

# Health-Related Productivity Costs

Benefits and insurance issues important to you - brought to you by the insurance specialists at Andreini & Company.



According to Rutgers University, employee health problems cost employers approximately \$226 billion each year. Of these hefty costs, 70 percent result from a reduction in productivity as compared to work absences due to illness. While offering health coverage for employees is a major business expense, lost productivity due to physical and emotional health problems can be far more costly for employers.

Lost productivity can be classified in two ways: presenteeism and absenteeism. While absenteeism means that the employee is physically not at work, presenteeism means that an employee is physically at work but pain, depression or a health condition negatively affects their work quality and quantity. According to *HR Management*, employers spend two to three dollars on medically related productivity costs (presenteeism) for every dollar spent on pharmacy and healthcare costs.

The AdvancePCS Center for Work and Health in Hunt Valley, MD conducted a study of 29,000 workers 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 is directly related to deficient performance while on the job as compared to 23 percent for actual absences from work. The remaining six percent of productivity costs are associated with family health obligations. In addition, female employees were 30 percent more likely to incur lost productivity than men, and 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 additional time on tasks
- Decreased quality of work
- Lack of initiative
- Lowered ability to perform at their peak
- Decreased quantity of work completed
- Inability to be social with coworkers
- Lack of motivation.

## **Causes of Health-Related Productivity Costs**

- Back and neck pain (notoriously the most expensive medical condition)
- Obesity
- Allergies
- Diabetes
- Those suffering from depression and/or anxiety
- Those suffering from chronic conditions

## **Decreasing Health-Related Productivity Costs**

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

- Address various conditions that affect a wide array of individuals in your employee population in your wellness initiatives.
- Offer health fairs, screenings and health risk appraisals to assess the needs of employees.
- Integrate your health benefit strategies with your health management initiatives.
- Design your benefits package to support the behaviors that you want to see at your organization.
- Partner with a healthcare company that takes an innovative approach to wellness and offers productivity, wellness and disease management resources. Your healthcare company should 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 make them in more control of their healthcare.

If you do not address your employees' healthcare needs, they will come in and out of your doors daily without performing to the best of their abilities. However, if you can commit time and funds to help them get and stay healthy, you will reduce medical and pharmacy costs and increase worker productivity. For more information, contact Andreini & Company concerning how to execute an effective wellness plan.

*This article is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.*