

INSIGHTS

# COVID-19

## Returning to the Workplace in a New Reality

2020

U.S. Edition  
Volume 3

Gallagher  
Better  Works™

  
Gallagher  
Insurance | Risk Management | Consulting





# TABLE OF CONTENTS

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- 4** Introduction
- 5** Resilience Revisited as Employees Return to the Workplace
- 7** The Human and Economic Cost of Loneliness
- 9** Return to the Workplace With Care, Compassion and Confidence
- 11** Thinking Ahead: Is Your Organization Spending Premium Pay Dollars Wisely?
- 12** Performance Management in a New Reality
- 14** Five Strategies to Reprioritize your Healthcare Spend for 2021
- 16** Pandemic Consumerism Shifts
- 19** Infographic: COVID-19 Pulse Survey Employer Response
- 21** Contributors
- 22** About Gallagher

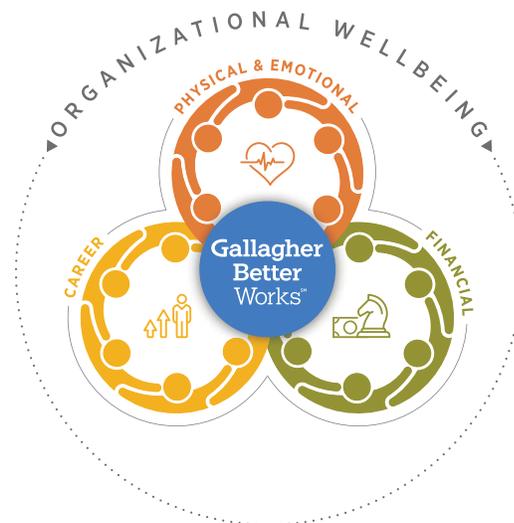
# INTRODUCTION

Business and personal disruptions have only increased as the impact of COVID-19, civil unrest and tensions specific to race relations have created a return to workplace that is anything but a return to normal. It is a complex and challenging new reality. Today, the workplace and workforce must deal with changes ranging from how we socialize and consume goods and services, to how employee performance is evaluated. Gallagher Better Works<sup>SM</sup> is founded on the concept that the whole person comes to work each day. The new reality has added pressures to the physical, emotional, career and financial wellbeing of the individual, creating additional challenges for employers who strive to achieve acceptable levels of organizational wellbeing.

In order to navigate this new reality, organizations must consider providing tools and resources often thought of as fringe or voluntary. Embracing the human and economic cost of COVID-19, as well as the new realities that come along with it, provides opportunities for organizations to emerge stronger and more closely aligned with their employees. This new reality can also create tremendous challenges if organizations pass on the opportunity to think differently. There are risks to doing nothing. Employers can take a new view and balance plans to pursue a pre-COVID-19 status quo with the cost of expanding or repurposing budgets for a new set of workforce and organizational objectives. All employers have this opportunity: View your workforce through a new lens. It is both challenging and uncharted.

This report covers a wide range of return-to-workplace subjects, including resiliency; the cost of loneliness; operating with care, compassion and confidence; and performance management. Additional thought-provoking articles cover strategies to reprioritize your healthcare spend for 2021, and shifts in consumerism that have changed how your employees spend and save. As you consider what these issues might mean to your workforce, your Gallagher team stands ready to offer guidance, data, resources and solutions to help you address issues strategically so you can face the future with confidence.

Your people are your organization's greatest asset. Now more than ever, employers need timely insights to navigate the new realities caused by COVID-19. A better return to the workplace starts here.



## Dean Clune

Divisional Vice President,  
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# RESILIENCE REVISITED AS EMPLOYEES RETURN TO THE WORKPLACE

## EXPLORING THE ENGAGEMENT-BURNOUT- RESILIENCY LINK

**Resiliency** (ability to manage stress and adapt to job challenges) impacts **burnout**—that is, burnout can be controlled by one's ability/inability to cope with work demands.

**Burnout** tends to impact **engagement**—that is, the more burnout experienced by an individual, the more likely they will grow less enthusiastic about their job.



Resilience has been a mechanism recognized as critical in organizations for a number of years. The survival of an organization during a crisis is dependent on the resilience of its team members, as well as its leadership. Resilience is simply the ability to bounce back to a state of normality. As an emergent property, organizations exhibit resilience by learning to adjust to adversity and, in the process, strengthen the capacity to overcome future challenges.

### What does resilience look like for employees? Gallagher research characterizes resilience as:

- The ability to gain the support needed when work becomes overwhelming
- The ability to utilize established effective ways of managing stressful situations
- Feeling supported by colleagues when stressful situations occur

It's about cultivating genuine social support and interpersonal connection. In the face of the current pandemic, it feels like individuals and organizations everywhere are in need, now more than ever, of resilience. Recently, research showed important links between resilience and its impact on burnout and engagement. Having your employees engaged is the end state goal.

When employees are engaged, they are in a pronounced state of effort, pride and passion, which fosters a mutually committed relationship between employees and organizations, resulting in the enduring pursuit of organizational and personal goals. It has been long known that remarkable things happen for organizations when more of their employees are in this state. These include outcomes such as heightened performance, whether it's providing an improved customer experience, achieving higher levels of sales, or simply having more employees "present" in their jobs every day as opposed to being absent or leaving the organization.

As organizations ready their workforces to return to the workplace, measuring and understanding how to positively influence engagement is essential.

As positive as that sounds, research shows that when employees start to feel burned out, this feeling of engagement starts to erode, as do those positive business outcomes.

What is burnout? Simply put, when employees feel burnout, they feel:

- » Emotionally or physically exhausted
- » Somewhat cynical toward the organization or leadership
- » Decoupled or depersonalized from the organization's mission
- » A lack of self-efficacy or self-control over the work that they perform

Burnout is about the work, and can truly have a negative and detrimental effect on an organization's workforce. However, the good news is that resilience has a dampening effect on burnout. Can it totally get rid of the burnout employees feel? No; however, resilience can significantly reduce burnout's negative effects on employees and help preserve their engagement.

Now more than ever, resilience is imperative for the wellbeing of employees and the organizations in which they function. Think, for example, of the potential burnout risk via exhaustion and a sense of loss of control front-line healthcare workers likely feel in the time of the COVID-19 crisis.

So the question is what can be done to help build resilience and a greater sense of wellbeing among employees, especially as many gear up to return to the workplace? Well, while some of an individual's ability to cope and bounce back is certainly genetic, there are other definitive levers that help drive resilience.

**KEY DRIVER MODEL: WHAT DRIVES RESILIENCY?**

- 1** I trust the people with whom I work.
- 2** My workload is reasonable.
- 3** I understand what I need to do to be successful in my job.
- 4** I feel comfortable reporting safety issues.

Gallagher’s recent research in a number of large organizations across a number of industries reveals that the following cultural elements have a positive impact on resilience:

- Trusting the people with whom one works
- Having a reasonable workload
- Understanding what one needs to do to be successful in one’s job
- Feeling comfortable reporting safety issues

Considering the potential anxiety employees might have about returning to the workplace, it is easy to see how each one of these drivers could play a critical part in simultaneously enhancing resilience and reducing this anxiety.

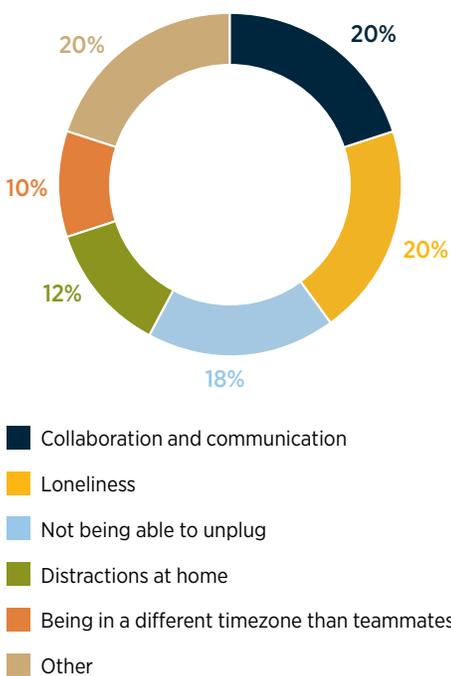
The impetus for success in helping create a more resilient workforce rests with leaders and managers. They have both the challenge and opportunity to build a more resilient climate as organizations ready themselves to return to the workplace. Putting thought into distribution of work, the clarity of role expectations, mechanisms for reporting safety concerns, and creating an environment of trust and accountability are strong pillars for the resilient climate employees will need as they eventually return to the workplace.

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# THE HUMAN AND ECONOMIC COST OF LONELINESS

We are not alone, but we are lonely.

## WHAT'S YOUR BIGGEST STRUGGLE WITH WORKING REMOTELY?<sup>5</sup>



COVID-19 has taken an emotional toll on employees, and has compounded stress and loneliness in an already stressed and increasingly lonely workforce. The continued fear, uncertainty, upended routines, financial pressure, and challenge for parents trying to tackle work and child care from home has impacted our daily emotions—reducing our joy, increasing our stress and magnifying our feelings of loneliness.

### What is loneliness, and why should employers care about it?

Loneliness is often difficult to describe and diagnose because the feeling is wholly subjective, but put simply it's a feeling of inadequate social connections. Loneliness is further defined as a complex set of feelings that occur when intimate, social needs are not adequately met, which can be different from depression, being alone or feelings of solitude. It has more to do with a person's quality of social relationships rather than their quantity.<sup>1</sup> It's possible to be in a crowded room and feel lonely, and also to be by yourself but not feel alone.

Loneliness and weak social connections are associated with a reduction in life span similar to that caused by smoking 15 cigarettes a day, and even greater than that associated with obesity. But many people haven't given as much attention to strengthening connections between people as others have on reducing tobacco use or obesity.<sup>2</sup>

While some might question why employee loneliness is an employer's issue, it's important to understand the impact on wellbeing, healthcare costs, engagement and productivity.

### Loneliness is associated with an increase in the hormone cortisol, which leads to:<sup>3</sup>

- Disrupted sleep
- Poor immune function (which can increase the potential for getting sick)
- Higher blood pressure
- Mental health issues such as depression, decline and dementia

Lonely workers say they are less engaged and less productive, and report lower retention rates.

They are two times as likely to miss a day of work due to illness and six times more likely to miss work due to stress.

Remote workers are more likely than non-remote workers to always or sometimes feel alone.<sup>4</sup>

Acknowledging that most people spend the majority of our waking hours at work, it becomes the employer's opportunity to proactively tackle this issue.

### Loneliness and remote work:

In Gallagher's COVID-19 Pulse Survey on Employer Responses, 82% of responders mandated remote work where appropriate. This massive shift happened without the normal evaluation of the role, individual's work performance, equipment planning and/or discussions surrounding expectations for working in a remote environment. While flexibility is highly valued by employees, according to the Buffer 2020 State of Remote Work Report,<sup>5</sup> loneliness is one of the biggest challenges to working remotely.

### Is there a sweet spot for remote work?

Yes. Data suggests there is a sweet spot to maximize engagement for remote workers. Highest levels of engagement are when working remotely three to four days, and in the office one to two days. Lowest levels of engagement come from those working remotely none of the time or all of the time.<sup>6</sup> As employers think about reopening workplaces and revisiting policy related to remote work, consider the value of continuing with a remote work policy, but also the power of in-person contact and quality social connectedness on loneliness and overall engagement.

**IT'S ALL CONNECTED**



**Don't force the fun.**

Recognizing that loneliness and a lack of connection are serious workplace issues, some well-intentioned organizations have mandated social activities. This “forced fun” is meant to build teamwork and have a positive effect, but can sometimes have the opposite effect of being awkward and inducing anxiety. In some cases, this can further fuel loneliness and erode employee engagement, especially if there is not sensitivity regarding how these activities may impact child care, personal commitments and schedules, or commute time. Additionally, while social interaction is good and healthy, people often hesitate to engage with others for fear of rejection, or getting “stuck” and therefore unable to end an interaction.

**It's all connected.**

COVID-19 has presented unprecedented challenges, but a silver lining may be the advancement of conversations regarding emotional wellbeing, and a new understanding for how employee wellbeing and organizational wellbeing connect. The epidemic levels of stress people are experiencing can reduce their human resiliency—a person’s ability to bounce back from adversity. Lower resiliency can impact loneliness. Increased loneliness can raise the potential for burnout, driving down employee engagement, which is linked to overall wellbeing.

People bring the most to work when they feel connected to the mission and the people around them. A company that fosters social connections as a strategic priority and values the positive emotions around compassion, joy and caring is more likely to experience greater productivity and engagement, while protecting against illness, loneliness and burnout.

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<sup>1</sup>Loneliness within a nomological net: An evolutionary perspective. Journal of Research in Personality: Volume 40, issue 5, December 2006.  
<sup>2</sup>Harvard Business Review, Work and the Loneliness Epidemic, 2017  
<sup>3</sup>American Heart Association, Resilience in the Workplace Report, 2017.  
<sup>4</sup>Cigna Loneliness In The Workplace Report, 2018  
<sup>5</sup>Buffer 2020 State of Remote Work Report  
<sup>6</sup>Gallup, Is Working Remotely Effective? Gallup Research Says Yes. January 2020.

# RETURN TO THE WORKPLACE WITH CARE, COMPASSION AND CONFIDENCE

## HOW CONTACT TRACING WORKS

1

### Early engagement of suspected infected employees

Contact tracing begins with identifying and engaging employees who have been identified with COVID-19 symptoms or those who have tested positive for the virus.

2

### Identification

Contacts of the suspected or positive-tested employee are identified and listed. This includes those who have had meaningful exposure to the diagnosed employee during the period of potential transmission, which may begin before or during the onset of symptoms.

3

### Notification

Contacts are notified of their status and informed of implications and next steps, such as how to find care. Depending on local public health guidance, quarantine or isolation could be required for high-risk contacts.

4

### Follow-up, monitoring and support

Contacts are monitored regularly for symptoms and tested for infection. Results of monitoring help determine the most appropriate intervention, including quarantine.

Your people are your organization's greatest asset, and their wellbeing is at the center of your workplace reoccupancy strategy. As you move into the many phases of returning to the workplace, you will face countless decisions necessary to ensure the productivity and safety of your workforce.

In spite of your best-laid plans, it's a matter of when, not if, a team member becomes symptomatic or positively diagnosed with COVID-19. How you and your organization respond will be critical to instilling confidence in your employees and ensuring return to the workplace doesn't rapidly dictate another mass shutdown of work environments.

By now you have heard the term "contact tracing." It is the process of identifying individuals who may have been in close contact with a person who is symptomatic or has tested positive for COVID-19. As part of an employer's pandemic response practice, it is necessary to implement policies and procedures that attempt to notify all employees who may have been in close contact with employees diagnosed with COVID-19 or those suspected of having contracted the virus.

### Why should contact tracing be part of your new normal workplace?

- Contact tracing rapidly identifies potential exposure to COVID-19 and helps control the spread of the disease, thus limiting downstream costs of lost productivity, healthcare and potential workers' compensation claims.
- Contact tracing allows you to resume and maintain normal operations by isolating potential exposures, rather than requiring quarantine for all staff in a location when COVID-19 diagnoses occur.
- Contact tracing signals to your employees that you are committed to their physical and emotional wellbeing as they return to the workplace.

In response to the COVID-19 pandemic, contact tracing approaches are rapidly emerging to support public and employer health objectives.

For example, many state and local governments have established contact tracing departments. These teams, based on combinations of volunteer and recently hired staff, focus on identifying and notifying everyone that a symptomatic or positive COVID-19 patient may have made contact with in recent days. However, given the voluntary nature of initial reporting and the broad net of contacts engaged (personal, public and work contacts), public health contact tracing may be insufficient to satisfy the urgent need of employers to protect their team members.

Likewise, many organizations are developing technology-based applications to identify and notify employees of potential COVID-19 exposures. Though such applications appear promising, they pose thorny questions for employers, including whether their use can be mandated and whether employees can be assured that their personal data will be confidentially and securely stored with both their employer and the technology provider. Also problematic, these applications assume all employees have smartphones, leaving upwards of 20% of employee populations without a contact tracing solution.

To successfully engage and protect your workforce, read [Gallagher's Return to Workplace Guide](#) and various compliance consulting [resources](#), and secure a contact tracing solution focused on the unique needs of employers that displays care and compassion for those affected by COVID-19. Employers should strive to show urgency to protect other exposed employees, and sensitivity to the privacy and security of all employees.

Generally, a successful contact tracing solution should be an extension of your organization and culture, protecting your business and team during a critical stage of the COVID-19 pandemic.

## CONTACT TRACING

**Experienced professionals** accustomed to empathetic and investigative interactions

**Robust training** on contact tracing best practices, inclusive of confidentiality

**Extensive data capture and reporting** to provide assurance to your organization

**More time** for risk management and HR to focus on core business responsibilities

### Consider the following when evaluating your contact tracing solution.

- Do I have experienced professionals conducting contact tracing?
- Are my contact tracers professionally trained on CDC best practices?
- Do my contact tracers understand and respect patient confidentiality?
- Do my contact tracers understand medical terms and principles of exposure, infection, infectious periods, potentially infectious interactions, symptoms of disease, and pre-symptomatic and asymptomatic infection?
- Are my contact tracers empathetic; able to establish trust; and resourceful in locating patients, contacts and those reluctant to engage in conversation?
- Are my contact tracers utilizing robust scripts and systems to capture timely information, limiting the need for recurring employee touchpoints?
- Do I have the data and reporting necessary to confidently inform executive management on the health and productivity of our workforce?

In order to gain peace of mind in the immediate term and confidence in the future of your organization, employers should partner with leading providers of risk management and claims services. To support employers starting the important stage of workplace reentry, Gallagher Bassett has repurposed many experienced workers' compensation professionals to provide the contact tracing solution employers desperately need at this time to address important design considerations and support employers starting the important stage of return to workplace.

As you and your organization begin to welcome team members back to the workplace, please consider how you will respond when a team member becomes symptomatic or positively diagnosed with COVID-19. How you respond, and who does so on your behalf, will be important to instilling confidence in your employees to return and remain in the workplace in the months ahead.

### Mike Hessling

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# THINKING AHEAD: IS YOUR ORGANIZATION SPENDING PREMIUM PAY DOLLARS WISELY?

Leaders need to understand when it makes sense to create special premium payments and when to close those programs when no longer needed.

**Tom Wardrip**  
Principal Consultant,  
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## Comparing your premium pay programs with similar organizations can help you save significant resources.

During this time of pandemic, uncertainty shadows every decision for organizations. Controlling labor costs while balancing additional compensation needs brought on by the pandemic has become a key concern for leaders working to mitigate a severe drop in revenue.

Compensation plans are often more complex than just base salary and bonus programs. There are many components that can make up pay systems.

Premium pay is defined as any cash payment above the base rate. Examples include hazard pay, extra shift incentives, shift differentials, on-call pay, holiday pay, overtime, charge pay and so forth. Organizations typically deploy special pay programs to recognize work during unfavorable times (evenings, nights, weekends or holidays), additional duties to the regular job (charge pay, preceptor pay), or special achievements and skills (extra skill pay, certifications, educational degrees). These programs are designed to satisfy and retain employees in traditional or always-open operations. The various programs can take the form of a percentage of base pay differential, flat rate, bonus or paid as an addition to base rate. Premium pay should fall under a formally documented program, but many organizations offer it as an ad hoc payment.

### Knowing when to introduce—and close—special pay programs is critical.

Organizations often create premium or special pay programs to satisfy a need or fix a problem. The current pandemic represents a great example of an unexpected need for certain organizations. Finding ways to reward employees who take the challenge and risk associated with serving during these challenging times while maintaining the organization's fiscal stability demands careful management.

Leaders need to understand when it makes sense to create special premium payments and when to close those programs when no longer needed. When there is no “sunset provision,” these programs may continue even though the organization's need for them has ended.

Premium pay programs paid above market competitors may represent a wasteful use of labor cost dollars that could be applied elsewhere. Organizations should understand where they are spending those dollars so they can discern when they are necessary to maintain vital operations and when they are no longer needed. For example, paying employees to serve on call when they are never called in is a waste of resources. Is a pyramid program necessary for extra shift pay incentives? Are employees receiving spot bonuses? Without tracking why they were paid, how do leaders know if those payments were necessary? Is overtime above standard norms and creating additional cost? Is the issue the overtime or the hiring and staffing of too many part-time employees?

### Now is the time to account for every compensation dollar.

Leaders should review their premium pay programs regularly. Now is the time to examine how the organization is spending every dollar on employees. When trying to keep base pay competitive and employees on payroll, leaders must consider every labor dollar spent to avoid waste.

Employers should consider using a proven methodology to review premium pay programs, with a system that identifies all cash payments made to employees and compares them against a database of premium pay programs from similar organizations. This analysis identifies those premium pay programs that leaders can modify to save, and reallocate compensation dollars to other programs, general increases, merit increases or equity adjustments.

# PERFORMANCE MANAGEMENT IN A NEW REALITY

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Employers find their organizations midway through a year that has unfolded like no other in recent history. Over the past three months, organizations have scrambled to respond to the COVID-19 crisis, in many cases completely changing how and where work is done, resulting in shifting priorities, budgets and metrics.

In order to stabilize and map out a strategy for the next phase of operation, it will be important to examine your current performance management process and parameters, and evolve to meet the needs of your employees and organization in light of a new reality.

Because employee wellbeing and engagement are top of mind during this stressful time, having a relevant and thoughtful performance management process has never been more important. If you have a robust and effective process in place, it is imperative to revisit and update it now. If you haven't historically run a structured performance management process, now is the time to start.

In addition to helping plan for the development and progression of your talent pool, introducing regular communication with employees regarding performance management allows planned, consistent conversations that will drive engagement, and convey a sincere interest in your employees' development and career wellbeing.

## ASSESS AND UPDATE JOB DESCRIPTIONS

As employees adjust to changes introduced as a result of the pandemic, they may be asked to do their jobs differently, wear new protective equipment, or to practice required sanitation or distancing protocols. They may be asked to learn other jobs within the organization or change the shift they work. There may be a learning curve for new technology or standard operating procedures introduced for their role. It is critical that all changes are noted, incorporated into an updated job description and provided to the employee as soon as is possible.

In order for employees to understand how to succeed in their role, the expectations of their duties need to be clearly articulated.

## REVIEW PERFORMANCE METRICS

Along with changes to how employees perform their jobs and in corporate priorities, metrics used to measure success on the job may also have shifted. Employees need to not only understand how to perform the duties of their job, but also how they will be evaluated on the execution of those duties.

## REVISIT RATINGS

Roles that have notable changes to either responsibilities or success metrics will require that a reasonable learning period be provided for the employee to gain an understanding of the new structure. The timing for learning and adjustment will vary role to role, but if your organization does not have a "too new to rate" rating, it may be wise to think about adding it, so as not to unfairly penalize or over-reward employees during the adjustment period.

## UPDATE GOALS

Goals are typically revisited throughout the year, and updated as necessary to reflect changes in both individual and corporate priorities. With each organization experiencing the pandemic differently, it is important to understand the overarching directives of your organization and to ensure they are incorporated into updated individual goals as appropriate. In 2019, for example, the war for talent was raging and a focus on individual development as part of a strategy driving long-term retention would have been expected. With 2020 taking a decidedly different turn, corporate goals may have shifted to a more immediate strategy for developing a sales pipeline and driving short-term revenue.

However your organization has been impacted, aligning your priorities with employees' expectations through adjusted goal setting will be key to success in the future.

### **CONSIDER COMPETENCIES**

Many performance management plans include key competencies both for line employees and for leaders. A reflection of corporate values, these competencies may very well remain the same in the new reality. In light of changes experienced in recent months, however, organizations may want to consider whether key characteristics need to evolve, or be expanded to include competencies such as flexibility, resourcefulness, resilience or adaptability,

### **INCORPORATE A SELF-REVIEW**

Self-reviews by employees are always a best practice, but will hold even more value going forward. In addition to offering employees an avenue to express perceptions around their contributions and have a formal voice in their development and employment experience, it will provide direct insight into the evolution of your operation that will be helpful as you adjust and refine roles and processes.

### **INTRODUCE A REGULAR FEEDBACK CADENCE**

In recent years, best practice for communication in the performance management process has moved from traditional formal midyear or year-end reviews to regular monthly or bimonthly informal check-ins. The increased frequency of performance conversations drives a few positive outcomes—it keeps the performance and related goals top of mind, gives opportunity for performance issues to be addressed and corrected in a timely manner, and makes communication a two-way conversation rather than a manager-to-employee delivery.

As mental health, wellbeing and engagement are critical concerns in the midst of this pandemic, introducing a higher-frequency check-in is an excellent way to ensure that you are attuned to employees' feelings and experiences through this period of change, and can help them succeed in their new reality.

### **REVIEW TIED TO MERIT ADJUSTMENTS**

If your organization uses your performance management process to inform or determine your merit increase process, it will be important to consider any and all changes to jobs, performance metrics and ratings. If budgets have shifted or been restricted in light of the pandemic, it will be even more important to ensure that employees feel valued through thoughtful and constructive feedback as an investment in their career and growth.

### **PREPARE TO ADJUST AND BE FLEXIBLE**

Employers are navigating new territory and need to be nimble as they evolve. Careful and thoughtful consideration of change and employee experience will be key to ensuring a meaningful performance management process moving forward. Be prepared to learn as you go; adjust as needed; and ensure your leaders are communicating with transparency and empathy when communicating updates and changes, and delivering performance feedback.

## **Heather Eastman**

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# FIVE STRATEGIES TO REPRIORITIZE YOUR HEALTHCARE SPEND FOR 2021

## FIVE TRENDS FOR PLAN DESIGN APPROACHES

- 1 Disease Management
- 2 Virtual Care Access
- 3 Voluntary Benefits
- 4 Employee Assistance Program (EAP)
- 5 Family-Friendly Support

As renewal planning for the upcoming year begins for many organizations, the impact of the COVID-19 pandemic no doubt affects how employers will strategize to update their existing benefit plan designs.

Two recent articles published in [Gallagher's COVID-19 Insights Report: Immediate Challenges and Long-Term Impact, Volume 2](#) address two primary factors that can aid employers when making adjustments that can better impact employees while carefully balancing the budget.

First, an article by Gallagher's Michael Mousseau, Ph.D., "The Unforeseen of Quarantine," addresses being mindful of unforeseen consequences that may contribute to reduced physical and emotional wellbeing. Balancing that with cost, another article by Gallagher's Alex Kreibich, ASA, "Estimated Cost Implications of COVID-19 for Self-Funded Employers," states that many routine doctor visits and elective procedures are being canceled or deferred, resulting in unanticipated cash flow for many employers in the short term, but with unknown implications on long-term costs due to reduced routine and preventive care.

**These articles set the stage in defining five trends for plan design approaches with lower cost projections in mind.**

### 1. DISEASE MANAGEMENT

The impact of quarantine has a very real impact on physical and emotional wellbeing of employees. The idea that stress and the potential slowing of physical activity can play a key role in medical diagnosis is not going unnoticed. Considering the potential for lower renewal dollars in the short term, plan design adjustments to help tackle key diagnosis of high blood pressure, stroke and diabetes are being considered.

Options to reinvest dollars into more robust disease management programs or through partnering with specific vendors that can help curb costs while advocating for better living behaviors for stress-related illnesses are on the rise.

### 2. VIRTUAL CARE ACCESS

In another impact to medical plans in this new reality, more and more individuals are reluctant to physically visit a doctor's office or hospital for non-COVID-19 concerns. The importance of accessing care remotely has had a large impact on the innovation and technological advancements of seeking care. A primary focus for many organizations is ensuring they have the right level of virtual care available to their employees by either communicating more robustly about the virtual care option currently in their plan or expanding the care option all together if they didn't previously have one. Gallagher is seeing expansion come from carrier partners and through independent vendors that specialize specifically in this type of access to healthcare.

### 3. VOLUNTARY BENEFITS

Employers are considering new voluntary benefit offerings in light of this new environment. We've seen many of our carrier partners and clients remove cost shares for testing and treatment of COVID-19, while some have even adjusted the pre-authorization processes to remove barriers for those needing care. However, costs can be incurred for other expenses, and employers are turning to two options to mitigate the burden of costs: first, a hospital indemnity plan that provides employees direct payments for expenses incurred during a hospital stay. This low-cost, potentially high-impact solution is being considered especially for those with consumer-driven health plans. Second, some critical illness plans are considering COVID-19 an infectious disease, which can help pay a lump sum to those who have been diagnosed.

#### **4. EMPLOYEE ASSISTANCE PROGRAM (EAP)**

Addressing the mental health of employees during this time is more important than ever. Employers are turning to their EAP vendors as they seek to communicate and connect employees with resources to better balance the load of work, life and pandemic influences. Again, the theme of enhancing the current offering within an employer's benefit plan design or seeking to expand an offering through a unique vendor can prove worthwhile if there's an understanding of the natural demographics of that organization's workforce.

#### **5. FAMILY-FRIENDLY SUPPORT**

Trends toward understanding options for family-friendly benefits are on the rise given the changing landscape from stay-at-home orders and the child care shifts seen across the country.

The closing of schools and day care centers places a significant burden on working parents, which is directly impacting employers. As these closings occur, many work pressures remain, having a direct impact on productivity and stress levels. Many employers are seeking to support employees in new and needed ways through vendors that specifically provide child care support resources to assist families during this time.

With a flattening of projected renewals in the short run, employers can look to reallocate existing dollars toward to making plan design changes that take holistic care of the physical and emotional wellbeing of employees. Innovation in these five areas is going to shape our new reality and be more important than ever in evaluating the options emerging in the market that can support organizational goals.

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# PANDEMIC CONSUMERISM SHIFTS

## IDENTIFY HOW YOU WOULD SPEND YOUR MONEY IF ONLY GIVEN TWO CHOICES

	Consumer Decisions	Poll Responses
1	401(k) Contribution	88.5%
	529 Savings Contribution	12.6%
2	Pay Down/Off Credit Cards	93.1%
	Pay Down/Off Student Loans	6.9%
3	Buy New House	19.1%
	Save for Retirement	80.9%
4	Build an Emergency Fund	86.9%
	Pay Down/Off Student Loans	13.1%
5	401(k) Contribution	80.5%
	Health Savings Account Contribution	19.5%

Responses from nearly 250 organizations during "Getting Better With Gallagher Financial Wellbeing" webinar survey.

The COVID-19 pandemic has caused a shift in the way every individual and company functions in day-to-day life. The habits they have spent a lifetime developing are being challenged every day. The way people socialize, access healthcare, exercise, work and entertain themselves has most likely changed. The way individuals and organizations consume goods and services is in the process of adapting. Consumer behavior is a tough balance between comfort and necessity, with many of these decisions dictated by the limitations of the one wallet we have to allocate all expenses.

Daily behaviors have a large impact on financial wellbeing, so we must consider how these behaviors have already changed, and how they will progress at the individual and organizational level. Whether you are self-employed or a Fortune 500 company, we are all striving for financial resiliency. Financial resiliency is an individual's ability to cover the expense of positive and negative life events that impact their income or assets. This period of uncertainty and chronic financial stress can become toxic to an employee's wellbeing if they are not able to pause, find stability and build resilience.

Right now, COVID-19 is testing each person's financial resiliency, and employers are struggling to provide short- and long-term guidance to their employees while managing their own consumer profile. An individual's decision-making blueprint largely dictates how they will work toward their own wellbeing, engage in available resources and behave as they return to the workplace. Think about what you've learned about your employees and business strategy throughout this pandemic. What types of consumers make up your workforce? What does your organizational consumer profile look like? Everyone wants to be the employer that is generous, transparent, strong and confident. It is rare for an organization to have enough control to tout these features right now, but every employer has the opportunity to provide empathy. Exploring the individual experience of your employees and your ability to influence that experience as the employer will help you work toward a more resilient future.

### Individual consumer experience.

In emergency mode, it may be tempting to push every possible resource to employees, but the need to gain engagement and communicate effectively hasn't changed. Employers still need to identify their specific workforce needs, and provide targeted, focused resources in order for them to resonate and gain employee buy-in. The impact each employee is feeling boils down to the decisions they are being forced to make.

In the chart on the left, employees from nearly 250 organizations weighed in during a "Getting Better With Gallagher Financial Wellbeing" webinar on five specific scenarios and how they would choose to spend their money if they had only two choices. This exemplifies the choices individuals have had to make as consumers of financial goods, but there is an endless list when it comes to everyday decisions that will impact the way your employees show up (or remain mindful) of their work (physically or remotely) each day.

Ernst & Young studied the way individuals are consuming goods and services throughout the pandemic, and how to predict those habits will change as employers move into a recovery period. Using survey response data, they developed unique consumer groups representing current trends and future predictions.

As you craft a strategy to help your employees achieve their financial goals during recovery, you should consider the unique consumer groups and profiles your employees may identify with.

- **Get to Normal (31%):** Spending largely unchanged. Daily lives were never really affected.

9% of participants changed their savings rate between February 23 and May 16, but over half of the changes were increases.

- **Cautiously Extravagant (25%):** Middle-to-high income. Will spend more in areas important to them.
- **Stay Frugal (22%):** Trying to get back on their feet. Pessimistic about the future.
- **Keep Cutting (13%):** Least likely to be working. Making deep spending cuts. Changing what they buy and how.
- **Back with a Bang (9%):** Younger and working. Spending much more in all categories. Optimistic about the future.

Entry into a recovery period will bring about new expenses for individuals. Each person will be considering how to work transportation, leisure and investment expenses back into their consumer profile. It is difficult to cater to any one of these groups, but you can expect the majority of your employees to be, at minimum, searching for guidance on budget resets, emergency savings and loan accessibility as they reappraise their lifestyles.

As an employer, your opportunity to influence employees' route to normalcy and long-term financial behaviors is anything but small.

### Review retirement plan design and communications.

The ability to retire is the cornerstone of financial wellbeing for most individuals. The triple whammy of volatility in the markets, historic unemployment numbers and declines of household income has created setbacks for many individuals. Reports from retirement plan record-keepers are showing that participant actions have increased, but not all of the transactions are negatively affecting successful retirement planning strategies.

In fact, despite a 25%–35% increase in digital and call center activity, 97% of participants have stayed on their original investment course.<sup>2</sup> Furthermore, 9% of participants changed their savings rate between February 23 and May 16, but over half of the changes were increases.

Employees are more open than ever to engage in financial wellbeing discussions. Statistics reveal the major topics are market volatility, investing and retirement savings. The way your organization communicates the available assistance may be the important nudge an individual needs to make choices that enhance their financial wellbeing. Employers can start by reviewing the options currently available to them with their consultants. It is not a matter of increasing your investment in compensation or new solutions; it is a matter of increasing awareness by using existing assets.

Most organizations know that the likelihood of successful outcomes increase with better employee engagement and wellbeing. Consider the following strategies to help employees rebuild their financial wellbeing in this turbulent environment.

- It may take more than one nudge to get to action, so remain persistent in your communication. Growing a culture of financial resiliency takes time and commitment. Stick with it.
- Meet people where they are on their journey. Individuals absorb information differently depending on their learning styles and may be affected by the social determinants of health. As you look at your workforce, consider how these social determinants of health are affecting their state of wellbeing: access to food, security, financial resources, education, medical care, physical environment and overall economic stability. Employers will amplify their chances of positively impacting behaviors by using different delivery channels that acknowledge these determinants as well as basic generational differences. Webinars, podcasts, emails and live webcasts should all be available to meet the needs of different learning styles.

- Prioritize the match. If you had to suspend or decrease your employer contribution to the retirement plan, search for ways to bring it back, and know it is OK to bring back a different matching schedule. Are there savings in other areas of your total rewards spending that you can reallocate to a match in 2020? If you were doing 50 cents for every dollar, try 25, or 10. Employees will consider this an investment in their financial resiliency and the overall culture of wellbeing at your organization.
- Talk about loans and distributions. The CARES Act may have allowed individuals to access their funds more easily. Employers can provide guidance by sending regular reminders to evaluate contribution levels according to retirement goals and ensure that financial stress is minimized.
- Broaden the conversation and identify the impact of financial stress on daily responsibilities. This is an opportune moment to reach out to employees with an acknowledgment that their finances may not be in a state of pristine health. But a checkup, diagnosis and plan going forward facilitates better individual and organizational wellbeing.

## Holistic approach that looks at the whole person.

While we cannot depend on economic predictability, we can strive to combat that uncertainty with resilient workforces. Organizations with a sustainable culture of wellbeing are made up of employees that acknowledge and engage in all areas of their wellbeing.

Financial stress is a major deterrent to positive total wellbeing at this time, making an employer's ability to prioritize financial education, resource awareness and retirement strategy vital. Employees will remember how their employer supported them during this time. Whether it be dollars from the budget or simply time spent communicating, the actions taken during this time will speak volumes about your organization's culture, and serve as a key tool for retaining and attracting talent. When employers consider their financial wellbeing strategies and meet employees where they are, they are making an investment in a productive, resilient workforce — enabling every employee to find their **better**.

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Wellbeing & Engagement

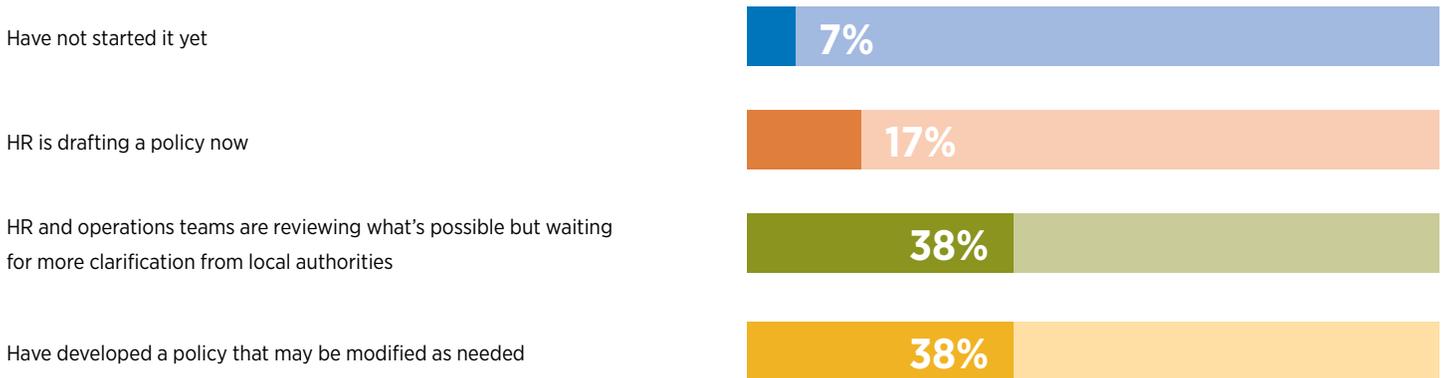
<sup>1</sup>COVID-19 and the consumer: how a pandemic changes consumer behaviors

<sup>2</sup>Voya Financials' Trends and Important Updates newsletter, May 21, 2020

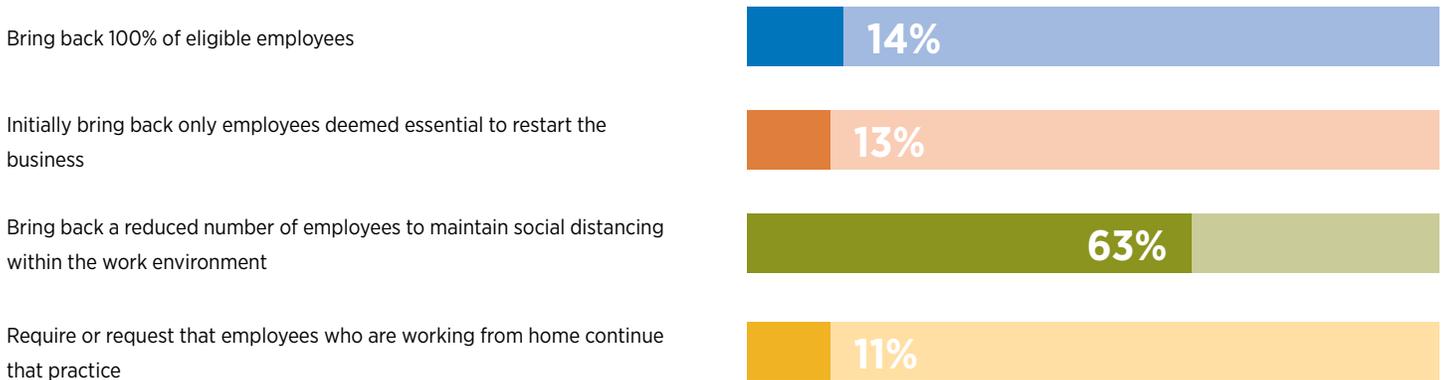
# INFOGRAPHIC: COVID-19 PULSE SURVEY EMPLOYER RESPONSE

Our return to workplace survey provides valuable insights surrounding return to workplace planning and policy changes. Over 1,000 organizations of all sizes and in various industries participated between May 1 and May 29, 2020.

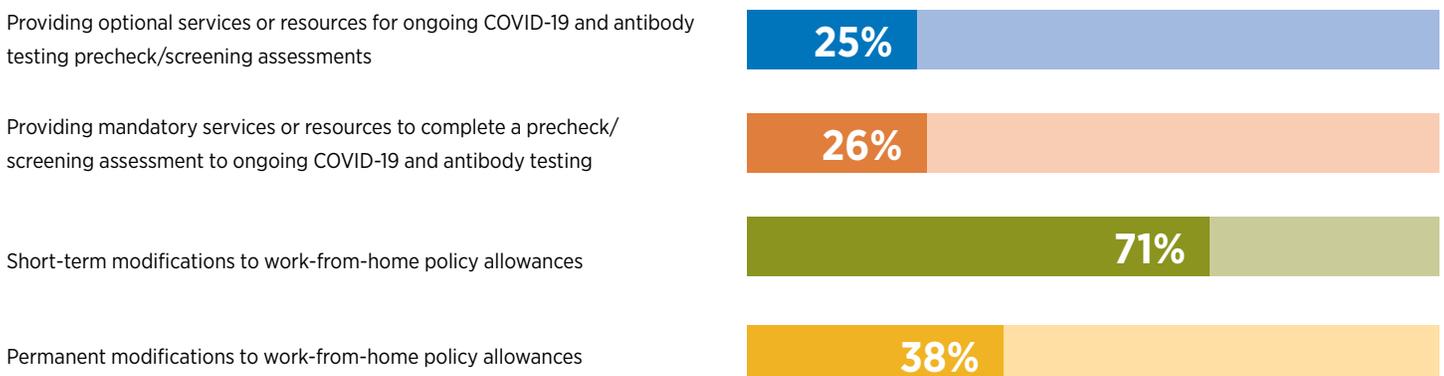
## DEVELOPMENT STAGE OF THE RETURN-TO-WORKPLACE STRATEGY



## PLANNED APPROACH FOR BRINGING EMPLOYEES BACK TO THE WORKPLACE



## POTENTIAL MEASURES TO BE IMPLEMENTED WHEN SHELTER-IN-PLACE REQUIREMENTS ARE LIFTED



## LENGTH OF TIME SOME OR ALL EMPLOYEES WILL CONTINUE TO WORK FROM HOME

Only until isolation, quarantine and shelter-in-place orders are lifted



For a few weeks or months after isolation, quarantine and shelter-in-place orders are lifted



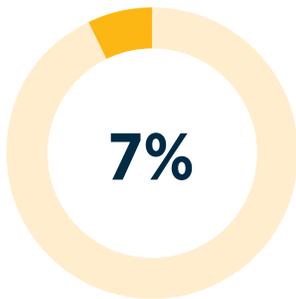
Indefinitely



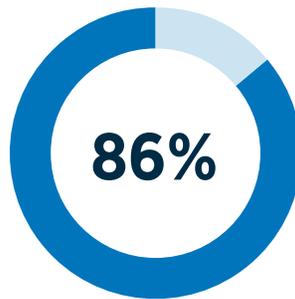
None of our employees are able to work from home, so this option doesn't apply



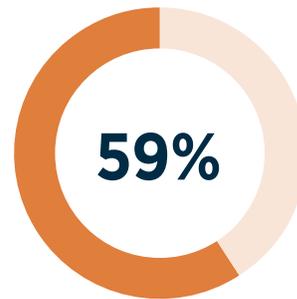
## WORK POLICIES THAT WILL BE RETAINED AFTER THE CRISIS HAS PASSED



Job sharing



Work from home



Flex scheduling

# CONTRIBUTORS

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*Kathleen collaborates with practice area subject matter experts to develop the Gallagher Better Works<sup>SM</sup> Insights report. As the global innovation leader for Organizational Wellbeing, Kathleen works internally with Gallagher teams to develop innovative insights, publish concepts and create tools to enhance all the dimensions of wellbeing — physical/emotional, financial and career*

*Externally, Kathleen speaks nationally on organizational wellbeing and resiliency, and the connection between culture, behavior, risk and business outcomes. She works to further Gallagher's consultative approach, Gallagher Better Works<sup>SM</sup>, through thought leadership and strategic client work.*

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# ABOUT GALLAGHER

COVID-19 is an evolving risk that Gallagher continues to monitor through the Centers for Disease Control and Prevention and the World Health Organization. Please visit our pandemic preparedness page for the latest information.

GET ACCESS

Download the Gallagher Return to Workplace Guide and our latest COVID-19 employer survey report.

DOWNLOAD

## Better. It's something all companies strive for. Better outcomes from better performance. But how do you get there?

You start by building a better workplace. One that attracts, engages and retains top talent. What does that look like? It's a workplace where people feel they belong — where there's a sense of developing a career instead of punching a clock. And a culture of opportunity that draws new talent because it inspires employees to deliver their personal and professional best.

Gallagher Better Works<sup>SM</sup> — a comprehensive approach to benefits, compensation, retirement, employee communication and workplace culture that aligns your human capital strategy with your overall business goals. It centers on the full spectrum of organizational wellbeing, strategically investing in your people's health, talent, financial security and career growth. And developing benefit and HR programs at the right cost structures to support a multigenerational workforce.

From evaluating the demographics of your workforce to surveying and analyzing competitor trends, Gallagher helps you gather new insights, and apply best practices that promote productivity and growth. A data-driven focus allows you to continually improve. That's what it means to create a better workplace culture. It's about never being content to rest each time you reach your best. Your better is never finished.

As you develop and sustain this destination workplace culture, your people can thrive and perform at a higher level, optimizing your annual talent investment and mitigating organizational risk to maximize your profitability. Best of all, you gain a competitive advantage as a workplace that simply works better.

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