BANK OF AMERICA

HOSPITALS FEEL GREATER RESPONSIBILITY FOR EMPLOYEE FINANCIAL WELLNESS DURING PANDEMIC

New survey highlights the harsh impact of COVID-19 and a need for robust wellness programs

healthleaders

Hospitals Feel Greater Responsibility for Employee Financial Wellness During Pandemic

New survey highlights the harsh impact of COVID-19 and a need for robust wellness programs

KEVIN CRAIN

Head of Workplace Solutions Integration, Bank of America

JOHN HESSELMANN

National Head of Healthcare Banking, Bank of America

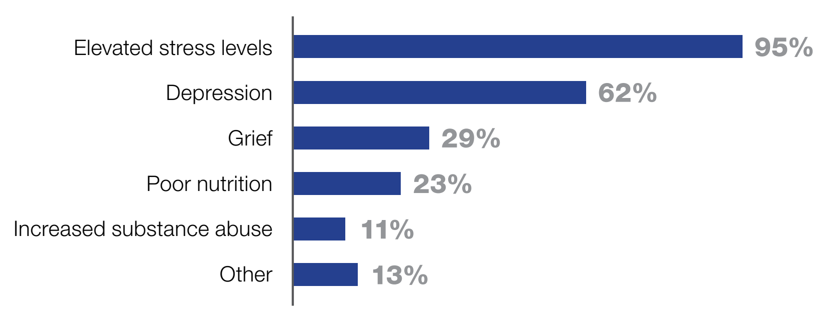
COVID-19 has taken a serious toll on hospital employees of all ages, impacting their financial, physical, and emotional wellness. While hospital employers have provided a wide range of services through employee assistance programs (EAP) over the last decade, gaps are now poking through when it comes to these three areas, says Kevin Crain, Head of Workplace Solutions Integration at Bank of America. "Employers have offered comprehensive health programs during the pandemic, but they haven't expanded wellness offerings to address employees' immediate needs."

Crain says the dramatic shift in employee attitudes and issues during the pandemic means big changes are ahead for EAP services. "In particular, there is a growing need for financial wellness programs to help employees with current financial security issues that bubbled up during the pandemic," he says. "Financial

> **"In particular, there is a growing need for financial wellness programs to help employees with current financial security issues that bubbled up during the pandemic."**
>
> —Kevin Crain, Head of Workplace Solutions Integration at Bank of America

CONSEQUENTIAL NON-COVID-19 HEALTH EFFECTS[1]:

What are some of the more consequential non-COVID-19 health effects your organization's employees are experiencing?

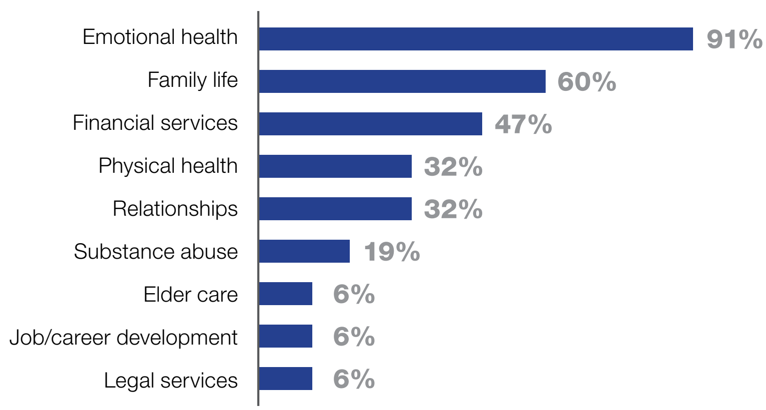


BASE: 109 (MULTI-RESPONSE)

wellness affects so many areas of an employee's life. If you are financially insecure, you may also have emotional and physical wellness issues, all of which bleed into family issues."

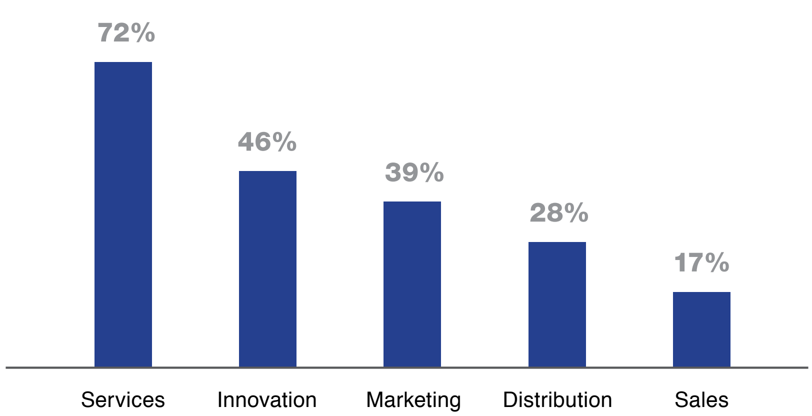
Moving forward, Crain says EAP services will need to integrate financial, physical, and emotional wellness programs to help employees navigate all life stages, especially during the ever-critical present time.

TOP THREE EAP SERVICES WITH AN INCREASE[1]:
What are the top three services within EAP that have seen an increase?



BASE: 47 (MULTI-RESPONSE) *Of respondents reporting an increase

PANDEMIC CHANGES TO BUSINESS MODEL[1]:
Has the pandemic caused you to change anything fundamental in your business model?



BASE: 109 (MULTI-RESPONSE)

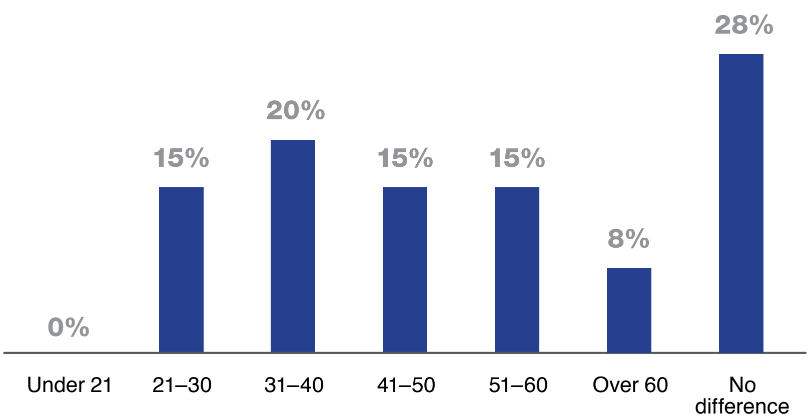
Pandemic intensifies emotional and financial stress

A 2020 HealthLeaders Buzz Survey[1], supported by Bank of America, takes a closer look at these points, polling 109 healthcare executives on the non-COVID-19 health impacts of the pandemic. The respondents, who work at hospitals, health systems, and other healthcare organizations, share key insights on EAP outreach trends, the value of financial wellness programs, and even their own level of responsibility for employees' financial wellness during the pandemic.

Respondents say the pandemic has caused fundamental business model changes across services (72%), innovation (46%), and marketing (39%). It has also significantly affected employee emotional well-being. Respondents acknowledge that some of the more consequential non-COVID-19 health effects include elevated stress levels (95%), depression (62%), and grief (29%). Survey findings show emotional health (91%), family life (60%), and financial services (47%) are the top three EAP services that are seeing an increase in employee participation, which is not surprising given that financial, physical, and emotional wellness all intersect with increased EAP utilization, says Crain.

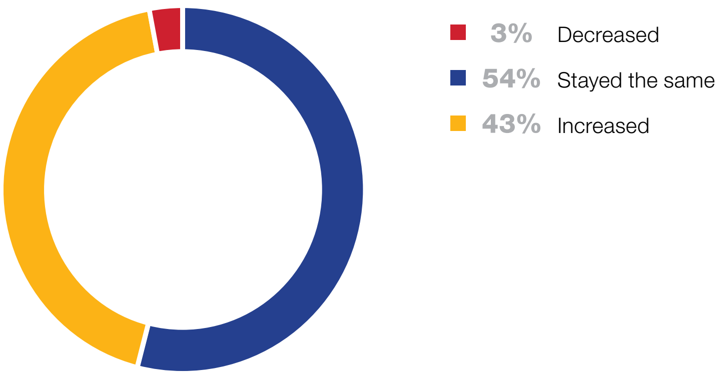
COVID-19 has had a similar impact on employees of all age groups under 60. For example, respondents say employees ages 21–30 (15%) and 31–40 (20%) have experienced the most negative impact from the pandemic vs. employees over 60 (8%). “The older age groups likely feel less of a negative impact because they are toward the end of their careers, have built up more resources, and are more settled,” says Crain. “On the other hand, employees in their 20s who are just starting careers and may be concerned about job or income loss, as well as their health, are going to have more heightened anxiety,” he adds. The issues and their magnitude vary as employees age, Crain says. “Those 30 to 50, for example, are likely to have more family concerns. They also face increased health risks for themselves and aging parents.”

AGE GROUP WITH MOST NEGATIVE IMPACT[1]:
Which age group within your employee population has experienced the most negative impact from COVID-19?



BASE: 109

LEVEL OF EMPLOYEE OUTREACH TO EAP SERVICES[1]:
Has the pandemic caused any changes to the level of employee outreach to EAP services?



BASE: 109

Prioritizing wellness programs

While all of this may be true, respondents admit employees are not taking full advantage of EAP services. Fifty-four percent say employee outreach to EAP services during the pandemic has stayed the same, while 43% say outreach has increased. Moreover, employers say some benefits don’t offer value. “They don’t see the tangible value of financial wellness programs, as evidenced by the 69% that don’t offer them,” says Crain. For the 31% of employers who do provide financial wellness programs, only 11% say they have resulted in tangible benefits.

“It doesn’t surprise me,” he says. “Up until now, employers didn’t see financial wellness as an actual program that they should invest in and give to their employees.” He adds that the term financial wellness has often been associated with education, which doesn’t result in the kind of benefits employers are looking for, such as increased productivity, higher retention, and greater utilization of benefit programs. "The consequence is financial wellness programs have been disjointed, primarily addressing employees' long-term financial needs vs. immediate ones."

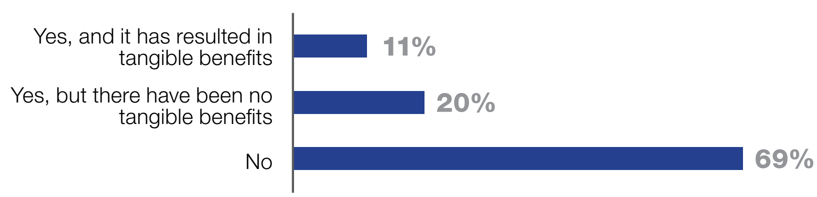
But Crain points out that the pandemic is rapidly changing employer attitudes about the importance of employee financial security. In fact, 63% of respondents say employers have a higher responsibility for employees' financial wellness under the current pandemic. "The world is in a different place, and employers are in a far different state of mind than they have been," he says. "There are pressing concerns about immediate and long-term financial issues for the employee, which is likely contributing to emotional, physical, and family issues, as well as a decrease in productivity. Hospitals see this and are starting to create stronger financial wellness programs."

John Hesselmann, National Head of Healthcare Banking at Bank of America, agrees, noting that employers across all industries are taking greater interest in financial wellness programs. "According to research in our 2020 Workplace Benefits Report[2], 62% of employers said they feel a great responsibility for employee financial wellness, a significant increase from 13% in 2013. Employee financial wellness has

"According to research in our 2020 Workplace Benefits Report[2], 62% of employers said they feel a great responsibility for employee financial wellness, a significant increase from 13% in 2013."

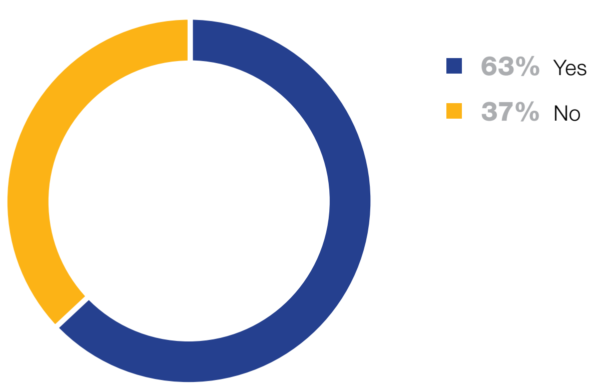
—John Hesselmann, National Head of Healthcare Banking at Bank of America

FINANCIAL WELLNESS PROGRAM AND ITS BENEFITS[1]: **Does your organization offer a financial wellness program, and has this resulted in tangible benefits to your organization, such as increased productivity or retention?**



BASE: 109

EMPLOYER FINANCIAL RESPONSIBILITY DURING PANDEMIC[1]: **Do employers have a higher responsibility for employees' financial wellness under the current pandemic?**



BASE: 109

become part of our overall relationship discussions with banking clients, and it is why we developed our Financial Life Benefits® suite of services."

In response to the employer interest in broader financial wellness programs, the Bank has worked with employers to offer "financial life benefits." Financial Life Benefits® includes education and savings programs for employers and employees and comprises 401k, 403b, Defined Benefit, Health Savings, Deferred Compensation, and Employee Banking programs.

Thinking big

"Wellness has become a far bigger topic for employers due to COVID-19 and will remain so for the unforeseeable future," says Crain. As hospital employers continue to help employees navigate pandemic-related issues, now is the time to ramp up financial wellness services. "Employers need to do things differently, and more aggressively and holistically for their employees' overall well-being."

To this point, Crain says it's time for employers to replace compartmentalized financial wellness programs focused on retirement, long-term savings and general education with a broader array of wellness offerings that complement one another. "Financial wellness is an umbrella topic that needs to span an employee's life stages, including daily financial life," he says.

Crain says some hospitals are already focusing on the three wellness pillars (financial, physical, and emotional), with immediate financial wellness being a high priority. Hospital HR used to be compartmentalized between health and retirement programs with nothing on emotional wellness, but now HR departments are changing their philosophy, he notes. "As a first step, some have created an umbrella organization called 'employee wellness' and are expanding to provide more wellness services, which is a positive sign for future financial wellness programs."

This signals that a major change is coming, Crain says. "Once an employer begins to think differently about the name of their HR department, they are ready to build the right programs around key topics, adding services they never had before, including those focused on emotional wellness and short-term, immediate financial security. Expanding like this during the pandemic and beyond helps employees take more responsibility for their wellness."

Crain says the three distinct life phases of financial wellness include immediate, intermediate, and long-term planning.

"Emergency savings is a key financial wellness topic that has come to the forefront during the pandemic that financial programs typically didn't address before."

—Kevin Crain, Head of Workplace Solutions Integration at Bank of America

"Immediate financial wellness includes services and education employees need to manage their daily financial life, which is a new step for employers," he says. This could include incented no-fee banking, mortgage discounts, and emergency savings programs to help employees accumulate a small amount of savings to use at a moment's notice. "Emergency savings is a key financial wellness topic that has come to the forefront during the pandemic that financial programs typically didn't address before," Crain says. "Financial education with actionable steps around savings, spending, and budgeting is also important because a lot of people don't understand the basics of what to do."

Employers also need to stay on top of intermediate to long-term financial wellness. Crain says many employers already offer a full suite of programs for this life phase, but they must be reviewed continually to make sure services are being maximized, including retirement, long-term savings, and health savings programs. Finally, there are wealth management programs that help employees make other longer-term investments, like college savings.

Long-term value

"Hospital employers haven't offered financial wellness programs in high percentages because the concept of financial wellness was not fully articulated to them and they didn't see the benefits," says Crain. However, he adds, employees who feel financially strong are able to get more done at work. "Our research[1] shows that when employees are distracted at work with financial security and emotional issues, they are less productive. Accordingly, our 2020 Workplace Benefits Report[2] found that 83% of employers believe financial wellness tools lead to greater productivity."

Comprehensive financial wellness programs could also motivate employees to use more benefits. "Hospital employers can easily see when employees take advantage of new programs such as an emergency savings program, or when they are using a retirement plan, which can show an increase in asset accumulation levels," says Crain. Employee satisfaction around financial well-being, which is usually ranked low on surveys, could also increase, he adds. Finally, Crain says when employee satisfaction increases substantially on satisfaction surveys, an employer may see higher retention. "You can generally correlate some of that back to financial wellness programs because employees today are very focused on their benefits and financial well-being."

Crain says the next two years are critical for employee financial wellness programs. "The important question is, what will employers do now that they feel greater responsibility for their employees' financial wellness? My prediction is there will be a sizable increase in programs." ■

SPONSORED BY

BANK OF AMERICA

1. In October 2020, HealthLeaders conducted an online survey that was sent to the HealthLeaders Council and select members of the HealthLeaders audience. A total of 109 completed surveys are included in the analysis.
2. Escalent surveyed a national sample of 996 employees who are working full time and participate in 401(k) plans, and 808 employers who offer both a 401(k) plan and have sole or shared responsibility for decisions made in the plan. The survey was conducted between February 27, 2020 and March 27, 2020. To qualify for the survey, employees had to be current participants of a 401(k) plan and employers had to offer a 401(k) plan option. Neither was required to work with Bank of America Merrill Lynch. Bank of America Merrill Lynch was not identified as the sponsor of the study.