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HR Edge

Q3 2023

Presented by StoneTapert Insurance Services

The Growing Skills-based Hiring Movement

As labor challenges continue throughout the year, more employers are exploring skills-based hiring to help them compete for job candidates and expand talent pools. While specific qualifications may be valuable for some roles or industries (e.g., health care and education), HR professionals and senior leaders may benefit from considering candidates based on desired skills rather than experience or education. Furthermore, an increasing number of Americans are questioning the “paper ceiling” — the invisible barrier for skilled job seekers who lack a bachelor’s degree. With robust learning and development initiatives, employers can hire workers who are an excellent cultural fit and then train them on specific knowledge and abilities. In the current worker-friendly market, many employers are having luck with taking a chance on candidates eager for a challenge and willing to learn on the job.



75% of new jobs require degrees —
but **only 40% of potential applicants**
hold a **bachelor’s degree**,
according to advocacy group
Opportunity@Work.

The Importance of Skills

Skills-based hiring isn’t just aspirational; some employers and job posting channels are taking note and prioritizing finding the right fit for open positions based on skills rather than education or experience. For example, the employment website Indeed recently launched a skills-based hiring tool called Skill Connect. According to Indeed, this product helps job seekers find positions based on their skills and training rather than their credentials.

Similarly, a coalition of roughly 50 organizations launched a “Tear the Paper Ceiling” campaign to raise awareness about the more than 70 million workers in the United States who are skilled through alternative routes. The argument is that many American workers have developed valuable skills through community college, workforce training, certificate programs, military service or on-the-job learning — and they hope this movement will challenge misconceptions about skills and preparedness and encourage upward mobility for millions more workers. As this movement grows, many other employers are rightfully cautious about withdrawing the educational requirements for open positions. There simply aren’t enough college graduates for open entry-level positions that require a degree, which means employers need to consider alternative methods. Fortunately, a skills-based hiring strategy can give them a competitive edge in talent wars.

Additionally, higher education was significantly impacted by the COVID-19 pandemic. Enrollments dropped at a historic pace, and workplace changes have rendered college degrees unnecessary for a growing number of high-paying jobs. However, many employers still require four-year credentials, a criterion that is being perceived more often as an outdated employment habit.

Employer Takeaway

More employers have found that skills-based hiring tools can benefit their workplace by incorporating qualified workers from different backgrounds into their teams. While many hiring processes factor in college degrees and other credentials for legitimate reasons, more of today’s employers are considering skills-based hiring and updating their hiring and recruiting practices to help them find the best possible talent.

Obesity's Impact in the Workplace



Obesity is a chronic disease that impacts more than **4 in 10 Americans**. By 2030, **nearly half** of U.S. adults are expected to be obese.

Medical costs for adults with obesity are, on average, **\$1,861 higher than for adults with a healthy weight**. The annual medical cost of obesity in the United States was **\$173 billion** in 2019.

Source: The Centers for Disease Control and Prevention

What Employers Should Know About Popular Weight Loss Drugs

The popularity of weight loss drugs has reached a fever pitch in the United States. This trend has entered the workplace, with employees increasingly asking their employers about coverage for popular drugs used for weight loss, such as Wegovy. Other drugs intended to treat Type 2 diabetes, such as Ozempic or Mounjaro, are also in high demand for off-label use for weight loss. As a result, employers face the difficult decision of whether or not to cover these expensive drugs.

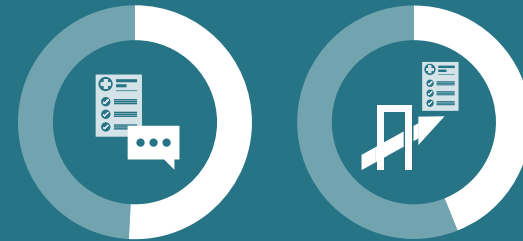
Employee obesity has a significant impact on overall health costs for employers. Traditionally, employers have approached weight loss by promoting or sponsoring physical wellness initiatives, including weight loss challenges, daily step competitions and biometric screenings. Addressing obesity helps individuals avoid more expensive medical treatments and can prevent the development of chronic conditions. Because of these benefits and employees' recent demands for weight loss drugs, many employers are searching for new approaches to help employees instead of simply paying for gym memberships or organizing weight loss competitions.

Considering Weight Loss Drugs

The recent string of popular weight loss drugs (e.g., Ozempic, Mounjaro and Wegovy) are types of glucagon-like peptide 1 (GLP-1) receptor agonists — injectable medications originally prescribed to treat diabetes but are effective in helping individuals to lose weight. They can potentially transform millions of Americans' health by decreasing their weight by

as much as 15% in some cases. In turn, this may help treat and address several weight-related conditions, including heart conditions, diabetes and musculoskeletal procedures.

Employers have traditionally not covered weight loss drugs. However, increased demand from workers is forcing employers to consider comprehensive obesity care benefits, including offering weight loss drugs.



A recent survey revealed that **51% of workers with obesity** would stay at a job they didn't like if they received obesity treatment coverage, while **44% would change jobs** to obtain coverage for obesity treatment.

Source: Ro and the Obesity Action Coalition

While weight loss drugs may be extremely costly, they may provide employers and employees with long-term health care savings. When deciding whether to cover weight loss drugs, employers consider the following factors:

- **Expensive treatments** — Prescription drugs typically drive a large percentage of an organization's health care spending. Adding weight loss drugs to a health plan would likely substantially increase an employer's health care expenses, especially since GLP-1 treatment costs, on average, more than \$1,000 per individual monthly. Deciding to cover weight loss drugs may result in employers seeing significant spikes in their health care costs, especially if multiple employees receive the drugs to lose or manage their weight.
- **Drug design** — GLP-1 drugs were not originally designed to treat weight loss. When individuals use them for this purpose, they must continue using the drug to keep the weight off. Therefore, employers that cover these treatments for weight loss must make a sustained commitment for employees to experience weight loss benefits; as a result, they're likely to incur significantly higher health care costs.



What Employers Should Know About Popular Weight Loss Drugs (Continued)

- **Health plan coverage** — Because the U.S. Food and Drug Administration doesn't approve most GLP-1 drugs for weight loss, most insurers will not cover them when used for this purpose. If they are not covered by health insurance, workers must pay out of pocket to use the drugs for weight loss. Further, while there is some off-label use, most health care professionals will not prescribe these drugs for weight loss unless an individual is obese and has difficulty losing weight using traditional methods. Even if an individual obtains coverage of a GLP-1 drug for weight-related treatment, it does not guarantee that they will have permanent coverage for this purpose, which could negate any weight-related benefits if they lose coverage in the future.

Determining if there's a need or demand for weight loss drugs can be a good starting point for most organizations. After surveying employees, employers can assess whether it's worthwhile to cover GLP-1 drugs. This can also help them determine the overall impact of obesity on their workforce in terms of employee health and well-being.

Summary

Many employers still consider weight loss a lifestyle problem rather than a health issue. As a result, they don't believe weight loss drugs are medically necessary. However, as employee attitudes and demands shift, employers may be tasked with making more decisions about their health care plans in the coming years. While it's still to be seen whether GLP-1 drugs are effective in treating obesity, employers should monitor any developments closely and find ways to holistically improve employee wellness.



According to PSG's 2023 Trends in Drug Benefit Design Report, **41%** of employers currently cover weight loss medications, while **21%** are considering coverage of such medications in the next one to two years.



67% of employees want their employer to help them take care of their stress and anxiety, according to a 2023 study by mindfulness app Calm.

Calm research has shown that for every \$1 invested in the mental health of employees, **employers can save \$2-\$4 on other expenses**, such as health care costs.



Employee Wellness as a Recruiting Factor

Workplace well-being transforms every day, and many organizations have a renewed focus on employees as people. Employees want to be treated like human beings — not just resources. More than ever, workers want to belong in the workplace and feel recognized, appreciated and safe. Correspondingly, when employees' well-being is thriving, they often take fewer sick days, increase their job performance, manage stress better and experience less burnout, all of which directly impact organizations. Thus, employers can yield positive benefits, including strong attraction and retention rates, by caring for their people.

Mental health, specifically, remains a top issue today; many workers battle stress, anxiety and other mental health conditions in their personal and work lives. Fortunately, the mental burden of the COVID-19 pandemic has enabled more transparency and empathy around the topic, especially in the workplace. As attitudes about employee mental health have dramatically shifted for the better, employers are poised to bolster their mental health support for employees through benefits and other workplace resources. Employers are incentivized to do so, as mental health can impact employee performance and recruitment and potentially increase costs.

The American Psychological Association's (APA) 2022 [Work and Well-being Survey](#) validated that employee expectations related to mental health support are shifting, with 71% of workers reporting that they believe their employers are more concerned about

employee mental health than in the past. More than 80% of workers agreed that how employers support employee mental health is an important consideration when they evaluate jobs. Employees' ideal resources go beyond health benefits. According to the APA survey, workers want the following:

- Flexible work hours: **41%**
- A workplace culture that respects time off: **34%**
- Remote work arrangements: **33%**
- Four-day workweeks: **31%**

These findings underscore the importance of mental health support in the workplace — and with a greater focus on mental health support, employers can work to attract more talent in a tight market. To better support employees, it may also be helpful to understand what is stressing workers out. The APA survey found that a current significant stressor for employees is compensation. Most employees (71%) are worried about their compensation keeping up with inflation.

Employer Takeaways

The work environment and how employees do their work can significantly impact mental health. More employers are continuing to embrace flexible and hybrid work formats, focusing more on how everyone contributes rather than where or how they're doing their job. While many employees are worried about their compensation keeping up with inflation, they also hope for nonmonetary factors that impact their work life. Today's workers want and need psychological safety in the workplace. Effective employee

recruitment comes down to ensuring workers' safety and well-being during their workdays.

Organizations can start by evaluating current wellness initiatives and thinking about ways to improve them. To ensure offerings and investments resonate with the workforce, it can be helpful to survey employees first and see what they find most valuable and necessary for their overall well-being.



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