



April 8, 2008

MEDIA RELEASE – FOR IMMEDIATE USE

## **Healthy workers mean healthier bottom line - HFANZ**

Employers could find it easier to attract workers to meet the skills shortage in many industries if they added health benefits to employment packages, according to Health Funds Association executive director Roger Styles.

A report last week by accountancy and business advisory firm Grant Thornton showed New Zealand firms attached a low importance to provision of employee benefits, when compared to other countries. This was despite studies showing healthy workers took fewer days off, were less affected by workplace stress, and stayed in their jobs longer.

Mr Styles said today that in the current tight labour market, potential employees were more likely to consider taking jobs which offered benefits such as health insurance as part of their employment package. They were also more likely to stay in those jobs longer, and retain their insurance when they were older and more likely to need it.

“Employers who choose to subsidise health insurance for their staff are not just being a good employer. There are clearly documented benefits to those employers such as having a healthier workforce who are able to access prompt medical and surgical treatment when they require it and be back at work sooner,” Mr Styles said.

“People are increasingly asking for health insurance as part of their package. Firms that offer it are the ones that can attract and retain staff. It’s a factor in the desire for work-life balance.”

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In New Zealand \$275 million is spent annually on group health insurance schemes, providing coverage for around 620,000 people.

A 2005 Southern Cross Healthcare study found an insured worker with an illness requiring surgery took an average 14 days off work because of the illness compared to 48 days off work for those without health insurance.

Mr Styles said the main factor behind this was the waiting time for treatment in the public system. For those with insurance, the average time period between diagnosis and surgery was just 35 days. For those without insurance relying on the public health system, the average wait was 113 days, with many still waiting for treatment after a year.

He said an estimated \$116 million was saved from the public health budget annually as a result of workplace-based health insurance.

Workplace schemes disproportionately helped low to middle income earners more, who were less likely than higher income earners to already have private health insurance. Industry research suggested take-up rates favoured low to middle income workers where subsidised schemes were offered, Mr Styles said.

Currently, just under half of those with workplace health insurance schemes were unsubsidised, with a third fully subsidised and the remainder partially subsidised.

He likened the schemes to Kiwisaver, another “good employer” practice which had been considered so important that employer contributions had been mandated in legislation. However, he recognised making Kiwisaver contributions could “crowd out” subsidising health insurance, particularly at smaller workplaces.

“While many employers are looking at health benefits as part of a package - whether to attract and retain staff or to ensure healthy staff and boost productivity - there remain structural disincentives and impediments,” Mr Styles said.

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“Fringe benefit tax is singled out as a primary reason why thousands more employees are not covered by employer subsidised health insurance. Increases in the maximum rate of FBT some years ago, together with the increased complexity of rates, have exacerbated problems. Despite talk of reducing tax compliance costs, the current FBT regime remains as a major structural disincentive to those employers who could provide subsidised health insurance packages for their employees,” he said.

“Workplace health insurance is a ‘good employer’ practice which should be encouraged rather than penalised,” Mr Styles said.

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For further information please contact:

Executive director Roger Styles ph 04 499 0834 or 027 480 0072

Media advisor Andrea McKay ph 027 555 7783.