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**L**ike many in the insurance industry, brokers are concerned with the rising cost of health care and how it is impacting them and their clients.

In an increasingly competitive environment, learning what kind of personnel-related costs employers are facing today can help brokers to provide solutions and enhance their customer relationships. For example, an important issue employers are facing right now is health-related lost productivity. Health-related lost productivity constitutes 70% of the total cost of poor employee health, while medical and pharmaceutical costs—the costs employers normally take into consideration—only constitute 30%. Research suggests that,

obesity and allergies. Presenteeism is a new field of study but is a phenomenon as old as work itself. On-the-job losses from presenteeism are 60% of the total cost of worker illnesses, exceeding what companies are spending on medical, disability and absenteeism costs.

Brokers and consultants can help employers examine the total cost of employee health, not just the medical and pharmaceutical costs, to identify and implement the right solutions to prevent and/or lessen the impact of health-related lost productivity. The concept of an iceberg can visually explain where employers' attention must be paid. Above the water line lie medical and pharmaceutical costs; the costs resulting from health-related

lost productivity remain hidden below. Like a real iceberg, these costs are much bigger than what are seen above the surface.

Because many employers just focus on the top level of the iceberg, brokers can be a valuable resource to their clients by helping them understand these hidden costs in order to see the full impact of poor employee health. To help alleviate these costs, brokers can introduce employers to an absence and disability management program that aims to identify and eliminate instances of health-related lost productivity and, over time, potentially decrease a company's direct health care costs.

Health-related lost productivity has been shown to be a major cost and productivity drain on employers, resulting in missed opportunities to reduce costs and improve the health of their work forces. Brokers and consultants should consider introducing their clients to solutions that address health-related lost productivity.

By explaining the impact of health-related lost productivity to their clients, brokers open the door to working with employers to help promote a stronger, healthier and more productive work force. Not only will it be a rewarding experience for the organization but it also will be a benefit to current and future employees. **BR**

## Absence-Minded

**Insight:** Workers in poor health pose hidden costs that employers often don't recognize.

on average, for every \$1 employers spend on workers' medical or pharmacy costs, they absorb at least \$2.30 of health-related lost productivity costs.

Health-related lost productivity is made up of two components: absence (otherwise known as absenteeism) and presenteeism.

Although the direct costs of absence are usually measurable, the indirect costs of absence can be more challenging to quantify and have the potential to have a greater impact on employers. Indirect costs include lost productivity, turnover, temporary staffing, working slowly, variable product quality, late deliveries and replacement training and other costs, which vary with every employer.

Presenteeism, the productivity loss caused by employees at work with physical or mental health conditions, is a key factor. Major causes can include behavioral health conditions, musculoskeletal conditions, arthritis,

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