

HOW MUCH ARE YOU LOSING TO ABSENTEEISM?

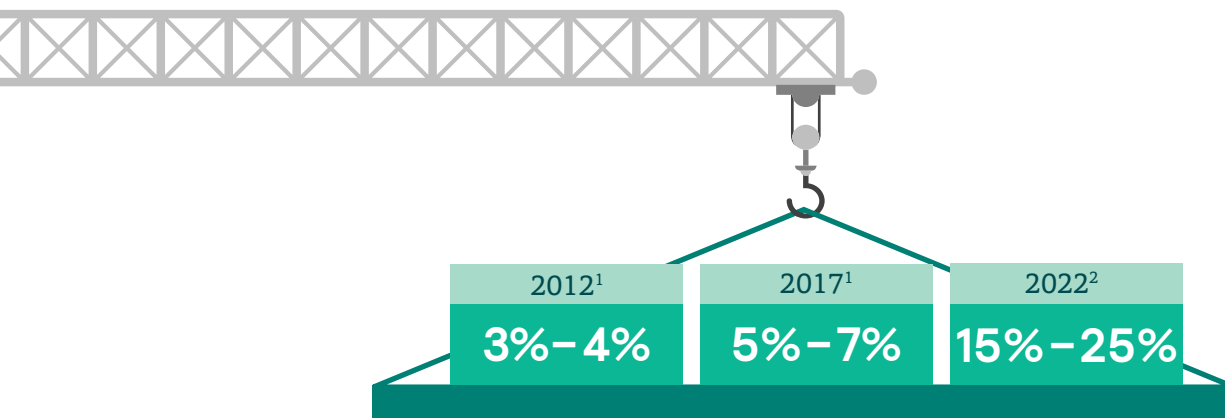
FOR MOST ORGANIZATIONS, THE QUESTION ISN'T IF YOU'RE EXPERIENCING LOST TIME AND PRODUCTIVITY DUE TO DISABILITY AND MENTAL HEALTH ISSUES. THE QUESTION IS, HOW MUCH?



It's no secret that [healthcare costs](#) continue to account for a growing share of many organizations' benefit outlays, leaving some to make cuts, share costs with employees and [outsource](#) select services. At the same time, there's a less visible side to the healthcare dilemma — mental health — that is draining Canadian companies of billions in payroll costs, talent management expenses and lost productivity.



BENEFIT COSTS CONTINUE TO RISE



According to the Canadian Institute for Health Information, Canada spent about \$228 billion on healthcare in 2016. An estimated 30% (\$68.4 billion) came from private sources, comprising individuals and businesses. This figure is growing tremendously each year, most recently due to the skyrocketing cost of pharmaceuticals, particularly specialty drugs.

But often ignored – or even unknown – is the substantial cost of [absenteeism](#), brought by mental health issues caused by stress, disability and financial concerns.

Canadian companies lose an estimated \$16.6 billion in productivity per year due to workers calling in sick, as a result of mental health issues (see sidebar on the right). This is a trend that many expect to increase in severity, as more workers are reporting higher levels of stress and other mental health concerns, which are having a measurable impact on business, productivity and talent retention. In fact, one in four workers has left his or her job due to work-related stress, according to a 2017 Monster Canada study.

Mental health is rapidly becoming one of employers' most pressing issues, as it can cost organizations millions of dollars in absenteeism, [stress](#) and disability. This is the new and growing hidden cost of healthcare and can result from fewer workers doing more of the work, company leaders worrying about rising benefit costs and employees losing sleep

CANADA'S MENTAL HEALTH CONCERNS



ABSENTEEISM

- Costs employers \$16.6 billion annually³
- Keeps 500,000 workers away from work each week due to mental health issues⁴



STRESS

- Affects 72% of all employees, who want their employers to help⁵
- In their job has caused one in four workers to leave their employer⁶



DISABILITY

- Strikes one in five Canadians due to a psychological health problem or illness in any given year⁷
- Due to psychological health problems – the number one cause of disability – costs the economy \$20 billion per year⁷

Sources:

- ¹ 2012, 2017 Mercer Financial Database
- ² 2022 The Future of Healthcare prediction
- ³ 2013 Conference Board of Canada
- ⁴ 2013 Mental Health Commission of Canada
- ⁵ Scand J. *Work Environ Health* 2016
- ⁶ Monster Canada work survey, 2017
- ⁷ 2016 Mental Health Commission of Canada

over [personal finances](#), to name a few. But because absenteeism and disability are more difficult to quantify – at least, at first – organizations often do not measure or account for their destructiveness until it's too late.

FOCUS ON TOTAL HEALTH

Historically, organizations could leave most physical healthcare concerns up to the provinces and territories, and provide a few add-ons through supplemental insurance. But today, drug costs (covered primarily by employers) are rising, and organizations are taking on a broader scope of health care concerns, from physical health to [psychological](#), financial and social (how society impacts the workplace). Why? Because the best employees expect this. In our [2017 Global Talent Trends study](#), 49% of Canadian employees said they want more focus on health and wellness; 55% want more flexible work options; and the average employee in Canada spends an average 13 work hours per month worrying about money.

Health and wellness plans are also good for the organization. In a 2017 study by the International Foundation of Employee Benefit Plans, more than half of organizations that reported offering wellness plans and that have measured their impact reported a decrease in absenteeism and even greater percentages of financial sustainability, productivity and employee satisfaction.

But most wellness initiatives are not strategic or comprehensive and do not adequately address the rising costs of mental health.

Today, you must view the health benefit plan as a total health and wellness program that includes disability, vacation allotment, financial management, education, wellness initiatives, improved health strategies, employee assistance programs, fitness, access to voluntary benefits and more.

Administratively, this total health management approach also includes provider selection, data collection, best-practice evaluations, health-risk assessments and mitigation, acute and chronic condition management, implementation, policy support, communication and education.

REMEDIES TO INCREASE ROI

TOTAL HEALTH MANAGEMENT

Build an overarching total health and wellness program that tackles all variables proven to impact employee health, wealth and productivity. Just like total rewards (or total compensation), employers should understand, communicate and support a complete view of the tools and services they have in place to enable a healthy, productive workplace.

Total health includes:

Disability – What is your plan designed to achieve?

- Understand the current state and opportunities
 - Use focus groups, interviews to fully understand the situation
 - Define your desired state, not just the current issues

- Redesign your program to ensure alignment, clear accountabilities, roles, responsibilities

- Improve relationship with provider and plan results

Health and wellness – Move from initiatives to strategic action

- Create a whole program (not random parts) that's aligned with culture
- Develop a multi-year strategy
- Choose the right partners

Attendance support – Preventive, proactive support for productivity

- Improve attendance, accommodation, return to work, impairment management
- Develop new policies that work for today's workforce

It's Like Building a Garden

Look at building a total health management program the same as developing in a garden. The award-winning gardener doesn't just move stakes around or add fertilizer; he or she steps back and looks at the whole picture: Is the garden in the right place? How's the soil? Does it have the right mix of fertilizer and other nutrients? (Only testing will answer this.) What plants work here and what ones do not? Am I devoting enough time to key growing issues? Are pests eating away at profits?

HOW TO GET THERE FROM HERE

Most would agree that a health strategy that is aligned with corporate goals should be the overarching approach to maximizing employee well-being, which leads to happier more productive workers, enhanced health and decreased costs. But many are uncertain how to get there from here.

1. DIAGNOSE YOUR DATA

You can't fix what you don't know. If you're not using reliable data — or any data at all — begin by addressing what you do know. Much of this may be anecdotal but can provide a good starting point. What are managers saying about their direct reports calling in sick? Have they seen an increase? Are on-the-job injuries increasing? Have more employees been contacting the employee assistance program?

Although these can provide a general trend, it's important to build a data-gathering capability so that you can successfully diagnose the problem and implement the right solutions. Look at more than past claims data; consider the effectiveness of programs, policies and practices through interviews, focus groups and data mining.

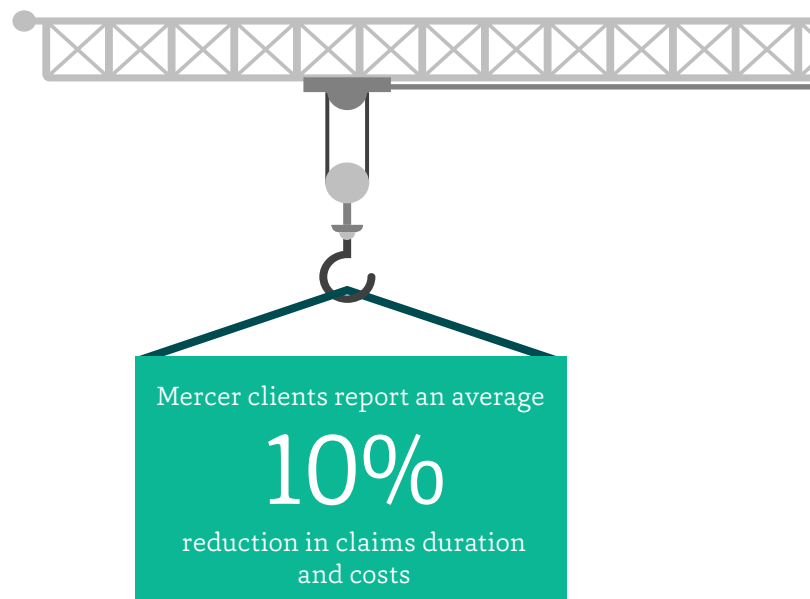
2. MEASURE YOUR PROGRESS

Whether it's absenteeism, drug and benefit costs, disability, engagement or participation, make sure you measure the right things for your program. One company reduced its average employee lost time from 8% to 3%, or 20 average days per year to 7.5 days. The 12.5 saved days per year, among 1,000 employees, was equivalent to 50 full-time employees — not to mention an improvement in sales, morale, mental health, administration costs and more.

3. KEEP THEM AT WORK

Our Total Health Management approach can help keep your productive employees at work by promoting a safe workspace and positive culture that will result in greater employee reliability and productivity.

For example, one lost work day can cost up to 11 times the cost of that day's pay for an organization. We've helped organizations obtain a 10% improvement in productivity with no additional ongoing costs. Is your organization missing out?



At Mercer we work with clients and proven vendors to help create the best tools, support and environment to manage an increasingly costly health landscape. We focus on increasing productivity so there's a tangible return on investment. Although individual employee outcomes are desired, this approach takes an overarching view of the challenges to ensure a measurable outcome for workers and the overall organization.

The same is true in health benefits. An organization should improve employees' health and well-being with a full spectrum of services that are just right for your situation. These are revealed through proprietary evaluations and diagnoses that show the best opportunities to drive results and improve employee health — for your unique company.

Outcomes could include:

- less time seeking new providers
- Improved lost time results (average of 15%)
- Shortened claims duration and frequency
- Data-driven policies and programs that make a positive change for short-term disability, leaves of absence and accommodation, attendance and engagement
- Proven training, education, policy and compliance reviews
- Best practice advice

A HEALTHY, PRODUCTIVE FUTURE STARTS NOW

So how much are you losing out to absenteeism caused by mental health issues? If you know, then you're a step ahead of most organizations, but you still must do something about it. If you don't know, then it's REALLY time to get to work.

We're here to partner with you. From Mercer's proprietary measurement tools to our powerful, results-driven services, we offer everything you need to identify opportunities, minimize costs and maximize employee well-being. Together, we can help you create a sustainable, healthy workforce that can drive your organization forward today, tomorrow and well into the future.

Contact us today to start the process of keeping your best workers happy, healthy and on the job.



ABOUT MERCER

At Mercer, we make a difference in the lives of more than 110 million people every day by advancing their health, wealth and careers. We're in the business of creating more secure and rewarding futures for our clients and their employees – whether we're designing affordable health plans, assuring income for retirement or aligning workers with workforce needs. Using analysis and insights as catalysts for change, we anticipate and understand the individual impact of business decisions, now and in the future. We see people's current and future needs through a lens of innovation, and our holistic view, specialized expertise and deep analytical rigour underpin each and every idea and solution we offer. For more than 70 years, we've turned our insights into actions, enabling people around the globe to live, work and retire well. At Mercer, we say we Make Tomorrow, Today.

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