

July 2019

Wellness & Wealth

INSIGHTS FOR EMPLOYERS

2019 WELLNESS & WEALTH REPORT

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INTRODUCTION

Individuals and families across America are feeling the impact of rising medical costs. From choosing a health insurance plan, to postponing a doctor’s visit or foregoing a recommended medical treatment, adults are making tough financial decisions that directly impact their physical health. These costs are projected to rise over the next decade, with national health spending growing “at an average rate of 5.5 percent per year from 2018-2027 and to reach nearly \$6.0 trillion by 2027,” according to The Centers for Medicare and Medicaid Services.¹ Lively’s inaugural Wellness & Wealth Report provides greater understanding of how American healthcare and financial health correlate, and gives powerful insight to employers about employee health and wellness preferences.

¹ "NHE-Fact-Sheet." Edited by NHE, CMS.gov, Centers for Medicare & Medicaid Services, 6 Dec. 2018, www.cms.gov/researchstatistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nhe-fact-sheet.html.



KEY FINDINGS

Lively's survey asked Americans to disclose what is most important to them in their employer benefits and healthcare coverage:

KEY FINDING #1

Healthcare coverage is the most important employee benefit

KEY FINDING #2

Employees have a mixed understanding of their employer benefits

KEY FINDING #3

Physical and financial health are often at odds for American families

KEY FINDING #4

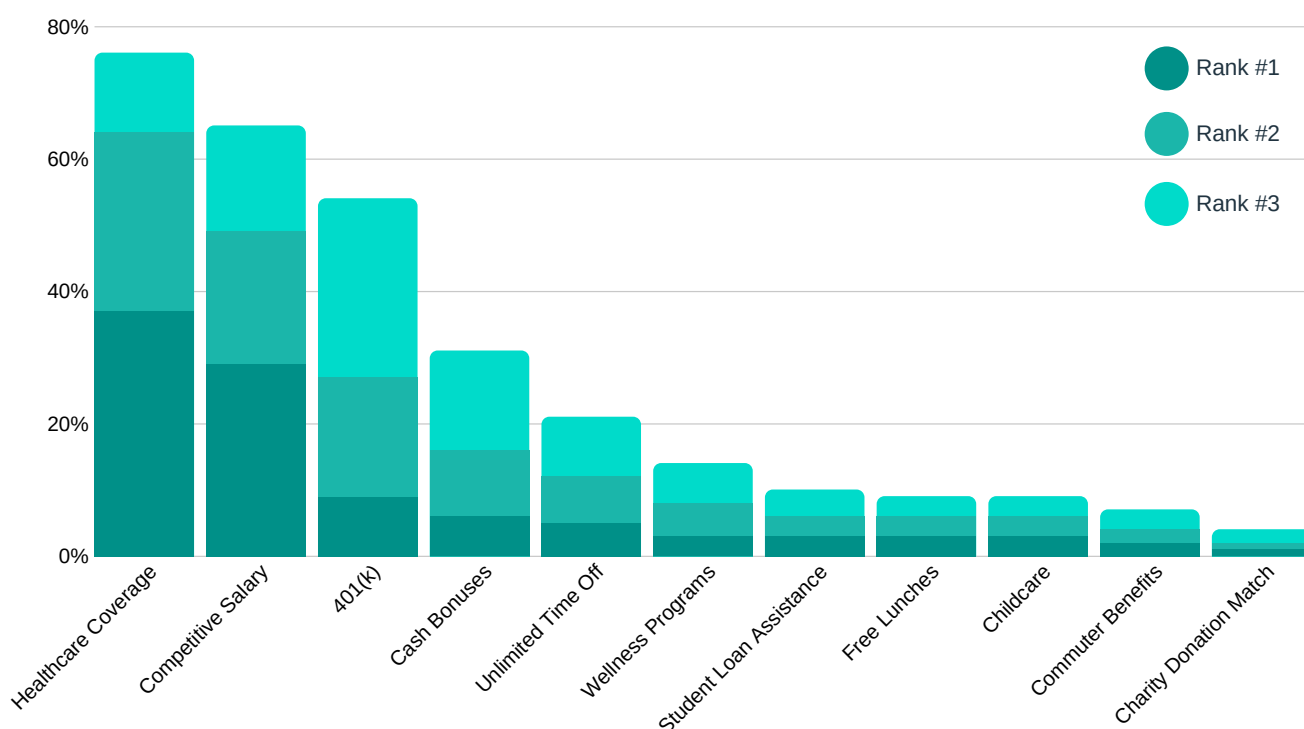
Medical and healthcare costs come as a surprise to a large portion of employees

Key Finding #1

Healthcare coverage is the most important employee benefit.

By far, healthcare coverage is the most important benefit to U.S. adults when it comes to choosing or staying with an employer.

For 37% of respondents, it is the most important benefit (more than any other benefit tested) and the majority of adults (76%) give it a top 3 ranking among benefits (again, more than any other benefit). Competitive salary and 401(k) follow.



INSIGHT FOR EMPLOYERS

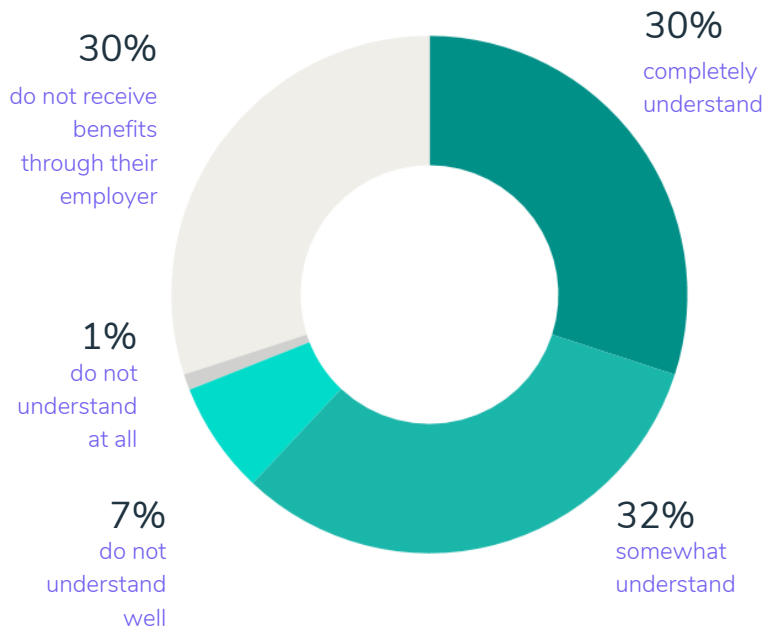
As the top ranked benefit according to employees, companies of all sizes have a lot to gain by extending quality health insurance plans and coverage. With steep competition for talent and shorter employee retention times, quality healthcare could be the edge you need to keep and recruit the best employees for your business.

WHAT EMPLOYERS CAN DO

Prioritize health benefits for your employees by giving them a variety of health plan choices and savings options like a health savings account (HSA). HSAs, paired with qualified high deductible health plans (HDHP), will allow your employees to save pre-tax dollars for healthcare expenses today and into retirement. You can help them even more by encouraging regular contributions and creating a match program for employee HSAs. What most companies don't realize is that by offering plans with a higher deductible, it not only saves employees money on monthly premium costs but it could also give employees a valuable wealth building tool that will stay with them for life.

Key Finding #2

Employees have a mixed understanding of their employer benefits.



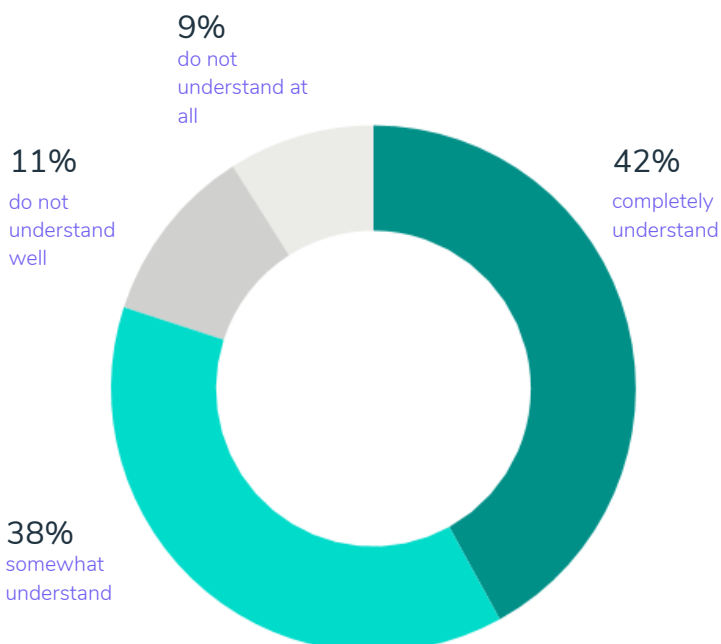
Understanding of Employer Benefits

While a third of those surveyed (30%) do not have health benefits through an employer, the majority of respondents say they understand their benefits (62% completely or somewhat understand).

Understanding 401(k) Retirement Savings

Although employees report the best understanding of 401(k)s as a benefit, **less than 50% completely understand them.**

Men report they have a slightly more complete understanding of 401(k)s than women.



46%

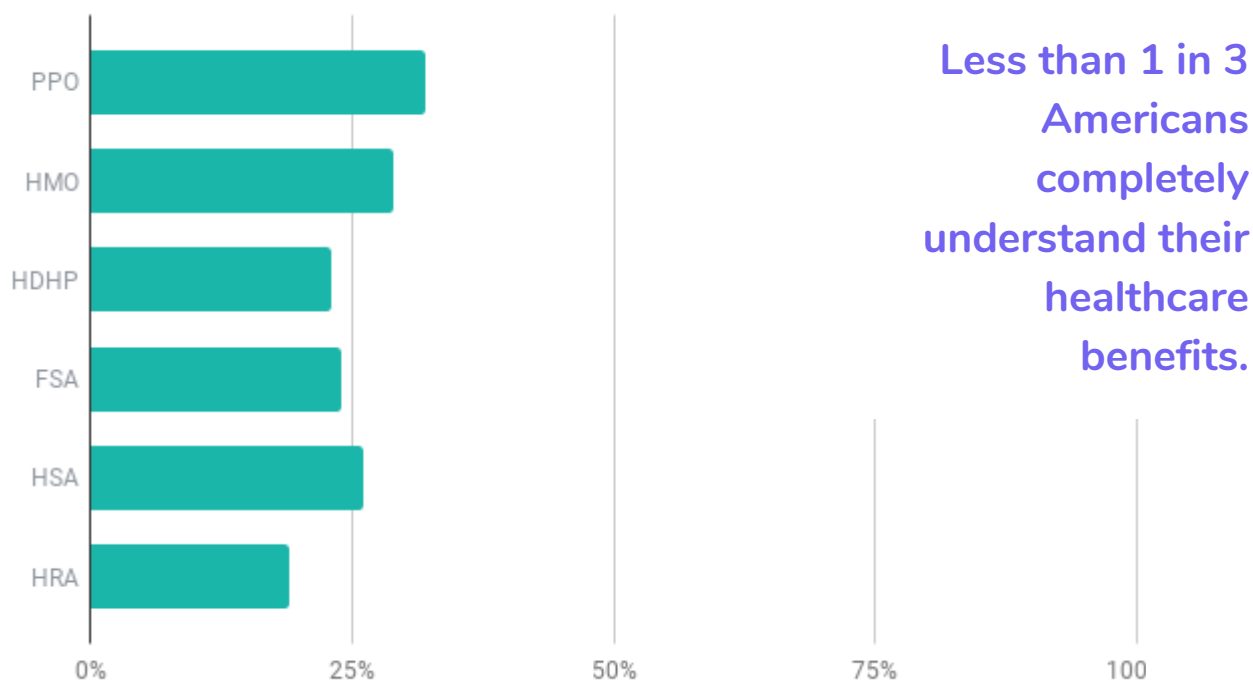
Completely understand 401(k)s



37%

This survey finds that while the majority of employees report that they somewhat understand or completely understand their benefits, they report confusion over specificity of plans offered, particularly of high-deductible health plans (HDHP) and Health Reimbursement Accounts (HRAs), which could very well become commonplace as new plans are potentially rolled out under proposed legislation.

Americans with Complete Understanding of Healthcare Benefits



Interestingly, more adults (26%) report that they completely understand health savings accounts (HSAs) than they do HDHPs (23%), despite the fact that being enrolled in a qualifying HDHP is the only way to access an HSA. The survey found that young people (ages 18-24) have far less understanding of PPOs (18%) and HMOs (19%).

INSIGHT FOR EMPLOYERS

Without a full understanding of healthcare plan options and the benefits each can offer, it is difficult for employees to know they are choosing the best fit plan. Because healthcare was identified as the top-ranked job benefit among adults, healthcare education should be a top priority for employers, who have a lot of power when it comes to educating employees about the available options.

WHAT EMPLOYERS CAN DO

Offer a wide breadth of insurance plans and options to employees, and educate your team about the differences. Healthcare is already complicated, so finding ways to simplify it for your hardworking employees is crucial to their overall health and wellness. Healthcare plan cost details are changing rapidly and acronyms alone will not tell employees what is best for them. Find tools to explain the differences between PPOs, HMOs and HDHPs as well as the saving accounts of HSAs, FSAs, and HRAs.

Key Finding #3

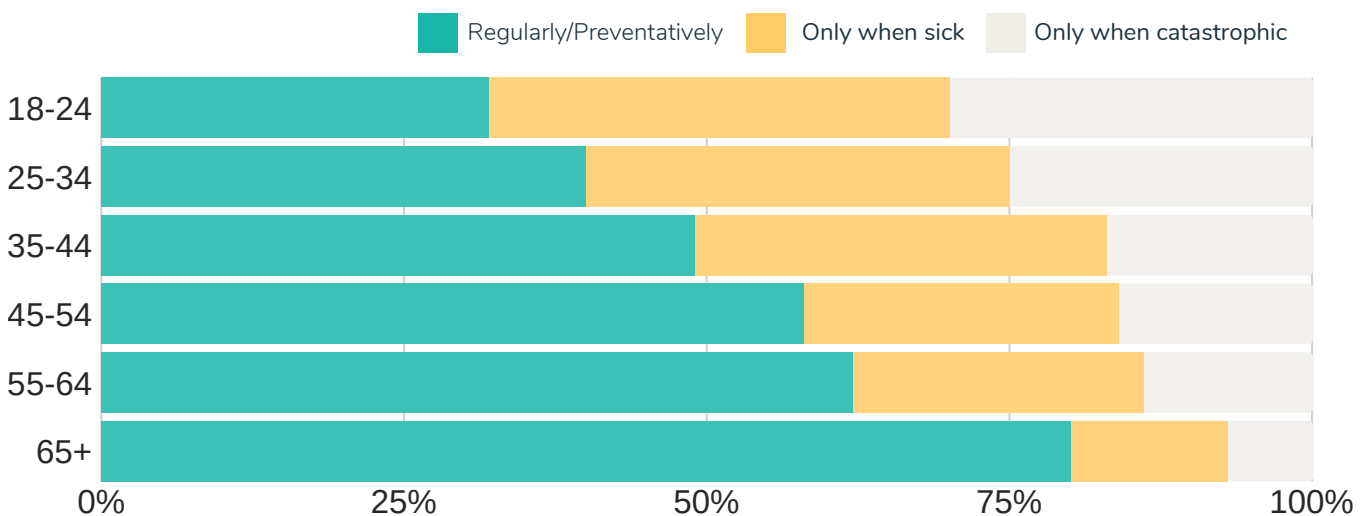
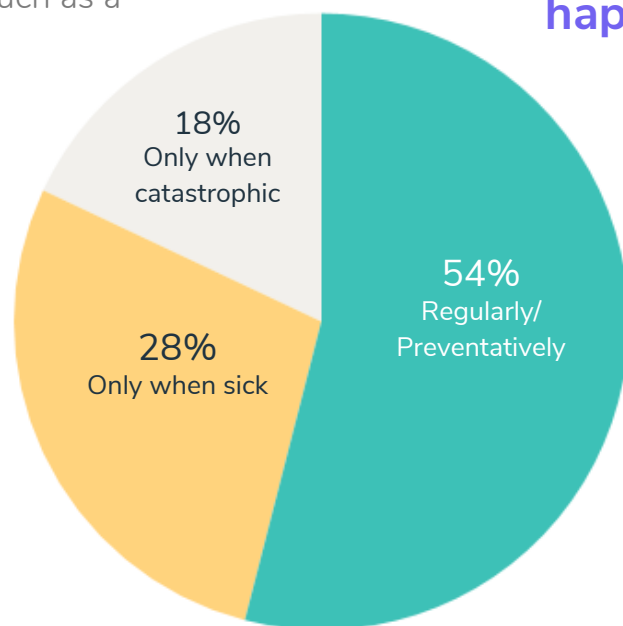
Physical and financial health are often at odds for American families.

Studies show that going to the doctor regularly and preventatively is more effective for long-term health and well-being, yet only 54% of adults report that they do this. Almost half of Americans only see a doctor if they are sick or something catastrophic happens (such as a broken bone).

Almost 1 in 2 Americans only see a doctor if they are sick or something catastrophic happens.

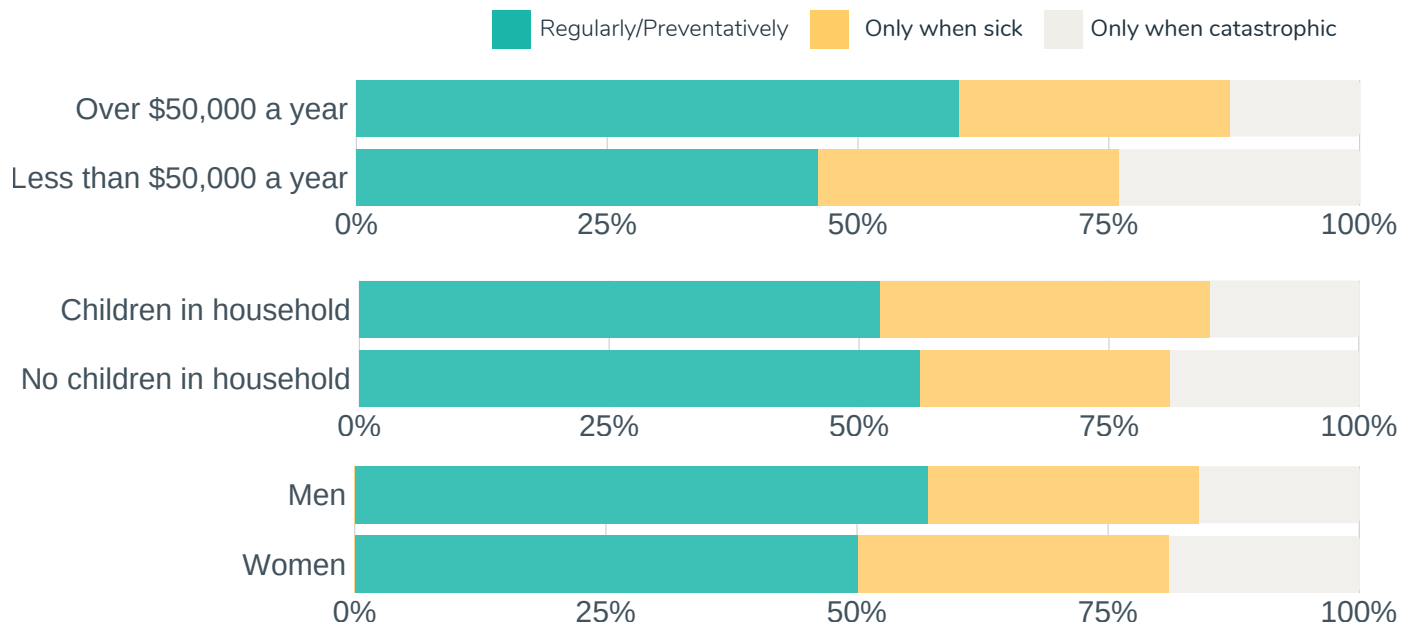
Reasons for doctors visits

As U.S. adults get older, they are more likely to go to the doctor regularly and/or preventatively – and conversely, younger adults are more likely to only go when something catastrophic happens.



Reasons for doctors visits

Wealthier adults are more likely to go to the doctor preventatively, while lower-income adults tend to only go when something catastrophic happens.



INSIGHT FOR EMPLOYERS

Having a healthy workforce is one of the best ways to ensure productivity and business success. According to a study published in the Journal of Occupational and Educational Medicine, “health-related issues cause employees to lose the equivalent of 31.2 working days each year.”² Because nearly one in two adults do not take preventative measures to stay healthy, it is in the best interest of companies to ensure employees get the care they need, before they fall ill and hurt the productivity of your company.

WHAT EMPLOYERS CAN DO

Building in wellness programs within employee culture, as well as flexibility for employees to make and attend doctors’ appointments, is imperative to fostering a healthy work environment. In fact, investing in a healthy workforce can have a profound impact on the bottom line. A recent study finds that on top of healthcare benefits, employers are spending another \$530 billion per year on illness-related lost productivity costs.³ Many employees may not realize that their health insurance plan covers some level of preventive care, so helping employees understand all the components of their coverage will allow them to take full advantage of their insurance.

² Stepanek, Martin, Kaveh Jahanshahi and Francois Millard. “Individual, Workplace, and Combined Effects Modeling of Employee Productivity Loss.” Journal of Occupational and Environmental Medicine: June 2019 - Volume 61 - Issue 6 - p 469–478. https://journals.lww.com/joem/Fulltext/2019/06000/Individual,_Workplace,_and_Combined_Effects.4.aspx

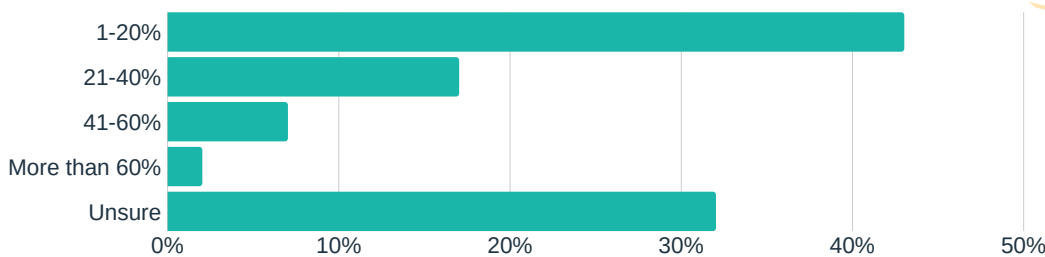
³ “Poor Health Costs US Employers \$530 Billion.” [Press Release]. Integrated Benefits Institute, 15 Nov., 2018, <https://www.ibiweb.org/poor-health-costs-us-employers-530-billion-and-1-4-billion-work-days-of-absence-and-impaired-performance/>

Key Finding #4

Medical and healthcare costs come as a surprise to a large portion of employees.

Nearly 1 in 3 employees are unsure how much of their paycheck goes to healthcare.

Three in four Americans are surprised by how high their medical bills are when they receive them. This is especially true among 18-24 year-olds, with 83% agreeing that they are surprised by the high cost of their medical bills.



One in three employees are unsure how much of their paycheck goes to healthcare costs (including health insurance and out-of-pocket costs). The largest group (43%) of adults say 1-20% of their paycheck goes to healthcare costs. Nearly one in five pays between 21-40% of their paycheck on healthcare costs.

INSIGHT FOR EMPLOYERS

Receiving an unexpectedly high medical bill can make an employee resentful of the coverage provided and in turn, your business providing it. Making sure employees truly understand their health choices before open enrollment, including the coverage, benefits, and their personal financial responsibility will help them feel more prepared for the cost of medical bills.

WHAT EMPLOYERS CAN DO

Employers should consider implementing health insurance workshops and resources, particularly leading up to and during Open Enrollment, to help their employees navigate the available plans and offerings. There are a lot of tools that companies can leverage to better inform their employees and help them decide which plan is best for them, what they're eligible for, and how to calculate anticipated savings.

Conclusion

Healthcare costs are the highest expense for many U.S. households, making them top of mind for your employees. This, coupled with the fact that healthcare is a top priority for employees when choosing a job, gives employers the unique opportunity to provide more resources and more favorable health benefits in order to attract top talent. As employers, there is a lot to be done to help build knowledge about healthcare, financial preparation, and tools to build wealth.

Lively has a variety of resources for employees at <https://livelyme.com>, including an HSA Guide, a savings calculator, an eligibility calculator, and a health plan cost calculator.

ACTIONS FOR EMPLOYERS

Based on the data detailed in this report, Lively recommends the following strategies to help keep employees healthy and happy:

1 Prioritize healthcare benefits for your employees, and offer a variety of plans for them to choose from, including a High-Deductible Health Plan (HDHP), a Health Maintenance Organization (HMO) and a Preferred Provider Organization (PPO).

2 Offer employees a health savings account (HSA) as a valuable wealth building tool to allow them to save, invest, and pay for healthcare -- all tax-free.

3 Find ways to financially support your employees' health and wellness, like contributing to a health savings account or sponsoring employee gym memberships.

4 Develop a health and wellness program within your company to boost employee engagement, health, and productivity.

5 PPOs, HMOs, HDHPs, HSAs, FSAs, and HRAs can look like alphabet soup to employees, particularly younger talent entering your company. Provide resources to decode each of these plans, as well as access to tools to help calculate what is best for each individual.

6 Help employees understand that their health insurance package likely includes preventive care — and encourage them to take advantage of this!

7 Offer tools and resources before Open Enrollment, like Lively's Health Plan Cost Calculator, that will help employees compare health insurance plans to find the best one for them.

8 Stay up to date with changes in healthcare legislation, to make sure you're offering the best plans and products to your employees.

Methodology

A survey of 1,000 randomly selected U.S. Adults (ages 18 and older) was conducted from June 5-6, 2019 to gauge physical and financial health decisions across the U.S. Respondents were asked ten questions about their personal finances and knowledge as they pertain to healthcare, health practices, ability to pay for health-related expenses, and insurance coverage. The survey was commissioned by Lively and executed by CITE Research, and is part one of a series of findings about employee wellness and wealth. Part two of the results will be released later this year.

About Lively, Inc.

Lively is a modern Health Savings Account (HSA) platform for employers and individuals. Lively's user-centric solution creates an intuitive user experience allowing consumers to get the most out of their HSA. Lively HSAs work alongside HSA compatible plans to make healthcare easier for everyone. Lively was started to help consumers optimize their healthcare spending, maximize their savings, and better their livelihood. Lively is headquartered in San Francisco, CA. For more information please visit [Livelyme.com](https://livelyme.com) or follow us on Twitter (@LivelyHSA).

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