

This Is Health | Point of View Series

01 Creating Employee Benefits That Drive Engagement



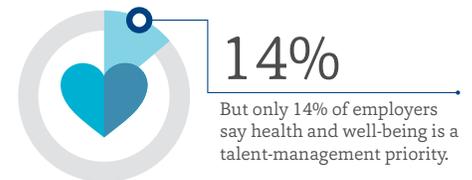
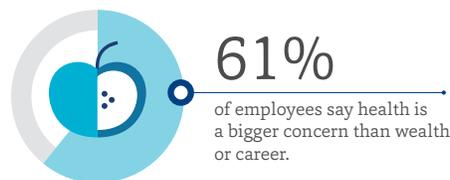


You may not consider employee health benefits a cutting-edge tool in the competition for talent and the quest to engage your workforce, but the benefits that employees value, and that leading employers provide, are so much more than the traditional insurance programs of past. Employees today – particularly younger workers – want holistic support for their overall well-being. The reward for employers is a healthy and engaged workforce that is prepared for the future of work and ready to drive business success. At Mercer Marsh Benefits, we are taking a closer look at this vital topic.

Supporting Employee Health and Well-being Plays a Vital Role in Employee Engagement

Companies with high employee morale significantly outperform their peers in both bear and bull markets.

Health and well-being are critical to differentiating your employee value proposition and better engaging your employees.



According to recent Mercer research, 61% of employees rate health as a bigger concern than wealth or career,¹ while one in two want a greater focus on well-being at work.² Additional research by Thomsons Online Benefits found that benefits are more important than job role, colleagues or organizational culture in eliciting loyalty from employees.³

Evidence also shows that a healthy and engaged workforce correlates with exceptional company financial performance: Three recent individual studies found that the stock value of companies with superior employee health and well-being programs outperformed the S&P 500 stock market index.⁴ And research by Mercer | Sirota found that companies with high employee morale significantly outperformed their peers in both bear and bull markets.⁵

But what employees crave, few companies offer. Only 14% of employers participating in our 2018 *Global Talent Trends Study* list health and well-being as a talent-management priority this year.⁶



¹ Mercer. *Global Talent Trends Study: Empowerment in a Disrupted World*, 2017.

² Mercer. *Global Talent Trends Study: Unlocking Growth in the Human Age*, 2018, available at <https://www.mercer.com/our-thinking/career/global-talent-hr-trends.html>.

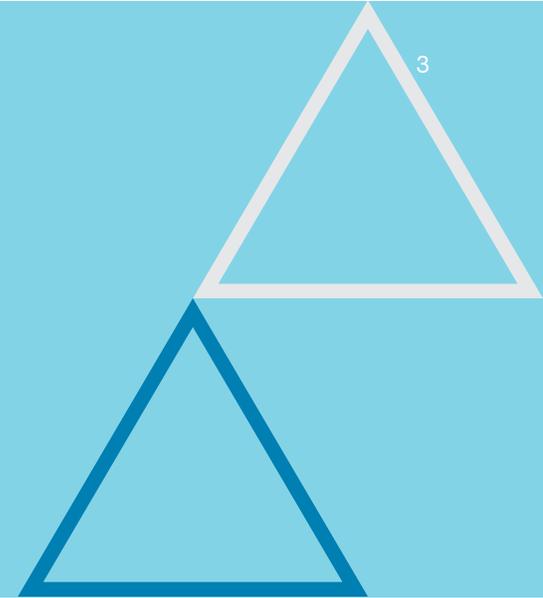
³ Thomsons Online Benefits. *Global Employee Benefits Watch 2017/18: The Next Wave of Globalization and Digitization*, available at <https://www.thomsons.com/resources/whitepapers/global-employee-benefits-watch-201718>.

⁴ Goetzel RZ, Fabius R, Fabius D, et al. "The Stock Performance of C. Everett Koop Award Winners Compared With the Standard & Poor's 500 Index," *Journal of Occupational and Environmental Medicine*, Volume 58: Issue 1 (2016), pp. 9-15; Fabius R, Loeppe RR, Hohn T, et al. "Tracking the Market Performance of Companies That Integrate a Culture of Health and Safety: An Assessment of Corporate Health Achievement Award Applicants," *Journal of Occupational and Environmental Medicine*, Volume 58: Issue 1 (2016), pp. 3-8; O'Donnell M. "Is There a Link Between Stock Market Price Growth and Having a Great Employee Wellness Program? Maybe," *Journal of Occupational and Environmental Medicine*, Volume 58: Issue 1 (2016), pp. e18-e20.

⁵ Sirota D, Klein D. *The Enthusiastic Employee: How Companies Profit by Giving Workers What They Want*, Pearson FT Press, 2013.

⁶ Mercer. *Global Talent Trends Study*, 2018.

By directly addressing employees' day-to-day stressors and needs, employers can revolutionize the employee experience.



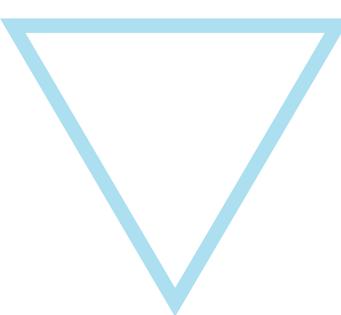
Moving the Focus From Traditional Benefits to the Employee Experience

Employers who want to reap the rewards of a healthy and engaged workforce are shifting their focus from the traditional notion of benefits to the overall employee experience. In the past, health benefits consisted almost entirely of support for medical treatments, but today's young workers are taking a more holistic view of health, and they value a range of benefits that contribute to their well-being.

This shifting focus doesn't mean that traditional insurance benefits are being eliminated. In fact, quality, affordable medical coverage continues to be one of the most important and highly valued benefits offered by employers. But it does mean that many employers are expanding their view of benefits to include many more aspects of well-being — from work environment, convenience services and onsite facilities, to leave policies, flexible work arrangements and corporate discounts. By not only supporting employees' longer-term medical care but also addressing their day-to-day stressors and needs, employers can revolutionize the employee experience to drive higher engagement.

Health and well-being are also central to unlocking the contributions of diverse employee segments to drive business success. Although most employers now recognize the business benefits of employing a workforce as diverse as the customers they serve, too few offer benefits tailored to the disparate health and wellness needs of different employee groups. LGBT employees, for example, have traditionally been underserved by benefits programs that narrowly define which family members are covered and by the varying coverage levels offered to LGBT employees compared to opposite-sex couples.⁷ They also tend to leave significant gaps in addressing issues like family planning.

By developing inclusive well-being strategies and eliminating gaps that diminish the employee experience, employers can boost engagement while strengthening their employer brand. In fact, our ongoing *When Women Thrive, Businesses Thrive* research has found that women are better represented in organizations that view women's health as critical to the development and retention of female employees and that offer targeted programs, such as gender-specific health education campaigns and parental leave.⁸



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⁷ Mercer. *LGBT Benefits Around the World*, 2017, available at <https://www.imercer.com/ecommerce/products/LGBT-Benefits-Around-the-World>

⁸ Mercer. *When Women Thrive, Businesses Thrive*, 2016, available at: <https://www.mercer.com/our-thinking/when-women-thrive-2016-report.html>



If benefits are to truly support employee well-being and deliver the value intended, they must be aligned with all aspects of your employees' lives.

Optimizing Benefits to Enhance Health and Increase Engagement

The key to developing and delivering benefits that engage employees and enhance their health is to apply a “design thinking” approach that starts with an understanding of your employees' specific pain points. Demonstrating empathy for the aspirations and major concerns of your employees will enable your organization to deliver the quality, affordable and accessible benefits that best support well-being as well as productivity. To capture this promise, employers should:



1. CONSIDER THE WHOLE PERSON

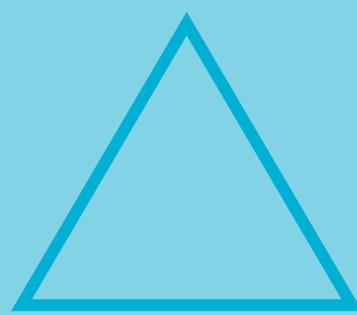
If benefits are to truly support employee well-being and deliver the value intended, they must be aligned with all aspects of your employees' lives — from where they live, to the social and caregiving systems they are part of, to their worries, passions and life events. This may mean offering programs that support employees' physical or psychological well-being, such as mindfulness training, nutrition advice or sleep workshops. It may mean offering benefits that recognize and support an employee in his or her role as a caregiver or the family's chief medical officer, such as flexible work schedules, assistance in accessing elder care specialists or health literacy training. Or it may mean offering benefit options in line with particular passions, such as travel, exercise or volunteering.



2. PERSONALIZE TO DIFFERENTIATE

When you consider the whole person, it becomes clear that a one-size-fits-all approach to supporting health and engagement won't work. Different segments of your workforce have different needs, concerns and health risks, and therefore need access to different employee experiences in order to thrive.

Although it's impossible to cater to all divergent and changing employee needs, employers can better support engagement by introducing choice via voluntary benefits that employees can purchase with their own money at a discount, or flexible benefits that allow employees to exchange some or all of their employer-





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provided benefits for others they value more highly. Spending accounts to use for allowable expenses are also becoming more popular and support a “defined contribution” philosophy, appropriate in particular for discretionary types of expenses.

Flexible work options are also a crucial component of personalization — and are clearly something employees want: According to Mercer’s *2018 Global Talent Trends Study*, 51% of employees are asking for flexible work options tailored to their personal and professional lives, and 71% of those who say they are thriving at work report that their organizations offer such options.⁹ Many employers are reviewing their leave entitlement policies and empowering their managers to structure flexible work arrangements in order to “make work work” for all employees. They recognize that by accommodating the unique needs of returning parents, working caregivers or older workers, for example, they not only gain the productivity boost associated with a healthier, more engaged workforce,¹⁰ but can better hedge against the limiting effects of talent scarcity.



3. MINE ALL AVAILABLE DATA SOURCES

Companies have access to more data than ever before — and technology makes it easier than ever to analyze — but few are leveraging this information to design the benefits that engage their employees and best support their health. Although analyzing historical data such as medical claims provides some useful information, you can glean much more powerful insights by applying analytics to the wealth of data to which your company has access.

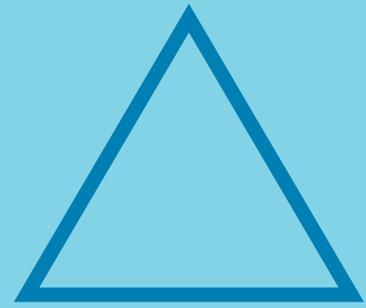
By analyzing and correlating demographic, health and employee-provided data from sources as varied as candidate-screening assessments, absence-management systems, performance reviews, social media and even wearables, you can identify which benefit programs your employees truly value — and which deliver value to your company.

One of the more powerful uses of data analytics for translating your employee value population into a compelling experience for employees is through the creation of “personas.”

⁹ Mercer. *Global Talent Trends Study: Unlocking Growth in the Human Age*, 2018.

¹⁰ Mercer. *Capturing the Flexibility Quotient in Your Organization*, 2017, available at <https://fowinsights.com/insights/people/capturing-the-flexibility-quotient-in-your-organization>.

Creating a consumer experience for employees that is on par with what they receive outside of work is critical to building the desired engagement.



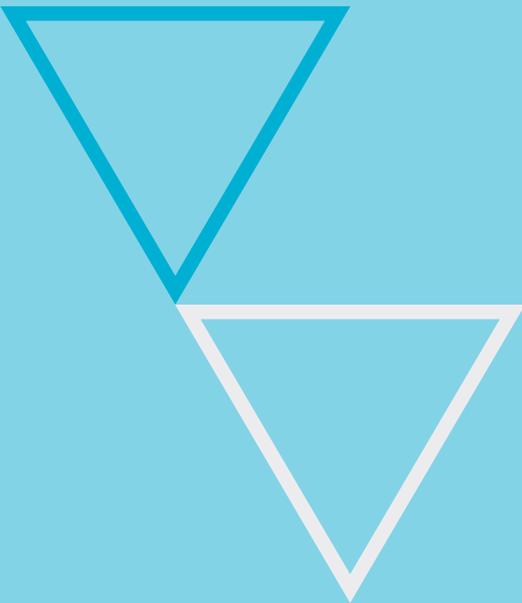
4. ALIGN USER-FRIENDLY BENEFITS WITH USER-FRIENDLY COMMUNICATION AND TECHNOLOGY

Finally, as important as it is to offer the right benefits, that alone is not enough; creating a consumer experience for employees that is on par with what they receive outside of work is critical to building the desired engagement. You need to market the benefits experience to your employees using engaging, relevant and timely communications and deliver them through seamless, user-friendly digital technology to make it easy for individuals to engage with their benefits when it counts.

Engaging Employees Through Effective Communication

Employees rate communication as one of the biggest influences on their view of whether their benefits offerings meet their needs.¹¹ But it takes more than a single effort to get your employees engaged with their benefits, and to capture the maximum return on investment for your organization. The key is an integrated communication strategy that brings the employee value proposition to life by ensuring that your employees:

- Are **aware** of the benefits available. As any marketer knows, awareness is not built through one contact but through frequent, bite-sized communications delivered through multiple channels. Teaser emails, participation campaigns, videos and desk drops can all help to ensure that employees know about the offerings. Also critical is timing communications so employees have the information they need when it is most relevant to them.
- **Understand** how to use their benefits. Benefits can be complicated, which is all the more reason for simple communications that get to the heart of the message quickly in order to engage users. Interactive tools, instructional videos, FAQs and well-designed employee handbooks can guide employees thoughtfully to the information and solutions they need in a straightforward and engaging way. Some employers are also experimenting with chatbots, or virtual assistants, to answer employee questions and increase understanding.
- **Believe** the benefits offered are valuable to them. If a communications program succeeds in turning awareness and understanding into a belief in value, the nice-to-have benefits become the centerpiece of a compelling employee experience. Encouraging this belief requires showing rather than telling, such as through ambassador programs that use curated employee stories to help employees relate to and make decisions about their benefits.



Benefits platform Darwin™ is delivering customized options and personalized service to a diverse employee population.

- Become **advocates** for the benefits program. What employees say internally and externally about their benefits — a vital piece of your employee value proposition — can be an important driver of talent attraction and retention. You can help employees become advocates by encouraging the sharing of reviews on sites such as Glassdoor, creating shareable content for publishing on social media and implementing internal forums on benefits so employees can learn from and share with one another.

Merging Good Benefits Design, Personalized Communication and Ease-of-Use Through Consumer-Grade Technology

Technology is the “not-so-secret sauce” that brings desired benefits and personalized communications together to ensure a superior employee experience. Without engaging and easy-to-use digital tools, the best-designed benefits program will fail to deliver the value — and secure the engagement — your company desires. Supportive technology:

- Enables employers to provide **choice** and foster employee engagement, while also easing the administrative burden for HR. Through automation and self-service, online benefits platforms like Darwin™ are delivering customized options and personalized service to a diverse employee population simply and efficiently, and making it easy for employees to access the flexible and voluntary benefits they need.
- Enhances the overall **employee experience** by putting the resources people need to manage their benefits and health at their fingertips. Digital tools can be used to not only answer questions about personal benefit entitlements, coordinate across benefit plans and secure cashless payments, but also help individuals make informed benefit selection decisions, navigate the healthcare system and triage health symptoms. By interacting with their benefits more frequently and on demand, employees gain a greater appreciation for the benefits offering.
- Provide access to **wellness** offerings from one platform. Virtual clinics, meditation apps, biometric-led fitness planning and other digital health tools are already used by some employers to help their employees live healthier lives. In addition to promoting wellness and enhancing engagement, the data generated by these digital tools further informs the organization’s analysis of which benefits employees value and how programs impact employees’ health, productivity and careers.



Conclusion

Success in the future of work will require healthy and engaged employees who experience wellness in all areas of their lives and bring the resulting energy and focus to work with them. By ensuring that your employees have access to benefits that best support their individual well-being – and the right tools and information to choose among them – you can capture the added value of a healthy workforce for enhanced business results.

For further information, please contact your local Mercer Marsh Benefits office.

About Mercer Marsh Benefits

Mercer Marsh Benefits provides clients with a single source for managing the costs, people risks and complexities of employee benefits. The network is a combination of Mercer and Marsh local offices around the world, plus country correspondents who have been selected based on specific criteria. Our benefits professionals, located in 135 countries and servicing clients in more than 150 countries, are deeply knowledgeable about their local markets. Through our locally established businesses, we have a unique common platform that allows us to serve clients with global consistency and locally unique solutions. Visit us at www.mercermarshbenefits.com or mercer.com

