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Workers Value Employer-Provided Child And Dependent Care Supports

Workers who can rely on child and dependent care supports provided by their employer are healthier, less stressed, and more productive and engaged in their work than employees without access to these benefits, according to the results of a study released by childcare and work/life solutions provider Bright Horizons.

The study, "Enhanced Employee Health, Well-Being, and Engagement Through Dependent Care Supports," was prepared in cooperation with Jamie Ladge, assistant professor of human resource management at Northeastern University. The findings are based on a survey of more than 4,000 working adults. Respondents were divided into two groups: one group with children under the age of 13 who have access to dependent care supports through their employer, and a second group with similar demographics who do not have access to dependent care supports in the workplace. Employer-sponsored dependent care supports may include, for example, worksite child care, adult care, and "just in time" back-up care for well and mildly ill children.

The survey showed that respondents with access to dependent care supports were 31% less likely to report lost productivity due to stress over the past month, and they were 25% less likely to have personal health concerns due to stress. The study cited other research showing that high levels of stress can have a negative impact on performance at work. More than half of respondents in one survey said

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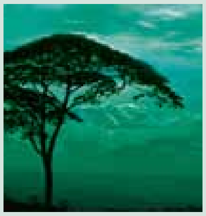

Most strikingly, the study found that employees who have access to dependent care supports score higher on all 12 indicators of a scale designed to measure work engagement.

they believe they are less productive at work when they are stressed, and more than one-quarter of employees reported in another poll that they have taken unplanned days off work due to stress.

Meanwhile, workers who do not have access to dependent care supports were found to be nearly one-third more likely to report feeling down, depressed, or hopeless over the last month; 62% more likely to have experienced sleep issues that have an impact on their jobs; three times as likely to have been treated for high blood pressure and diabetes; and more than twice as likely to have been treated for high cholesterol. The findings also indicated that respondents with access to supports are less likely to have experienced routine health problems, such as headache, upset stomach, change in appetite, and faintness or dizziness, over the past month.

Results further showed that respondents who do not have access to supports spend 20% more time dealing with dependent care issues at work, and employees who have access to supports are 18% less likely to have missed a day at work over the past six months because their regular childcare provider was not available.

"The results of the study confirmed what leading employers know about the positive impact of dependent care supports on employee engagement and productivity—that engagement leads to highly motivated workers and strong business growth," said Bright Horizons CEO, Dave Lissy.

"But these new findings that highlight the impact these supports have on health and well-being are very compelling, particularly in light of rising health care costs and the continued focus on supporting employee health and wellness," he added. "Employers who offer these supports have healthier employees and in turn a healthier business."

Most strikingly, the study found that employees who have access to dependent care supports score higher on all 12 indicators of a scale designed to measure work engagement. For example, respondents with access to supports were more likely than those without access to supports to say they intend to stay at their place of work for at least one year (88% vs. 79%), they have confidence in the leadership of their organization (69% vs. 54%), they feel their work is valued (78% vs. 70%), and they look forward to going to work (65% vs. 52%).

Ladge noted that, overall, employees from organizations with dependent care supports were 45% more likely to agree or agree strongly with the key indicators that measure employee engagement, which demonstrates a very strong correlation between work/life supportiveness and engagement.

"As the needs of the workforce continue to shift, to help keep employees engaged and achieving at their highest potential, organizations must create a culture that is supportive of the challenges that employees face and demonstrate that there is a shared goal of the employee succeeding at work and at home," Ladge said.

HSA And HRA Assets Growing With Increase In CDHPs

The assets held in employment-based health savings accounts (HSAs) and health reimbursement arrangements (HRAs) have grown dramatically in recent years, as more employers have started offering workers the option of enrolling in these consumer-driven health plans (CDHPs), according to a study published by the Employee Benefit Research Institute (EBRI).

The study, "Health Savings Accounts and Health Reimbursement Arrangements: Assets, Account Balances, and Rollovers, 2006–2009," was written by Paul Fronstin. The study's findings are based on the results of the 2009 EBRI/MGA Consumer Engagement in Health Care Survey.

The analysis showed that total assets held in CDHPs totaled $7.1 billion in 2009, up from $5.7 billion in 2008 and $835.4 million in 2006. Over the same period, the number of accounts held in CDHPs also shot up, to 5 million in 2009, from 4.2 million in 2008 and 1.2 million in 2006. At the same time, however, average account balances in HSAs and HRAs appear to have leveled off. After increasing from $696 in 2006 to $1,320 in 2007 (90%), average balances grew to $1,356 in 2008 (3%) and to $1,419 in 2009 (5%).

As the study indicates, employers first started offering CDHPs in 2001, when a small number of plan sponsors began to provide HRAs, a type of employer-funded health plan that reimburses workers for qualified medical expenses. From 2004 onward, employers have been allowed to offer employees health plans linked to an HSA, a type of tax-exempt trust or custodial account that an individual can use to pay for health care expenses. With HRAs, any funds left over at the end of each year can, at the employer's discretion, be carried over to the following year or not, and employers may place restrictions on the amount that can be carried over. With HSAs, which are owned by the individual, any money left in the account at the end of the year automatically rolls over and is available the following year. When held long-term, these accounts can be used as tax-advantaged vehicles to save for health care expenses in retirement.

The theory behind these accounts, Fronstin observed, is that, "when individuals are given more control over funds allocated for health care services, they will spend the money more responsibly, especially once they become more educated about the actual price of health services."

Results of the analysis did not, however, support the assumption that enrollees in CDHPs spend less on care because of the incentives they are given to engage in cost-conscious behavior. As part of the survey, respondents were asked several questions regarding cost-conscious decision-making, such as whether, over the past 12 months, they had checked their plan to see if it would cover a certain type of care or medication, checked the price of a doctor's visit before receiving care, asked their doctor for a generic drug, or developed a budget to manage their health care expenses. According to Fronstin, the expectation was that those who exhibited cost-conscious behavior would have a higher average account balance than those who did not exhibit such behavior. For the most part, however, no statistically significant differences were found in average account balances between individuals who exhibited the cost-conscious decision-making behaviors and those who did not.

Meanwhile, an analysis of the demographic characteristics of CDHP participants showed that the typical enrollee is more likely than traditional plan enrollees to be young, be unmarried, have higher-income, be educated, and exhibit healthy behavior. No differences were found between CDHP enrollees and traditional plan enrollees with respect to gender, race, and presence of children.

Results of the demographic analysis also revealed, however, that men tend to have higher account balances than women, account balances increase with household income, and education has a significant impact on account balances independent of income and other variables. On the other hand, no statistically significant differences in account balances were found with smoking, obesity, or the presence of chronic health conditions.

An examination of rollovers, or the rolling over of funds from one year to another, showed that the number of people with a rollover and the total level of assets being rolled over have been increasing. The findings indicated that the average rollover increased from $592 in 2006 to $1,295 in 2009.

Broken down demographically, results showed that men rolled over more money than women, whites have higher rollover amounts than minorities, and the youngest and oldest adults had the largest rollover amounts in 2009. In addition, rollover amounts were found to increase with household income and education, and individuals with single coverage were found to have rolled over a slightly higher amount than those with family coverage. There was, however, no statistically significant difference observed in rollover

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amounts by health status, although individuals who smoke were found to have higher rollover amounts than those who do not and obese individuals were found to have average lower amounts than non-obese individuals.

Businesses See Growth Ahead But Slow Recovery In Hiring And Benefits

Most chief financial officers (CFOs) at U.S. companies foresee strong business spending and earnings growth over the next 12 months, but a majority report limited plans to hire over the next year and expect wages and benefits to recover more slowly than earnings due to continued difficulties in accessing credit, according to the findings of a survey conducted in June by Duke University and CFO magazine.

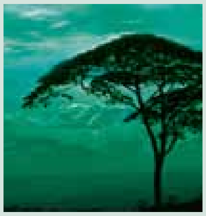
The quarterly Duke University/CFO Magazine Global Business Outlook Survey asked 1,102 CFOs from a broad range of public and private companies about their expectations for the economy. Results showed that, over the next 12 months, U.S. CFOs expect earnings to rise 12%, capital spending to grow by 9%, and research and development and tech spending to increase 4% to 6%.

At the same time, however, the U.S. CFOs reported plans to increase domestic employment by an average of just under 1% during the next 12 months, with nearly 60% saying they expect it will be 2012 or later before employment at their organizations returns to levels before the economic downturn. The findings also indicated that less than half of respondents at companies that cut employment packages expect to restore bonuses, overtime, employee training and development, retirement benefits, or health benefits to their previous levels during the next year. On a more positive note, about half of respondents said they anticipate that their company will restore wages and weekly work hours over the next 12 months.

Overall, researchers said, CFO optimism has improved slightly but remains below long-run averages, with U.S. and European optimism significantly lagging behind Asian optimism. Researchers also noted that CFOs based in the United States appear to be uncertain about whether credit conditions are improving, as the poll found roughly an equal split between executives who claim that credit conditions have tightened and those who report that credit has eased. CFOs at the smallest companies (100 or fewer employees) were found to be most concerned about their access to credit.

When asked to identify their main, economy-wide concerns, U.S. CFOs cited weak consumer demand, Federal government policies, price pressure, and global financial instability. When asked about their top concerns regarding their own businesses, respondents mentioned maintaining profit margins and low employee morale. Researchers also observed that health care costs have reappeared among the top four concerns for U.S. companies, with corporate health care expenditures anticipated to rise 8% over the next year.

"CFOs have a lot to be concerned about right now, both inside their companies and in the broader global economy," said Kate O'Sullivan, senior editor at CFO magazine. "Financial officers tell us they are wary about credit market conditions, liquidity at their own firms, and financial instability in Europe."



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