending on their employers to help keep them healthy and safe. But for most companies, business goals and desired outcomes related to employee health and wellness are likely to remain consistent. Employers want to help reduce employee health care costs and increase employee benefits enrollment. Well-being programs, and tracking their impact, can help employers achieve these goals, and help employees feel their needs are being met.

Employers who offer a variety of benefits and incentives, and help employees understand what they are and how to use them, are likely to increase participation. Offering well-being programs beyond full-time employees can also encourage participation.

Many companies are seeing the impact of well-being programs. Some have had success in connecting program outcomes with business goals, while others are still learning how to track these metrics and build a business case. Budget is the biggest obstacle in implementing and improving well-being programs. Employers who can show the connection between well-being programs, employee health care costs, and employee benefits enrollment are most likely to achieve buy-in and sustain successful programs that show impact year after year.

► Appendix

Demographics in full

Survey name

2020 Workforce well-being

Survey dates

March-May 2020

Respondents

481

Company size

Small (less than 1,000 employees): 48.1%

Large (More than 1,000 employees): 51.9%

Geographic distribution

One country, one location: 35.3%

One country, multiple locations: 37.7%

One country, some global distribution: 10%

Highly distributed: 17%

Numbers may not total 100% due to rounding.

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