

Drive wellness that works

Much has changed in two years.
Are your benefits keeping up?



A landscape of change

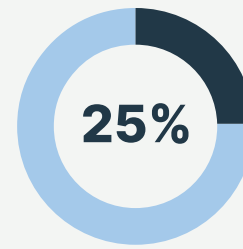
In just two years, our day-to-day lives have been transformed. And no matter when the COVID-19 pandemic retreats from our shores, it will leave changes in its wake that are here to stay. Even positive changes can feel challenging.¹ This environment of change and uncertainty has dramatically affected employee wellness.

Why is now the time for change?

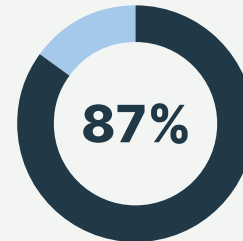
The employee benefits you provided as recently as 2020 might not be enough anymore. This is especially true in the face of the Great Resignation, with a record-breaking number of Americans leaving their jobs.⁶

If you're part of an employer's C-suite, a member of human resources, or a key benefits decision maker, your ability to creatively adapt to your evolving needs will be crucial for the success of your business and employees' lives.

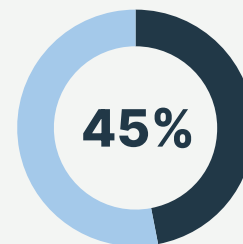
The time is now! Failing to keep up with the competition could cost you employees and have a profound impact on your bottom line.



25% of the U.S. workforce quit their job in 2021.²



87% more employers changed their benefits in 2022 versus 2021.³



45% of employees cited salary or employee benefits as their top reason for leaving a job.⁴



Since the start of the pandemic, mental and behavioral health requests have increased 100 percent.⁵

¹ <https://www.webmd.com/mental-health/what-to-know-about-how-to-deal-with-change>

² <https://www.cnbc.com/2021/10/14/1-in-4-workers-quit-their-job-this-year-according-to-new-report.html>

³ <https://www.wexinc.com/insights/blog/health/open-enrollment/infographic-top-trends-from-open-enrollment-2022/>

⁴ <https://www.careerplug.com/blog/reasons-employees-quit/>

⁵ <https://www.hrmorning.com/articles/employee-mental-health/>

⁶ <https://www.npr.org/sections/money/2021/10/19/1047032996/why-are-so-many-americans-quitting-their-jobs>

The Great Resignation

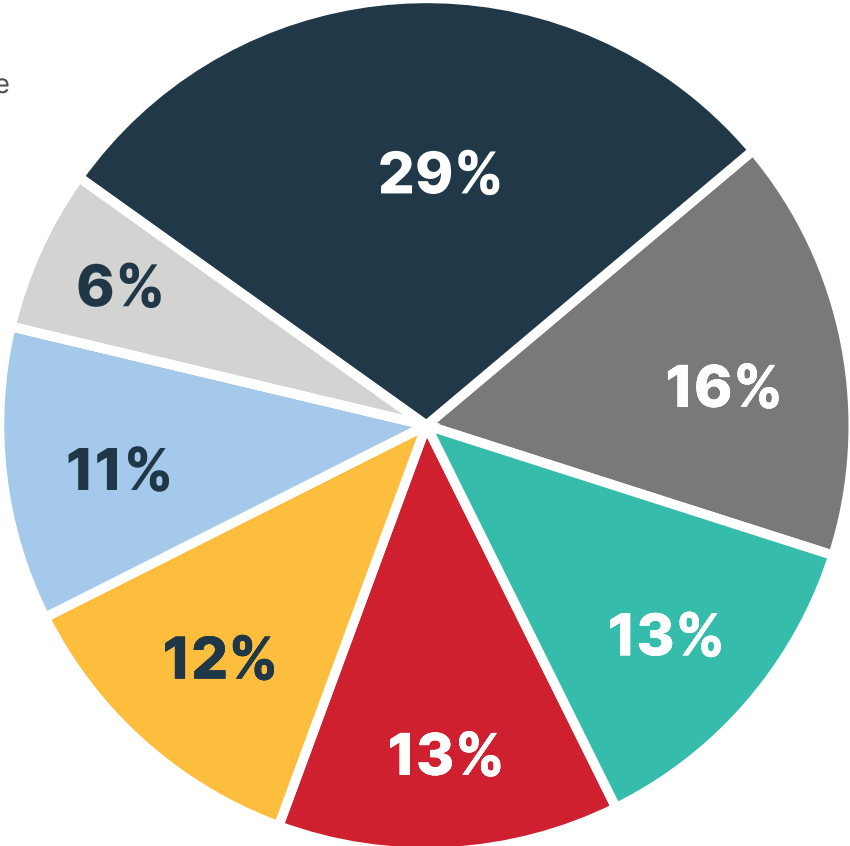
A whopping 1 in 4 employees were believed to have left their jobs in 2021.⁷ This level of employee turnover comes at a great cost to employers.

Why are employees leaving?

Employee benefits are not a one-size-fits-all solution. Answering a question like, “Why are employees leaving?” also doesn’t produce a one-size-fits-all set of responses. It’s dependent on the industry, employer size, and so much more. However, pay and benefits are pretty common themes.

For example, CareerPlug surveyed 500 participants who were considering leaving their jobs. Their top reasons why they were considering leaving their jobs were:⁸

- 29% current salary/hourly pay
- 16% employee benefits offered aren’t the right fit
- 13% COVID safety concerns
- 13% more flexible work schedule
- 12% workplace environment
- 11% care responsibilities (childcare, seniors, etc.)
- 6% other



⁷ <https://www.cnbc.com/2021/10/14/1-in-4-workers-quit-their-job-this-year-according-to-new-report.html>
⁸ <https://www.careerplug.com/blog/reasons-employees-quit/>

What is the cost to you?

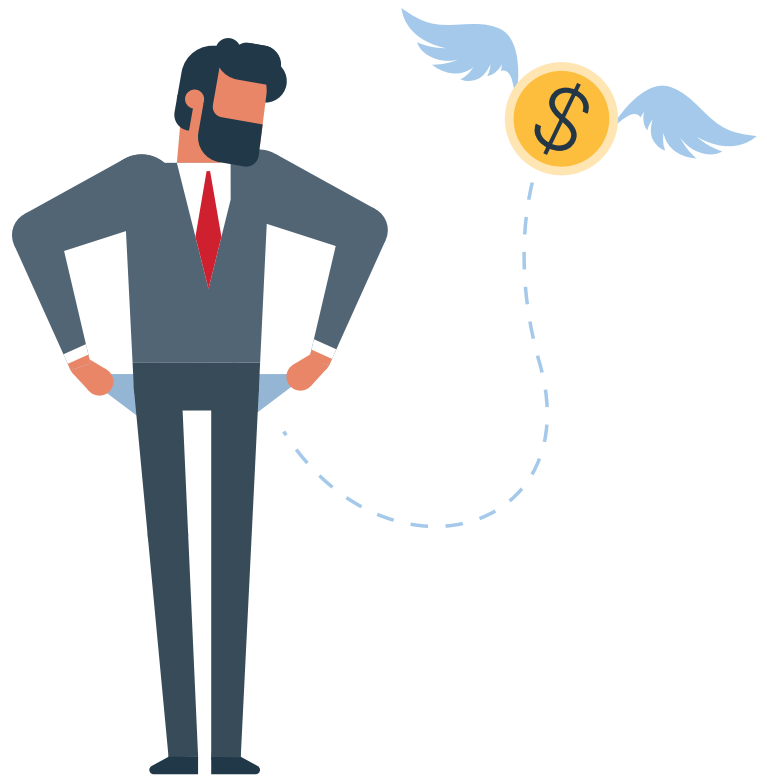
Cost of being short-staffed

- Depression is estimated to cause 200 million lost workdays each year.⁹
- Working more than 55 hours per week can negatively affect employees' health.¹⁰
- Employee burnout can lead to less engagement, creativity, and innovation.¹¹

Cost in productivity/profitability

Disengaged employees lead to:¹²

- ↑ **37%** higher absenteeism
- ↓ **18%** less productivity
- ↓ **15%** less in profits



Cost of replacing employees

One study found that it costs 33 percent of a person's annual salary to replace them.¹³ That means it costs you:



\$15,000 to replace an employee making \$45,000 per year

\$25,000 to replace an employee making \$75,000 per year

\$40,000 to replace an employee making \$120,000 per year

The projected cost of employee turnover to U.S. businesses every year is \$1 trillion.¹⁴

⁹ <https://onemindatwork.org/at-work/>

¹⁰ <https://health.clevelandclinic.org/effects-of-working-too-much/>

¹¹ <https://www.forbes.com/sites/forbestechcouncil/2021/09/23/signs-of-burnout-dont-let-your-staff-hit-the-wall/?sh=51d193f16e88>

¹² <https://www.forbes.com/sites/karlynborysenko/2019/05/02/how-much-are-your-disengaged-employees-costing-you/?sh=3577a1323437>

¹³ <http://info.workinstitute.com/retentionreport>

¹⁴ <https://www.gallup.com/workplace/247391/fixable-problem-costs-businesses-trillion.aspx>

The state of employee wellness

Mental. Physical. Financial. Employee wellness can take many forms, all of which deserve your attention.

Mental health



76 percent of respondents reported at least one symptom of a mental health condition in the past year, according to a survey. That's an increase from **59 percent** in 2019.¹⁵



28 percent of benefits decision-makers in a WEX survey said they've enhanced their mental health offerings for 2022.

Physical wellness



For many, the work-from-home setup is less ergonomic than in-office setups, leading to increased back, neck, shoulder, and hip pain.¹⁶



Nearly **half** of gym members surveyed globally say they won't return to gyms in response to the pandemic.¹⁷

"Employees who take care of themselves and families through healthcare services have better productivity and are more engaged at work commonly lead to lower rates of stress, distractions, and absenteeism."

- Sherry Olson, VP of human resources - business partner, benefits, WEX



Financial wellness



59%

59 percent of employees said in a survey that they reduced contributions to savings or retirement accounts due to the pandemic.¹⁸

Nearly **half** of all employees say financial stress has either caused them to miss work or has negatively impacted their productivity.¹⁹

50%



¹⁵ <https://hbr.org/2021/10/its-a-new-era-for-mental-health-at-work>

¹⁶ <https://www.governing.com/work/working-from-home-with-inadequate-setups-takes-physical-toll.html>


¹⁷ <https://runrepeat.com/gyms-reopening-coronavirus>

¹⁸ <https://www.benefitnews.com/news/morgan-stanley-reveals-the-financial-benefits-your-employees-want-most>

¹⁹ <https://www.pwc.com/us/en/private-company-services/publications/assets/pwc-financial-stress-and-bottom-line.pdf>

4 ways to boost employee wellness

Employers can make the Great Resignation a great opportunity to bring in even more talent and retain the talent they have when they:



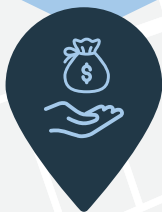
Enhance mental health offerings



Provide flexible work arrangements



Get creative with financial support



Provide and promote telemedicine





Enhance mental health offerings

Mental health needs have clearly become even more of a priority in the last couple years. Kate Levesque, global benefits manager at WEX, said on our Benefits Buzz podcast in 2021 that she was seeing increases in enrollment into WEX's Employee Assistance Program (EAP) and increases in medical/disability claims from employees.²⁰ EAPs can be built with flexibility to support a variety of needs.

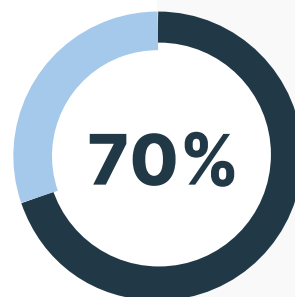
What are some popular ways employers can increase support?

- Expand EAP for additional access to counselors or mental health providers.²¹
- Meet employees' needs virtually. Review your insurance provider's policy.²²
- Provide self-help options, such as calming apps, exercise options, and activity programs.
- More frequently communicating what's offered and support tools available.

Do your employees know what to watch for?

Trevor Wilkerson, director of BH programs and services at Beacon Health Options, told us on Benefits Buzz²³ that you should watch for the following symptoms from your colleagues:

- Showing up late and/or not at all
- Uncharacteristic mistakes
- Problems learning new tasks or following through with work
- Decreased productivity
- Lack of initiative



70% of employers now recognize mental health as a serious workplace concern, up from 59% in June of 2020.²⁴

²⁰ <https://www.wexinc.com/insights/blog/health/benefits-buzz-podcast/support-your-colleagues-mental-health-needs/>

²¹ <https://www.inc.com/graham-winfrey-greg-harris/employees-favorite-pandemic-benefits-best-workplaces-2021.html>

²² <https://www.verywellmind.com/does-my-health-insurance-cover-online-therapy-4842511>

²³ <https://www.wexinc.com/insights/blog/health/support-your-colleagues-mental-health-needs/>

²⁴ <https://www.healthaction.org/updates/10-7-21-digest>



Provide flexible work arrangements

Many employers ended up in a work-from-home situation in early 2020. And, as it turns out, many learned that working from home — or simply the freedom to do so — works best for them. But flexible work isn't limited to just location. More than 40 percent of managers in a recent survey said they let employees choose their own hours.²⁵

What can flexible work mean for employee wellness?

- Providing employees with options lets them choose what's best for them.
- Build trust by showing you feel they will be productive wherever they are.
- Working from home lets employees reduce or eliminate work commute costs.

3 employer tips when considering flexible work

- 1 Talk to other HR teams to see how they are managing this option.
- 2 Survey your employees for feedback.
- 3 Review country and state regulations.

3 ways of working

There are three common “ways of working” for today's workplace:



In-person:

Think of this as the traditional office setting.



Hybrid:

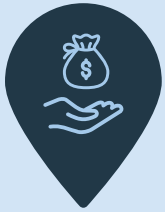
The option of working partially in an office and partially at home or in another location.



Full-time remote:

These employees work primarily elsewhere.

²⁵ <https://www.hrdiver.com/news/4-in-10-managers-let-employees-pick-their-own-hours-study-finds/610151/>



Get creative with financial support

Pay raises can improve employee financial wellness. But there are other ways to support the bottom lines of your employees, especially those who might need it most. Communicating the benefits of these financial incentives is also a critical piece in retaining employees.

Johnny Taylor, President and CEO of SHRM, laid out this potential scenario during WEX's HSA Day 2021 of an employee leaving your company not realizing what's available to them:

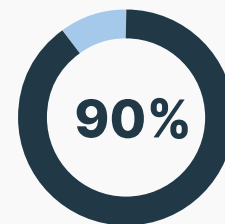
"You can go across the street for \$2,500 more, but you have this benefit offering that is really \$4,000 or \$5,000 more in value to you. They just don't know."

What are some unique ways to financially support employees?

- Contribute to your employees' HSA, 401(k), etc.
- Provide low-interest financial loans through payroll deductions.
- Reimburse employees for some or all of their student loans.
- Offer additional insurance options, such as supplemental life insurance, critical illness, and pet insurance.

Want to increase your HSA contributions? What we learned:

While participants can use their HSA to save on short-term health needs, they can also build their balances and invest their funds to prepare for retirement. That's why employers also contribute to employee HSAs as a way to support them. More than one-quarter of HSA funds are contributed by employers.²⁶



Over 90 percent of employees in a survey said they feel more invested in staying with their employer when they're offered financial benefits that meet their needs.

²⁶ <https://www.devenir.com/wp-content/uploads/2020-Year-End-Devenir-HSA-Research-Report-Executive-Summary-1.pdf>

What's the employer contribution sweet spot?

Employer contributions do influence employee contributions. How do we know that? WEX powers more HSAs than any other technology platform, giving us unique insights into participant behavior.

Our data insights team has learned:



Any contribution

of \$50 or more will encourage participation.



For family coverage

a \$1,500 to \$1,750 employer contribution yields the highest employee contribution.



For individuals

a \$750 to \$1,000 employer contribution yields the highest employee contribution.





Provide and promote telemedicine

Demand for telemedicine is booming. A 2021 survey revealed that 17 percent of U.S. adults said telemedicine options were important to them, which is up from just 7 percent four years earlier.²⁷ One study also found that individuals with telemedicine (or telehealth) access had lower rates of depression, stress, and anxiety.²⁸

Who benefits most from telemedicine?

Anyone can take advantage of telemedicine options, but those who might benefit the most include employees:

- Without a vehicle or reliable transportation.
- Who lack the time needed to travel and sit in a waiting room.
- Who frequently experience sinus problems, allergies, or other easy-to-treat conditions.²⁹
- In rural areas where in-person access to healthcare is limited.



The rise in telemedicine adoption

In our annual consumer healthcare survey in 2021, we learned that:

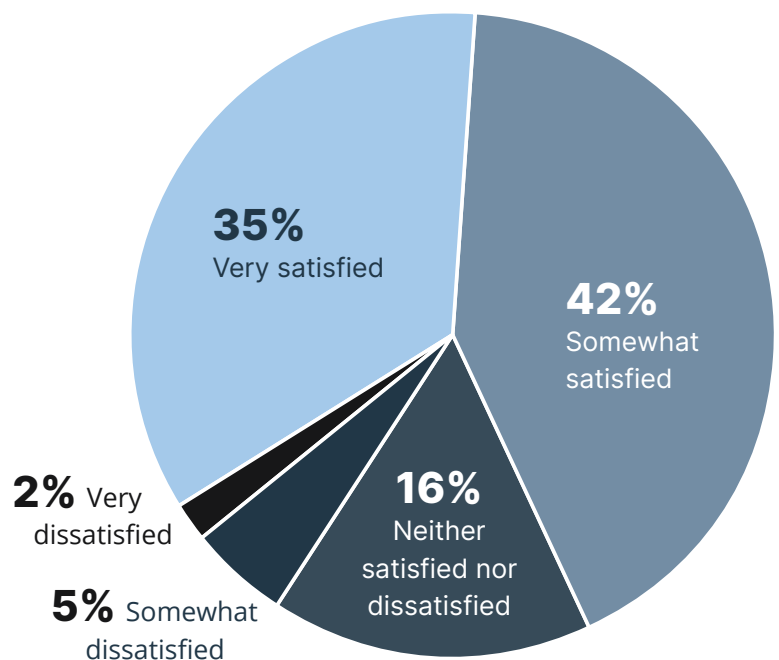
44%

of respondents' thinking on telemedicine had changed.

40%

of respondents said they or someone in their household had participated in a medical appointment via their mobile device or computer in the previous year.

Satisfaction with quality of telehealth³⁰



²⁷ <https://www.ebri.org/docs/default-source/cehcs/2021-cehcs-report.pdf>

²⁸ <https://www.ajmc.com/view/leveraging-remote-behavioral-health-interventions-to-improve-medical-outcomes-and-reduce-costs>

²⁹ <https://evisit.com/resources/what-is-telemedicine/>

³⁰ <https://www.ebri.org/docs/default-source/cehcs/2021-cehcs-report.pdf>

See the potential savings

We've thrown a lot of information at you. Let's play out a scenario:



Jacobs Pharmaceuticals

Owners: Mike and Janet Jacobs

Number of employees: 500

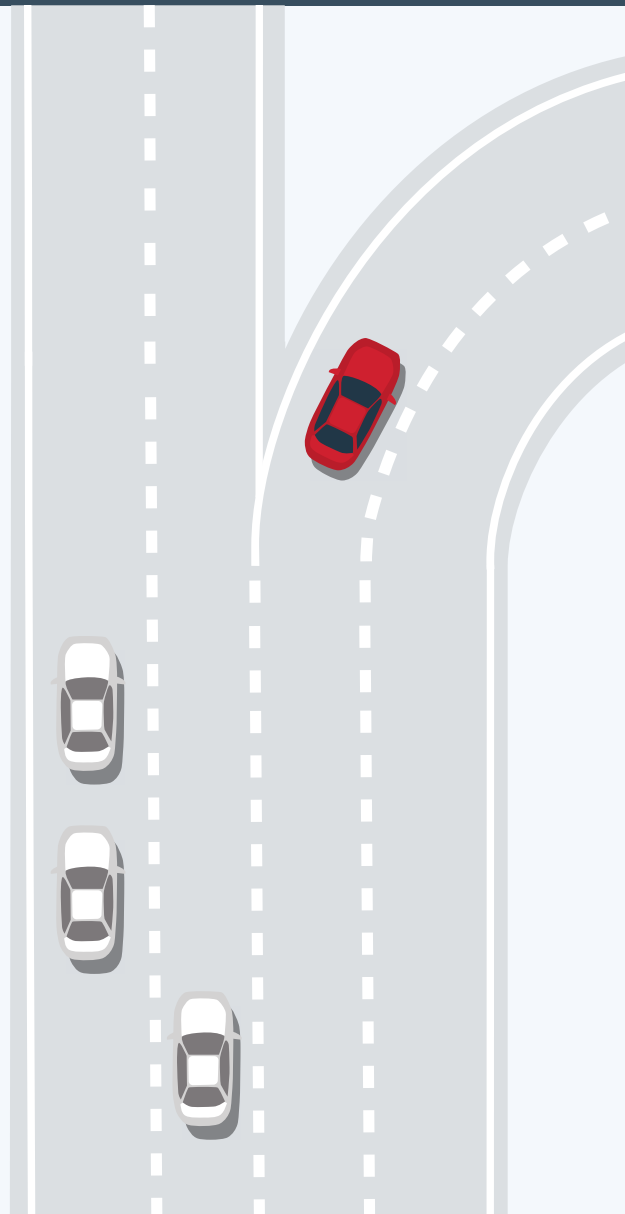
Average employee salary: \$50,000 per year

Their scenario

Mike and Janet's business is growing fast! But retaining the best employees has been a challenge. If

1 in 4 employees

quit nationwide in 2021, let's say that Jacobs Pharmaceuticals experienced the same level of turnover. That means 125 employees were replaced. If the cost of replacing an employee is 33 percent of their annual salary (as our previously mentioned study said), based on their average salary, the expected cost of replacing 125 employees would be: **\$2.1 million.**



Their solution

Because salary, employee benefits, flexible work, and care responsibilities were all among the top reasons employees leave in the survey we previously mentioned, Mike and Janet decide to ramp up their efforts to support employee wellness. Here's what they did and the cost to them:

Action	Details	Cost
Contribute to employees' HSA	They also decide to offer a match or contribution to employees' HSAs. Let's say that all 500 employees have an HSA and the contribution for each is \$870 (employer average in Devenir report ³¹).	\$435,000
Offer more flexible work arrangements	The Jacobs also give employees the option of working from home, and some employees may also adopt more flexible hours that better work for them. While that comes at no cost, Mike and Janet also provide employees with \$194 apiece to cover work-from-home expenses. ³²	\$97,000
Provide telemedicine options	With telemedicine growing in popularity, the Jacobs respond by giving their employees telemedicine healthcare options. This often comes at a cost of between 15 cents and \$15 PEPM. ³³ For our formula, we'll say it's \$7.50 PEPM.	\$45,000
Total		\$577,000

The benefits of taking these steps go beyond just dollars and cents, such as increased productivity and reduced absenteeism.

Taking these steps might not be enough to dissuade all of Mike and Janet's 125 employees from leaving year-over-year. But considering the reasons for leaving outlined above, these solutions cover pretty much all of them. What if it stopped one-third of those 125 employees from leaving? Based on the anticipated turnover cost, they would save **about \$200,000**.

Providing solutions?	Results	Cost
Yes	One-half of (or 62) employees stay in 2022 who would have otherwise left.	63 employees leave - \$1.05 million Benefits cost - \$842,000 Total cost - \$1.9 million
No	All 125 expected employees to leave in 2022 do end up leaving.	\$2.1 million

For plan years beginning January 1, 2022 or later, HDHPs must apply the deductible to telehealth expenses that do not otherwise qualify as permitted expenses (e.g., due to exceptions for preventive care or certain EAP or wellness program coverage) to maintain their HSA eligibility.

³¹ <https://www.devenir.com/wp-content/uploads/2020-Year-End-Devenir-HSA-Research-Report-Executive-Summary-1.pdf>

³² <https://www.refinery29.com/en-us/work-from-home-cost-stipend-covid-19>

³³ <https://www.fshealth.com/blog/what-is-the-cost-of-telemedicine>

Are you going to change lanes?



Remember when we said that 85 percent of employers told us they did not change their 2021 benefits as a result of COVID-19 or its economic impact? While a steady hand with your benefits offering may have been what your employees needed then, now is the time for action. Your competition for your employees may already be taking action.

Need proof? In our survey of benefits decision-makers heading into the 2022 plan year, 28 percent of respondents told us they had increased their employee benefits. The previous year, only 15 percent had changed their benefits at all. If you haven't already enhanced your benefits, it's important to know that more and more of your competition for the best employees is already doing so.

Taking a few simple steps may cost your business a little more in the short-term, but enticing the best employees to work for you — and stay with you — could have a long-ranging, positive impact on your business going forward.



"The last year and a half, 18 months or so, has caused everyone to approach work differently. Now it's more about where can I be myself and where can I have the most of my wellbeing."

- Jennifer McClure, CEO, DisruptHR and Unbridled Talent during WEX's HSA Day 2021 podcast episode³⁴

³⁴ <https://www.wexinc.com/insights/blog/health/benefits-buzz-podcast/hsa-day-2021-recap/>