



Updated 2020

Making Maternity Work

Key Trends in Family-Friendly Benefits



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ABOUT THIS SURVEY

Pacify's Family-Friendly Benefits Report examines trends in workplace benefits for new parents. The report is based on interviews and survey responses from large, self-insured employers (companies with over 1,000 employees), representing different industries and geographies. It also includes reviews of the most recent, data-driven literature on health trends and corporate benefits planning. This report aims to help employers evaluate their programs and planned investments relative to their peers, and to better align family-friendly benefits with overall company goals.

Executive Summary

With definitive plans for family-friendly progress, Human Resources executives are bolstering key benefits that support working parents. The initiatives at employers we interviewed have two main purposes:

- 1 To attract and retain employees who are balancing work and family responsibilities**
- 2 To reduce ever-escalating costs in maternity, pediatrics, and absenteeism**

For many employers, these efforts are part of a broader wellbeing strategy. Some initiatives are focused on enhancing flexibility, time off for bonding, and achieving benefit parity among primary and secondary caregivers. Other initiatives offer specific support for targeted need cases: infertility, high-risk pregnancies, nutrition, and lactation. Employers hope these enhancements will strengthen program offerings in addition to employee perceptions of support.

SURVEY RESPONSES

Question 1

How satisfied are you with your company's maternity and paternity programs (1-10)?

7.1

Question 2

How satisfied are your employees with your company's maternity and paternity programs (1-10)?

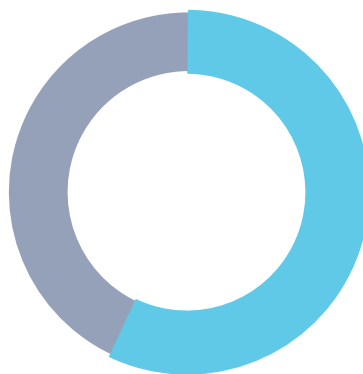
6.7

Question 3

Are you planning to expand, contract, or keep maternity and paternity benefits the same over the next 12 months?

43%

Expand



57%

Same

0%

Contract

THREE MAIN THEMES ARE CLEAR FROM THE DATA:

- 1** **HR executives believe that current support offerings fall short of working parent expectations.** Most companies have basic maternity support in place that consists of FMLA-mandated job protection and disability coverage. While benefit executives rate these programs at **7.1 (out of 10)**, those same executives perceive employee satisfaction as substantially lower (**6.7 out of 10**).
- 2** **The costs for employers in maternity and family benefits are substantial, growing, and in need of attention.** The primary expenses mentioned are claim costs, absenteeism, and attrition.
 - Maternity and pediatric care represent a considerable portion of health claims for employers. They are the leading cause for hospital stays in the US, accounting for nearly **25%** of hospitalizations. Most employers report that maternity claims make up **15-25%** of total healthcare spend.
 - Child health problems are a significant driver of absenteeism and lost work time. Employees with young children typically miss **9 work days** annually due to child illness. When an employee calls in sick, **26%** of the time, that employee is actually staying home to care for an ill family member.
 - **43%** of women leave the workforce permanently within **3 months** of delivering. Of those women who do return, half transition to lower-paying jobs at family-oriented employers.
- 3** **Companies plan to close the gap.** All employers surveyed plan to either keep maternity and paternity benefits the same over the next 12 months (**57%**) or expand these programs (**43%**). No employer interviewed plans to cut back in this category. Significant changes in planned investment include paid leave (which **38%** of employers offer today) and more flexible work arrangements (**62%** of employers offer some form of telecommuting today). A third category with statistical uptick is lactation support. More companies (**42%**) are now offering onsite lactation rooms that go above and beyond minimum requirements, and an increasing number are adding coverage for lactation consulting and breast milk shipping.



Introduction

There is a large divide in family-friendly benefits. On one side, a handful of industry-leading employers provide programs like unlimited flextime, paid leave, fertility assistance, and lactation support. The majority of companies, in contrast, offer only basic FMLA and disability protection. Media headlines frequently announce progressive new benefits, but these remain inaccessible to most workers.

Faced with ever-escalating competition for talent and cost pressures, HR executives are devoting more time and attention to family-oriented benefits like maternity and paternity programs. The degree of focus varies by company, but across the board, new families represent an important segment where retention and claims costs are paramount. This year's survey reveals the shortcomings of existing programs and the plans employers have to close the gap.

Key Challenges and Cost Drivers

For most employees, maternity benefits have not changed much since the Family and Medical Leave Act awarded job-protected, unpaid leave 25 years ago. Armed with a healthy pregnancy checklist, and for some, a breast pump, employees continue to navigate parenthood with unaddressed anxiety and uncertainty. While these programs have remained largely unchanged, several trends have driven maternal and pediatric costs to an all-time high for employers.

MEDICAL CLAIMS

Conditions related to pregnancy and childbirth are the leading causes of hospital stays in the US, accounting for nearly **23%** of hospitalizations.¹ Most employers report that maternity-related claims make up **15-25%** of total health spend.

There are several key drivers of claims in this category:

1 High-Risk Pregnancies and Deliveries

Infertility treatments, multiples, preterm births, and cesarean deliveries are all becoming more common and adding significant risk and cost to pregnancy and delivery. Increasing rates of diabetes and hypertension translate to serious issues like preeclampsia during pregnancy. As a result, **10%** of births now involve a NICU stay, and the national cesarean rate is over **30%**, well over the World Health Organization's recommendation of **10-15%**.^{2 3} Shorter postpartum hospital stays also mean fewer helping hands once the baby arrives.



2 Emergency Room Overuse

\$10B

Overuse of the Emergency Room is a driver of high pediatric costs, to the tune **\$10B annually** for employers.⁴



An alarming **80%** of pediatric Emergency Room visits are dismissed as non-urgent.⁵

Leading infant symptoms that drive ER visits are persistent fevers, rashes, and gastrointestinal problems. Data shows that interventions such as nurse triage and access to telehealth can mitigate ER visits, but driving awareness and utilization of these resources remains a challenge.⁶

3 Low Breastfeeding Rates

Employers are increasingly focused on breastfeeding given the clear links to better health outcomes and lower claim costs. Cigna found that due to three illnesses alone per every **1,000 babies** not breastfed, there were an additional **2,033** physician visits, **212** days in the hospital, and **609** prescriptions.⁷

2,033

Physician
visits

609

Prescriptions

212

Days in the
hospital

1,000

Babies not
breastfed

Today only **22%** of women exclusively breastfeed for the **6 months** recommended by the WHO. Some employers have implemented lactation support programs, which are especially powerful when leveraged immediately following birth.⁸

ABSENTEEISM



Absenteeism is a key challenge employers face with working parents. Employees with young children typically miss **9 work days** annually due to child illness.⁹



When employees call in sick, **26%** of the time, they actually stay home to care for an ill family member.¹⁰



Serious maternal health issues like perinatal depression also greatly impact a woman's ability to be physically and mentally present at work. Postpartum depression affects **1 in 7 mothers**.¹¹

As for ER overuse, telehealth and on-demand services can deliver faster, less expensive support. For behavioral health and depression, it is crucial that families have access to quality experts early to avoid longer-term difficulties and expenses.

ATTRITION

Childbirth presents a substantial attrition challenge.

43% of women leave the workforce permanently within **3 months** of delivering or off-ramp for a period of time.¹² Of those who return, half transition to lower-paying jobs at family-oriented employers.¹³

Once removed from the workforce, most homemakers state they would consider going back to work if the employer offered more flexibility.¹⁴ With employee replacement costs averaging **1-2x** salary, the burden on employers is real.¹⁵ Luckily, flexible work arrangements can help to address this pain point, while also serving as a helpful recruiting tool.¹⁶

Benefit Program Perceptions

Given the challenges above, we took the pulse of HR teams to understand planned investments in family-friendly benefits. Benefit executives rate their maternity and paternity programs at **7.1 out of 10** overall, but they estimate their employees' perceptions at a lower **6.7 out of 10**. In interview after interview, executives suggested that there was substantial room for improvement overall.

When asked to explain employees' lukewarm perceptions of family-friendly benefits, four themes emerged:

- 1 Employees have increasingly high standards:** With a robust job market and a tight market for skilled labor, employees are increasingly picky when it comes to benefits. Employees have read about headline-grabbing initiatives at Amazon, Apple, Google, and Uber. That caliber of benefits may be rare, but news shapes expectations. Additionally, employees note a strong desire for personalized benefits. **75%** of employees say that benefits customized to their needs are important when considering a new job.¹⁷
- 2 Employees aren't fully aware of their benefits:** A common sentiment from HR teams is that employees would appreciate company benefits more if awareness were heightened. Communication is not a new challenge within benefits, but with increased demand for consumer attention, it is difficult to cut through the noise and deliver the right message to employees at the right time. As a result, mobile strategies involving apps to improve information accessibility are becoming mainstream for modern programs.
- 3 There is inequity between maternity and paternity support:** Employers highlighted a specific gap between support for the primary and secondary caregivers. Narrowing this gap with more flexible options and leave for secondary caregivers is a key priority. Some employers are even opting for the term "caregiver" - as opposed to "maternity" and "paternity" - to accommodate a variety of family units.
- 4 Paid leave is highly desired but contentious:** Paid parental leave remains king among benefits desired by employees. Some employers, like Netflix and Facebook, have made enormous investments in this area as a business strategy, offering up to a full paid year to both mothers and fathers. For most employers, the costs of such an approach appear hard to justify.

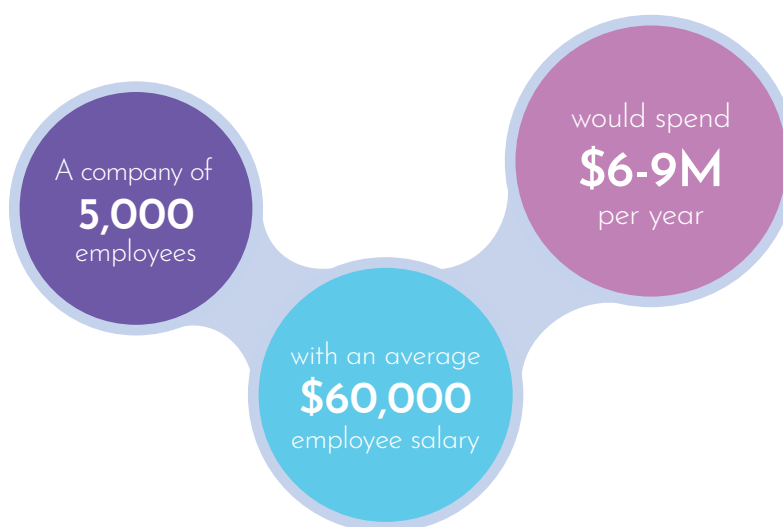
Benefit Program Planning

Every employer surveyed plans to either maintain **(57%)** or expand **(43%)** family benefits over the next 12 months. Surprisingly, none of the employers surveyed plans to contract such benefits.

The biggest areas of planned investment are paid leave (both for primary and secondary caregivers) and more flexible work arrangements (like the ability to work remotely and flex hours).

38% of employers today offer some type of paid leave, with an average of just over **four weeks** paid by the employer, and with more leave for maternity **(41 days)** than for paternity **(22 days)**.^{18 19}

Cost remains a substantial barrier. In order to support a year of paid time off, comparable to programs offered by Facebook and Netflix:



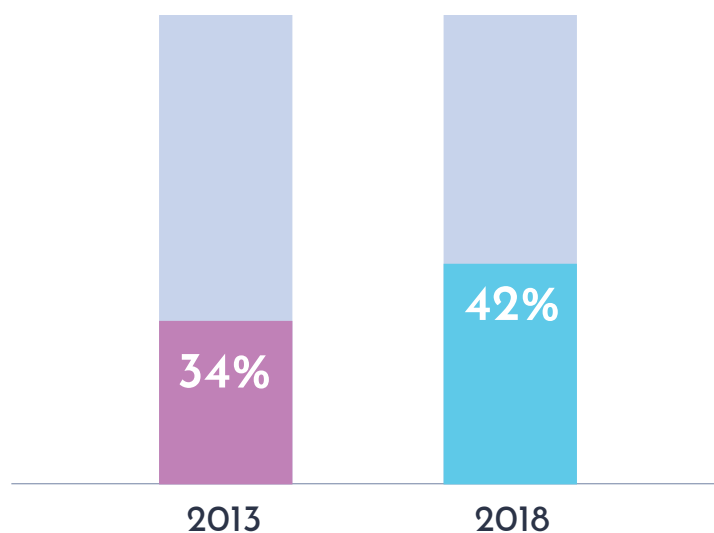
Flexible work schedules may be more cost-effective. Many employers cite this as a critical recruiting lever. Today, **62%** of companies allow some type of telecommuting, **57%** offer flextime, and **59%** offer telecommuting on an ad-hoc basis.²⁰

Employee demand for flexibility is also clear:

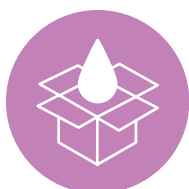
84% of working parents cite flexibility as the single most important factor when considering a new job.²¹

A third category with statistically significant changes in recent years is lactation support. Today, **42%** of companies offer onsite lactation rooms that go above and beyond the minimal Affordable Care Act requirements (specifically a space other than a bathroom, that is shielded from view and free from intrusion from coworkers and the public), up **8 percentage points** from just five years ago.²²

Companies Offering Onsite Lactation Rooms Beyond ACA Requirements



Room enhancements typically include premium breast pumps, comfortable furniture, mirrors, sinks, sanitary supplies, and message boards for communicating and sharing with employees.²³



Along these lines, a handful of employers are beginning to cover breast milk shipping for employees who travel. This trend is particularly apparent in law and consulting, where employees earn high hourly wages and have significant travel demands.

Conclusion

Companies are placing more of an emphasis on family-friendly programs, with an eye on better outcomes and modernization. There is no single, simple fix for increasing complexity and spiraling costs, so many companies are taking a portfolio approach: using new technologies, flexible working policies, and specialty services to serve increasingly demanding employee stakeholders. As one interviewee related, "It's not clear that these approaches can reverse the current trend, but we have to try new things and improve the way we communicate our value to employees, and I'm optimistic that some of these technologies can bend the cost curve."



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