



How Medical Uncertainty Affects the **Retail Industry**

Executive Summary

The retail industry is currently experiencing a major transformation that has drastically changed the way consumers shop. With the emergence of online shopping and mobile apps, shoppers are turning to the Internet to make purchases. Since 2000, nearly three-quarters of retail sales growth has occurred through online channels.¹ As a result of this shift, many major retail chains have closed locations, and in some cases have even shifted their entire business online.

The retail industry is also notoriously volatile, being forced to make adjustments to staff levels when sales fluctuate. With retail executives under increasing pressure to meet sales goals, employee morale and engagement can suffer, leading to high turnover rates.

This paper addresses some of the pain points facing the retail industry today, and offers solutions to help address the needs of employees in this space.

What's inside:

- Recent trends in the retail industry
- Challenges facing the retail industry today
- How the right benefits can help decrease health care costs for retail employers
- Employer and personal experiences

Special Considerations for the Retail Industry

Typically, the retail industry experiences high turnover within stores. High turnover coupled with inadequate training (often a result of pressures to meet growing demands to achieve sales goals) can result in a lack of operational execution.ⁱⁱ

The industry faces a unique set of challenges in that it employs millions of low wage workers, making it the sector with the largest number of uninsured workers in the global economy. According to the Urban Insitute, more than a quarter of the uninsured population is employed in the retail sector.ⁱⁱⁱ Employees in this sector are also decentralized and tend not to be as engaged as those in white collar positions. Many are temporary, working only on summer breaks or during the peak holiday season. The retail industry experiences a turnover rate of nearly 80%. Employers in this sector tend to, like other industries, try to cover as many lives as they can for a modest cost, however retail employers tend to be more price-conscious in regards to benefits.

With Best Doctors, retail companies gain the advantages of:

ACCESS

ACCESS TO THE
BEST MEDICAL MINDS
IN MEDICINE

QUALITY

BETTER CLINICAL
QUALITY AND
OUTCOMES

VALUE

A COMPETITIVE,
HIGH VALUE
EMPLOYEE BENEFIT

EMPOWERMENT

A WORKFORCE OF
HIGHLY EMPOWERED
HEALTH CARE
CONSUMERS

Challenge: Unplanned Absences

While many absences are due of illness, a number of unplanned absences in the retail sector are a result of low engagement. The unscheduled absenteeism rate in the U.S. hourly workforce is approximately 9%, meaning that nearly one in ten workers is absent when they should be at work. The cost of absences can be devastating to employers, who

must scramble to find replacements. Assuming employees use half of their PTO when they call out of work, the cost is \$3,591 per employee per year, or nearly \$18 million per year for a company of 5,000 employees.^{iv} The typical retail employee often deals with conditions associated with heavy lifting and repetitive movements. They are also faced with illnesses of loved ones, sometimes missing work to care for children or spouses. Their time tends to be more regimented than those in the white collar industry, making it more difficult to schedule time away from work. Often, absences in this sector result in more productivity loss than in others due to the time and cost involved with training replacements.

Challenge: Increasing Costs

While the last economic recession moderated some of the increases in health care costs, more recently employers are reporting sharper increases in their highest cost claims. The primary response to this has been increased employee cost sharing, in particular through the rapid rise in high deductible health plans. This shift to high deductible plans can result in numerous outcomes. Some employees become better health care consumers, while others may simply avoid the doctor altogether. For most categories of retail workers, modest wages and limited access to care could turn a chronic but manageable condition into a true health crisis.

Challenge: Targeting Rural Areas

Retailers are located where customers are, and that includes suburban and rural areas - locations that often lack access to medical specialists. In addition, rural adults are more likely than their urban counterparts to smoke and be physically inactive, leading to health complications and lowered life expectancy. It can be difficult for those facing illness to travel to the nearest metropolitan area to receive care. In cases where travel is restricted, remote access to experts can relieve this burden while allowing the patient to access medical expertise from the comfort of their own home.

33% **OF RETAIL MEMBERS** contact Best Doctors because they are questioning the need for surgery.

Challenge: Employee Turnover and Engagement

In an ever-changing economic environment, high employee engagement is crucial to help maximize sales and customer service levels. Engaged employees feel valued and are thus less likely to leave a company. For retail, the majority of workers are hourly, and work various shifts on store floors. Many also face unpredictable schedules, sometimes unsure of their hours even on the day of the scheduled shift. Women in particular are hit the hardest, struggling to add hours while often caring for children. Low engagement can be extremely detrimental to the image of the company, since floor employees are considered to be the “face” of the business. If employees are unhappy, customer service will suffer, and costs will rise. Unpredictable hours and modest wages can negatively affect employees in the industry, leading to high turnover.

Solution

When looking to reduce costs and improve employee health, many retail employers take a look at their benefits design strategy for ways to add in services that reduce medical uncertainty and lower medical costs. A second opinion program works to give employees peace of mind in knowing that they are making the right medical decisions. In turn, employees become more confident health care consumers, backed with the education necessary to advocate for their health.

Many retail employers find that employee engagement rises after implementing a second opinion program because employees feel as though they are being listened to. In order for a program to be successful, a robust awareness and engagement strategy is key. Engagement strategies can be tailored to ensure awareness among workers who may not have access to a computer during the day and with varying education levels. Some populations have high responses to home mailings, while others tend to respond to on-site posters and information sessions. Another important component in a successful program is Human Resources training and program advocacy. Support from managers and executives helps ensure that important information about the program is transmitted to all employees, so that they may more effectively take advantage of the service.

Conclusion

As the retail industry continues to experience economic and technological shifts, keeping employees healthy and productive becomes crucial to ensuring high customer satisfaction and sales metrics. Below are some recommendations to consider when undergoing a benefit design change:

- Assess your highest cost claims to determine which condition areas they represent and which workers come with the highest costs. If you do not have a clear view of your population and costs, consider a data and analytics solution to deliver prospective patient identification, targeting costly claims upstream, allowing for more timely intervention.
- Determine what's missing from your current health engagement strategy and challenge vendors to design programs around the way your company communicates, incorporating print, mail, email, phone, video, displays and more.
- Identify areas where gaps in care may exist. This may allow for better understanding of which programs to add and / or eliminate.



Client Case Study

Best Doctors partnered with a large U.S. grocery chain to help improve employee engagement, outcomes and health while reducing costs. Prior to implementing Best Doctors, the company dealt with numerous high-cost claims, including over 400 surgeries per year at approximately \$50,000 each. In addition, nearly 60 percent of the employee population was overweight or obese. These conditions and surgeries meant that employees were forced to take significant amounts of time out of work to recover. To make matters worse, employee engagement was very low. The company wanted to address these high-cost conditions while improving employee morale and health.

Best Doctors collaborated with the employer to help identify their high-cost conditions and develop a customized solution to address these costs while improving employee outcomes. The program aimed at getting associates the right diagnosis and treatment so that they could get back to work sooner. This partnership also involved a designated Center of Excellence, where employees could visit to undergo a procedure.

After the partnership had been established, Best Doctors reported on the success of the program. The client experienced drastic improvement. The program resulted in a 42% change in diagnosis, and an 80% change in treatment plan. Employees became more engaged and active in their health care decisions, leading to overall increase in morale.

In 2014, Best Doctors Consultations in the Retail Industry Resulted In:



Member Case Study

One retail industry member, Kevin, contacted Best Doctors about his daughter Emmy, who suddenly developed recurrent sinus problems. Her doctor ordered a CT scan, which showed nothing wrong with her sinuses, and instead showed an abnormality at the base of her brain. After more tests and a referral to a pediatric neurosurgeon, the Kevin and his wife learned that their daughter had cervical spine instability – something highly unusual when no serious trauma, like a car accident, has occurred. The neurosurgeon explained that the vertebrae in Emmy’s neck were out of alignment. If left untreated, this dangerous condition could cause serious damage, leaving her paralyzed or worse.

The doctor recommended surgery to fuse the vertebrae in Emmy’s neck and correct the instability. Emmy’s parents were warned that it was a very complex operation which would mean weeks out of school and would affect Emmy’s ability to move her neck.

Kevin trusted the doctor, who headed the neurosurgery department at a top-ranks pediatric neurology institution. However, this was uncharted territory and he did not want to make a mistake, so Kevin and his wife decided to contact Best Doctors. The Best Doctors Expert highlighted the serious nature of Emmy’s condition and recommended she have the surgery as soon as possible. Emmy had the operation and is doing well. Emmy’s parents were relieved to receive a second opinion from another experienced neurosurgeon. After receiving the Expert Report, they were confident in their decision to follow through with the recommended treatment plan. Since then, Kevin has referred several colleagues to Best Doctors. “People’s first reaction is that they may not need a second opinion before deciding on treatment. But this isn’t just a second opinion; it is expert advice that helps you make the right decision.”

What Retail Employees Say About Best Doctors

“Above and beyond. **Just excellent.**”

“Best Doctors provided me with a report that made me feel more confident with my doctors.”

“My overall experience was outstanding.”

“The final report I received was easy to read and understand. **My hopes to be 100% ME again now look positive.**”

“Very professional staff; I was surprised with how quickly they responded with a diagnosis and answered all of my questions.”

“I was apprehensive at first but Best Doctors **calmed my fears** and offered helpful advice. Very highly satisfied!”

“This is an **outstanding service** that a lot of associates could benefit from. The people on the other end of the line genuinely care.”

ⁱHodson, Nick and Kesteloo, Marco. 2015 Retail Trends. <http://www.strategyand.pwc.com/perspectives/2015-retail-trends>

ⁱⁱTon, Zeynep. Why Good Jobs are Good for Retailers. 2012. Harvard Business Review. <https://hbr.org/2012/01/why-good-jobs-are-good-for-retailers>

ⁱⁱⁱB. Garret, L. Nichols and E. Greenman. Workers Without Health Insurance: Who Are They and How Can Policy Reach Them? Urban Institute.

^{iv}Absenteeism. Circadian. <http://www.workforceinstitute.org/wp-content/themes/revolution/docs/Absenteeism-Bottom-Line.pdf>

About Best Doctors

Best Doctors, Inc. is the trusted global medical resource for ensuring that individuals have the right diagnosis and treatment, helping to dramatically improve the quality of care and reduce costs. Founded in 1989 by two Harvard Medical School professors, Best Doctors serves more than 700 employers, health plans, and other clients, touching more than 30 million members in countries all across the world. Best Doctors has received accolades from the media and the medical community as the leading organization for connecting patients with the best medical care. www.BestDoctors.com

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