

Mercer survey results

leading through the pandemic

As we face a second wave of COVID-19, here are learnings from six employer surveys from April to October.



introduction

Over the past seven months, Mercer has conducted a series of surveys to provide a platform for employers to share their experiences with the coronavirus – in particular, the actions taken to protect their employees and their businesses. As we head into the winter months, the pandemic remains an ongoing and evolving issue, with much of the US experiencing yet another surge of cases. While rising infection rates are deeply concerning and demand our full attention, it is important to keep in mind what we have learned over the course of the pandemic and use that information to better manage our ongoing response.

To that end, we reviewed past survey responses to see how employer attitudes may have changed since the onset of the pandemic and identify the themes that employers should continue to keep top of mind.

Employers have a positive business outlook

In our September survey (the most recently completed), employer respondents show optimism in their business outlook for the next six months, with 46% expecting similar results compared to what they were pre-COVID, and 32% actually expecting growth in the next 6 months. Fewer than a fourth expect a decline in their business results.

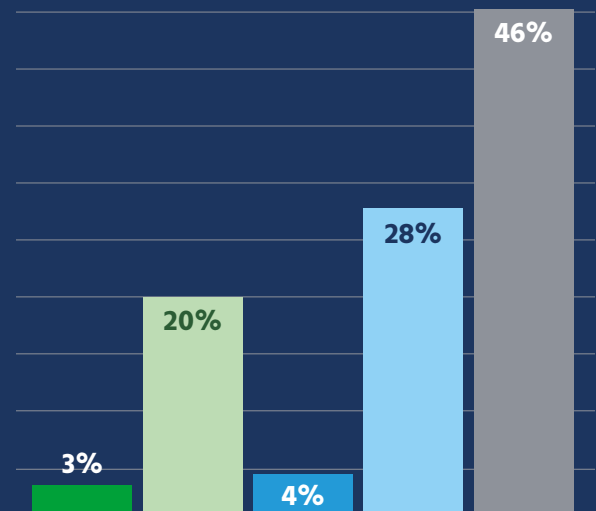
Clearly, some business sectors have been hit much harder than others. But this level of optimism among the majority of respondents – even as we saw the first signs of the fall resurgence – is heartening. While it may reflect to some extent the easing of restrictions on businesses and talk of a COVID-19 vaccine on the horizon, it's also likely that, with months of pandemic response experience under their belt, employers believe they are equipped to respond and adapt as needed.

- Decline significantly
- Decline
- Grow significantly
- Grow
- Expect results similar to pre-COVID period

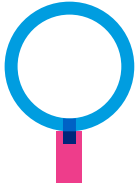
Survey Series Breakdown

Survey Number	Number of Respondents	Month	Field Period
3	583	April	3/31-4/17
4	784	May	4/20-5/11
5	505	June	6/1-7/6
6	819	July	7/6-8/16
7	200	Sept	8/24-9/30
8	300+	Oct	10/15-

Employers predictions for their businesses over the next six months compared to their pre-COVID-19 state



Source: Mercer survey, September 2020



Leading through the surge: Using what we've learned

While many employers feel prepared for the times ahead, we will continue to face significant challenges. Both survey results and our experience working with our clients since the beginning of the health crisis suggest that the five areas listed below – and covered in this report – will need our most focused attention:

Leave policies that flex to fit the times

Employers need flexible leave and PTO policies that can handle evolving needs of workers and their families.

Keeping employees safe at work

Most companies have returned at least some portion of their employees to the workplace, even though the overall percentage of US employees back at the worksite remains low. Employers should implement physical distancing, cloth facemasks, handwashing, cleaning and disinfecting, and contact tracing because it instills confidence in workers and we know it works.

Flexibility now and for the future

To build on the success of remote working, companies must look to the future and define an inclusive workforce plan that allows for flexibility at scale.

Caregiving support

Schools are not returning to regular schedules any time soon, and working parents need flexibility and practical caregiving support from their employers.

Impact on health and well-being benefits

Employers are expecting “normal” health plan cost increases for 2021, although continued vigilance in managing cost is only prudent. But with a little breathing room in 2021, employers can shift their attention to behavioral health and telemedicine strategies.



leave and PTO policies

Leave and PTO policies had to become more flexible during the pandemic – and there’s a case for making flexibility a permanent feature.

Emergency leave policies

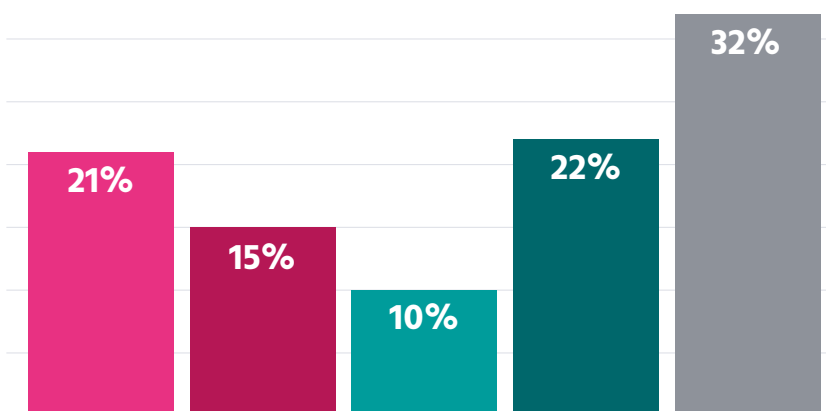
At the onset of the pandemic, only 19% of respondents to our April survey had an existing emergency leave policy in place that they believed would be adequate for the COVID crisis, and 21% thought they didn’t need an emergency leave policy. But as the threat of COVID-19 pandemic became a reality, it became clear that employers needed a leave policy that would encourage employees to quarantine if they or a family member were exposed to COVID-19, and our July survey found respondents were moving in that direction. Just 22% required employees to use vacation or PTO for a quarantine (or, if unavailable, to go unpaid); the rest provided paid leave for one quarantine (15%), multiple quarantines (21%), unlimited quarantines (10%), or were considering revising their emergency leave policy to address the need for multiple quarantines (32%).

- 21% do not have an emergency leave policy, and are not considering implementing
- 10% are considering implementing an emergency leave policy
- 31% implemented a new emergency leave policy
- 18% modified an existing emergency leave policy
- 19% are using an existing emergency leave policy, no change necessary



Source: Mercer survey, April 2020

Providing paid leave for employees who have already been out on quarantine once but need to quarantine again



Source: Mercer survey, July 2020

- Providing paid leave for multiple, but not unlimited, quarantines
- Providing paid leave for one period of quarantine only; after that, employees must use PTO or vacation or go unpaid if unavailable
- Providing unlimited paid leave to allow employees to quarantine as often as needed
- Not providing paid leave specifically for quarantine; employees must use PTO or vacation or go unpaid if unavailable
- Not sure yet, considering changing the emergency leave policy to address

Most emergency leave policies are set to expire by the end of the year – but the pandemic is not. To determine the best course moving forward, employers need to review their data to answer some key questions: What percent of employees have exhausted their leave already? Are those employees in a segment of the business that cannot work remotely? Have employees built up a

surplus of PTO that could be used for quarantines? Does the list of eligible reasons for emergency leave include school closings and, if not, should it? Of course, an overarching question is, given the status of the business, how much more PTO can the organization afford to provide.



Preparing for a second wave of COVID – and a wave of regulations

Right now, the most important objective for an emergency leave policy is to ensure that employees are able to quarantine as needed in the face of a second wave. But employers should also think about this objective in the context of the broader leave program. Many states and cities have passed their own paid sick leave mandates or expanded statutory disability and paid family leave benefits. Along with the pressures of the pandemic, the need to coordinate with government mandates gives employers another reason to think beyond stop-gap measures and consider a new, more sustainable approach to PTO and leave policies.

According to Mercer's Simon Camaj and Rich Fuerstenberg, who are our Leave and Disability experts, employers might also take this opportunity to **revisit unlimited PTO policies**, which not only addresses the issue of excess accrued PTO but also offers flexibility without increasing time off allowances or implementing policy changes to administer.



keeping employees safe at work

Focus on what works: physical distancing, masks, handwashing, cleaning and disinfecting, and contact tracing.

Beginning early summer, state and local restrictions began to ease and employers were tasked with crucial decisions regarding when and how to return employees to the workplace while prioritizing keeping employees safe. Without a unified national strategy for testing, and inconsistent availability of COVID-19 test kits and lab capacity, employers were largely left to establish their own return to the workplace plans based on local guidelines.

In our June survey, about 80% of the respondents reported that at least a small portion of their employees – typically fewer than a fourth --were back in the workplace. Initially, it was thought that testing employees for the actual virus as a means of preventing outbreaks at the worksite would play an important role in return to work strategies. But broad-based testing – that is, testing employees who don't have symptoms and don't believe they have been exposed – remains relatively rare. For most employers, the difficulties of administering tests and getting results back in a timely manner have so far made this form of screening impractical. In our July survey, onsite temperature checks and onsite symptom questionnaires were more common, with each administered by 56% of respondents.

With time, screenings are becoming still more streamlined. Early results from our October survey (still open at the time of this writing) show that only 43% of respondents are now performing onsite temperature checks and just 24% are administering onsite symptom questionnaires – while 53% are requiring employees to self-administer symptom and exposure screening virtually.



percent of respondents that reported at least some of their employees were back in the workplace

Source: Mercer survey, June 2020

Screenings and assessments being conducted or planned for employees returning to the workplace

Requiring employee self-assessment and verification

56%

Administering temperature screening onsite

56%

Administering symptom questionnaire onsite

42%

Requiring employee self-temperature checks and verification

34%

Performing screening for presence of virus (PCR testing)

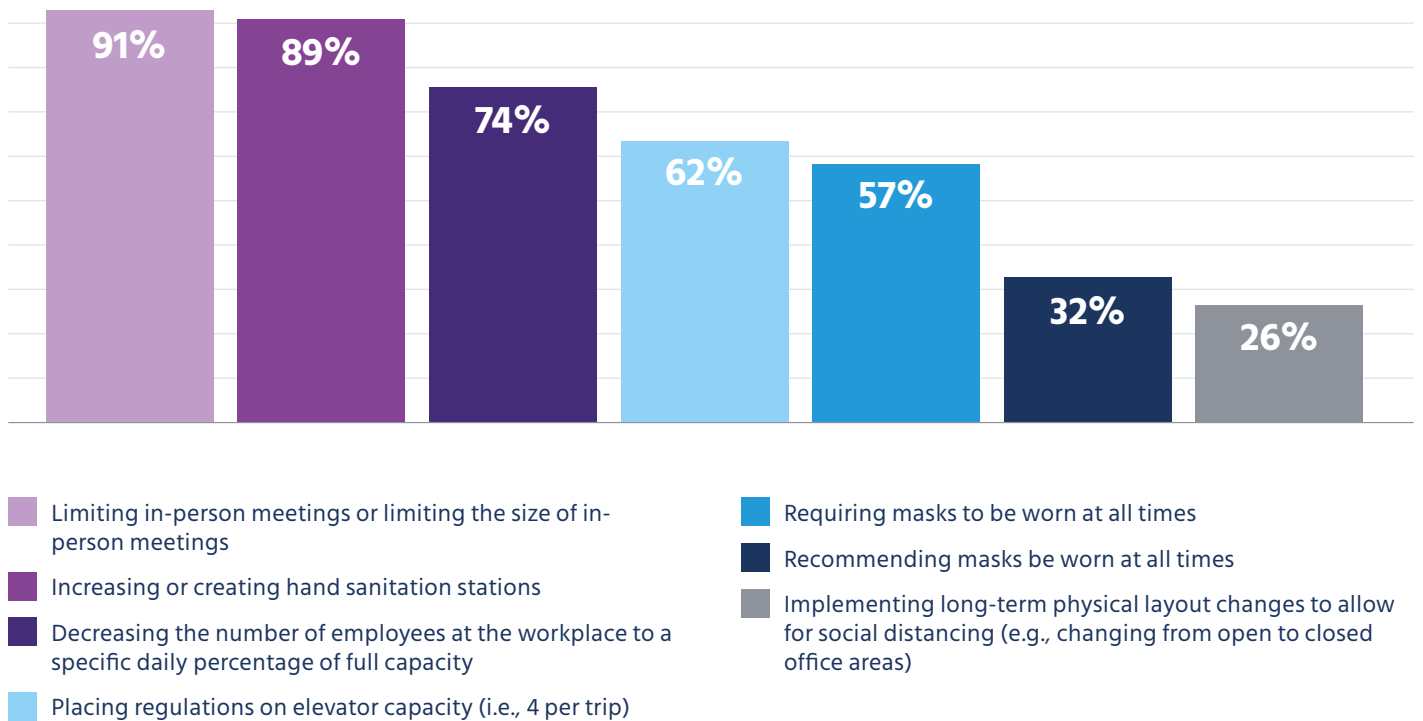
5%

Not planning or do not conduct any screenings or assessments

10%

Source: Mercer survey, June 2020

Measures taken, or planned, to protect employees at the workplace



Source: Mercer survey, June 2020

To prevent possible transmission at the worksite, employers are following science and supporting and enforcing the behaviors that we now know we can limit the spread of COVID-19: keeping physical distance, wearing facemasks, washing hands, enhancing cleaning and disinfecting surfaces.

But, according to Mercer's Dr. Dave Zieg, one strategy may not have received the attention it deserves: contact tracing. While contact tracing is understood to be the responsibility of public health officials in the US, these resources have been stretched thin, especially in hot spots where cases are spiking. Just under half of the respondents to our July survey were conducting some form of contact tracing. Most often, they were able to use existing employees to conduct contact tracing – only 4% say they hired

staff or contracted a vendor. With the second wave fast upon us, employers that don't yet have contact tracing in place are advised to consider it. To learn more, see Dr. Zieg's blog post, which includes a handy workflow [Contact Tracing at work, works – and it's not that complicated](#).

It's also not too soon to think ahead to when a vaccine will become available. Some employers may choose to distribute the vaccine to employees; all will need to communicate about it. In our October survey, 7% have already begun discussions with public health officials or their carriers about purchasing, distributing, and/or covering vaccines. Learn more here: [Getting Ready for a COVID-19 Vaccine](#).

How COVID-19 contact tracing at the worksite is handled (or will be handled)

47%

Using existing employees to do contact tracing

8%

Providing a contact tracing training program for existing employees

4%

Hiring additional staff/vendor to do contact tracing for them

Source: Mercer survey, July 2020

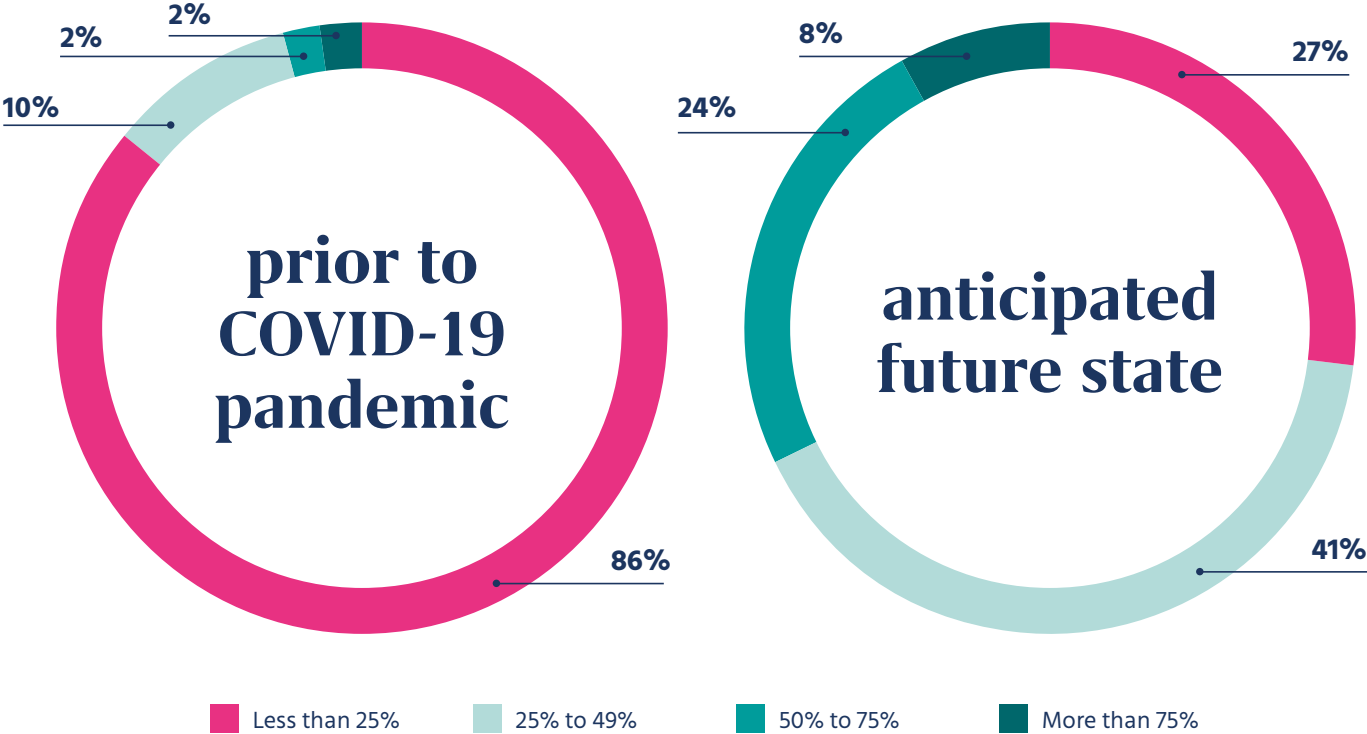
flexibility now and for the future

Employers need a workforce plan that drives flexibility at scale

One of COVID-19's long-lasting legacies will be driving the rapid transition to remote working for companies in the US. Before the pandemic, according to Mercer's 2020 Global Talent Trends Study, executives believed that only about 45% of the workforce would be able to adapt to remote working and a new, more flexible style of work. COVID-19 has shattered that belief. In our April survey, nearly nine out of 10 respondents were offering flexible "work

from home" options to employees as a means to keep them safe during the onset of the pandemic. The real surprise, though, is in comparing the level of remote working prior to the pandemic to the anticipated future state: Where only 14% of respondents to our July survey reported that at least a fourth of their workforce was remote before the pandemic, 73% believe that will be the case after the pandemic.

Percentage of the total workforce expected to work remotely after the pandemic



Source: Mercer survey, July 2020

This future vision is only possible because employers have reason to believe, based on the initial results of this vast, impromptu experiment, that remote workers are productive. In fact, 90% of respondents to our July survey said that productivity has stayed the same or improved with employees working remotely during the pandemic. To continue and build on the current success of remote working, employers will need a long-term workforce plan that supports flexibility at scale.

While remote workers have many of the same needs as onsite workers, employers are also thinking creatively to find ways to support the unique needs of remote workers, especially during a health crisis that has many of them cut off from other sources of social support. In our July survey, more than half of respondents (56%) had established optional virtual wellness and socializing moments for remote workers (e.g., tea breaks, yoga moments). But nearly two-thirds (63%) recognized that training managers to enable flexible working would be the best way to improve it.

Employers can also provide financial support for employees who incur expenses in the transition to remote working. In our June survey, when many employers were still unsure how much longer it would be before it was safe for employees to return to their physical workplaces, only about half said they assisted with remote working expenses. By September, about two thirds reported providing equipment or reimbursement of remote working expenses for electronic equipment, ergonomic and non-ergonomic office furniture, and even internet fees.

Will provide equipment or reimburse employees for expenses related to remote working

Laptop

55%

Mobile phones

33%

Printers

26%

Ergonomic office equipment

24%

Non-ergonomic office equipment

19%

Internet

16%

Utilities

4%

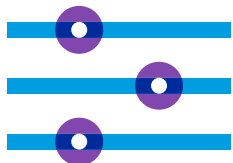
None of the above, our company is not assisting with work from home expenses

32%

Source: Mercer survey, September 2020

The pandemic has accelerated an ongoing move to more flexible working. According to Mary Ann Sardone, US Talent Solutions Leader at Mercer, as we move through the next phase of the pandemic and beyond, flexible working will continue in its current form – but with more emphasis on sustainability.

Employers are already making plans to build the infrastructure to flex at scale for the longer-term. Sustainability of people programs (talent, rewards, well-being through virtual means) will continue to take shape as businesses work to maintain business operations through the second wave. To learn more about Mercer's point of view on workforce flexibility, take a look at the report: [The new shape of work is flexibility for all.](#)



What flexibility is possible?



What flexibility is desirable?



What flexibility is sustainable?

caregiving support

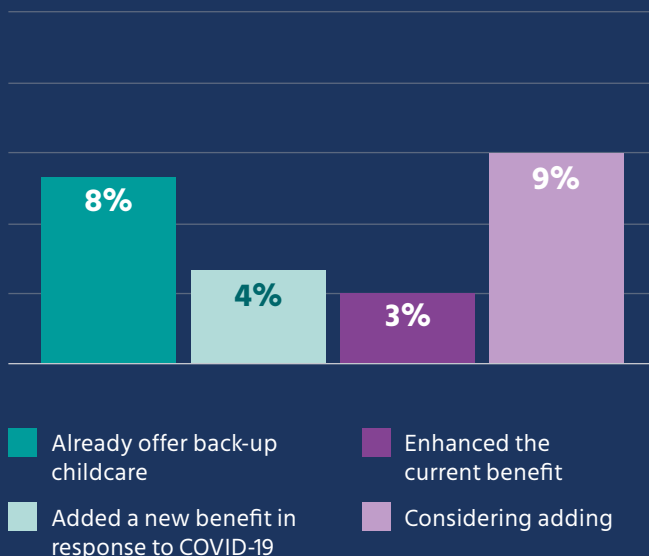
Working parents need flexibility at work and from work – but also practical caregiving support

When the COVID-19 pandemic was declared a national emergency in March, many schools across the nation closed alongside non-essential businesses. Virtually overnight, working parents were confronted with the challenge of caring for their children while working. Most employees did not have immediate access to back-up care to support their children during school hours. Even for parents who can and want to pay for childcare, in the midst of a pandemic, there are fewer options available for school-aged children.

In our April survey, only about one in ten respondents already offered back-up childcare solutions and only another 4% said they would add the benefit in response to COVID-19 pandemic. Absent alternative caregiving solutions, employers tried to support employees by offering remote working and flexible work hours, with the hope that there would be a return to normalcy or viable solutions available come the fall. But summer came and went, and it became clear that schools would not be returning to business as usual. Instead, school districts around the nation found their own approaches: virtual-only, a hybrid of in-person and virtual, or even full in-person schooling.

More recent surveys show employers providing support to employees in three broad categories – flexibility at work, flexibility from work, and caregiver support.

Back-up childcare for employees who have dependent children at home during school closures

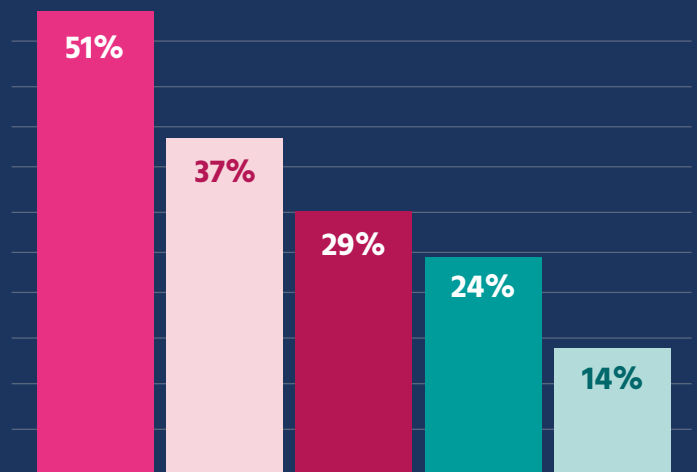


Source: Mercer survey, April 2020

Flexibility at work: Employers are largely responding to disruptions in school schedules or caregiver services by offering more flexibility. In Mercer's September survey, 51% of respondents are allowing parents to change their schedules and 29% are allowing parents to perform other work that can be done outside of normal business hours. Other ideas employers can consider are:

- **Compressed work weeks** – for example, it is already common in some industries for employees to work 40 hours in four days and has one day off.
- **Job sharing or reduced schedules** – coordinate schedules of two employees to reduce their time at work by sharing a job.

Accommodations for working parents/ caregivers dealing with disruptions in school schedules or caregiver services



- Allowing parents to change their schedules
- Employees who typically work onsite can continue to work remotely until dependent care coverage issues are resolved
- Allowing parents to perform other work that can be done outside of normal business hours
- Allowing parents to switch to part-time status on a temporary/limited basis
- Creating weekend/evening/overnight shifts to provide more flexibility for parents

Source: Mercer survey, September 2020

Flexibility from work: Employers are also being asked by employees for flexibility from work through leaves of absences and part-time schedules in order to take care of their children and support their remote learning.

Caregiving support: Employers can also provide practical support for working parents and caregivers.

- *Referral, navigation or placement* resources provide a platform to source back-up or full-time child care.

- *Virtual educational offerings* provide interactive sessions for pre-school aged children and enhanced access to tutoring or homework help for school-aged children.
- *Support for creating a care cohort or co-op.* In a care cohort, multiple families share a caregiver and the cost of the services, or even take turns providing care themselves.

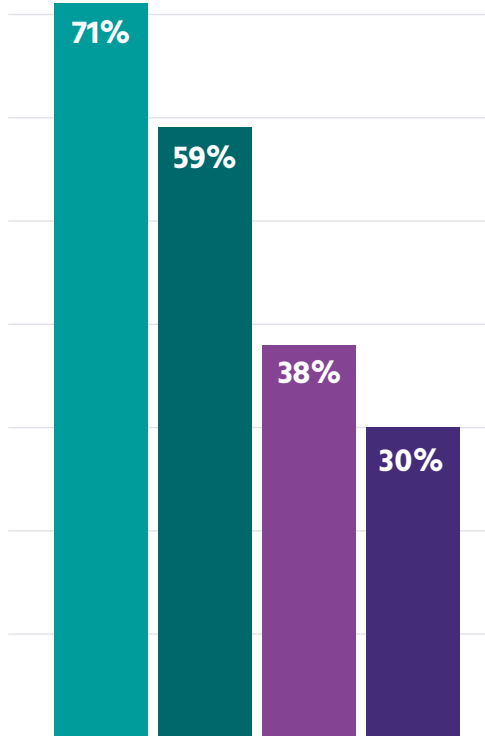
Impact of school closures on business operations so far



impact on health and well-being benefits

With “normal” health benefit cost increases predicted for 2021, employers can shift focus to behavioral health and telemedicine.

Key areas of focus for health and welfare benefits in 2021



- Well-being programs (e.g., mental, physical, financial, and social)
- Digital health (e.g., telemedicine and smartphone apps)
- Cost management (e.g., higher deductibles, employee contributions, reduced limits, and premiums)
- Inclusive benefits (e.g., women's health, and equity for minority groups)

The cost outlook

At the onset of the pandemic, employers faced great uncertainty about their business operations as well as their projected medical costs due to the pandemic. Would medical costs increase due to COVID-19 treatment while business was slowing? If so, should they take cost-cutting measures in the near term and expect to slash benefits in the future to manage costs? In our April survey, about half of respondents had taken steps to prepare for the financial impact of COVID-19 related health care claims.

But as it turned out, between state and local shelter-in-place requirements and general concern about the dangers of visiting healthcare facilities, the numbers of non-essential medical visits and procedures fell dramatically during the spring and early summer. An analysis of medical claims in April revealed that spend was 40% lower than pre-COVID expectations, [according to Mercer's Chief Actuary, Sunit Patel](#). At that time, he also cautioned that a secondary impact of deferred care on future utilization and illness severity could drive costs in 2021. But what can we expect now, given the rapidly rising rates of infection around the country? As he explains, what we've seen this year is that increases in COVID testing and COVID treatment costs are often offset by deferred/cancelled care for non-COVID services. In his view, if this relationship persists, the recent surge should result in a modest cost impact overall – although actual experience will of course vary from employer to employer.

While cost predictions vary widely depending on the assumptions used, early results from [Mercer's National Survey of Employer-Sponsored Health Plans 2020](#) show that, on average, employers expect health benefits cost to grow 4.4% in 2021, which would be in line with cost growth in recent years. In another pleasant surprise, the survey also found that only 18% of employers say that they will take cost-saving measures that shift more healthcare expense to employees, such as raising deductibles or copays. In fact, the majority of survey respondents (57%) will make no changes whatsoever to reduce cost in their medical plans in 2021 (compared to 47% making no changes last year, and just 44% in 2018). Employers know that their employees have a lot to deal with, and the majority have chosen to spare them a major change in their health plans.

Instead, employers are focusing on two areas of healthcare that have been in the spotlight during the pandemic. First is support for employee well-being, particularly in the area of behavioral health; already in short supply, behavioral health care is now in still greater demand due to the stress and isolation of the pandemic. Second is telemedicine, which has experienced phenomenal growth during a time when in-person visits to healthcare facilities would increase the risk of disease transmission.

Behavioral health

You would think that pandemic stress would have resulted in a spike in behavioral health claims. But an analysis of claims information by Mercer behavioral health experts actually found a 25% decrease in behavioral health claimants from March to May 2020, compared to the same timeframe last year. Additionally, many EAP vendors have reported dips in clinical utilization throughout their member populations. Just as utilization of non-essential medical services have declined, so has utilization of behavioral health services. But these services are far from non-essential, and the analysis raised real concerns that employees and their families are not accessing the mental health resources they need during these worrying times.

Mercer's Behavioral Health Consulting Leader, Sandra Kuhn recommends employers to examine their existing behavioral health programs to and identify any gaps that can be improved

There's no turning back the clock. During the pandemic, many patients – and providers – tried telemedicine for the first time and had a good experience. They will expect this type of convenience going forward.

And as the June survey results suggested, both members and employers found that telemedicine performed well during its trial by fire, meeting the increased demand and delivering a valued service. This is an important reason why, when asked about health program changes they were contemplating for 2021, employers put "adding, expanding, or incentivizing virtual care and telemedicine" at the top of the list.

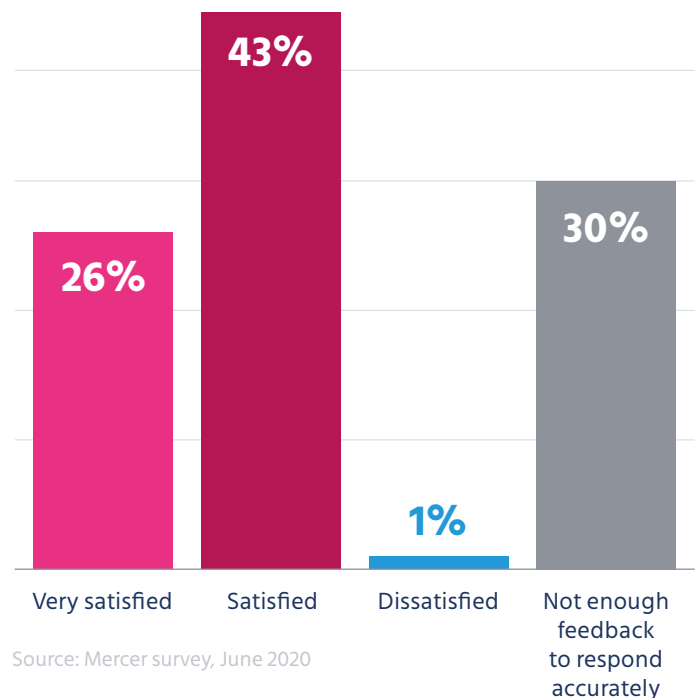
Rapid advances in virtual care are creating the opportunity to transform the health care system in a very meaningful way for patients, providers and payers. Here are some considerations as you start to plan for your health program's virtual care transformation:

to meet the needs and desired experience for employees. Sandra also suggests that employers ensure that supports are in place for managers and supervisors as these individuals are positioned to support their teams by identifying employee needs, assisting them in navigating to services to address low-acuity behavioral health challenges, and reducing stigma by promoting these services. To learn more, take a look at Sandra's blog post [Why invest in behavioral health in times like these](#).

Telemedicine

Since the pandemic began, we have seen unprecedented growth in telemedicine and virtual care usage. Thanks in part to congressional action, which relaxed security standards and temporarily allowed Medicare to reimburse providers for virtual visits at their office visit rates, we also saw, early on, telemedicine being used as an alternative to in-person visits to triage COVID-19 symptoms in order to reduce exposure risks.

Satisfaction with telemedicine/virtual care performance during the pandemic, in terms of response time and member service



- **Virtual care as the new foundation to rebuild primary care.** Convenience could be a game-changer to support engagement with a primary care provider, which in turn supports early identification of health issues and care continuity.
- **Balancing utilization and right-sizing reimbursement.** Telemedicine visits are more convenient than office visits—for patients and providers. As their comfort level with telemed increases, so will utilization. Just as virtual visits can replace some office visits, healthcare AI can replace some virtual visits. Finding a good balance and right-sizing reimbursement to align with the efficiencies of virtual care will be the key to unlocking its value.

final thoughts

As the year draws to a close, nothing seems certain but continued uncertainty. The challenge for employers is to be both proactive – using hard-won knowledge gained over the past seven months – and flexible – ready to change course as conditions demand. Here are some considerations that Mercer consultants are discussing with employers as they shift into a “response mode” once again:

- **Communication matters now as much as at the beginning of the pandemic.** You are a trusted source of information for your employees, so be sure your own sources of information are reliable and up-to-date as situations change around the country.
- **Promote telemedicine.** The appropriate use of telemedicine reduces contact risk and eases the burden on overloaded healthcare facilities coping with the surge. You can also use the opportunity to set the stage for your longer-term telemedicine strategy.
- **Promote prevention and compliance.** Remind employees to check on maintenance medications and consider ordering a bigger supply to cover a longer period of time. Anything you can do to help members with chronic disease stay compliant is important.
- **Communicate that behavioral health care is for everyone.** Remind employees of the resources available to them. Behavioral health support may be especially important during the holidays, as many people will not be able to congregate for their usual family gatherings.
- **Stay flexible.** Plan for the possibility that even schools that have opened may need to suddenly shut down due to a surge in COVID-19 cases. Support caregivers by allowing them flexibility in how they work and flexibility from work. At the same time, keep looking ahead: We believe that flexible working will become a more permanent way of working, so now focus on long-term sustainability.
- **Review your leave and PTO policies.** Many employers implemented emergency leave/paid-time off policies earlier this year that are set to expire at the end of 2020. These may need to be extended, as it seems unlikely we will be home free heading into 2021. Also, some policies only provided paid time off for an employee to quarantine once if they or someone they lived with tested positive. But with infection rates rising, some employees may need to quarantine more than once before this year is over.
- **Keep an eye on health benefit costs.** While we have reason to believe that the impact of the coronavirus resurgence on medical claims and deferred care will likely be modest, it will of course depend on the length and severity of the surge. This year we've seen that increases in COVID testing and COVID treatment costs are often offset by increases in deferred or cancelled care for non-COVID services. If this relationship persists, the health care cost growth should be relatively stable – but actual experience will range from one employer to the next.

One last suggestion: Think of ways to help out in your neighborhoods. The economic realities of unemployment, homelessness and food banks are going to be more visible and more prevalent. Employers can help by being a source of community support – and if there's a way to involve your employees, so much the better. Helping others is a source of resiliency and strength.