

WHITE PAPER

Employee Retention: Modern Health Engagement



Why Investing in Employee Mental Health Benefits Drives Better Business ROI

In the midst of today's Great Resignation,¹ attracting and retaining talent has quickly become employers' biggest challenge. Talent attrition not only has a widespread impact on productivity and team morale, but also can be costly to organizations. It is estimated that it costs an employer an average of 6 to 9 months' salary to replace an employee who leaves.²

So how do organizations take steps toward increasing employee retention? By investing in benefits that bolster employee well-being. Employee well-being is linked to lowered healthcare costs, increased productivity, and increased intention to stay at the company.³ Recent studies show that employees, now more than ever, are willing to stay (or leave) based on the quality of their mental well-being benefits.⁴ In a recent survey conducted by Forrester and Modern Health, 73% of employees and 81% of managers indicated they would be more likely to stay at a company that offered high-quality resources to care for their mental health; 73% of non-managerial employees and 76% of managers said they valued mental health benefits over other employer-sponsored perks.⁵

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Modern Health provides employers a global, digital mental health benefits platform to connect employees to comprehensive mental health care, including therapy, coaching, group forums, digital self-guided content, plus navigation to other services. To understand more about the relationship between retention and employee engagement in Modern Health's mental health services, we examined data to explore if employees who utilized Modern Health services had higher retention rates than those who did not.

Methodology

We conducted a retrospective, observational study of retention patterns of employees with access to Modern Health through their employers. We explored retention rates of employees who engaged with Modern Health compared to employees who did not. To be included in the analyses, employees had to:

1. Be employed by a company that launched services with Modern Health prior to November 1, 2020
2. Be eligible for Modern Health services for a minimum of 30 days
3. Have job tenure for a minimum of 1 year

Tenure was determined by a member's start date on employer eligibility files. Members had to appear on a minimum of 12 consecutive monthly files to remain in analyses. If an employee was removed from an eligibility file, it was assumed they terminated employment in that month, either voluntarily or involuntarily. We pooled data across 104 employers and computed the total length of job tenure from the members' start date as listed on their eligibility file to their last appearance on a file.

Analyses

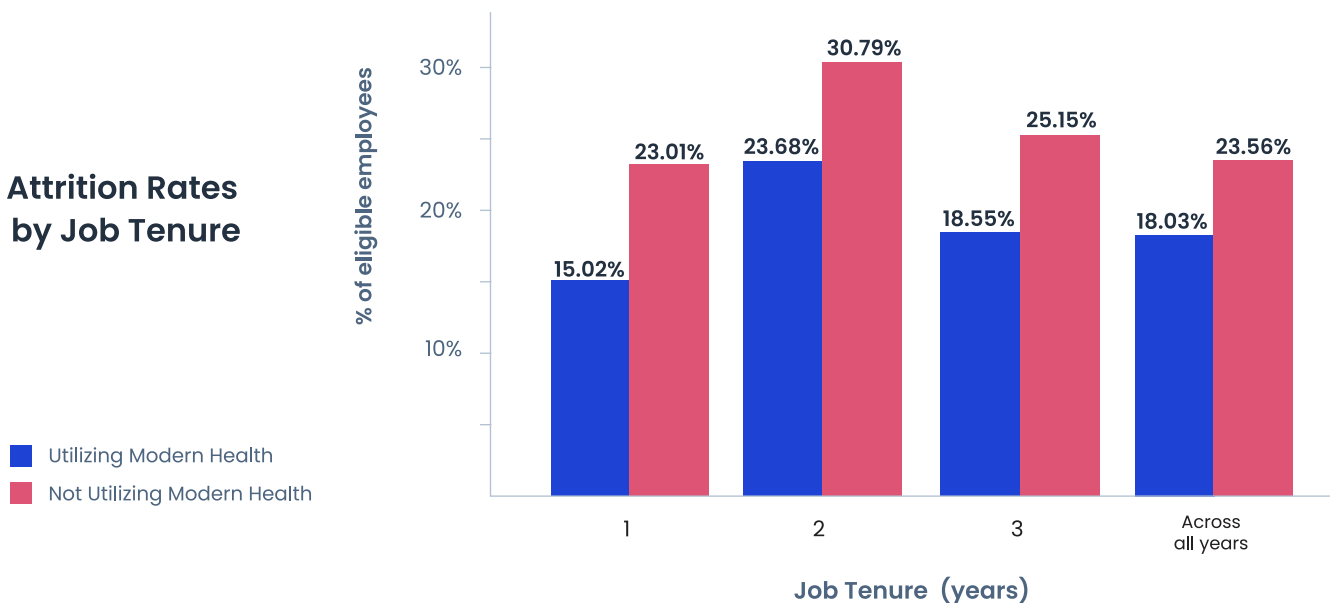
We calculated the total percentage of employees retained on eligibility files relative to the percent removed from eligibility files on a per-annum basis. We compared differences in percentages between employees engaged in the Modern Health platform versus those who were not engaged. Engagement was defined as a minimum of utilization of at least one of the following care types (meditation, program, Course, Daily Pause, group Circle, coaching session or therapy session).

Results

Records for a total of 149,451 unique employees were analyzed. Records reflect employment files from companies receiving services with Modern Health from a minimum of one year to a maximum of 3 years.

Across all years of employee tenure with their companies, a greater percentage of employees who used Modern Health were retained relative to those who did not use Modern Health mental health services. Retention was 5.5% higher amongst employees who engaged with Modern Health services versus those who did not. Among employees who never used Modern Health, an average of 23.56% were terminated (voluntarily or involuntarily), compared to only 18.03% of employees who engaged with Modern Health services. This difference was statistically significant, $\chi^2(1, 148,572) = 384.35, p < .001$.

Attrition Rates by Job Tenure



For an employer with 10,000 employees, this would equate to approximately 550 additional employees retained over time if they used Modern Health. Assuming an average salary of \$56,310⁶ and an estimated replacement cost of \$28,155 to \$42,233 per employee, this would result in an additional **estimated savings of \$15,485,250 to \$23,228,150 for the employer.**

The trend in retention among employees who used Modern Health services was consistent across all years of employee tenure. Overall, more Modern Health members were retained over time compared to non-members, whether the employee was with their company for one year versus five or more years. Employees who were with their companies the longest had the lowest rates of separation.

What does this mean?

These data suggest that employees who use their Modern Health benefit have a higher likelihood of staying with their employer. Having a solution that is flexible and tailored to individual needs means that the entire workforce can benefit, impacting all kinds of employees by meeting them where they are and giving them the right kind of care at the right time.

These data are only one way of examining employee retention, and are only based on data from employee eligibility files sent to Modern Health. We are not able to differentiate employee termination due to voluntary versus involuntary causes. There are many other factors that influence an employee's retention in a company, including performance, compensation, job satisfaction, among other factors. However, we think these data show an initial, encouraging sign that engagement with Modern Health can be beneficial to keeping employees with your company. We would love to partner with you to look more closely at your company data to examine the impact of Modern Health on your workforce retention.

References

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- ⁶ Bureau of Labor Statistics. (May, 2020). Occupational Employment and Wage Statistics. Available at https://www.bls.gov/oes/current/oes_nat.htm#00-0000