

The Changing Landscape and Emerging Trends 2019-20

Employee Health & Benefits in India





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From the CEO's Desk



I am glad to present Marsh India's **Employee Health & Benefits in India: The Changing Landscape & Emerging Trends 2019-2020** survey findings. We have tried to capture what the future holds for the Indian workforce in the context of overall employee lifecycle at the workplace, in line with the global trends. Compensation used to be the sole negotiation tool in a corporate's armoury, but based on our report, the approach to talent acquisition is now more holistic.

Our survey reveals that when it comes to employer focus on benefits, health insurance as part of benefits has now become non-negotiable, and employers are now finding means to enhance employee experience by including theme-based offerings, like LGBTQ, surrogacy, advanced care, etc, not limited to looking at the value of coverage alone.

As a global risk advisor with a strong presence in India, we at Marsh have been witnessing sweeping changes in the Indian insurance market at several levels: regulatory, governmental, human resource and technological. The potentially deep impact it has on our clients' businesses is self-evident. At Marsh, we take pride in what we have achieved in this challenging environment in terms of preparing and empowering our clients for their next round of growth in 2020.

In 2020, Marsh is celebrating 17 years of its India operations. Over the years, we have grown to 20 offices across 18 cities. We currently serve over 4,500 clients. During this eventful journey, we have come to realise that the future of the Indian workforce is going to be remarkably different and exciting from what it is today.

At Marsh, we recognise that health and benefits management is now critical to the growth of the new millennia enterprises that bank exclusively on the intellectual capital of their knowledge workers. We are happy to note that over the past two years, the employee benefits landscape in the country has undergone great changes, such as the employee emerging as the focal point of major legislative changes. We routinely consult and advise our clients on several of these changed aspects.

Over the year, we intend to intensify our efforts of traversing this dynamic and rapidly-changing benefits landscape with increased use of smart data gathering tools. We intend to collect insightful information from specific geographies / industry sectors and share those "thought bytes" exclusively with our client base in India. This will further help them in evolving their

people practices. We hope that with our industry leading consulting and advice, our clients will be able to tick all the right boxes to drive employee retention and engagement across their organisations.

In the scope of an advisory role, we will also be able to share trends on global best practices which influence the design and structure of employee health and benefit plans in India. Currently, the survey report that you are holding, will help you identify and understand the key trends in the benefits space in the Indian market.

We thank you for setting some time aside to participate in this survey. Without your enthusiastic participation, this report would not have been possible. I am very excited about exploring these newer possibilities and potentials that we have managed to unveil through this report!

Your feedback and ideas on this report are extremely important to us. Please write to us at marshemployeebenefits.india@marsh.com

Warm regards,
Sanjay Kedia
Country Head and CEO
Marsh India



From the EH&B President's Desk



With multi-generational workforce being the new norm, the industry today recognises and acknowledges that one size doesn't fit all, and therefore seeks a holistic perspective, with sustainability in its ambit and enhanced employee experience as the cornerstone of its approach to managing benefits. At Marsh, we have studied some of these macro and micro employee benefits trends, and I am happy to present its major findings in this report to you.

The Indian industry's approach to employee health and benefits has evolved phenomenally over the years, from a paternalistic approach of offering benefits with minimal customisation to having a more progressive outlook to being a facilitator.

The appetite for customised benefit programs has grown voluminously over time as employees have started understanding their needs better. Organisations have begun to realise that the benefits they offer directly reflect "who they are" (64% of our respondents have a documented benefits philosophy and strategy). So as a benefit professional, you have a huge challenge at hand: offering the best-in-class benefits, and keeping an eye on cost sustenance (78% talking about cost management being one of the highest priorities of the overall benefits strategy), if these two mutually exclusive goals can possibly be accomplished in one measure.

Fortunately, organisations are cognisant of the changing demographics, socio-economic factors and the altered lifestyle needs of their employees. To offer a comprehensive benefits package, promote employee well-being (the focus area of 92% of the employers) and emerge as the "employer of choice", the benefits offered by organisations must undergo a complete overhaul.

In my opinion, it's a four-fold strategy that organisations need to adapt to:

- Understand and accommodate employee needs with a customised benefits programs. Offer employees the power of "choice" and communicate the benefits well.
- Promote preventive health & mental health care (77% focus on improving the health of their employees and productivity and 83% focus on healthcare awareness)
- Introduce innovative methods to maintain overall employee cost and
- Use cutting-edge technology to move ahead of the curve

As a global risk advisor, we recognise that organisations need support, and we partner with our clients in this journey as their advisors, consultants, service partners and offer the best-in-class benefits solutions, communication framework and state-of-the-art technology platforms. These holistic solutions act as enablers for the clients to prepare for tomorrow, today.

I hope that this survey report will serve as a blueprint in shaping the future of health and benefits model at your organisation.

Warm regards,

Prawal Kalita

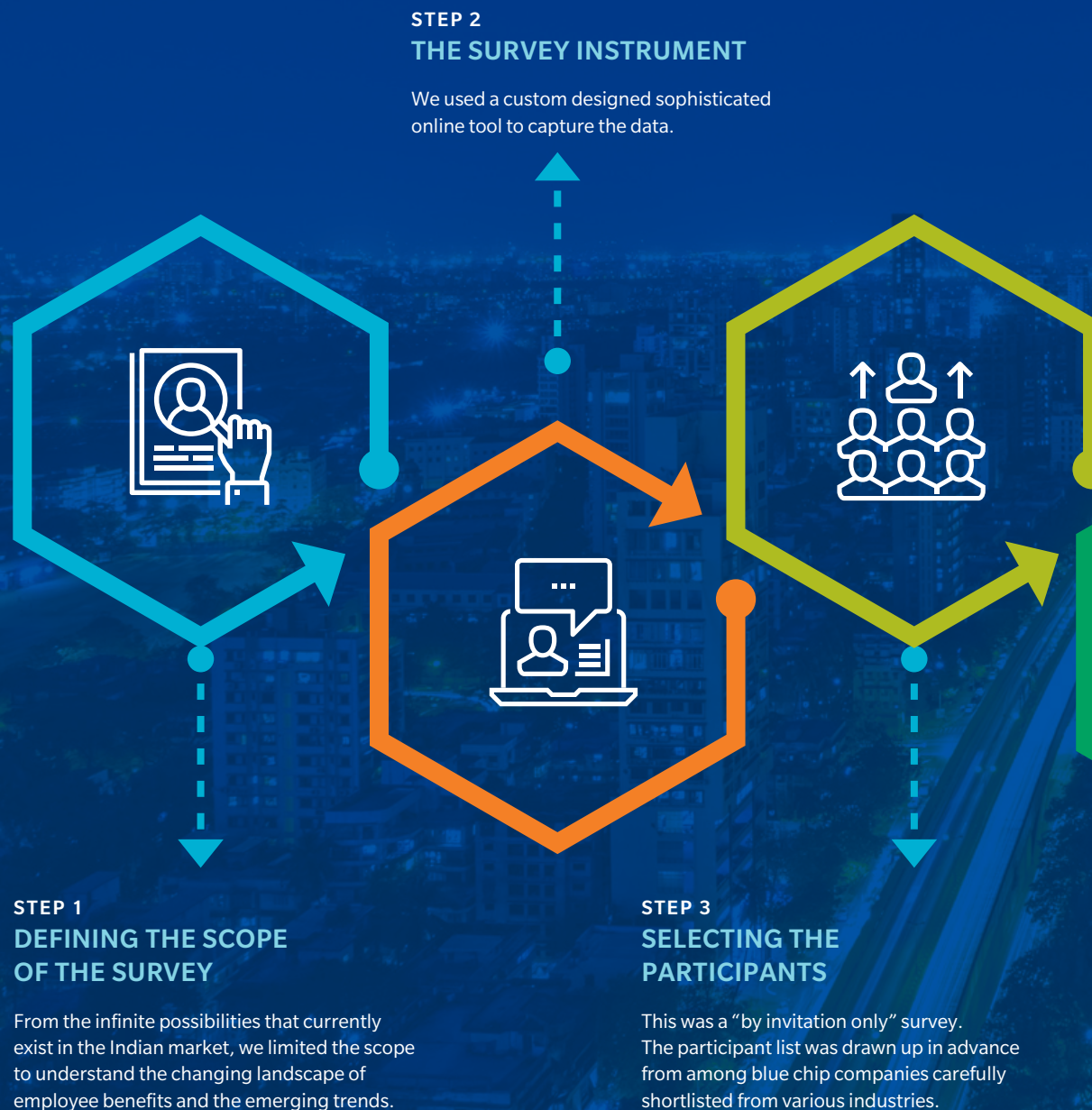
President, Employee Health & Benefits
Marsh India

Acknowledgement

Surveys are excellent reminders that we can build knowledge through active collaborations that transcends geographies. Our respondents shared their data with us. We, in turn, converted that data into meaningful insights that can assist them in designing their future benefits programs.

We would like to sincerely thank the respondent companies and their internal teams who spared their time and effort in filling out our questionnaire. It helped us create a strong knowledge bank for future use. We look forward to their continued support in creating an ongoing value proposition for one another over the coming years.

Methodology



About the Survey

Marsh India conducted this comprehensive survey to understand the trending benefits and the changing landscape of employee health and benefits in India. We witnessed participation from about 63% of the invitees.

Participant Profile: The participant list comprises of leaders from all industries. Largest contributions came from hitech, ITeS, manufacturing, BFSI, pharmaceutical, automobile and healthcare industries. 73% of the companies have a headcount ranging between 5,000 to 10,000 and above - clearly offering a fair picture of the current market structure.

We hope this survey will give deep insight into the benefits landscape of the Indian market and help our clients assess their practices vis-à-vis the market at large. We are confident that it will help them emerge as the “Employer of Choice” in their respective industries.

STEP 4 DATA COLLECTION

The data was collected by approaching the companies from the invitee list.

STEP 6 THE REPORT

The key findings and trend analysis have been neatly compiled and presented to you in this report.

We will seek your feedback on the report so that we can continue to make further improvements in the future editions.

STEP 5 DATA VALIDATION & ANALYSIS

Our research team ensured completeness and accuracy of the data collected before interpreting it with a clutch of sophisticated statistical tools. The design of the survey was closely aligned with the final objectives of the report.



Survey Findings

Executive Summary

Never in the past has India seen this intense an environment that is full of providers and supply chains queuing up to offer the best possible solutions to employee benefits delivery. A lot of this has been driven by the country's demography which has helped catapult it into one of the hotbeds of opportunity for benefits delivery professionals and the like not just from within but a significantly large number of players from abroad as well.

Never ever in the past has there been so much buzz and vibe around the word "Employee Benefits and Well-being". This augurs well for the future of the benefits landscape and the bottom-line as always remains to get employees and working professionals healthier and fitter and therefore more efficient and productive - but it's easier said than done.

Never ever in the past has there been a situation that had all the stakeholders (insurance companies, health and wellness providers, the end customer, hospitals, clinics, etc.) standing in good stead and being potential winners if the right attitude and ethics are displayed consistently.

The country's average age of a working professional is far lower than some of the bigger economies such as China, Japan, the UK and the US. India's dependency ratio (and the potential support ratio¹) is much healthier than its counterparts, which again reiterates the earlier point that this is the time for the efficacy of employee benefits delivery to scale into greater heights and one that should never look back in terms of the resulting success rates and ROI.

Employee benefits in India had, in the past, been largely influenced by MNCs headquartered outside India. Many corporate clients simply played catch-up to attract and retain talent without a reliable benefits program.

In this report, we highlight the responses of our corporate clients across various industries, some of which surprising while others remain in line with our perceptions and trends observed in the recent past.

- 93% of participants stated "Enhancing employee engagement and experience" has been the high-priority initiative taken up, among other key initiatives such as "Cost Management", "Governance" and "Reducing Insurance Risks". However, only 56% of them measure the impact of their benefits strategy while the remaining 44% do not have a measuring mechanism in place.
- 64% of participants have had an employee benefits approach that is structured and has been going on for more than three years.
- "Insurance" and "Health & Well-being" ranked 1 and 2 respectively while "Leaves" came 3rd in terms of key focus areas.

- "Improving employee awareness on healthcare" and "Employee engagement" again came in as the key objectives of their health and wellness strategy.
- Globally 37-41% of companies have wellness programs as an active part of their wellness plan management approach either through insurer-sponsored programs or client advisors who deliver wellness programs. About 16-19% state they are still experimenting with wellness programs and about 17-21% have stated they have no plans to invest in this area.
- 2 out of 3 participants again, make use of the wellness services provided by insurers, TPAs, hospitals, brokers, etc., which are offered as free value-added services.
- Digital platforms for medical support, surprisingly, lag with around 17% participants only providing access to their employees.
- Nearly 75% participants feel preferred provider network hospitals help manage the increasing healthcare costs over the likes of "Co-pay on claims", "Co-share of premium" or "Deductibles".
- About 43% of participants state that they have some or all of the approaches with respect to diversity & inclusivity (D&I) present in their programs which are being offered to employees.
- 84% of participants cite "Rising healthcare costs" as being the biggest challenge in engaging and reducing costs.
- Preventive care, D&I, mental well-being and flexible benefits options, in that order, are the trending benefits offered by companies. Flexible benefits has been creating a lot of excitement among organisations with a good number of them exploring the possibility of moving away from the conventional benefits.
- 60% of the participants state a high level of employee engagement within their organisations.

The above highlights give us a fair idea of what to focus on for the near and far future to bring greater levels of employee engagement. Greater employee engagement will bring greater awareness. Greater awareness will help clients make the right choices in health and wellness. Right choices can bring about a healthier majority.

These are to be driven by technology, digitisation, data repository, able and efficient analytics, insights and inferences that will lead to better health and wellness program designs and hence more value for money. Customised approaches will be the way forward and those that can carve out programs that touch every employee needs, regardless of the diverse mix that India has, will be the companies that last.

Employee Benefits Strategy and Philosophy



Employee Benefits Strategy and Philosophy

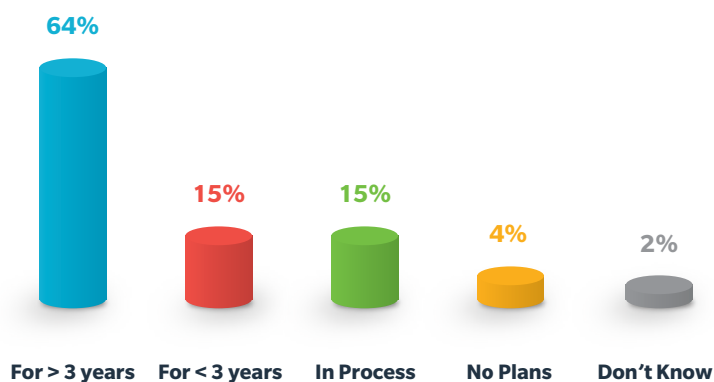
Decades ago, employee benefits - apart from salary - were the privilege of a selected few. Employers seldom offered employees anything more than wages or salary, thus placing the burden of provision for health or life insurance, retirement and any other out-of-pocket expenses squarely on the employees. This, in effect, deprived them the status of stakeholders and put them on par with contractual labour.

The Need for a Benefits Strategy

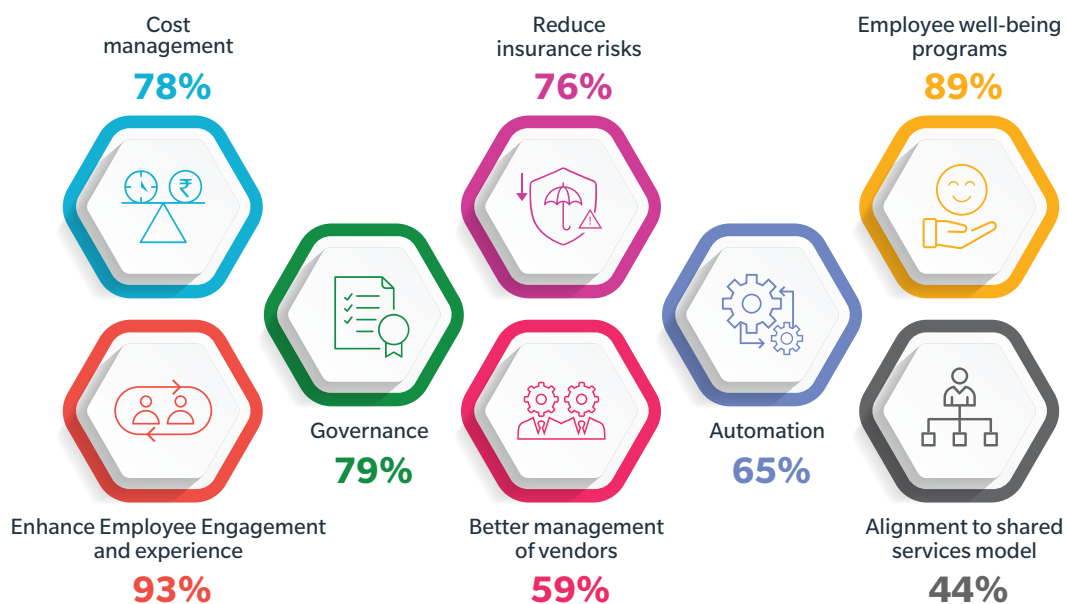
Benefits represent the largest spend on people after compensation. HR heads often struggle to balance employee investment and ROI. This is not difficult to comprehend: the ROI of a human resource is a hard-to-measure metric.

The challenge is further complicated by the need to balance compliance, employee aspirations and control cost to company on employee spends. However, with the outcrop of small and medium businesses, employees themselves are assuming the driver's role and redefining compensation

Documented/Structured Benefits Strategy



Priority assigned to the key initiatives of Benefits Strategy



and benefits in terms of health benefits, insurance, work environment, flexibility, allowances and inclusion. Progressive employers are listening.

In this changed scenario, having a well-defined employee health and benefits strategy can go a long way in reducing the burden on HR professionals and the impact on the bottom line.

The Concept of Tangible Rewards

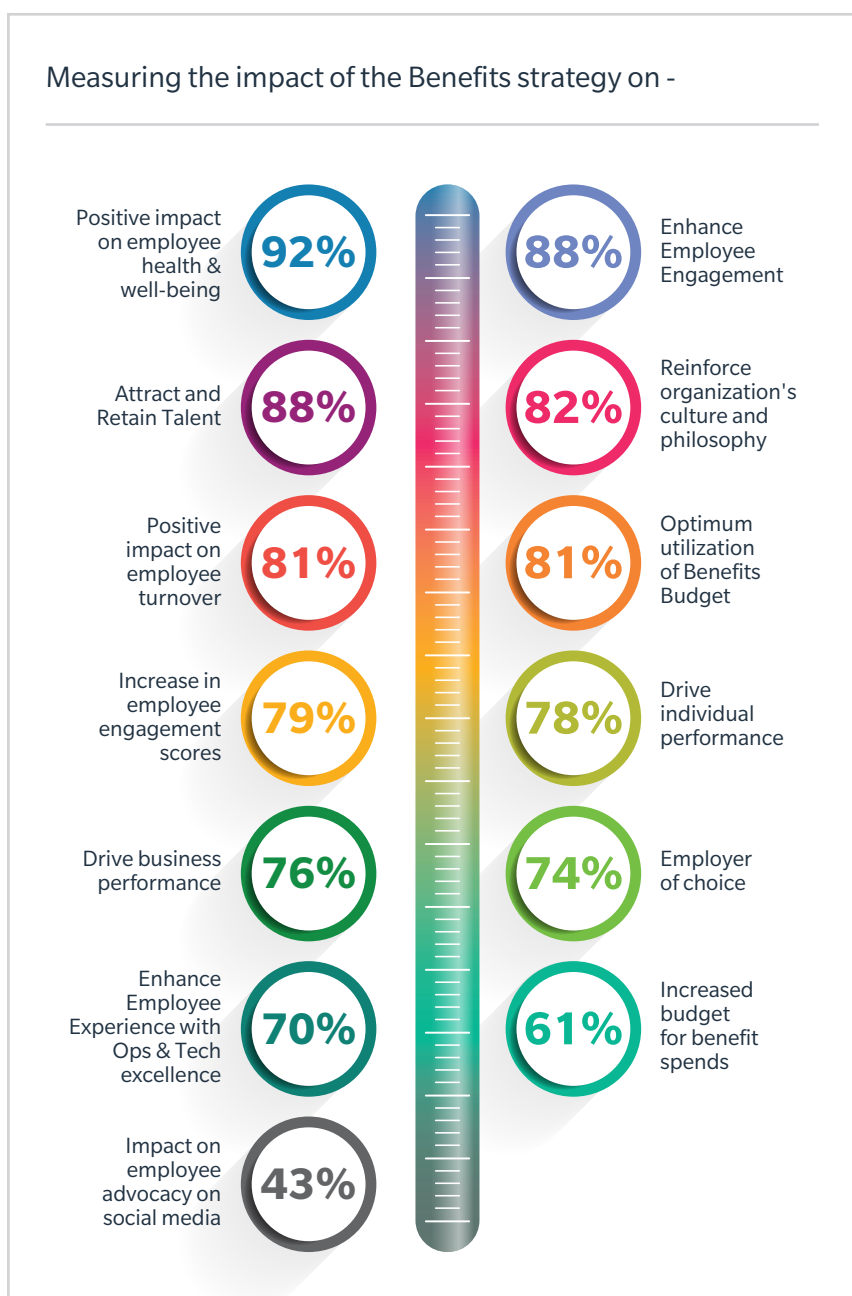
A good benefits strategy must be aligned with corporate goals and provide significant benefits to employees to gain a competitive advantage over their competitors (88% use it to attract and retain talent). This objective can best be achieved by aligning the benefits philosophy with the corporate's overarching vision and mission (82% reinforces their organisations culture and philosophy through their benefits offerings). Communicating this philosophy is equally important in ensuring employee engagement and adding value to their benefits perception and take-aways from the company.

The Indian Landscape

Employee compensation usually comprises of two components: fixed and variable, in terms of salary and benefits. About one third of employee compensation that progressive employers offer suo moto consists of benefits that can further be categorised as voluntary or mandated/regulatory.

While regulatory compensation such as retirement benefits, provident fund and gratuity are mandated by law, the key to retaining employees is to develop your own strategy and compensation philosophy that is unique to your organisational culture, thus ensuring better employee engagement and retention and bolstering the bottom line through reduced HR costs. There will, of course, always be regional variations.

Provision of adequate insurance cover to the employees is the key focus area for Indian employers (100%) followed by



health and well-being (92%).

While insurance ranks as the top focus area for Indian employees' benefits strategy (100%), as our study reveals, close on the heel are health and wellness (92%), leave (83%), diversity & inclusion (72%), allowances (68%), flexible work conditions (66%) and flexible benefits (54%), in that order of importance. The reasons guiding these choices are not difficult to guess; there is a shortage of talent worldwide. Some of the areas of benefits that are experiencing innovation and newer perspectives are:

Retirement Benefits:

The introduction of the National Pension Scheme (NPS) has facilitated provision for retirement. Currently, the scheme is contributory, offering tax benefits to employer as well as employees. This benefit needs a new look for integrating other retirement-related benefits. The need to communicate to their employees the advantage and value in retirement benefits is equally important as nearly half the companies are working towards putting in place a comprehensive benefits communication plan in their

organisations, which includes campaigns through social media, mobile announcements, use of intranet etc.

Health Care:

India seems to be gravitating towards contributory group healthcare benefits. While employers try to control cost of health insurance, providers are struggling with their own issues as they innovate to meet global standards and grapple with the continuous high medical inflation. Employers can take further initiative by conducting surveys and analysing the need and value of healthcare to employees. Indian employers are now exploring multiple options to what could be the best means of sharing the rising costs of physical and mental health care costs. Some of the areas explored by organisations are co-pay on claims, co-share of premiums, voluntary parental coverages, flexible benefit options etc.

Flexible Benefits:

The Indian market has witnessed a journey from offering defined benefits to their employees to a defined contribution model. The ecosystem today also supports this shift. We see many providers making it seamless for employers and employees to

avail this transformational change.

Employers are considering flexible, or customised, benefit plans from which they stand to derive great returns in terms of employee satisfaction, greater choices for employees and consequent cost containment in the longer run. It also helps in employee retention, efficiency and productivity. Undoubtedly, in 2020, the focus is more on flexible benefits that can be tailored to the individual needs of each employee, more than 50% (54%* offering and another 26% contemplating) of the respondents are either providing or contemplating flexi-benefits program for their employees.

This will be a sensible course of action to take as the health and the benefit needs of employee segments are vastly different from each other. Accordingly, organisations have to be flexible in the way they design their health and benefits package for these vastly different demographical segments. This increases the participation and employee involvement in choosing their own benefits package.

**This number seems to be on the higher side and the understanding is that organisations are offering some flexibility to their employees and not necessarily a complete flexible benefits program.*

Organisations' philosophy and strategy revolve around adequate insurance cover (100%) and employee health and well-being (92%). Of our respondents, about 56% measure the impact of their benefits strategy. The focus remains on employee health & well-being (92%), followed by employee engagement (88%).

Key focus areas of your benefits philosophy



Health and Wellness



Health and Wellness

For the past decade, Indian organisations and employers have increasingly focused more on the holistic state of well-being of employees. It's driven by the realisation that a comprehensive healthcare program, which includes mental health services and preventive care, not only reduces stress but also enhances productivity and employee engagement. In a recent article published in the Financial Express, Marsh covered the growing importance of recognising and addressing mental health issues in the workplace.

It concludes: "Mental health intervention has to be targeted and should be delivered as part of an integrated health and well-being services addressed through comprehensive strategies for education and awareness, mental health promotion, prevention, treatment and recovery that touch upon the needs of every section of the employees on the mental health continuum."

Going with this trend, organisations today are not only looking at innovative ways to design their health insurance programs

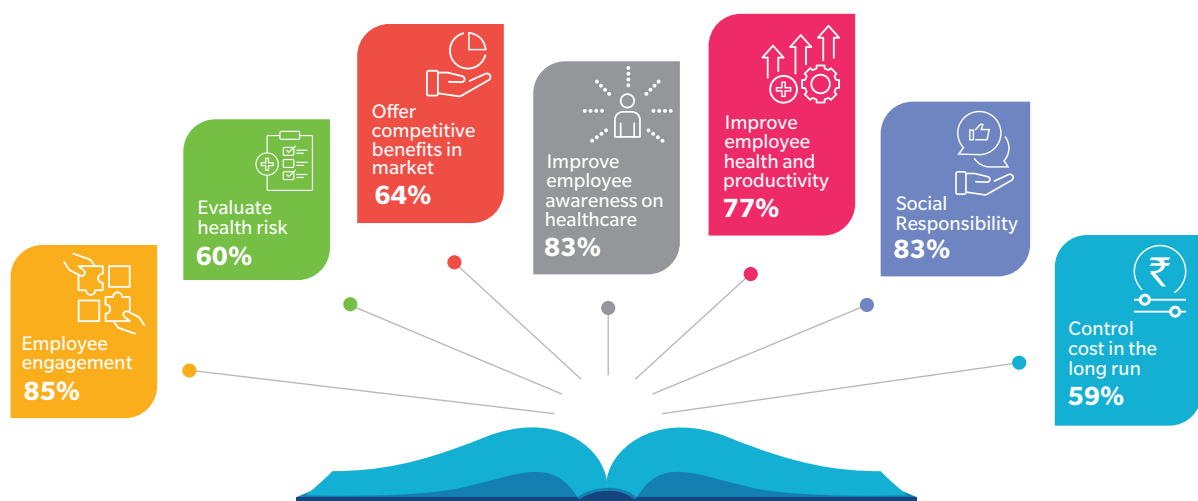
but are also making preventive health care the cornerstone of their health and benefits program.

In India, employee healthcare practices are undergoing a paradigm shift in the way healthcare benefits are being deployed and communicated to the beneficiaries. In response to the sharply rising cost, there is a corresponding rise in organisational spends on these cost heads. Nearly, 60% of our respondents claimed they evaluate the health risk and that it is an important part of their benefits strategy and another 34% are in the process of doing so. We hope the findings from this survey will help organisations design their wellness and preventive care programs better than those applied in the past with a "one size fits all" methodology/ approach.

While employee wellness is the prelude to an organisation's health, only 44% of our respondents have an integrated wellness strategy and road map in place and another 56% are in the process of designing such programs.

77% employers state that the key objective of their health and well-being philosophy is to improve employee health and productivity. 83% stated that creating awareness on health and another 85% focus on employee engagement as their key objective.

Key objectives of Health & Wellness strategy



With respect to wellness programs, organisations (66%) continue to rely heavily on insurance companies / TPAs / hospitals or brokers. This is clearly not the right approach, as preventive and curative healthcare are specific to the health risk that each organisation faces, thus their

wellness programs need to be tailor-made to the occupational hazards of their industries.

Additionally, we also see that 15% of the respondents have implemented all 3 approaches. 36% of the respondents have

implemented any of the two approaches. 40% of the respondents have opted to implement only one approach. 9% have not opted for any approach.

Access to Healthcare Benefits

Health care support in India is still at a rather nascent stage with just 39% having very basic infrastructure in place. Employee health check is a prevalent practice in the market with nearly 44% offering it with differential scope. Counselling and treatment for mental health conditions are gaining momentum with 18% employers offering these services to their employees.

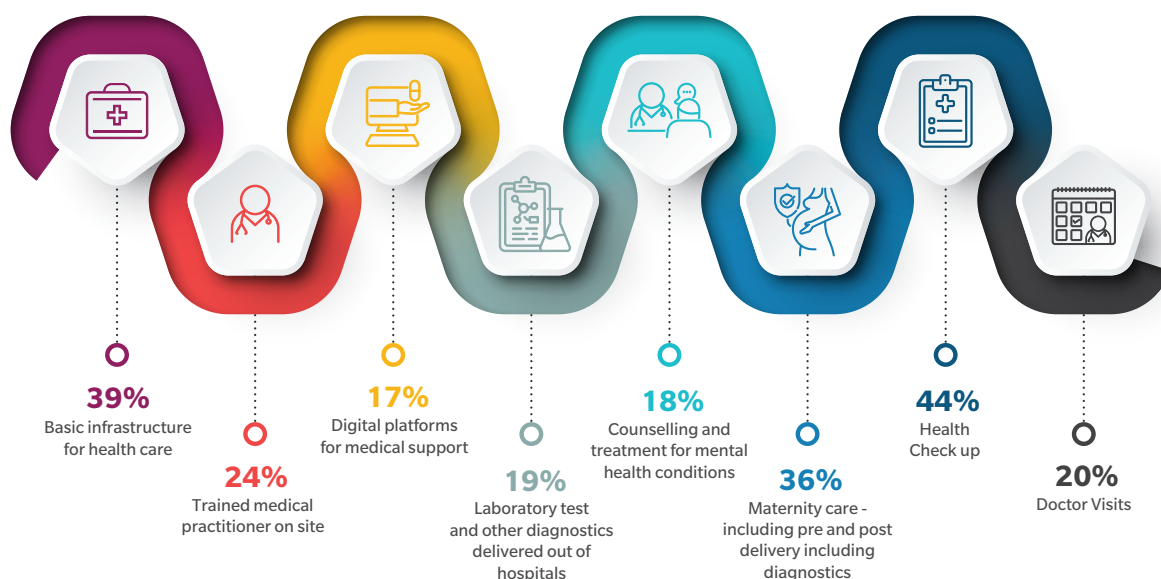
Technology:

Recent medical advancements and easy access to healthcare services over tech-rich platforms have made it possible for employers to deliver such services to their workforce at their door or on their devices. Adopted as a best practice, it is undoubtedly a great cost and time-saver. Marsh India's survey indicates that Indian employers have begun to provide access to digital platforms for medical support (17%).

Approach to Employee Wellness Programs

	✓ Yes	✗ No
Have an integrated wellness program strategy and road-map	44%	56%
We conduct multiple programs as per the wellness/WHO	49%	51%
We provide those programs which are given by insurance companies, TPAs, hospitals, brokers, etc. as free value add services	66%	34%

To what extent do your employees have access to the following?



Cost Containment



Cost Containment

Over the years, the demand for employee benefits has escalated, necessitating increased spends on benefits.

Simultaneously the cost of these benefits has increased, leaving employers in a dilemma. Our participants stated that the rising cost of healthcare was their biggest concern, followed by meeting employee expectations.

Managing Spiralling Healthcare Costs

Healthcare costs include not just medical treatment but also preventive care. It also involves incentives for self-care. In India, with the pressure to divide limited healthcare resources between a growing,

greying population, the cost of healthcare is expected to escalate even more rapidly over the coming years.

Small wonder that employers try to manage benefits costs by passing on the onus of their employee healthcare management to their insurance / service partners. For instance, when asked what was their approach to the employee wellness programs, most respondents (66%) said they assigned the bulk of the responsibility to the insurance companies, TPAs or brokers. It is time for organisations to look towards wellness as an exclusive benefit in their overall total rewards journey. A few large and progressive organisations are already engaging specialists to run these programs, and not

limiting to the insurance stakeholders. Additionally, they are optimising these programs by working with their insurance partners through specialist appointments.

Employees are cognisant of the rising healthcare cost and also the reduction in benefits cover over the years. They understand and appreciate the importance of health care and thus are willing to contribute towards their own well-being and invest in advanced coverages. 34% of our respondents say they participate in co-pay on claims, although it varies in terms of percentages and also insured personnel (employee/ dependent). Another 25% also co-share the premiums; again it varies in terms of percentage and is insured personnel (employee) dependent.

Top challenges in engaging employees and reducing costs



Changing workforce
58%



Diverse demography
61%



Employee Benefit offerings available in the market
69%



Competitive Benefit offerings amongst peers
66%



Meeting employee expectations
76%



Rising healthcare cost
84%



Advanced data analytics
58%



Health & Wealth Management support
65%



Budget allocation for Benefits
63%



Alignment of leadership vision
54%



Communication and employee reach
57%

Undoubtedly, some of the drivers for the rise in healthcare costs include higher incidence of non-communicable (lifestyle) diseases requiring prolonged care, employees demanding more and better healthcare benefit and increased work-related stress. The medical trend rate reveals that the cost of healthcare is increasing faster than inflation (almost double), which is surely a matter of concern for employers across industries.

Employee Expectations

In keeping with these macro trends, employee expectations are also growing and evolving. Some of the stepped-up demands include specific medical treatments, in and out patient care, higher medical coverages, day-care centres, in-office gym, and a place away from their workstation to think, brainstorm or socialise. Providing these facilities at low costs is a challenge that most employers in India face.

Competitive Benefit Offering

With advancement in technology and increased focus on overall employee wellbeing, employee benefit plans are becoming more and more customised. This has generated keen competition among employers who wish to hire talent and retain it. With larger corporates willing to increase budget allocation for employee benefits, smaller firms are challenged with cost containment while still providing desired necessary healthcare benefits to their employees.

Health and Wealth Management Support

In an effort to reduce employee turnover, employers are looking at holistic employee wellness programs that include physical, mental and financial health of employees. While the concept has yet to take hold in India, our research shows that an increasing number of employers are considering integrated benefits offerings. Comprehensive health and wealth management support ranked seventh among the top challenges that employers

face in employee engagement and cost containment.

In the final analysis, corporate India is waking up to the need for comprehensive, diverse and highly customised employee benefits. Apart from the above-mentioned challenges, employers are also challenged with a diverse workforce demanding special facilities and the large number of employee benefits available at ever escalating costs, which makes it difficult to formulate a comprehensive employee benefit strategy.

Benefits Linked to the Insurance Industry

While the cost of health insurance has escalated, physicians are experiencing a drop in profit margins. This paradox is attributable to regulatory changes and rise in administrative costs - including insurance. The rise in insurance premium is attributable to two significant factors: the change in regulation and change in lifestyle.

We looked at ways in which employers can reduce health insurance costs.

Co-Pay on Claims

Co-Pay on claims is a prevalent practice in the Indian market. It typically varies when it comes to employee claims and dependent claims. Our study shows it's usually 10% for employees and 20% for dependents, especially for parental coverages.

Co-Share of Premiums

Co-sharing of premiums is gaining momentum and many organisations are exploring this option which supports in cost containment in the longer run.

Asked what are the top challenges employers face in balancing employee engagement with cost containment, 84% cited rising healthcare costs, 76% meeting employee expectations, 63% found it difficult to match budget allocation with employee expectations and 58% said they did not have access to advance data analytics for fiscal control.

Pre-authorisation, Including Assessment of Treatment

Pre-authorisation refers to pre-determining the limit of cashless funding of the treatment cost. Employers are able to limit the cost of health insurance by placing cut-offs on the claimed amount under the policy. As many as 79% employers admitted to getting support from insurance companies on pre-authorisation and assessing the cost of the treatment even before the treatment is initiated.

Negotiated Rates with Health Providers

Another way in which employers can reduce cost of insurance/healthcare is by pre-negotiating the rates with healthcare service providers and insurers. Service providers give up a small portion of their profit margin in exchange for increased business coming through the insurer.

In this manner, insurers are able to charge lower premium to employers. We asked our respondents whether Indian insurers

supported pre-negotiation practice and received an overwhelmingly positive response with 77% employers confirming that they have tied-up with hospitals and insurers in a tri-partite agreement, thereby reducing insurance premium and consequently the cost of employee benefits significantly.

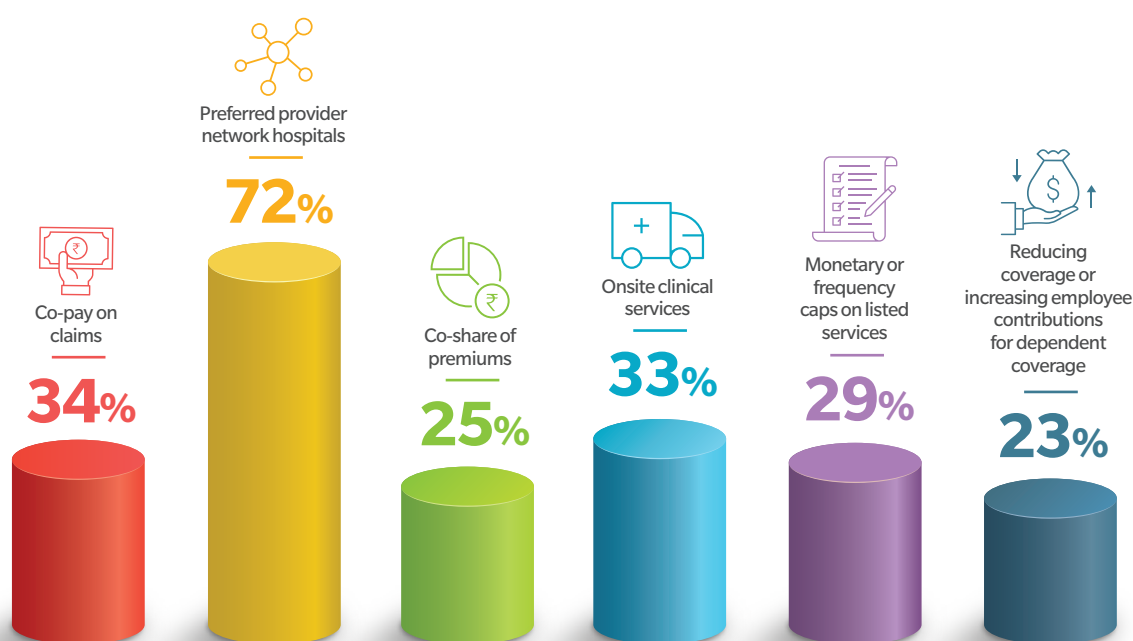
Coverage or Incentive to Seek Treatment as Outpatient

Traditional health insurance plans were restricted to hospitalisation expenses. Over the years this escalated the costs of providing insurance because of increased claims. Insurers therefore began providing incentive to opt for outpatient treatment rather than hospitalisation. This new practice is not only encouraging ambulatory care but also preventive care, thus keeping employees healthy and reducing medical expenses, and consequently claims.

38% of companies said this did not apply, indicating that outpatient treatment at network hospitals is not a very popular trend as yet.

Our survey found that co-pay is fairly prevalent in India. Almost 67% companies responded positively when asked if the insurance industry in India supported co-pay on claims, (34% exercise this) another 51% said that the insurance industry also supported co-share of premiums.

Managing the rapidly increasing Healthcare costs



Negotiated Packages or Bundled Pricing for Specific Procedures

Bundling is another technique that insurers adopt to reduce cost of health insurance. The costs of specific services are pre-negotiated with providers, and employees can avail those services at a highly discounted rate. Almost 64% of our survey participant companies said that insurers in India are amenable to bundling, while 23% said they do not support this practice.

Access to Medical Support Through Digital Platforms

With the rapid advancement in technology, there is an outcrop of digital healthcare platforms, which make healthcare affordable. By encouraging employees to share health data digitally and mandating regular online health check-ups, employers can significantly reduce healthcare benefit costs. Incentives may also be provided in the form of discount vouchers and medicines at discounted rates for certain life style treatments, such as Ayurvedic massage or acupuncture. We found that digital healthcare support is a popular mode of providing employee benefits while cutting costs. The trend is supported by employers and insurers alike.

Preferred Provider Network Program

Preferred Provider Network (PPN) is a popular practice that insurers are adopting and advocating to reduce costs while providing holistic care to patients. Insurers enter an agreement with selected hospitals and healthcare facilities to provide care at discounted rates. The insured may avail cashless treatment at these facilities. Limits may be set on certain facilities or an overall limit may be set for care to reduce costs further. 85% of the respondents said that insurers in India

have well defined PPN, making this perhaps the #1 method for reducing insurance costs.

In your view, does the insurance industry support the following initiatives of yours?

	<input checked="" type="radio"/> Yes	<input type="radio"/> No
Co-pay on claims	67%	8%
Co-share of premiums	51%	17%
Pre-authorization, including assessment of treatment	79%	13%
Coverage or incentive to seek treatment as out-patient	37%	38%
Negotiated packages or bundled pricing for specific procedures	64%	23%
Preferred provider network hospitals	85%	10%



Diversity and Inclusion



Diversity and Inclusion

Diversity in the workplace is much larger in scope than just hiring of manpower from all walks of life, irrespective of their caste, race, sexual orientation and life conditions. Inclusivity at workplace is key to the success of this initiative.

Bias and ill-feelings amongst employees can be detrimental - and costly - for the

business. In an effort to optimise business performance and productivity, employers are making efforts to include a diverse workforce within the employee benefits program.

For instance, our survey reveals, a significant section of the respondents have begun to consider diversity and

inclusion more seriously than it was in the yesteryears. Now, organisations are making provisions to offer pre and post-natal maternity care (75%), preventive care (72%), offer insurance cover to the same sex partner (52%) and are also willing to foot the cost of gender-reassignment procedures (19%).

Vision and approach to Diversity & Inclusion



Mental Well-being
59%



Pre and post natal maternity care
75%



HIV/ AIDS
41%



Women's care programs
61%



Family planning assistance for same gender partners
23%



Preventive Care
72%



Coverage for same gender or partner
52%



Gender re-assignment procedure
19%



Infertility
35%



Hearing devices
23%



Devices and external prosthesis for facilitating mobility
29%



Developmental disorder care
30%

Our survey revealed that a significant 52% Indian employers are beginning to offer insurance cover to same gender partner, and a relatively small 19% are also considering footing the medical expenses for sex reassignment procedures to some extent.

Gender Identity and Sexual Orientation

LGBTQ (Lesbian, Gay, Bisexual, Transgender and Queer) employees comprise a vulnerable section of the society whose rights need to be protected. Change is however underway and even insurance companies have started including same gender partners in their offers for insurance cover.

Responding to the need for such inclusive services, several progressive Indian companies and subsidiaries of leading MNCs are making such tailored offering in their health and benefits plan to cover LGBTQ employees.

Fertility and Surrogacy

Employers today understand the plight of childless couples and the huge cost associated with fertility treatments. Organisations have started including fertility treatment (36%) as a part of their overall health insurance benefits. Few progressive organisations have also considered surrogacy as an option and have included surrogacy leave as a part of their leave policy. Few organisations have taken bold steps in this direction by offering fertility allowance, which includes diagnostic procedures and certain traditional infertility procedures such as harvesting, freezing, IVF and consultation costs.

Equal Treatment for HIV/AIDS

Discrimination at the workplace is an on-going concern for employees suffering from HIV/AIDS. In accordance with the state and the central law, a leading manufacturing company has made specific commitments to their employees with respect to HIV/AIDS. The employment policies are based on the assumption that it cannot be transmitted by contact. The benefits include - no pre-employment screening, no questions related to HIV/AIDS asked during the interview, protection against discrimination at workplace through awareness programs, confidentiality of all medical information about employees, affected employees will continue to avail all benefits, reasonable

provision for alternative work arrangements if fitness is affected, no termination on account of HIV/AIDS as long as employee is fit to work, free condoms made available at hospitals and clinics, free diagnosis, treatment, and care of STD, and infection control protocol at employee healthcare facilities.

These are significant steps towards inclusion and non-discrimination at workplace. In this context, the Marsh India survey also reveals that a significant 72% employers have begun to focus on preventive care, and 40% are willing to provide medical assistance in case of HIV-AIDS detection to a defined extent.

Gender Parity

²Three leading organisations have taken significant steps towards women equality and rights at workplace:

- Nestle plans to include more women in executive roles and eliminate the gender wage gap. It has also introduced paid paternal leave and flexible work arrangements.
- Nearly 90% of the female workforce in IBM participates in mentoring programs. Women are encouraged to balance family and career through steps like full reimbursement of fertility and surrogacy costs. Internal support groups of caregivers help female employees with a complete work-life balance.
- Accenture is working to achieve a 50:50 gender workforce by 2025. Presently the ratio stands at 57:43 with 43% being women with a significant number holding managerial posts including board membership. Accenture uses mentoring, employee resource groups and flex scheduling to achieve this target.

Differently-Abled Professionals

Employing individuals with physical disabilities has been a trend over several years. Organisations have also invested in making the workplace friendly for these employees to operate seamlessly. Some of

the benefits offered for them include ramp access, devices and external prosthesis for facilitating mobility (29%), specialised computers for the visually challenged, enhanced headphones/hearing devices for hearing impaired (23% of our respondents cover this to certain extent) and sign language assistance for employees to communicate with the speech impaired.

Recently, organisations have also started considering resources with acceptable mental disabilities. SAP India has hired 14 people suffering from autism and is targeting 60 during the next five years. Infosys & Wipro also have taken the first steps towards inclusion of differently-abled individuals by hiring hearing, speech and visually disabled individuals.

Overall, Indian organisations are taking significant steps towards inclusion at the workplace which also leads to higher employee satisfaction and retention.

Employee Benefits Communication



Employee Benefits Communication

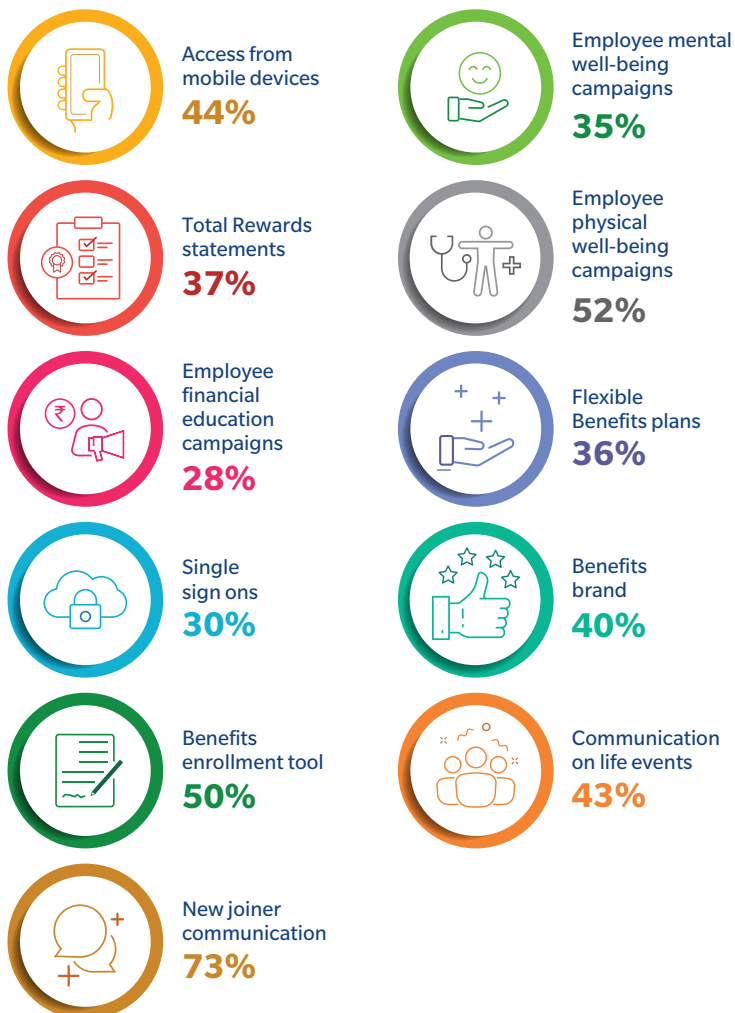
Within the scope and nature of their work, nearly all employers these days try to do the most for their employees, but while some are able to communicate their benefits strategy very effectively to the employees, others are less focused on this need, causing a lower perceived value of the company's benefits offering. Thus they are not able to fully leverage their

benefits program.

Benefits communication trends studied in our survey showed mixed responses. Less than 50% of employers have a defined, pre-structured communication program that informs target employees about the organisation's benefits programs through various communication channels.

Our survey revealed that employees are most receptive to benefits communication related to new job openings and the promise of lateral shifts within the organisation. They are also very receptive to any campaigns related to their physical well-being, especially if these get communicated to them on their mobile handsets, as this appears to be the most accessible communication medium of choice.

Benefits Communication Trends



The Need for Communicating the Benefit of Benefits

Employee wellbeing - physical, mental and financial - is an essential part of job security. These programs must begin with an understanding on the part of the employees about the benefits accruing to them. The best laid wellness programs may fail to retain employees who are unaware of their benefits and rights. Communicating the benefit of these benefits is therefore of paramount importance to fully optimise the value of the organisational employee benefits programs.

Total Rewards Statement is one of the most effective mediums of communicating what an organisation spends on an individual. 14% are in the process of implementing the same. This not only gives an employee a holistic picture of their entitlements and earnings, it also enhances the appreciation and perceived value of organisations' expenditures.

Association with a brand is human nature and progressive companies invest in creating a benefits brand under the larger HR umbrella. Nearly 40% of our respondents claim to have created a separate brand for their wellness initiatives and they also use this branding to promote/communicate employee benefits. 17% mentioned that they are in the process of creating one. The most popular communications threads continue to be the on-boarding of the new joiners (73%) followed by employee well-being campaigns (52%).

Giving a Choice

With everything going digital, employers are making allowances in work arrangements - exploring flexible options - so that employees may work comfortably. A digital workplace facilitates activity-based work and offers many tools for employees to plan their work in a way that allows for inclusion of lifestyle activities. Decision-support tools offer employees the option to pick benefits best suited to them. These tools are also educational and generate awareness of employee benefits, but only if the

employees are first made aware of the effective use of these tools to their own advantage.

For instance, when quizzed "What is the current Benefits Communication Trend in your organisation?" a majority (73%) mentioned new joiner communication as top on their agenda, followed by employee physical well-being campaigns (52%) and communication about the benefits enrolment tool (50%).

The Social Media Connect

Social media is the biggest boom with Gen Z and Gen Y or the Millennials. They are always updated via their smartphones with the latest news. Employers should leverage this platform for effective communication. Nearly 44% of our respondents appear to have been leveraging mobile devices as a mode of communication. We believe this mode of communication has a huge potential and should be exploited even further.

Internal social media groups can help keep employees updated about changes in company policy and benefits. It may also facilitate training and orientation of new employees thereby reducing training costs. As a side benefit, the use of social media platform for benefits communication can help reduce the

organisation's carbon footprint by reducing the use of paper.

Effective Communication Tools

Digitisation facilitates breaking up all activities into smaller, manageable tasks. This is true for benefits communication as well. Queries, complaints and redresses can all be effectively tracked with the use of such software. This can speed up the work and allow employees more to reflect on what benefits can best answer their personal needs.

Use of smart communication tools - intranet, SMS and instant messengers - makes it easier to integrate new employees into the workforce, orient them to the processes and procedures within the organisation and make them aware of the benefits available. These benefits communication tools can also be utilised at employee forums and support group discussions in which the management also participates - thus mitigating complaints and nipping them in the bud.

Communicating employee benefits effectively and clearly, offering customised benefits where possible and encouraging employees to participate in management decisions regarding employee benefits are all significant steps towards reducing long-term HR costs.



Quantitatively Measure the Impact of Employee Benefits



Quantitatively Measure the Impact of Employee Benefits

Cost containment in HR is not necessarily overt. Enhancing employee work-life balance is an integral part of human resource management and this includes employee engagement and benefits. While it is important to provide benefits to employees, it is equally important to measure the return on investments (ROI) from these benefits.

We looked at how HR professionals measure ROI.

Employee Engagement

Engagement conveys the feeling that the organisation is interested not only in the employees' productivity but also their well-being.

Some of the ways in which employers measure employee engagement include:

Pulse Surveys - collecting feedback from various sources including employees and their supervisors.

One on One - Informal chats with employees elicit information not shared in feedback forms.

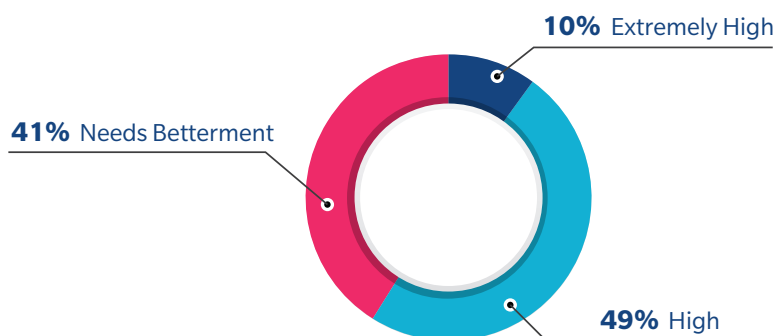
Structured Interviews - These interviews elicit information on why an employee wants to stay or leave the organisation.

E-NPS (Employee net promoter survey) - asking employees whether they would be willing to buy or recommend their own company's products.

Our study reveals that 56% of the respondents claim to be measuring the impact of their benefits strategy. This impact is measured in terms of the ability to attract and retain talent (88%), increase budget on benefits spend (62%), focus on optimising this spend (81%), impact on employee engagement and turnover (81%), employee advocacy on myriad social media channels (43%), driving individual performance and overall business performance (76%), to cite a few well-anticipated outcomes.

Benefits impact is measured in terms of ability to attract and retain talent, increased budget on benefits spend, focus on optimising this spend, impact on employee engagement and turnover, employee advocacy on myriad social media channels, driving individual performance and overall business performance, to cite a few well-anticipated outcomes.

Employee engagement level according to the Employer



Multiple Approaches to Measuring ROI of Employee Benefits

Employee engagement is possible if employees are happy and the turnover is low. It is of importance with respect to HR costs because of the huge cost associated with on-boarding and training new hires. Less engagement involves hidden costs as well, such as loss in productivity and disengaged employees.

Important metrics that can be used to study the impact of a company's benefits strategy and the soft ROI may include total employee turnover rates, percentage of

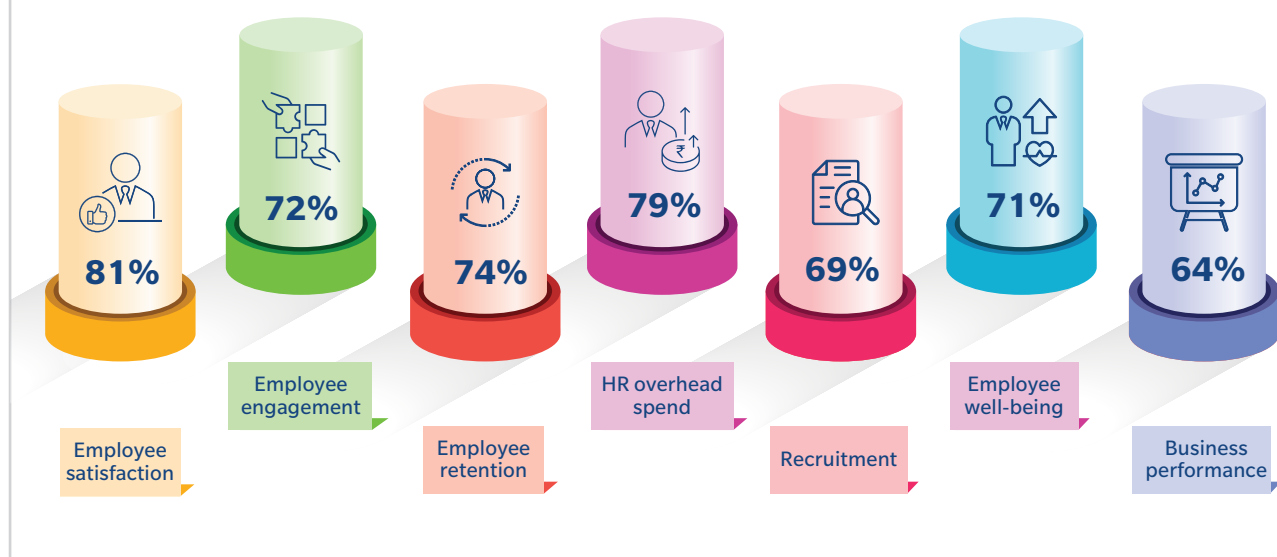
exits, percentage of new entrants, key talent turnover, retention per manager or supervisor, retention by department, employee satisfaction and employee happiness.

Organisations that measure the impact of their benefits programs do it primarily through evaluating the employee engagement scores (72%) and employee retention (74%). Most companies measure their HR overhead spends (79%) and how they are able to maximise from the available budgets.

A quantitative measurement of the impact of benefits strategy certainly helps to track the success of the program and optimise

hiring and retention process in an organisation, besides leaving a significant impact on driving individual employee performance and overall business growth. Our survey, for instance, reveals that regular review of benefits strategy has a significant (>50%) impact on driving business performance, reducing employee turnover and increasing employee engagement. Such routine assessments would be indicative of the efficiency of the benefit programs. Tracking and evaluating benefits metrics is anyways critical for any organisation, according to well-known experts.

Do you quantitatively measure the impact of your employee benefits programs on?



Conclusion



Conclusion

Going forward, it is pretty clear from the findings of this survey and the intensifying war for talented resources that Indian employers are under pressure from their employees to adopt better health and benefits practices, in keeping with global trends.

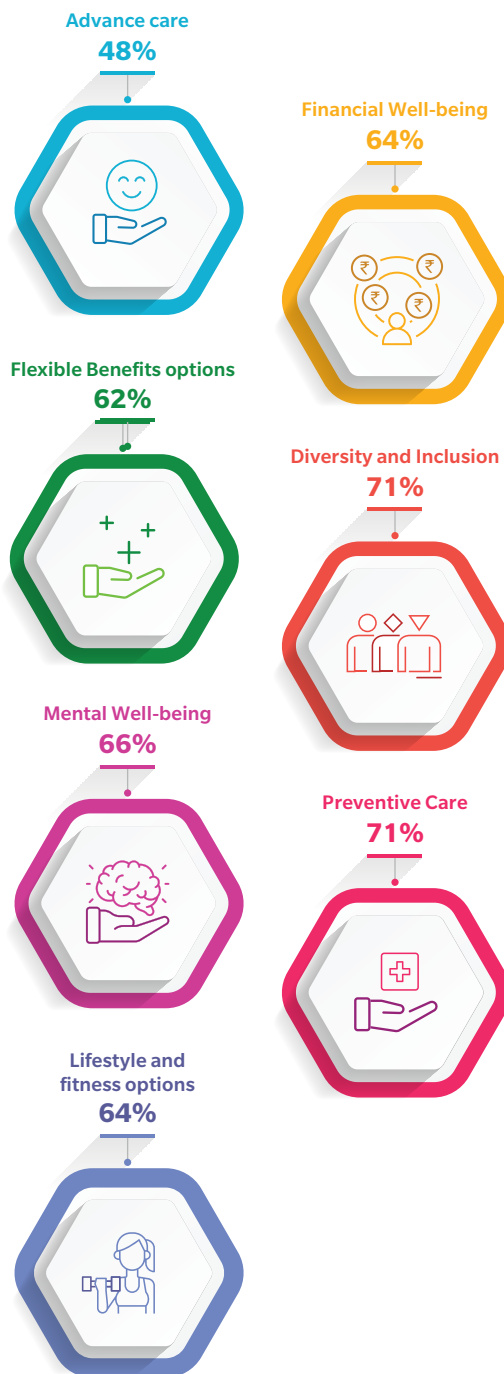
In 2020, the focus will be more on offering a holistic benefits offering ensuring an overall well-being of an employee. This bodes well for the Indian employee and the benefits scenario in India, which has started keeping pace with what is happening elsewhere in the world.

Flexible benefits programs are a trending benefit. From our survey, we understand that some of the progressive organisations have already introduced flexible benefits programs and a few offer partial flexibility to their employees.

Acknowledging the increasing appetite for flexible benefits, we at Marsh have built a separate Flexible Benefits Team which offers in-depth consulting, end-to-end service delivery and state of the art technology platform to cater to this market need.

Please get in touch with your relationship manager to know more.

Trending Benefits



References

¹**Potential support ratio** - The potential support ratio is the number of working-age people (ages 15-64) per one elderly person (ages 65+). As a population ages, the potential support ratio tends to fall, meaning there are fewer potential workers to support the elderly.

²Paskill Ashley, 3 Companies Offering Progressive Benefits for Women. Triple Pundit, Published on March 21, 2019, <https://www.triplepundit.com/story/2019/4-companies-offering-progressive-benefits-women/82881/>

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