



EMPAQ[®] Insights

2015

Harnessing Data
to Help Employers
Effectively Manage
Their Workforce

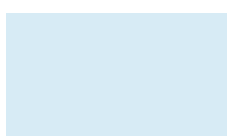
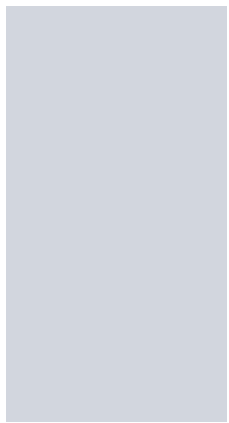
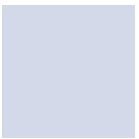
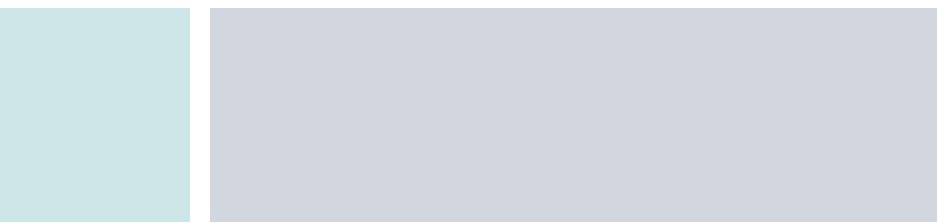
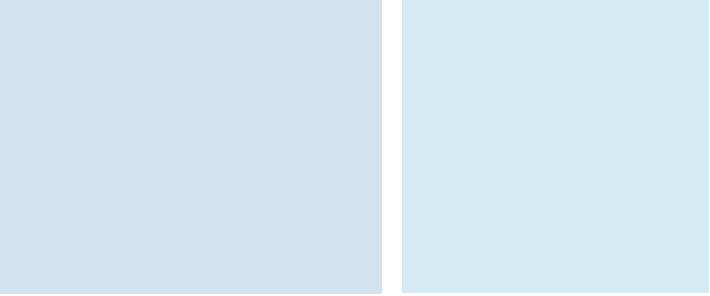
TRUVEN
HEALTH ANALYTICS



EMPAQ[®]
Employer Measures of Productivity, Absence and Quality™

Table of Contents

Executive Summary	1
Introduction	4
Survey Respondent Profile	6
Incidental Absence and Family Medical Leave	10
Short-Term Disability	14
Long-Term Disability	18
Workers' Compensation	20
Group Health	22
Employee Assistance Programs	24
Health Risk Assessments	26
On-Site Clinics	28
Next Steps and Acknowledgements	30
Appendix: EMPAQ® Survey Data Elements	33





Executive Summary

Select 2015 Report Highlights



An effective health and productivity management strategy can mean the difference between a high-performing, highly present employee population and one that struggles with low performance and high absenteeism.

This report, provided by the National Business Group on Health® and Truven Health Analytics,™ delivers an overview of the EMPAQ® (Employer Measures of Productivity, Absence and Quality™) metrics for program year 2014. It was developed by analyzing responses to EMPAQ® surveys from more than 100 large employers representing nearly 4 million employees.

From this information, employers can gain important benchmarks based on the U.S. workforce as a whole, with additional data by industry — plus actionable insights they can use to better understand benefit program impacts and ultimately improve their results.

Following is a brief look at some of the most compelling findings from this research.

Average Group Health Costs



\$10,370
per covered
employee
industry-wide



Incidental Absence



6 days per employee
average time off due to sick days
or unplanned time off

Disability

\$374 per employee
short-term disability cost



8 claims
per **100** employees
incidence of short-term
disability

\$9,546 per claim
long-term disability cost



4 claims
per **1000** employees
incidence of long-term
disability

KEY FINDINGS

16%↓
lower average
incidence rate of
short-term disability
for employers
offering a fitness
program vs. those
that did not

Workers' Compensation

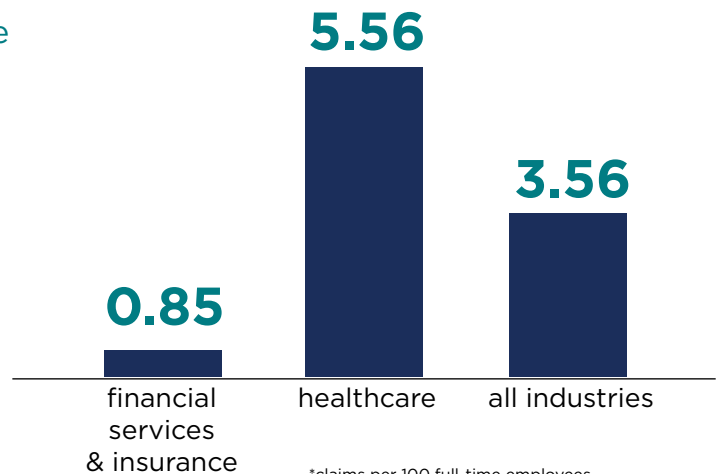
KEY FINDINGS

21%↓
lower average
workers'
compensation
cost for employers
that offered a
fitness program vs.
those that did not

\$293
per employee
average cost



Average Incidence Rates:* Significant Variation by Industry



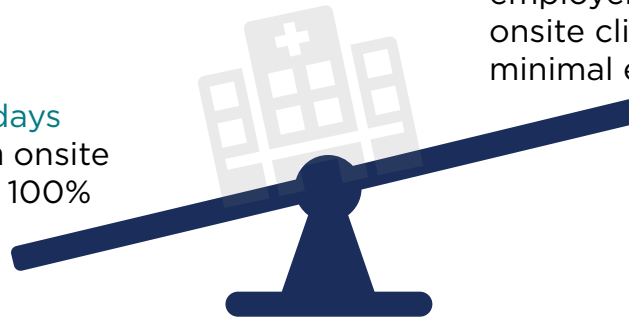
*claims per 100 full-time employees

Onsite Clinics

<5 lost workdays
employers **with** onsite
clinic access to 100%
of employees



>20 lost workdays
employers **without** an
onsite clinic or with
minimal employee access



Average Incidental Absence Rate per Employee

Stay-at-Work Policies

(allow employees to continue light-duty or transitional work while recovering)

Employers **with** stay-at-work programs

322 short-term
disability lost workdays*

\$12,477 average
cost per long-term
disability claim



All-industry averages
*per 100 employees

Employers **without** stay-at-work programs

353 short-term
disability lost workdays*

\$18,608 average
cost per long-term
disability claim



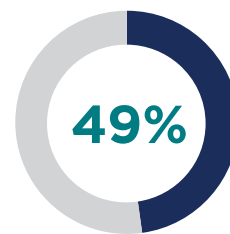
Employee Assistance Programs (EAP)

6 cases per **100** employees



\$22 per employee average
cost of providing an EAP

Health Risk Assessments (HRA)



industry-wide average
HRA participation rate

KEY FINDINGS

percentage points **36** ↑
participation rate
when companies
offered a financial
incentive

Introduction

Effective health and productivity management is critical to creating a healthy workforce — and business success. Healthy employees are more loyal and engaged, and less likely to be absent. As a result, the National Business Group on Health® (the Business Group) created EMPAQ® (Employer Measures of Productivity, Absence and Quality™) in 2001 to help employers quantify the costs of poor health, low productivity, and absence.

Over the last decade, EMPAQ® metrics have assisted companies with health and productivity program evaluation and benchmarking against their peers. As part of that process, the Business Group assembled a team of experts, including Truven Health Analytics,™ to refocus EMPAQ® and identify a core set of metrics, based on well-established industry standards of employee health and productivity, that could accurately measure program evaluation.

EMPAQ® provides employers with a framework by which to monitor and measure the return on investment they are receiving from their human capital investments. By focusing on the management of absence, health, and productivity programs, EMPAQ® offers valuable insight as human resources (HR) and benefits professionals assess their health and productivity strategy and manage costs.

In 2015, the Business Group and Truven Health partnered to collect EMPAQ® data for program year 2014. The EMPAQ® survey includes key metrics in four distinct categories:


- Overall absence
- Non-occupational absence
- Occupational absence
- Group health and employee assistance programs


These metrics were selected to help employers better understand program impact — the effect on productivity, how many employees are using offered programs, and what the costs are to the employer.


In this EMPAQ® Insights Report, we provide results for the following key health and productivity programs:

- Family and Medical Leave Act (FMLA) and incidental absence
- Non-occupational absence (short- and long-term disability)
- Occupational absence (workers' compensation)
- Group health and employee assistance programs
- Health risk assessments
- On-site clinics

For each program, this report includes:

 **Key Findings:**
Results from survey data (percentages of employers offering the program, differences by industry type, etc.)

 **Connecting the Dots:**
In-depth analyses, including correlations between the program data and the demographic information from the survey respondents

 **Turning Data Into Results:**
Specific, actionable tips for how employers can better apply the particular program to their business

About the Survey

From April through June 2015, employers submitted data for their 2014 programs via an online survey. The Business Group and Truven Health collected individual employer responses, compiled the results, and analyzed the factors that strongly influenced the results.

In this EMPAQ® Insights Report, we provide a summary of more than 100 employers, representing nearly 4 million employees, including, where possible, industry-level analysis. Throughout the report, we present additional findings that show how various factors influence the particular metrics, such as availability of on-site health clinics or stay-at-work programs.

For an employer to be included in this analysis, we required a minimum of four survey responses for their industry. This ensures sufficient privacy to individual firms and improves the significance of the results. To this end, two survey participants in industries with less than four employers responding were not included in this report. Not all respondents answered every survey question.

For a complete list of the data elements included in each area, please see the Appendix.

Connecting the Dots With Correlation Statistics

To display relationships between measures and help employers “connect the dots” between their programs, we use correlation statistics throughout this report. Correlations show the strength of the relationship between two measures — how when one measure changes, the other measure behaves. A correlation does not mean that one measure causes the second measure; rather, a correlation describes the observed results. Correlation values can range from no relationship between the measures (0) to a perfect association of 1.0. The correlation can be positive (increasing with more of the second measure) or negative (decreasing with more of the second measure). As such, the full range is from -1.0 to +1.0.

Survey Respondent Profile

Within the EMPAQ® survey, we gathered a variety of demographic data elements. This information allows us to stratify the data and create correlation statistics, showing the strength of the relationships between measures.

Industry Type and Programs Offered

After excluding surveys for lack of representation in their industry (we required at least four respondents per industry), there were 107 employers included in the final analysis. Table 1 displays the industries represented in this report and the percentage of data contributors by industry.

TABLE 1: EMPLOYERS REPRESENTED, BY INDUSTRY

Industry	Percentage of Data Contributors (%)
Colleges & Universities	4.7%
Energy & Utilities	7.5%
Financial Services & Insurance	18.7%
Healthcare	10.3%
Hospitality & Retail	11.2%
Manufacturing (including Mining & Metal)	29.0%
Pharmaceuticals	6.5%
Technology & Telecommunications	12.1%

Tables 2 and 3 provide a summary of the types of programs that employers offer to employees to improve health and access to healthcare, as well as ways to return to work as efficiently as possible after an absence. As noted in Table 2, all employers were committed, regardless of industry, to providing wellness programs to their employees. In addition, the majority used the Health Risk Assessments (HRAs) as a way to capture health risks within their workforce.

TABLE 2: HEALTH IMPROVEMENT PROGRAMS OFFERED, BY INDUSTRY

Industry	Percentage of Employers Offering Program (%)				
	HRA	HRA Financial Incentive: Employees	HRA Financial Incentive: Dependents	Wellness*	Fitness†
Energy & Utilities	80%	40%	40%	100%	60%
Financial Services & Insurance		86%	29%	100%	100%
Healthcare	88%	75%	38%	100%	100%
Hospitality & Retail	80%	40%	40%	100%	100%
Manufacturing (including Mining & Metal)	86%	57%	57%	100%	86%
Pharmaceuticals		50%	50%	100%	100%
Technology & Telecommunications	83%	67%	33%	100%	100%
All-Industry Average	88%	63%	40%	100%	93%

* A wellness program is an employer-sponsored program aimed at improving employees' health. Wellness programs attempt to reduce health risks and can include activities such as smoking cessation, weight loss support, health coaching, nutritious meals in cafeterias, and online programs designed to promote health and safety.

† Fitness programs include on-site exercise equipment, subsidized gym memberships, etc.

Table 3 focuses on the use of on-site clinics as a way to improve access to care as well as increase productivity of the workforce. There is considerable variation in terms of the availability of on-site clinics by industry, ranging from a low of 29 percent in the financial services and insurance industry to a high of 86 percent in the manufacturing industry.

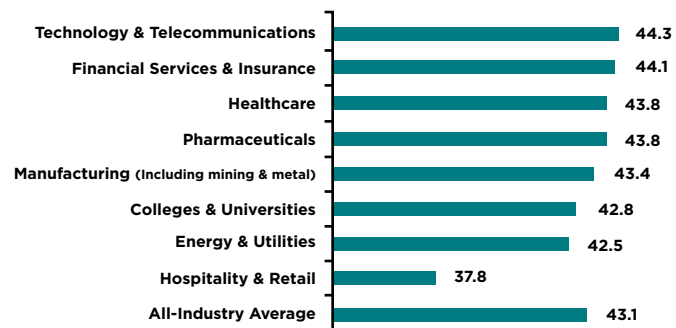
TABLE 3: ADDITIONAL PROGRAMS OFFERED TO MANAGE EMPLOYEE HEALTH, BY INDUSTRY

Industry	Percentage of Employers Offering Program (%)			
	Stay-at-Work	On-Site Clinic	On-Site Clinic: Acute Care Offered	On-Site Clinic: Occupational Health Offered
Energy & Utilities	80%	60%	20%	40%
Financial Services & Insurance	71%	29%	29%	14%
Healthcare	50%	75%	75%	50%
Hospitality & Retail	20%	60%	40%	20%
Manufacturing (including Mining & Metal)	71%	86%	71%	43%
Pharmaceuticals	0%	50%	0%	0%
Technology & Telecommunications	33%	50%	50%	33%
All-Industry Average	53%	60%	48%	33%

Employee Age

Among employers participating in the EMPAQ® survey, the average employee age was 43.1 years. Average employee age ranged from a low of 37.8 years for the hospitality and retail industry to 44.3 years for the technology and telecommunications industry (Figure 1).

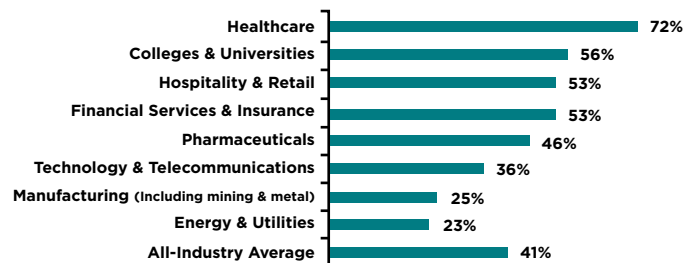
FIG 1: AVERAGE EMPLOYEE AGE, BY INDUSTRY



Gender Mix

For our typical employer, females represented less than half (41 percent) of all employees (Figure 2). Healthcare industry respondents employed the highest percentage of females (72 percent), and energy and utilities employers, the lowest (23 percent).

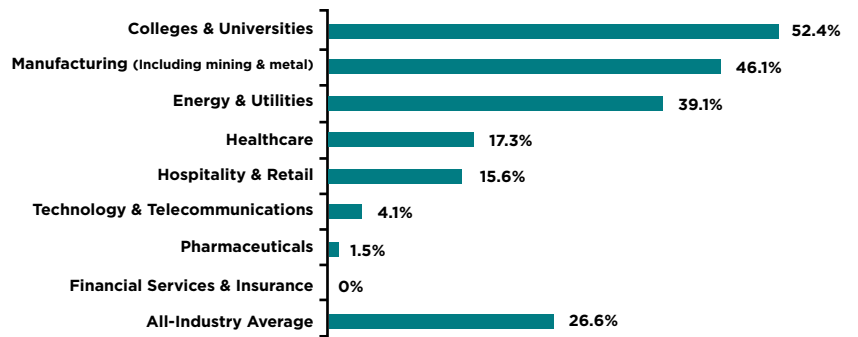
FIG 2: AVERAGE PERCENTAGE OF FEMALES, BY INDUSTRY

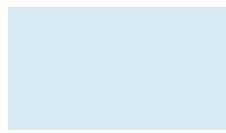
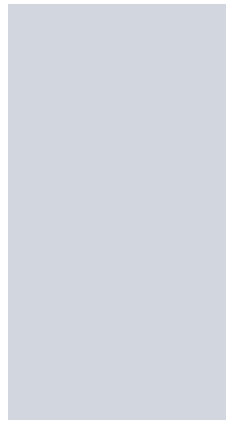
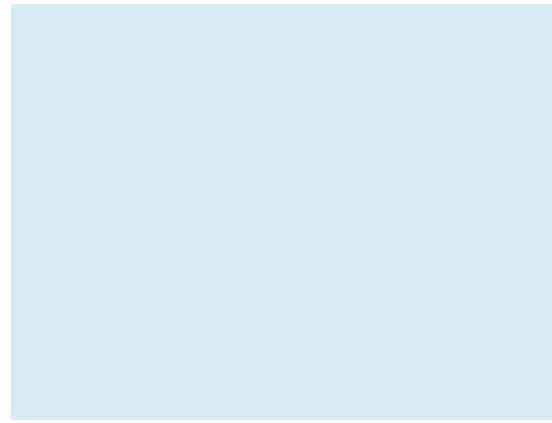
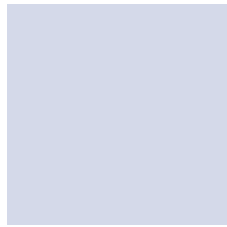
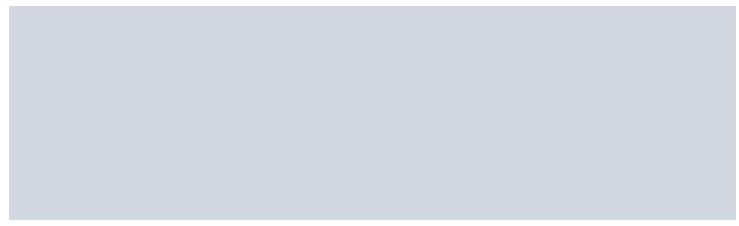


Union Status

Unions often offer unique challenges to employers, as they may be limited in their ability to change the plan designs of benefit offerings due to bargaining agreements. Among this year's EMPAQ® survey respondents, the average percentage of union employees was just over a quarter of employees, at 26.6 percent (Figure 3). The highest percentage, 52.4 percent, was found in the colleges and universities industry, and the lowest was found in the financial services and insurance industry (0 percent).

FIG 3: AVERAGE PERCENTAGE OF UNION EMPLOYEES, BY INDUSTRY





Incidental Absence and Family Medical Leave



Incidental absence is a term used to refer to sick days (paid or unpaid) or unplanned/unscheduled paid time off (PTO) days that were taken during the year. As many employers have moved to paid time off systems, the ability to track unscheduled sick days or leaves has become a significant challenge. Employers often indicate they are unaware of an employee who has absence problems until the issue has escalated to either an FMLA leave request or a short-term disability (STD) claim. Yet unplanned absences have significant impacts on productivity, often resulting in the need to find replacement workers on short notice or reallocating responsibilities quickly. For the purposes of EMPAQ,[®] incidental absence is defined as total lost workdays per employee due to incidental absence. This metric allows employers to see the impact of unscheduled leaves on the overall company.

Key Findings on Incidental Absence

We calculated industry-specific rates of total lost workdays per employee (Figure 4) for incidental absence.

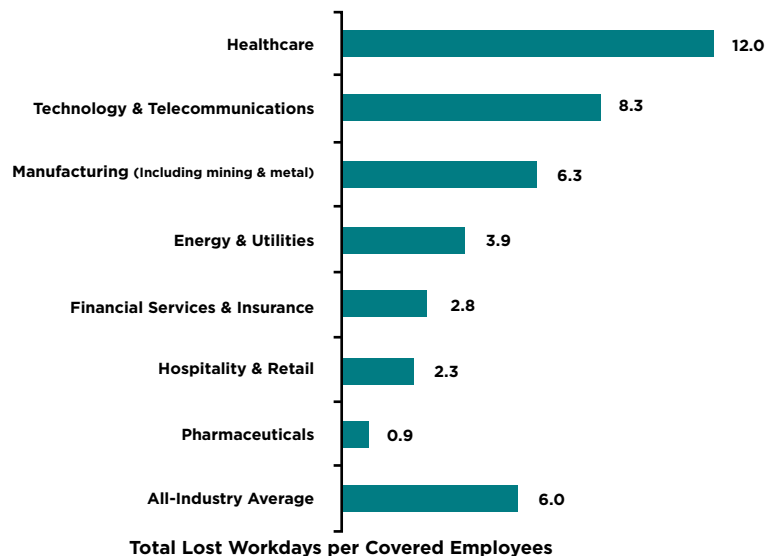
For employers that are able to track incidental absence, this metric can be extremely helpful in understanding the impact of unplanned absence on productivity. We found:

- The total lost workdays averaged 6.0 days per employee in 2014 for all industries. For an employer with thousands of employees, that can equate to significant lost productivity.
- The healthcare industry's higher incidence of lost workdays (12.0 per employee versus the all-industry average of 6.0) may be an indication

of generous sick leave policies or the nature of the job, which involves engaging with populations suffering from a contagious illness. This sector also had the highest FMLA rates (Table 3).

- The hospitality and retail industry, where workers are needed every day of the week and unplanned absences can have a significant impact on business operations, had the second lowest incidental absence rate, at 2.3 days per employee.

FIG 4: INCIDENTAL ABSENCE, BY INDUSTRY





The Family Medical Leave Act (FMLA) entitles eligible employees to take unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.

Although FMLA leaves are unpaid, they impact productivity significantly. Whether workloads are reassigned to others or temporary replacement workers must be found and trained, the impact of an employee out on these leaves can be large. In addition, FMLA administration can be complex and costly. Complying with federal, state, and municipal regulations remains a struggle for employers.

Three metrics related to FMLA are tracked in EMPAQ:[®]

- **Total FMLA leaves**
- **Non-concurrent FMLA leaves**
- **Non-concurrent FMLA lost workdays**

It is important for employers to understand both the total number of leaves classified under FMLA and those that do not run concurrently with STD or workers' compensation. That distinction identifies which claims are unique to FMLA versus which impact other programs. In addition, understanding the productivity impact, as measured by lost workdays, is critical for employers trying to tie together absence with business performance.

Key Findings on FMLA

- Overall, employers experienced total FMLA leaves of 19.6 per 100 covered employees in 2014. This varied from a low of 12.8 in the pharmaceuticals industry to a high of 27.7 in the hospitality and retail industry (Table 4). The hospitality and retail industry also had the highest number of non-concurrent leaves. This is most likely due to the fact that these employers do not have as much flexibility in scheduling because shift workers make up a large percentage of their population.
- In terms of lost workdays for non-concurrent FMLA leaves, employers experienced 164.3 per 100 covered employees in 2014. The manufacturing industry had the lowest amount of lost workdays (86.3), which is not surprising given that they had one of the lowest average number of non-concurrent leaves (6.3).

TABLE 4: FMLA METRICS, BY INDUSTRY

Industry	Averages per 100 Covered Employees		
	Total FMLA Leaves	Non-Concurrent FMLA Leaves*	Non-Concurrent FMLA Lost Workdays*
Hospitality & Retail	27.7	20.3	306.3
Healthcare	22.9	11.4	231.5
Energy & Utilities	19.1	9.6	119.0
Technology & Telecommunications	18.4	10.8	119.0
Manufacturing (including Mining & Metal)	17.6	6.3	86.3
Financial Services & Insurance	13.9	9.1	143.7
Pharmaceuticals	12.8	5.5	134.8
All-Industry Average	19.6	10.6	164.3

* Non-concurrent FMLA leaves and lost workdays capture only those leaves that do not run concurrently (or at the same time) as another absence program, such as short-term disability or workers' compensation.



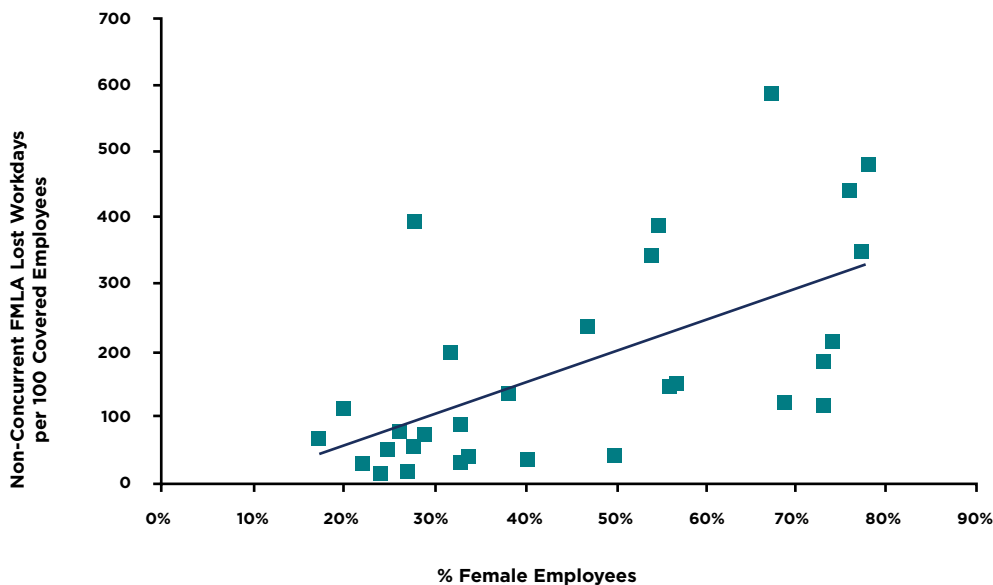
Connecting the Dots

▪ The rate of FMLA lost workdays per 100 covered employees was positively associated with the percentage of female employees, with a 0.61 correlation (Figure 5). Specifically, the number of lost workdays increases with the percentage of female employees. This finding is supported by the fact that the industries with the highest non-concurrent FMLA leaves and lost workdays employ an above-average percentage of female employees (53 percent in hospitality and retail and 72 percent in healthcare [Figure 2, Respondent Profile section]). This finding can be explained by the use of FMLA by pregnant employees. Many pregnant women supplement

their STD benefit with FMLA when the STD benefit runs out. In addition, women are generally more likely to be the main caregivers, and as a result, use FMLA when necessary to care for an ill family member.

▪ Employers that offer on-site clinic access to 100 percent of their employees experienced an average incidental absence rate of less than five lost workdays per employee. Conversely, employers without an on-site clinic or with minimal access had an average incidental absence rate exceeding 20 lost workdays per employee.

FIG 5: FMLA LOST WORKDAYS CORRELATION WITH PERCENTAGE OF FEMALE EMPLOYEES





Turning Data Into Results

- Consider developing or refining flexible work policies to allow employees to telecommute where possible. Although flexible work arrangements are not feasible for certain positions, for white-collar professionals, such policies allow employees to take time to manage their personal life without taking extended absence from the job.
- Determine whether there are particular locations or departments in which absence is greater. Incidental absence is often influenced by worker engagement and the general culture in particular groups or departments. Being able to identify those locations with absence that is outside the norm can help pinpoint areas of focus.
- Implement or improve absence notification processes. Being able to identify employees who are taking considerable amounts of incidental absence may help predict those who will end up on extended leave. To manage these absences, it is critical to have notification processes in place that allow an organization to identify and track FMLA leaves. Given the complexity of these programs, having clear ways to identify employees who are eligible to take FMLA and track them while out on FMLA can ensure appropriate use.



Short-term disability (STD) programs

offer some income protection to employees who, due to medical disability, cannot work. STD payments replace lost income, but these policies do not cover the medical-related expenses that may be paid by a separate group health policy.

Employers that wish to track the success of their STD programs should review three key metrics:

- Annual claims incidence per 100 covered employees
- Cost per employee
- Lost workdays per 100 employees

Key Findings on STD Programs

- In 2014, large employers had an overall STD incidence of 8.4 per 100 covered employees (Figure 6). STD incidence varied from a low of 4.2 in colleges and universities to a high of 10.1 in manufacturing.
- Across all participants, the average cost per covered employee was \$374 (Table 5). On a per-industry basis, this varied significantly. The pharmaceuticals industry's \$771 STD cost per employee was double the all-industry average, most likely influenced by the sector's higher wage rates.
- The manufacturing industry experienced the highest rate of STD lost workdays (390.6 per 100

employees), whereas the colleges and universities industry reported the lowest rate (216.4 per 100 employees). It is important to note that plan design can factor greatly into STD metrics by industry. Specifically, if an employer has a longer elimination period (i.e., the time before the STD benefits begin) or a smaller maximum benefit period (i.e., the amount of time the program provides benefits), that greatly impacts incidence and lost workdays. Manufacturing, which generally has a high union population, will often have more generous STD benefits than other industries.

FIG 6: SHORT-TERM DISABILITY CLAIMS, BY INDUSTRY

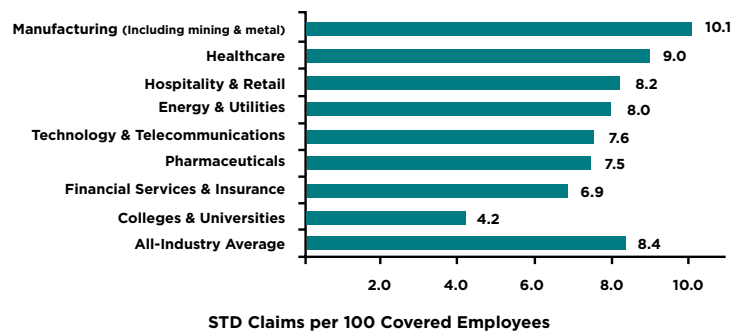


TABLE 5: SHORT-TERM DISABILITY METRICS, BY INDUSTRY

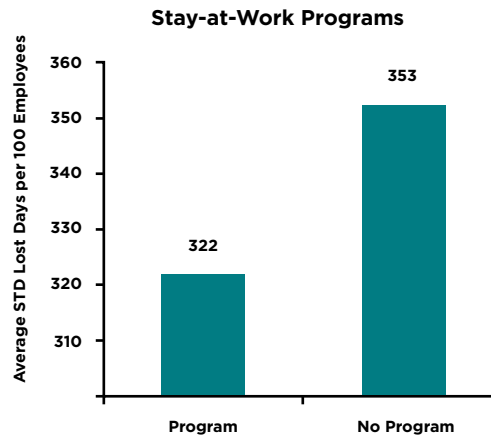
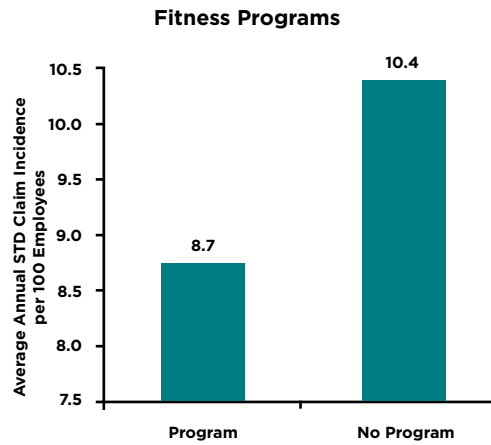
Industry	Average STD Lost Workdays per 100 Covered Employees	Average STD Cost per Covered Employee (\$)
Manufacturing (including Mining & Metal)	390.6	377
Hospitality & Retail	365.8	297
Technology & Telecommunications	302.8	301
Energy & Utilities	301.3	430
Healthcare	289.5	363
Pharmaceuticals	279.7	771
Financial Services & Insurance	251.9	334
Colleges & Universities	216.4	89
All-Industry Average	321.4	374



Connecting the Dots

- STD claims are influenced by the health of the workforce. Companies with healthy workforces or strong cultures of health may have lower disability claims. Employers that offered a fitness program, for example, had a 16 percent lower rate of STD claim incidence — 8.7 per 100 employees — than firms that did not offer fitness programs, which averaged 10.4 per 100 employees (Figure 7).
- Stay-at-work policies outline processes that allow employees to continue to work while recovering. These types of programs benefit both the employer and employees, and our analysis confirms their value. Employers that offered a stay-at-work program with light-duty or transitional assignments reduced their rate of lost workdays per 100 employees by 6 percent (Figure 7). Employers with stay-at-work programs averaged 322 lost workdays per 100 employees, compared with 353 days at firms without such programs.

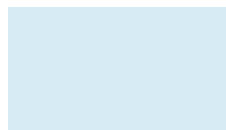
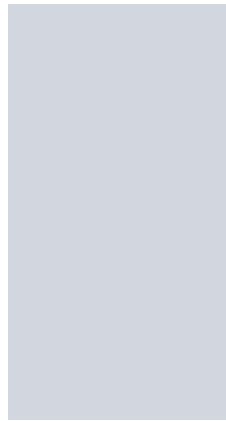
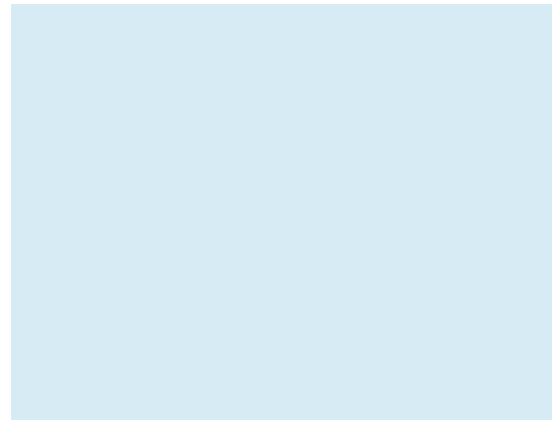
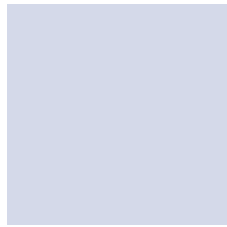
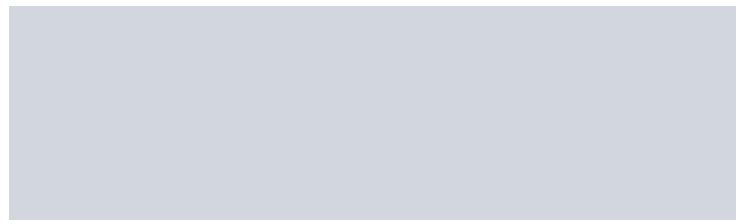
FIG 7: STD INCIDENCE LOWER FOR EMPLOYERS WITH FITNESS AND STAY-AT-WORK PROGRAMS





Turning Data Into Results

- Adjust benefit programs for optimal performance: STD incidence, costs, and lost workdays are all directly influenced by the plan design, including waiting periods, benefit levels, and length of benefit. As a result, it is critical for employers to compare their performance with that of their peers and consider adjustments to benefit levels.
- Employers should consider implementing or expanding fitness programs or other activities to increase physical activity, such as job-specific athletic-type training programs. Improved physical fitness among employees can help them avoid injuries and perform better on the job.
- Implement or enhance a stay-at-work program that offers lighter-duty or transitional assignments to accelerate the employee's return to work. Work with managers to ensure they understand the value of these programs, so that when their employees are out on STD, they can help HR and benefits professionals find appropriate ways to bring employees back to work sooner.



Long-Term Disability



Employees who receive long-term disability (LTD) benefits present significant challenges to employers. LTD claimants generally have greater severity of illness and disabilities that require greater care management. For employers, the key is to try to keep employees healthy. In addition, when employees take an STD leave, it is important to stay connected to help prevent them from transitioning to LTD.

In EMPAQ,[®] LTD program efficiencies are measured with two metrics:

- Average annual LTD claim incidence per 1,000 employees
- Average LTD cost per claim

Key Findings on LTD

- Across the industry, the annual LTD claim incidence was 4.13 per 1,000 employees. This varied from a low of 2.31 per 1,000 employees for the pharmaceuticals industry to 4.78 for manufacturing. Although the manufacturing industry had the highest rate of LTD claims, its cost per claim was the second lowest of all industries, at \$5,286 compared with an all-industry average of \$9,546 (Table 6).
- The pharmaceuticals industry had both a relatively low claim risk and low cost per claim compared to the all-industry average.
- Although the hospitality and retail industry had the youngest average employee age, at 37.8 years (Figure 2, Respondent Profile section), it incurred the second-highest LTD incidence rate (4.66 per 100 employees), and their average LTD cost was in the middle range at \$13,482.

TABLE 6: LONG-TERM DISABILITY CLAIM METRICS, BY INDUSTRY

Industry	Average Annual LTD Claim Incidence per 1,000 Employees	Average LTD Cost per Claim (\$)
Manufacturing (including Mining & Metal)	4.78	5,286
Hospitality & Retail	4.66	13,482
Energy & Utilities	4.50	12,932
Technology & Telecommunications	4.42	12,709
Healthcare	4.10	14,515
Colleges & Universities	3.40	3,801
Financial Services & Insurance	3.36	10,308
Pharmaceuticals	2.31	7,339
All-Industry Average	4.13	9,546



Connecting the Dots

- Employers that offered a stay-at-work, light-duty or transitional assignment program reduced their average LTD cost per claim by 33 percent – from \$18,608 to \$12,477 (Figure 8).

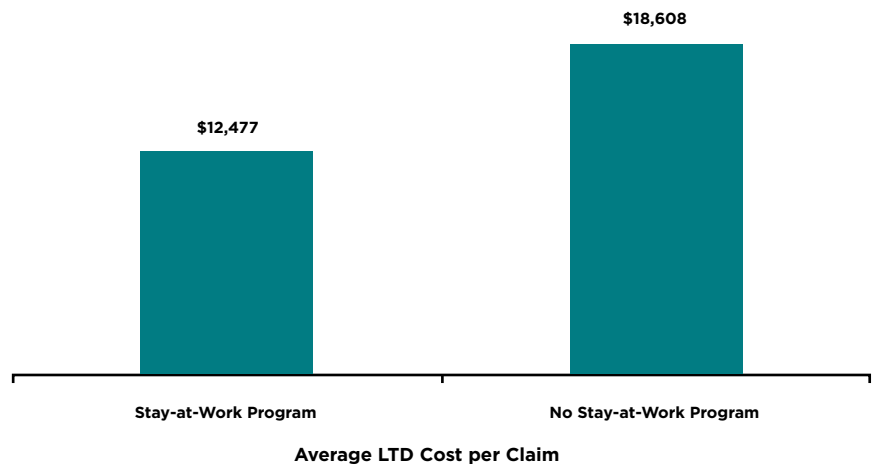


Turning Data Into Results

Because employees on LTD are generally sicker than their peers on STD, they require greater care management, especially in preparing for return to work. As a result, employers should focus on:

- Staying connected with employees on STD to determine if and when they can return to work in a limited capacity. The goal is to ensure people who can return to work do return. Implement a stay-at-work program that offers lighter-duty or transitional assignments to accelerate this return. These types of efforts can help employees return to the office and not transition to LTD.
- The overall health of the workforce to ensure that those with chronic conditions are managing their disease, so it does not deteriorate to the point where they must go out on disability. Implementing a wide variety of wellness programs, including fitness and nutrition programs, can assist employees with improving their health and mitigating health risks.

FIG 8: EMPLOYERS WITH STAY-AT-WORK PROGRAMS HAVE LOWER LTD COSTS



Workers' Compensation



Ensuring the safety of the workforce and avoiding workplace accidents are critical issues for employers. Workers' compensation pays a percentage of an employee's income when they cannot work due to a work-related, disabling illness or accident. It also pays the associated medical payments.

Three metrics related to workers' compensation are tracked in EMPAQ:[®]

- Average annual claim incidence per 100 full-time employees (FTEs)
- Average cost per FTE
- Average lost Temporary Total Disability (TTD) workdays per 100 FTEs

Lost workdays are captured for TTD because that provides employers with a snapshot of the productivity lost due to absence from work.

Key Findings on Workers' Compensation

- The average workers' compensation incidence rate in 2014 was 3.56 per 100 FTEs. The incidence rate was highest in the healthcare industry. In fact, the healthcare industry rate was six times higher than that of the financial services and insurance industry, where workers are often desk-based. The energy and utilities industry rate was 34 percent lower than the all-industry average rate, but the cost per FTE was 70 percent higher (Table 7).
- There was significant variation in the average lost TTD workdays per 100 FTEs. Some industries such as pharmaceuticals and colleges and universities had much lower lost workdays than those in the healthcare, energy, and hospitality industries.

TABLE 7: WORKERS' COMPENSATION (WC) METRICS, BY INDUSTRY

Industry	Average Annual WC Claim Incidence per 100 FTEs	Average WC Cost per FTE (\$)	Average of Lost WC TTD Workdays per 100 FTEs
Healthcare	5.56	261.92	40.50
Manufacturing (including Mining & Metal)	4.47	416.92	41.77
Hospital & Retail	4.43	300.53	43.45
Colleges & Universities	4.13	87.24	5.52
Energy & Utilities	2.36	494.13	42.08
Technology & Telecommunications	1.99	140.33	8.42
Pharmaceuticals	1.41	72.11	3.50
Financial Services & Insurance	0.85	88.73	9.75
All-Industry Average	3.56	293.04	30.90



Connecting the Dots

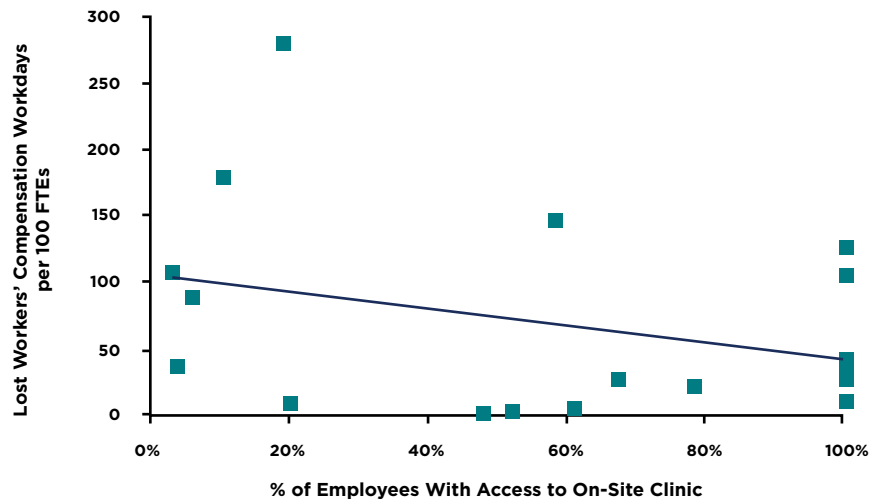
- Employers that offered a fitness program saw a 21 percent lower average workers' compensation cost at \$323 per FTE, compared to \$408 per FTE for firms without a fitness program.
- Increasing employee access to on-site clinics was associated with a reduced rate of lost workdays per FTE, with a 0.39 correlation (Figure 9).



Turning Data Into Results

- Focus on improving and maintaining the health of employees through the use of wellness programs. Research has shown that good physical and mental health and an absence of chronic health conditions are associated with lower occupational injury results. Fatigue, uncontrolled diabetes, smoking, hearing loss, and poor vision have been shown to impact worker productivity and safety negatively.
- Integrate health and safety programs to maximize the benefits of both programs. Productive workers are both healthier and safer on the job.
- To mitigate the impact of workplace accidents, look for ways to leverage on-site clinics to ensure employees receive appropriate care as quickly as possible after an injury.

FIG 9: WORKERS' COMPENSATION COSTS LOWER FOR EMPLOYERS WITH ON-SITE CLINICS





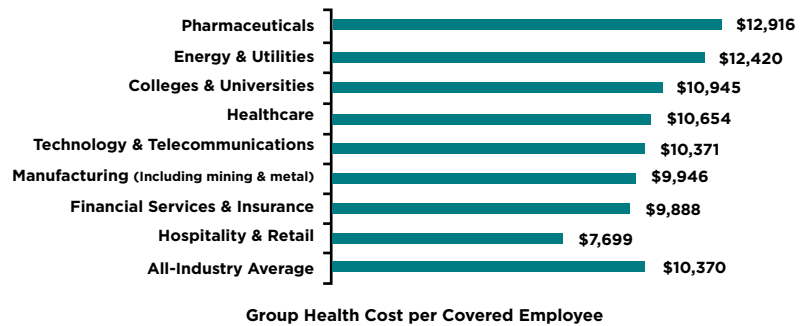
To create a healthy and productive workforce, employers must focus on both managing absence and offering useful health and wellness benefits. But health benefits, especially, are generally challenging to administer and can be costly for employers.

Key Findings on Group Health

- In 2014, employers industry-wide spent an average of \$10,370 per covered employee on health benefits.
- Costs varied significantly by industry, from a low of \$7,699 in the hospitality and retail industry to a high of \$12,916 in the pharmaceuticals industry

(Figure 10). These variations are likely due to the composition of the workforce, as well as the generosity of benefits.

FIG 10: GROUP HEALTH PROGRAM COSTS, BY INDUSTRY





Connecting the Dots

- Average group health costs were not influenced by on-site clinics. The average cost per covered employee was nearly identical for employers with on-site clinics (\$10,277) and those without (\$10,239). It's important to note that it has traditionally been difficult to connect the availability of on-site health clinics with lower overall healthcare costs. However, on-site clinics offer multiple benefits, including better care, improved access to care, and increased productivity (because employees do not have to leave the worksite to receive care).



Turning Data Into Results

For employers, controlling healthcare costs is a difficult challenge that requires a multipronged approach.

Specifically, employers should:

- Review their plan design to determine whether it is similar to other employers' in terms of employee cost-sharing for premiums, coinsurance, and deductibles.
- Develop a consumerism strategy to engage employees in their healthcare decisions. This strategy should include cost transparency tools, decision-support programs, and second-opinion services.

- Consider replacing health plan offerings with a consumer-directed health plan, or at least offering one as an option.
- Investigate ways to improve the care that employees receive by leveraging efficient and effective healthcare delivery reform options, such as Centers of Excellence, telehealth programs, and accountable care organizations.

Employee Assistance Programs



Employee Assistance Programs (EAPs) help employees with personal problems that may impact their job performance, health, and well-being. These voluntary programs offer free and confidential counseling, referrals, and follow-up services. Despite the benefits, employers struggle with getting employees to use these programs.

In the EMPAQ® survey, we capture two critical metrics related to EAPs:

- Average program costs
- Cases per 100 employees in a given year

These two metrics allow employers to understand the financial investment they have made, as well as how much of their population they are reaching.

Key Findings on EAPs

- Program costs averaged \$22 per employee, with the highest spending (\$38) in the energy and utilities industry and the lowest (\$13) in healthcare.
- Across all industry segments, EAP participation averaged 6 cases per 100 employees. The highest participation (11 cases per 100 employees) was in the hospitality and retail sector, and the lowest rate (1 case per 100 employees) was in pharmaceuticals (Table 8).

TABLE 8: EMPLOYEE ASSISTANCE PROGRAM METRICS, BY INDUSTRY

Industry	Average EAP Program Costs per Employee (\$)	Average Cases per 100 Employees
Energy & Utilities	38	8
Manufacturing (including Mining & Metal)	25	3
Financial Services & Insurance	24	7
Pharmaceuticals	18	1
Technology & Telecommunications	16	7
Hospitality & Retail	15	11
Healthcare	13	4
All-Industry Average	22	6



Turning Data Into Results

- Look for creative and continuous ways — beyond the open enrollment period — to communicate the value of EAPs to employees. Year-round communications are more likely to remind employees of the valuable service at the time that they need it.
- Leverage both senior leadership and managers to advocate the value of the EAP. Leaders have the unique ability to bring the EAP to the forefront of the organization, helping destigmatize and make it more acceptable to use. Perceived management support for the EAP has also been shown to increase the program's utilization. At the same time, managers are often the key to ensuring employees seek EAP; they have regular contact with employees and are typically the first to notice a change in performance, attendance, attitude, or behavior. This puts them in a prime position to encourage employees to seek help through the EAP.
- Consider offering on-site EAP counseling. On-site counselors can develop a rapport with employees to ensure they get the care they need. This can extend beyond counseling to referrals to other benefit programs the company offers, such as case management or wellness programs.

Health Risk Assessments



Health Risk Assessments (HRAs) are written questionnaires that evaluate employees' health risks and quality of life. HRAs promote health awareness by reviewing participants' personal lifestyle practices and identify health issues that could be impacted by personal choice. They also provide employers with critical data on the health risks impacting their workforce and spark discussions with employees about their health and healthy lifestyles.

Key Findings on HRAs

- Nearly all (93 percent) of the surveyed firms reported using an HRA. There was little variation across industries, with at least 80 percent of all industries offering the HRA to employees.
- Overall, the average participation rate across industries was 49 percent. Yet participation rates vary greatly by industry. Pharmaceutical companies have the highest participation (74 percent), while energy and utilities average only 21 percent participation (Table 9).
- The energy and utilities sector offered the highest financial incentives for HRA participation (\$375 or more, on average), while manufacturing offered just above \$100.

TABLE 9: HEALTH RISK ASSESSMENT METRICS, BY INDUSTRY

Industry	Average HRA Participation Rate (%)	Average HRA Incentive Amount (\$)
Pharmaceuticals	74%	300
Healthcare	59%	340
Manufacturing (including Mining & Metal)	58%	143
Technology & Telecommunications	52%	263
Financial & Retail	51%	137
Hospitality & Retail	27%	200
Energy & Utilities	21%	375
All-Industry Average	49%	237

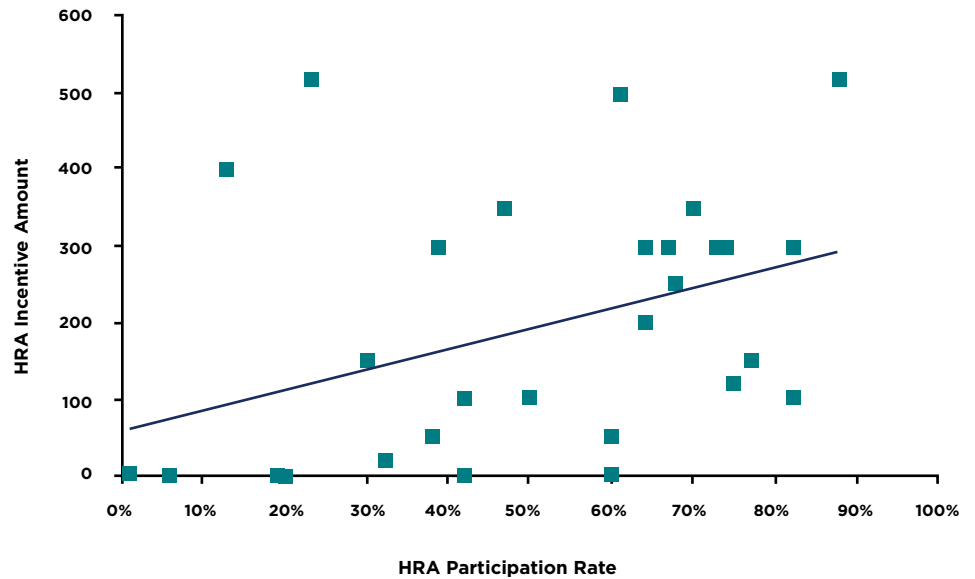


Connecting the Dots

Financial incentives positively impact participation. We found:

- Overall, HRA participation was positively correlated with increasing financial incentives (0.41 correlation), meaning that as financial incentives increased, so did participation.
- Companies that offered a financial incentive averaged a 57 percent participation, whereas those that offered no incentive had only 21 percent participation.
- The median incentive of \$135 generated a 50 percent median participation rate. Employers that did not offer any financial incentive for their HRA experienced a maximum participation rate of 60 percent (Figure 11).

FIG 11: FINANCIAL INCENTIVES INCREASE HRA PARTICIPATION RATES



Turning Data Into Results

- Find effective ways to capture the data on the health of the employee population and tailor programs accordingly. HRAs provide employers with key data on both current health status and future health risks.
- One of the biggest challenges employers face is how to engage employees in their health. Consider how to leverage financial incentives as part of a broader engagement strategy.



Employers are continually searching for ways to improve the health of their employees and control healthcare costs, while providing quality care. One potential solution is the development and use of on-site clinics. On-site clinics are not a new concept; they have been used to address occupational health needs for decades. However, in recent years, innovative employers have looked to redesign on-site clinics, transforming them from occupational health clinics to health centers that treat both the acute and chronic medical needs of employees.

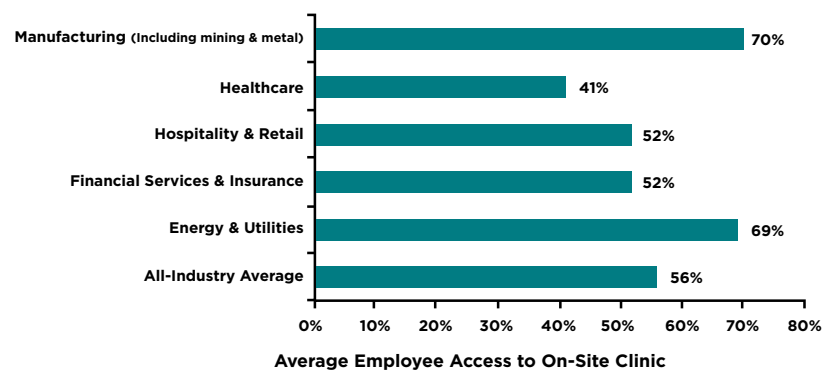
Key Findings on On-Site Clinics

- Over half (60 percent) of the employers surveyed offered an on-site clinic to at least some portion of their workforce (Table 10). Acute care services were provided by 48 percent of employers and occupational health services by 33 percent.
- Manufacturers are most likely to offer an on-site clinic, with 86 percent of employers in this sector offering the benefit. Financial services and insurance firms were the least likely, with only 29 percent. This is not surprising as on-site clinics originally began as occupational health clinics, and manufacturing plants traditionally had greater concerns about safety than other industries.
- On average, employers that offered on-site clinics indicated that 56 percent of their workforce has access to one or more of these clinics. Employers in the energy and utilities industry reported the highest percentage of their workforce had access to on-site clinics at 69 percent, whereas the healthcare industry had the lowest rate of access at 47 percent (Figure 12).

TABLE 10: ON-SITE CLINICS METRICS, BY INDUSTRY

Industry	Percentage of Employers Offering (%)		
	On-Site Clinic	Acute Care	Occupational Health
Manufacturing (including Mining & Metal)	86	71	43
Healthcare	75	75	50
Energy & Utilities	60	20	40
Hospitality & Retail	60	40	20
Technology & Telecommunications	50	50	33
Pharmaceuticals	50	0	0
Financial Services & Insurance	29	29	14
All-Industry Average	60	48	33

FIG 12: MANUFACTURING AND ENERGY AND UTILITIES EMPLOYEES HAVE BEST ACCESS TO ON-SITE CLINICS





Connecting the Dots

On-site clinics were associated with a decreased incidence of absences (Figure 13):

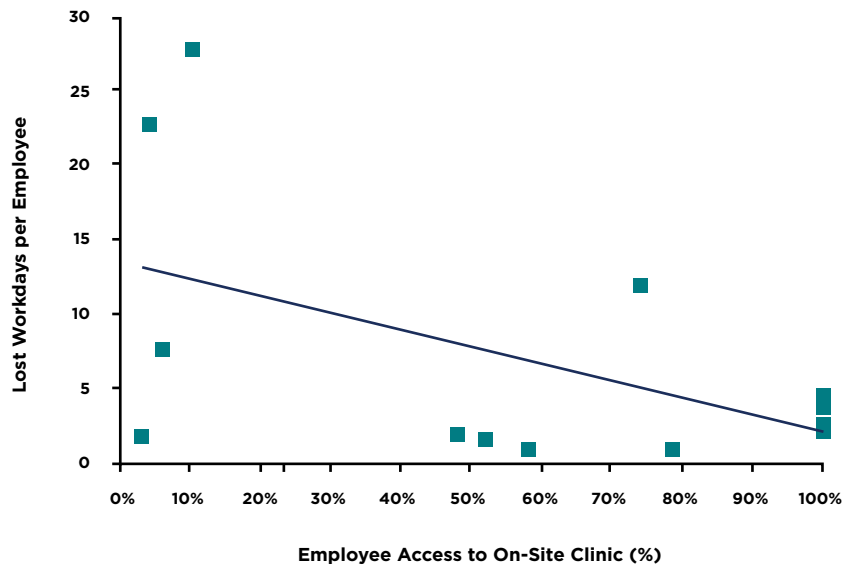
- Employers offering on-site clinic access to 100 percent of their employees recorded an average incidental absence rate of less than five lost workdays per employee.
- Conversely, employers without an on-site clinic, or with minimal access, had an average incidental absence rate exceeding 20 lost workdays per employee.



Turning Data Into Results

- Evaluate how effectively the organization is tracking incidental absence rates and productivity to have a valid baseline for measuring the lost time that is expected to be saved by an on-site clinic.
- Review the incremental cost benefit of adding more services. Specifically, determine what is driving healthcare costs and whether related services can be added to on-site clinics. A key example is physical therapy: For companies with high musculoskeletal costs, having an on-site physical therapist allows employees to receive the therapy they need without leaving the worksite.
- Survey employee satisfaction of the on-site clinic experience to determine the intangible benefits of these clinics.

FIG 13: ON-SITE CLINICS ASSOCIATED WITH FEWER LOST WORKDAYS



“Cadillac” Tax Considerations

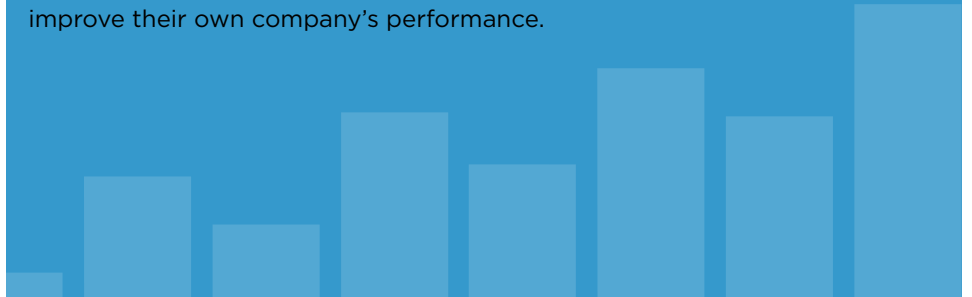
Employers should be aware that under current Affordable Care Act regulations, operating costs for an on-site medical clinic must be included in the calculation of group health plan expenses for the 2018 “Cadillac” excise tax. The amount of the tax will be 40 percent of the dollar amount over the cap of \$10,200 for individual coverage and \$27,500 for self plus spouse or a family coverage plan. As a result, it is important for employers to determine how opening or expanding clinic offerings will impact the susceptibility to the tax.

Next Steps and Acknowledgements

The EMPAQ® survey highlights the continued impact that health, productivity, and absence programs have on employers and their companies' overall business performance. These programs can have significant costs and impacts on productivity, but there are steps employers can take to ensure that absences are appropriate, employees out on absence return to work as quickly as possible, and additional benefits and programs help employees maintain and improve their health. The data provided in this summary report is a first step in understanding the costs, impacts, and opportunities for improvement.

EMPAQ® Participation

The Business Group and Truven Health will continue to gather these data and report on the findings. For more customized results, the employers that submitted their company's information to EMPAQ® have received a tailored report detailing their benchmark data — how they performed compared with peers in their industry, as well as across all industries. The customized report also provides the employer with recommendations on how to improve their own company's performance.



Learn More

For more information about the EMPAQ® measures, the data submission processes, and current reports, please visit empaqa.org.

For more information on survey development, methodology, and other analysis, please contact Empaq@truvenhealth.com or call **855.878.8367** (855-TRUVENQ).

Acknowledgements

The National Business Group on Health® and Truven Health Analytics are grateful to all of the supporters of EMPAQ®, especially the EMPAQ® Steering Committee. Over the last several years, the EMPAQ® Steering Committee has provided guidance in the development and implementation of this year's data submission and analysis process.

EMPAQ® Steering Committee Members:

Marybeth Stevens-Carhidi

(Chairperson)
Leader, Healthcare Administration
General Electric® Company

Julie Norville

Senior Vice President,
National Absence Management
Practice Leader
Aon Hewitt™

Deborah Jacobs

Manager, Disability Management
Southern California Edison®

Jody Amodeo, RN

Vice President,
Cross Market Initiatives

Shelly Wolff

East Division Health Management
Leader, Health and Group Benefits
Towers Watson™

John Azzolini

Senior Consulting Scientist,
Truven Health Analytics

Tom Halvorson

Director, Analytics & Consulting,
Truven Health Analytics



Appendix: EMPAQ[®] Survey Data Elements

Descriptive and Demographic Information

- Average employee age
- Percentage of employees who are female
- Percentage of employees who are unionized
- Average number of active employees

Family and Medical Leave Act (FMLA) and Incidental Absence

- Total FMLA leaves per 100 covered employees
- Non-concurrent FMLA claims per 100 covered employees
- Non-concurrent FMLA lost workdays per 100 covered employees
- Incidental absence total lost workdays per employee

Non-Occupational Absence (Short- and Long-Term Disability [STD and LTD])

- Annual STD claim incidence per 100 employees
- STD cost per employee
- STD lost workdays per 100 employees
- Annual LTD claim incidence per 1,000 employees
- LTD cost per claim

Occupational Absence (Workers' Compensation [WC])

- Annual WC claim incidence per 100 FTEs
- WC cost per FTE
- Lost WC temporary total disability (TTD) workdays per 100 FTEs

Health and Employee Assistance Programs (EAPs)

- Group health program costs per covered employee
- Average EAP cases per 100 employees
- EAP cases per employee

Health Risk Assessments (HRAs)

- Percentage of employers offering an HRA
- Percentage offering an incentive to complete the HRA
- Percentage offering incentive for dependents
- Average HRA participation rate
- Average HRA incentive amount

On-Site Clinics

- Percentage of employers with on-site clinics
- Percentage of employers offering acute care services at clinic
- Percentage of employers offering occupational health services at clinic
- Percentage of employees with on-site clinic access among employers offering on-site clinics

Other Programs

- Percentage of employers offering wellness programs
- Percentage of employers offering stay-at-work programs
- Percentage of employers offering fitness programs



Learn More

For more information about the EMPAQ® measures, the data submission processes, and current reports, please visit empaqa.org.

For more information on survey development, methodology, and other analysis, please contact Empaq@truvenhealth.com or call **855.878.8367** (855-TRUVENQ).



About the National Business Group on Health

The Business Group is the only nonprofit organization devoted exclusively to representing large employers' perspectives on national health issues and providing solutions to its members' most important healthcare and health benefits challenges. The Business Group fosters the development of a safe healthcare delivery system and treatments based on scientific evidence. Members share strategies for controlling costs, improving patient safety and quality of care, increasing productivity, and supporting healthy lifestyles.

businessgrouphealth.org | 202.558.3000

©2015 National Business Group on Health. All rights reserved.



About Truven Health Analytics

Truven Health Analytics delivers the answers that clients need to improve healthcare quality and access while reducing costs. We provide market-leading performance improvement solutions built on data integrity, advanced analytics, and domain expertise. For more than 30 years, our insights and solutions have been providing hospitals and clinicians, employers and health plans, state and federal government agencies, life sciences companies, and policymakers the facts they need to make confident decisions that directly affect the health and well-being of people and organizations in the U.S. and around the world.

Truven Health Analytics owns some of the most trusted brands in healthcare, such as MarketScan, 100 Top Hospitals, Advantage Suite, Micromedex, Simpler, ActionOI, Heartbeat Experts, and JWA. Truven Health has its principal offices in Ann Arbor, Mich.; Chicago; and Denver. For more information, please visit truvenhealth.com.

truvenhealth.com | 866.263.1958

©2015 Truven Health Analytics Inc. All rights reserved.