



Southern Cross  
Health Society



# A New Zealand study into hidden costs of unhealthy employees

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natural antibacterial  
and healing qualities.

Healthy people healthy business

# Background

A study commissioned by Southern Cross Health Society (Southern Cross) and conducted by TNS Conversa in November 2008 surveyed 461 employees from the New Zealand workforce. The purpose was to explore the health and wellness of employees in the New Zealand workforce and investigate the potential cost to employers resulting from employees' 'poor' health. The relationship between health insurance and employees' health and wellness was also investigated.

Each employee completed an online evaluation covering key health and wellness areas including:

- smoking status
- blood pressure rating
- cholesterol rating
- alcohol consumption
- eating habits
- BMI (Body Mass Index)
- stress management
- quality of life
- job satisfaction.

Health and wellness measures for each employee for the above areas, as well as other indicators of health and wellbeing, were used to calculate an overall 'health-adjusted' age for each employee.

Employees with a health-adjusted age one or more years higher than their actual age were classified as having poor health, while employees who scored between one to ten years lower than their actual age were classified as having good health.

Employees were also asked about the health and wellness interventions offered within their workplace, the level of support from their organisation for these interventions and the number of 'absence' (days off work due to sickness) and 'presentee' days (days at work when sick and not functioning fully) they had taken.

The findings from this survey were released in January 2009.



# Highlights

The survey found that employers are likely to be paying a surprisingly high cost for the poor health of their employees. Most of this cost to employers is coming from the 'hidden' cost of 'presentee' days<sup>1</sup>. The total cost to employers from the poor health of employees is estimated at \$2 billion per year<sup>1</sup>.

- The average cost per employee per year is estimated at over \$1,500<sup>1</sup>.
- Two-thirds of the costs per employee of poor health is a result of 'presentee' days.
- In general, employees with health insurance are healthier and less likely to have a large number of absence or presentee days than those without health insurance<sup>2</sup>.



## What is presenteeism?

Presenteeism has been defined as the problem of workers being on the job but, because of medical conditions, not fully functioning. The health problems that result in presenteeism include:

- depression
- back pain
- arthritis
- heart disease
- high blood pressure
- gastrointestinal disorders.

Source: [www.medterms.com](http://www.medterms.com)

# Health and wellness in the workplace

The survey found that the average New Zealand employee is unhealthy.

Most of the New Zealand workforce has below average health resulting in a 'health-adjusted' age that is older than they currently are.

- Around one-in-five employees (18%) have a 'health-adjusted' age<sup>1</sup> ten years older than their current age.
- A further half of employees (53%) have 'health-adjusted' ages one to nine years older than their current age.

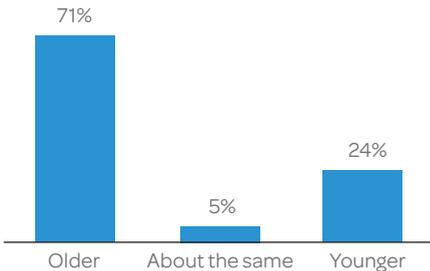
The worst performing measures of the overall health of employees were:

- Body Mass Index (BMI): almost a third (29%) were rated 'Overweight' and a further third (34%) were rated 'Obese'
- stress level: almost half (43%) had poor to bad stress level ratings
- quality of life: almost a third of employees (29%) rated their quality of life as poor.

## Health-adjusted age

A health adjusted age is the age of a person adjusted to take into account the effect of that person's health and lifestyle habits.

## 'Health-adjusted' age<sup>1</sup> of employees



Note: <sup>1</sup>'Health-adjusted' age is a composite measure based upon the calculation of a range of health and wellness measures.

# The cost to employers of poor employee health

Employees were asked to estimate the number of absence days (sick days) and presentee days (days at work when sick) over the past year.

The survey found that, on average, employees have almost three times as many 'presentee' days as 'absence' days<sup>2</sup>.

The average number of 'presentee' days taken by employees is about 11 days per year compared to around four 'absence' days.

A key finding of the survey is that there is a direct relationship between absence days and presentee days amongst employees, i.e. as the number of absence days increases, the number of presentee days also increases.

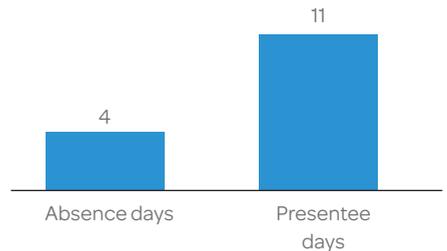
The average cost to New Zealand employers of absence and presentee days of employees is estimated at over \$1,500 per year - or more than \$2 billion across the entire workforce<sup>2</sup>.

Two-thirds of the cost to employers is estimated to come from the presentee days of employees – around \$1,000 per year.

The remaining third of the cost is a result of absence days (sick days).

When taken in context with the generally poor health of the New Zealand workforce this emphasises the high cost to employers of employees in poor health.

## Average employee 'absence' and 'presentee' days per year



# Health insurance and the health and wellness of employees

Employees were asked about the health and wellness interventions offered in their workplace. In particular, the study focused on health insurance and its link to health and wellness of employees.

In general, the health of employees with health insurance seems better than for those without health insurance. However, the survey showed only 10% of employers offer health insurance to their employees.

Around two-thirds of employers offer a form of health and wellness intervention within their workplace – however the level of specific interventions is low.

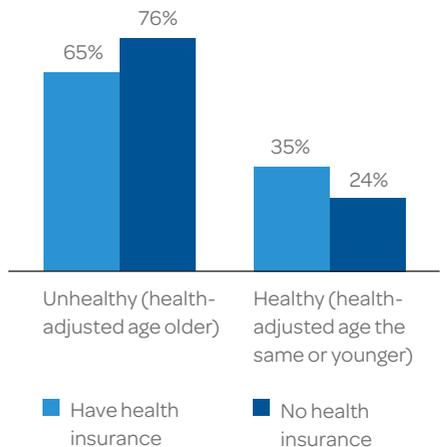
- The most common form of intervention is flu vaccinations (40%).
- The next leading interventions were workstation assessments (29%) and stress management support/information (26%).
- The remaining interventions i.e. hearing checks, vision checks, blood pressure/glucose/cholesterol tests etc, all had levels under 20%.

The survey discovered that there is a direct link between health insurance and the health of employees.

- Employees with health insurance are healthier than those without health insurance (see graph).
- The better overall health of employees with health insurance is reflected in better performance across most of the health measures recorded in this survey.

Given the high cost of poor health to employers and the link between interventions (e.g. health insurance) and better health, the economic case for investing in health and wellness interventions in the workplace should be given high consideration by employers.

## Health of employees by health insurance status



# Comparison of New Zealand workers



## Unhealthy worker

Average absence days: 5

Average presentee days: 13

- Low quality of life
- Lower job satisfaction
- High work-related stress
- Higher overall stress
- High obesity / BMI index
- Reasonable blood pressure
- Reasonable cholesterol rating
- Poor alcohol behaviour rating
- Higher level of smokers



## Healthy worker

Average absence days: 3

Average presentee days: 7

- Reasonable quality of life
- Good job satisfaction
- Low work-related stress
- Low overall stress
- Mostly normal / BMI index
- Reasonable blood pressure
- Reasonable cholesterol rating
- Good alcohol behaviour rating
- Low level of smokers

**For further information on Southern Cross Health Society health and wellness programmes call 0800 323 555 or visit [www.healthybusiness.co.nz](http://www.healthybusiness.co.nz)**

Visit our website

[www.healthybusiness.co.nz](http://www.healthybusiness.co.nz)

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