BENEFITS INSIGHTS

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Power Kunkle HR Solutions

Health-related Productivity Costs

According to Rutgers University, employee health problems cost employers approximately $226 billion each year. Of these substantial costs, approximately 70 percent resulted from a reduction in productivity, with the rest coming from work absences due to illness. While offering health coverage and benefits for employees and dependents is a major business expense, lost productivity due to physical and emotional health problems can be far more costly for employers.

Lost productivity is classified in two ways: presenteeism and absenteeism. While absenteeism means that the employee is physically not at work, presenteeism is when an employee is physically at work but a physical or mental health condition negatively affects their work quality and quantity. Employers spend two to three dollars on medical-related productivity costs (presenteeism) for every dollar spent on pharmacy and health care costs.

The AdvancePCS Center for Work and Health conducted a study of 29,000 employees in the United States to determine how many hours and dollars were spent on lost productivity. The study revealed that 71 percent of lost productivity time was directly related to deficient performance on the job, while only 23 percent was due to actual absences from work. The remaining 6 percent of productivity costs were found to be associated with family health obligations. In addition, smokers who smoke at least one pack per day had productivity losses double that of their nonsmoking counterparts.

Effects of Presenteeism

Presenteeism can have many negative effects on your workforce, including:

- Spending unneeded additional time on tasks
- Decreased quality of work
- Lack of initiative
- Infecting other employees, clients or customers with an illness
- Lowered ability to perform at a high level
- Decreased quantity of work completed
- Inability to be social with co-workers
- Lack of motivation

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Causes of Health-related Productivity Costs

- Back and neck pain (notoriously a very expensive and prevalent medical condition)
- Headaches
- Colds and the flu
- Sinus trouble
- Obesity
- Allergies
- Diabetes
- Depression and/or anxiety
- Ongoing chronic conditions

Decreasing Health-related Productivity Costs

To reduce productivity costs in your workplace, consider the following:

- Address conditions that affect many individuals of your employee population in your wellness initiatives.
- Offer health fairs, screenings and health risk assessments to evaluate the needs of employees.
- Integrate your health benefit strategies with your health management and wellness initiatives.
- Design your benefits package to support the behaviors that you want to see at your organization.
- Partner with a health care company that takes an innovative approach to wellness and offers productivity, wellness and disease management resources. Your health care company could offer the following:
    - 24/7 nurse line
    - Wellness and health risk assessment tools
    - Lifestyle management and chronic condition assistance
    - Solutions that empower individual employees to take control of their health care

If you do not address your employees' health care needs, your workplace is far more likely to experience the negative effects of both absenteeism and presenteeism. However, if you can commit time and funds to help your employees get and stay healthy, you will reduce medical and pharmacy costs and increase worker productivity.

For more information, contact [B_Officialname] concerning how to execute an effective wellness plan.