

Deeper Dive into Health and Welfare Program Implications of COVID-19

Willis Towers Watson Webcast

April 7, 2020



Today's presenters



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Health and Benefits
North America



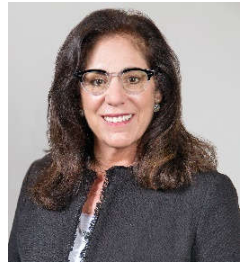
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Health Care Delivery



Ben Lupin

Legislative and Regulatory



Jackie Reinberg

Absence, Disability
Management and Life



Trevis Parson

Actuarial



Christiane Bourassa

Health and Benefits
Canada



Regina Ihrke

Wellbeing

Agenda for today's discussion



**Current
Environment**



**Clinical
Update**



**Readiness
Assessment
Findings**



**Employee
Status
Impact**



**Health Care
Cost Impact**



**Legislative
Overview**



**Wellbeing
Interventions**



**Questions
and
Answers**

We believe there are five key principles for shaping an effective course of action



See this crisis as a **defining leadership moment** — and continue delivering the best possible outcomes for all stakeholders



Adopt an agile and continuous **learning mindset** to ensure response is (re)calibrated to the circumstances at hand



Understand the perspectives of and **engage** all stakeholders (e.g., employees, shareholders, customers, suppliers, health care providers, community) in decision making

4



Focus on the intersection of employee and company **wellbeing**

5



Make **decisions** and take **actions** that take into account medium-term needs and longer-term business objectives

Today is a time unlike no other in our collective experience as people, communities and organizations

About COVID-19

Initially associated with exposure to seafood and meat market in China


- **1,276,000** confirmed cases
- Over **69,500** deaths
- Current mortality rate **0.6% – 5.4%** (as of April 7)



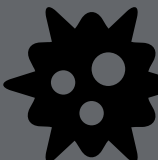
Has become a **worldwide pandemic**



Most common **incubation period: 2 – 14 days** (mean 4 days)




Method of spread: Respiratory droplets in air or on contaminated surfaces




Symptoms

- Fever (**44%** on presentation; **89%** during hospitalization)
- Cough (68%)
- Diarrhea (4%)



About one-fifth of those with COVID-19 have **serious illness** — many require hospitalization and some require mechanical ventilation

- The aged, those with chronic diseases and smokers are at highest risk

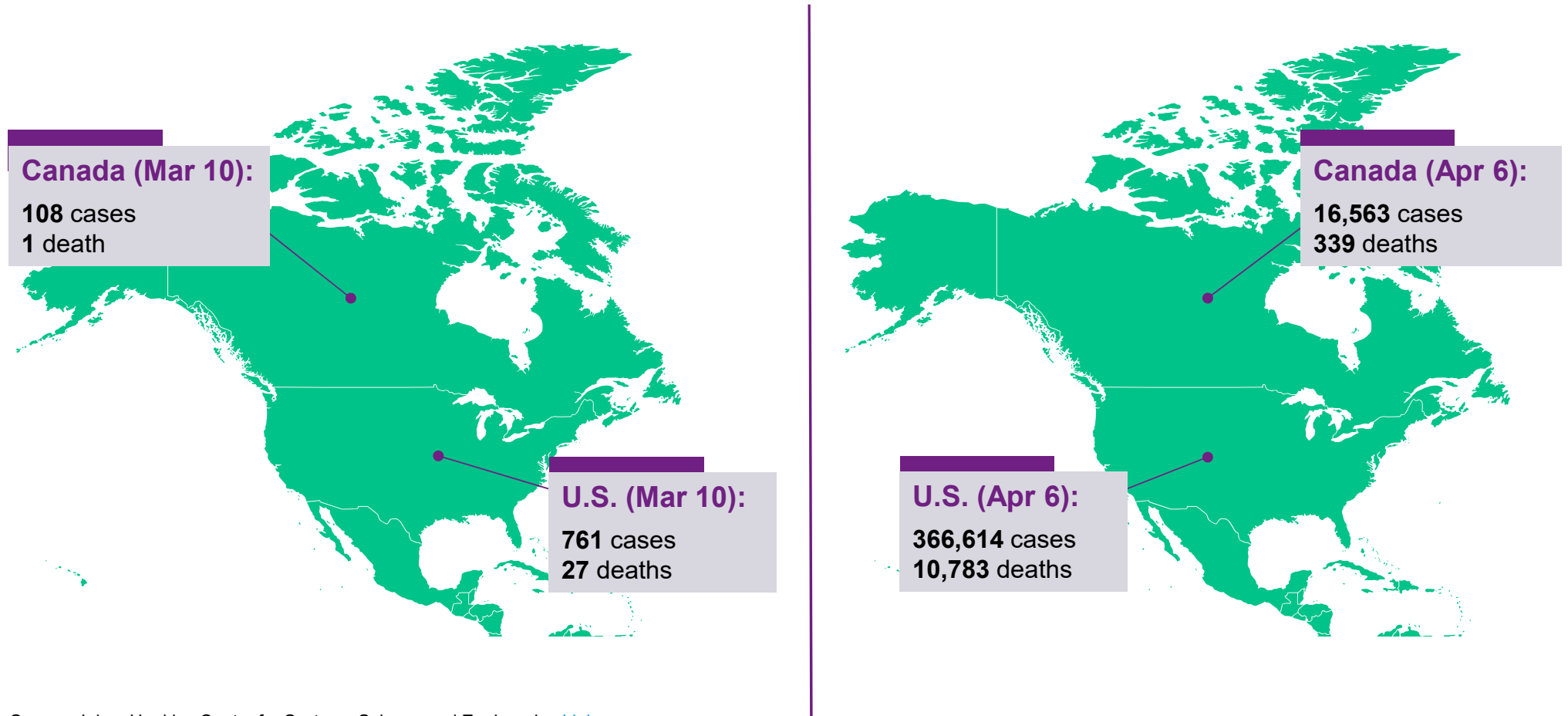


“ The global COVID-19 outbreak now sports **exponential growth rates** for cases and deaths...we are also in the midst of an **unprecedented blow** to global output, income, and employment. In financial markets, the **pace of decline** for equity and corporate bond prices exceeds any on record.

Barbera, Norris and Wright;
Johns Hopkins Coronavirus
Resource Center

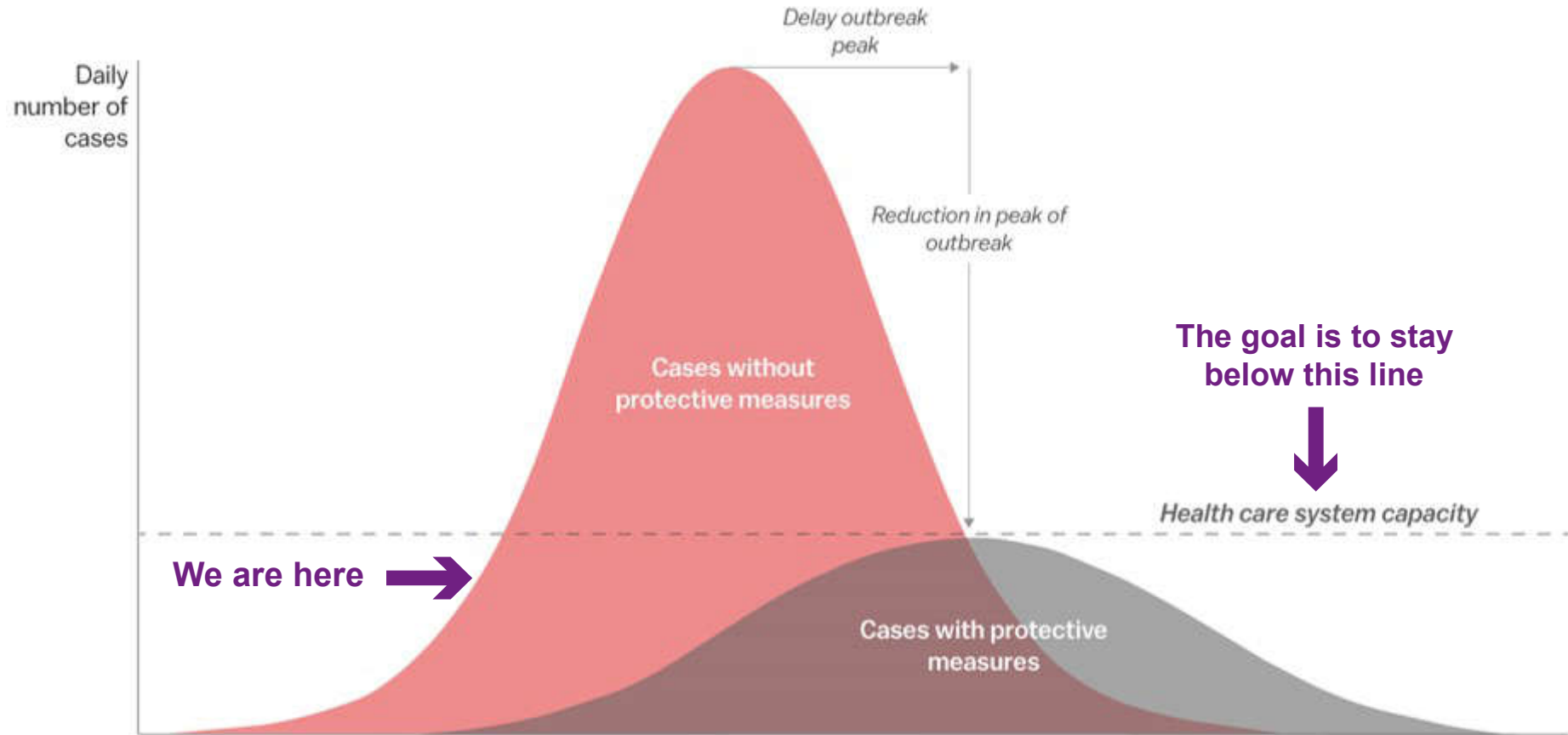
Sources: [Vox.com](#); [World Health Organization](#); Johns Hopkins [Link](#)

COVID-19: What has happened in the past month?



Source: Johns Hopkins Center for Systems Science and Engineering [Link](#)

Flattening the curve can help be sure that our hospitals and intensive care units are not overwhelmed — which can save lives!




Source: [Vox.com](https://www.vox.com)

Steps each of us must take to limit the spread of COVID-19




Everyone	If you must leave your home	If you have symptoms of or are diagnosed with COVID-19	If you have exposure to COVID-19
<ul style="list-style-type: none"> ▪ Wash your hands frequently using warm water and soap after you cough, sneeze or blow your nose, before eating or preparing food, or after contact with pets ▪ Avoid touching your face ▪ Don't invite anyone into your home unless they are part of your household ▪ Wipe down frequently used surfaces (keyboard, phones, counters, etc.) with sanitizing wipes ▪ Disinfection can be with a bleach or alcohol-based solutions Source: CDC ▪ Don't smoke or vape ▪ Keep your blood pressure and diabetes under good control ▪ Take steps to maintain good diet, sleep and exercise routines 	<ul style="list-style-type: none"> ▪ Limit trips to those that are absolutely necessary ▪ Consider using delivery service or online shopping with drive-through pickup ▪ Leave at least six feet between you and other people ▪ If you are older (> 60 years of age) consider taking advantage of senior hours at supermarkets ▪ Carry and use hand sanitizer with at least 60% alcohol ▪ Consider using disposable gloves, and take them off with care and wash your hands after removing them 	<ul style="list-style-type: none"> ▪ Stay at home, and seek medical care if you have shortness of breath or worsening symptoms ▪ Don't invite anyone into your home unless they are part of your household ▪ Use telemedicine to determine whether you should seek care ▪ Be aware that tests are currently in short supply, and you will likely not be tested unless you are very sick ▪ Contact your provider to alert them that you have respiratory symptoms so that you don't unnecessarily expose others ▪ Don't share towels or a bedroom with family members if possible ▪ Let someone else care for your pets 	<ul style="list-style-type: none"> ▪ Stay at home, avoiding contact with others for 14 days from your last exposure ▪ On average, symptoms develop in around five days ▪ Don't invite anyone into your home unless they are part of your household ▪ Don't share eating utensils, towels or a bedroom with family members if possible, particularly if you have higher risk elder members with chronic conditions at home ▪ Use telemedicine if you develop COVID-19 symptoms, including fever, fatigue, cough, and loss of appetite

For more information: Centers for Disease Control and Prevention
[How to Protect Yourself](#) [If You Think You Are Sick](#) [Cleaning and Disinfection](#)

Employer responses to COVID-19 pandemic (U.S., March 2020)

Canadian assessment
 coming soon!

Move to Remote Work

-  **260%** increase in employers reporting that **three-fourths** or more of their workers can **work remotely**
-  **97%** moving internal meetings to **virtual meetings**
-  **97%** giving additional employees **ability to work remotely**

Overcommunicate




- 94%** Preventing respiratory infection
- 84%** **Telemedicine** availability
- 77%** FAQs
- 70%** Emergency Response System
- 68%** Coordinate with vendors

Train and Empower Local Leaders



Of **37%** doing COVID-19 supervisor training:

- 81%** included **preventing spread** of respiratory disease
- 77%** included **exclusion of workers** based on risk or symptoms
- 35%** included policies on **avoiding stigma**



Protect Physical Health

-  **97%** **increasing** disinfection and hygiene efforts
-  **89%** have **specific policies** to exclude visitors or workers at high risk
-  **84%** **promoting use** of telemedicine

Provide Financial Security

-  **97%** maintaining benefits for median of **12 weeks**
-  **42%** waiving out-of-pocket costs for COVID-19 treatment

Protect Emotional Health

-  **81%** are communicating about **EAP** availability
-  **56%** have increased access to **telebehavioral health**

Source: Willis Towers Watson COVID-19 Employer Readiness Survey as of March 27, 2020; 523 U.S. employers representing over 5.4 million global employees

New U.S. laws to expand protections for businesses and taxpayers

Families First Coronavirus Response Act

- Enacted March 18, 2020
- **Mandatory coverage**
 - First dollar coverage for COVID-19 testing (includes telehealth)
- **Emergency paid sick leave**
 - Small employers and all governmental employers
 - All employees
 - Up to two weeks of paid sick leave for specified COVID-19 reasons
 - Regular rate of pay for federal/state/local order, self-quarantine, employee with symptoms
 - Two-thirds regular rate to care for family member; school/childcare unavailable; other reasons
- **Paid FMLA Public Health Emergency Leave**
 - Small employers and all governmental employers
 - Employees employed more than 30 days
 - School or childcare unavailable due to COVID-19; up to 12 weeks



Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Enacted March 27, 2020
- **Benefit-related inclusions:**
 - Temporary safe harbor to allow HSA-eligible high-deductible health plans to provide full telehealth services without cost-sharing
 - Provisions regarding confidentiality and disclosure for records related to substance use disorder and disclosure of PHI related to COVID-19
 - Clarifications regarding mandatory paid leave
 - Temporary pretax student loan repayment assistance
 - OTC drugs reimbursement
- **Other inclusions:**
 - Tax relief for businesses
 - Cash assistance for individual taxpayers
 - Loan assistance for small businesses
 - Public health provisions and many other provisions



In addition to federal efforts to expand protections to employees impacted by COVID-19, there are state and local initiatives occurring to expand and/or develop protections in various ways

U.S. employee-benefit related impact of changing employee status

Group Health Plan Coverage	Cafeteria Plans	Life and Disability Coverage	Paid Time Off (PTO)	FMLA	Unemployment Compensation
<p>Employment status change does not necessarily mean that coverage under an employer's group health plan will terminate</p>	<p>Employment status change that does not result in the employee's termination of employment would generally not qualify as a cafeteria plan midyear qualifying event that would allow the employee to change benefit elections</p>	<p>Welfare plan coverage during a temporary employment status change will be governed by the plan documents</p>	<p>Employers may require their employees to use their accrued vacation time or PTO during a temporary employment status change, or give choice to use vacation time to supplement pay (safer route given certain laws)</p>	<p>An employee scheduled to take Family and Medical Leave Act (FMLA) can be placed on furlough, layoff or other temporary employment status change</p>	<p>Employment status change may trigger eligibility for state unemployment compensation benefits for both termination and continued employment</p>

U.S. time off, leave and disability

Employees generally fall into one of two broad categories:

Employees who are able to work and have ability to work remotely — most employers are continuing normal pay

OR

Employees who are unable to work and/or cannot work remotely — employers are generally providing a period of paid emergency or crisis leave in addition to any benefits that may be available

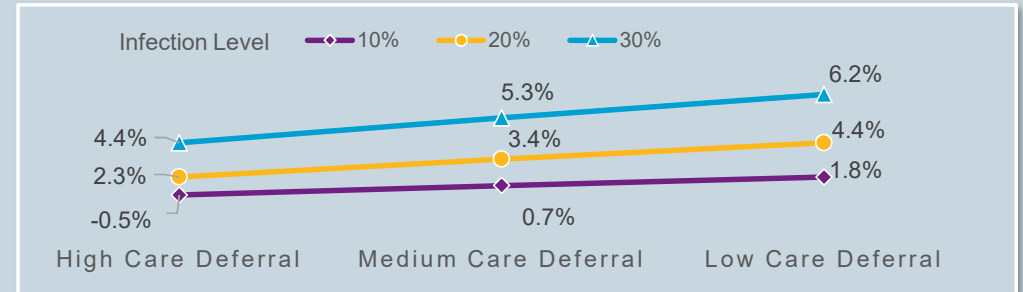
Sick	PTO/Vacation	STD	Leave (Paid)	Leave (Unpaid)
<ul style="list-style-type: none"> Many employers providing at least 14 days additional sick leave Some states with paid sick leave legislation 	<ul style="list-style-type: none"> Some employers allowing access to PTO/vacation during unpaid leave WTW does not recommend expanding accruals 	<ul style="list-style-type: none"> Some employers considering expanded ASO STD policies for quarantine and related leaves 	<ul style="list-style-type: none"> An approach — separate paid emergency/crisis leave policy Leave is intended to be temporary (typically 14 – 30 days) 	<ul style="list-style-type: none"> Employers considering extension of unpaid leave and benefits continuation for 30 – 90 days

U.S. employer health care costs

Health Care Costs

- COVID-19 continues to drive significant uncertainty with respect to employer health care costs
- Employers with older populations, more tobacco users, or populations with more chronic disease, could see higher increases
- Assumptions that impact 2020 projections include:
 - The portion of the population that becomes infected and how quickly
 - Severity of illness (level of morbidity)
 - Ability of the health care delivery system to increase supply of intensive care
 - How much care is deferred or eliminated

Estimated Change in 2020 Self-Funded Health Care Costs



2021 Health Care Cost Considerations

- Projections must consider:
 - Effectiveness of policies to mitigate spread
 - Level of 2020 care deferral that returns in 2021
 - Cost of new vaccine or therapeutic agents
 - Potential for new waves of COVID infection

Results for any individual employer may vary significantly due to population demographics, industry and geography; data supporting cost projections is still very immature and changing rapidly necessitating a wider range of estimates

These results reflect change in cost PEPM and the average demographic profile for active employee populations in the IBM MarketScan® Commercial Database

COVID-19 response in Canada

COVID-19 Related Legislative Changes

- **New National Income Protection Programs**
 - **Canada Emergency Response Benefit (CERB):**
 - \$2,000/month taxable benefit for up to four months for those without income due to COVID-19
 - Eligibility rules apply; simplified process to apply and collect benefit is being implemented
 - **Proposed Canada Emergency Wage Subsidy**
 - 75% of salaries for qualifying businesses, for up to three months
 - Existing Employment Insurance program may also provide benefits
- **Changes to employment standards in several provinces**
 - Introduction of new protected leaves
 - Benefits and pension may need to be continued during a protected leave
 - Employees may have job protected status under other existing statutory leaves or human rights accommodation requirements



COVID-19 response in Canada

Health and Welfare Cost Impact

- **Health care cost reductions expected**
 - In the short term for most expenses (except drugs)
- **Life insurance and disability costs expected to increase**
- **COVID-19 Financial Impact Model also available for Canada**
 - Reflection of short- and longer-term potential impacts is critical



Benefit Impact of Employee Status Change

- **Income protection**
 - Short-term disability benefits; consider coordination with employment insurance quarantine benefits
 - New income support programs offered by the government
 - Other programs
- **Continuation of benefits**
 - Contract provisions; evolving carrier approaches
 - Legislative requirements
 - Collective labor agreements



Wellbeing in response to COVID-19

Physical Wellbeing

- Virtual care
- Worksite safety and prevention
- COVID-19 testing
- Medical plan coverage and design
- Ergonomics (at home)
- At-home delivery services (grocery)



Emotional Wellbeing

- Resilience, mindfulness, meditation exercises
- Leadership and manager training
- EAP strategy (communication, redesign)
- Virtual care
- Caregiving (flexible work, leave, backup, policies, navigation)



- Virtual social networks
- Manager communications
- Charity and donations
- Remote work policies and tips
- Addressing loneliness



Social Wellbeing

- Access to funds
- Optimizing take home pay
- Financial counseling, debt management
- Loan or credit options
- Leave (sick, caregiving, bereavement, STD/LTD)
- PTO donation
- Paycheck advance



Financial Wellbeing

Robust employee listening and communication strategy | Vendor integration | Incentive design

Emotional wellbeing considerations with COVID-19

Employees' current state: feeling overwhelmed by changing information, stress and anxiety of COVID-19, stress and anxiety of the panic surrounding COVID-19, safety, fear, caregiving from afar, managing work while caregiving, childcare, loneliness, guilt, helplessness, grief and uncertainty

Prior to COVID-19

46% U.S.



52% Canada

of employees have taken actions to tackle their mental health issues by seeking support from their employer (social network at work, manager support or employer-provided services)

Employer Interventions



Source: 2019/2020 Global Benefits Attitudes Survey

Financial wellbeing considerations with COVID-19

Potential actions to consider immediately and while managing through the crisis

Prior to COVID-19

More than a third of households are living paycheck to paycheck

38%



Strongly agree or agree

No significant savings

Negatively impacted by financial problems

32%



Strongly agree or agree

Potential immediate actions:

- Support employees who may be balancing short-term financial priorities with long-term savings needs
- Consider options available within plan design and new related legislations
- Be mindful of varying populations (hourly, part-time, essential employees, collectively bargained, etc.)
- Understand the key provisions both legislative and employer upon leave, time-off and reduced hours

While managing:

- Implement changes to support employees (loan availability, in-service distributions, match true-up)
- Partner with vendors to monitor employee behavior and adjust response/communications accordingly
- Reallocate benefit spending based on organizational objectives and rewards philosophy
- Ensure ongoing governance and plan operations are maintained

Source: 2019/2020 Global Benefits Attitudes Survey, North America

Prepare for the journey forward

Key Stages of Action

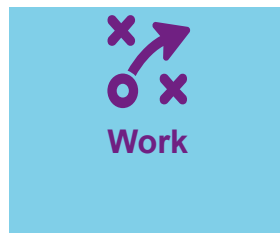
There are three distinct phases for organizations and their leaders:



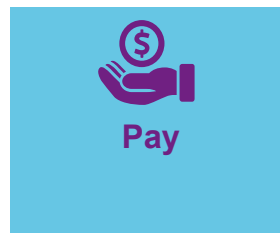
Health



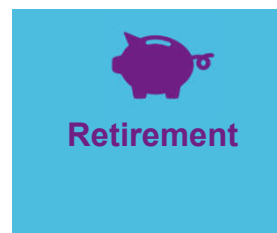
Wellbeing



Work



Pay



Retirement



Employee Experience and Communication



Culture


Questions



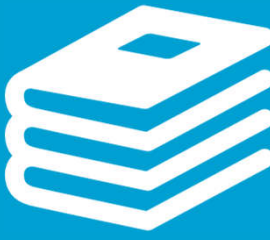
A deeper dive into the workforce and business implications of the Coronavirus



April 9
Retirement Programs



April 14
Work and Rewards



April 22
Employee Experience

Deeper Dive into Health and Welfare Program Implications of COVID-19

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