

# Benefits offerings for a multigenerational workforce

A three-part series



EMPLOYEE BENEFITS



WORKERS' COMPENSATION



RETIREMENT SERVICES



**LOCKTON**<sup>®</sup>

## Authors



**Ron Leopold, M.D., MPH**

Chief Medical Officer  
Lockton Benefit Group  
816.751.2208  
rleopold@lockton.com



**Janet Moore, HIA**

Vice President  
Manager, Data Analytics  
816.960.9237  
jlmoore@lockton.com

*This is part two of a three-part series where Lockton experts share how companies can design risk management and employee benefits programs with their multigenerational workforce in mind. To see all papers in the series, visit [lockton.com/multigenerational-workforce](http://lockton.com/multigenerational-workforce).*

The health and medical needs of a working population vary based on any number of demographics. The workforce today is comprised of three major generations, each of which has a unique set of health risks and medical costs. As the needs of generations vary, so do the offerings that benefit them most.

A strong benefits package not only attracts and retains good employees, it keeps them healthy and can maximize productivity. The role of benefits for financial security and work-life balance also varies in significant ways from generation to generation. Part three of this series will expand on retirement and financial planning for a multigenerational workforce.

Age distribution of a population is an important indicator of what types of benefits will be valuable and necessary to an employee. Generational distribution of a covered population is also an important determinant of incidence and prevalence of certain medical conditions. These differences greatly influence where employer medical costs will concentrate, and what types of solutions they should consider. There are several popular classifications of generations and the delineations are somewhat arbitrary. For purposes of discussion, this white paper will use the following definitions:



**MILLENNIALS:** Born 1981-2000 (18-37 years old)



**GENERATION X:** Born 1965-1980 (38-53 years old)



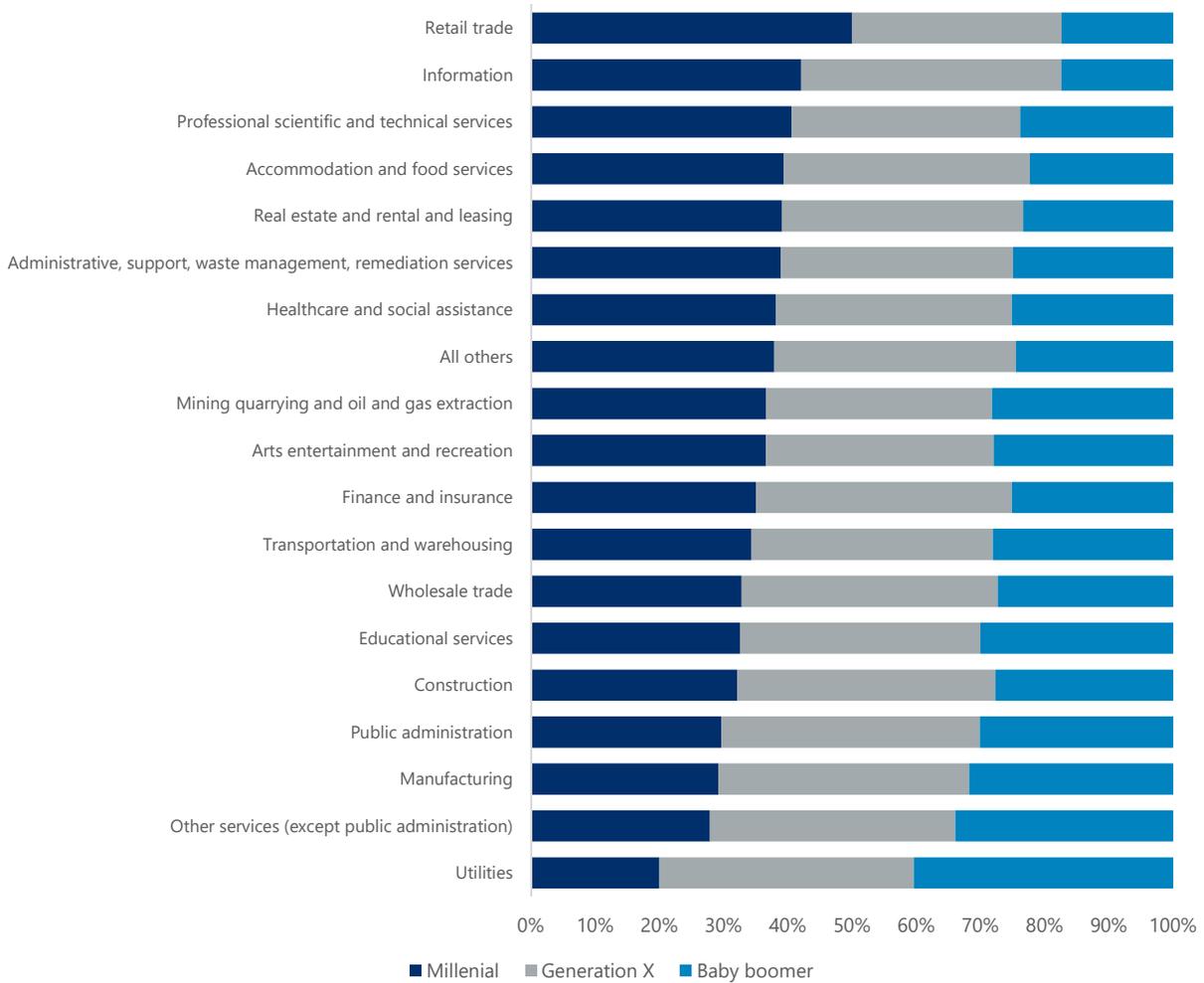
**BABY BOOMERS:** Born 1946-1964 (54-72 years old)

Lockton's research was powered by Infolock®, Lockton's proprietary data warehouse. The Infolock benchmarking data set contains 591 commercial employer groups and 2.5 million members. This analysis includes incurred claims from July 1, 2017 to June 30, 2018 for members enrolled as of June 30, 2018. All chart data sourced from Infolock.

## Workforce by industry

Workforce age profiles vary based on industry. The nature of the work, necessary experience, physical expectations and a range of other factors contribute to groupings of certain generations within an industry. It is important to consider the industry’s generational breakdown when designing plan offerings. The following chart shows generations by industry according to Infolock data:

GENERATIONS BY INDUSTRY



There are significant differences in generational make up by industry. Utilities, other services, manufacturing and public administration are dominated by an older, baby boomer workforce.

Retail trade, information, and professional scientific and technical services are dominated by a younger, millennial workforce.

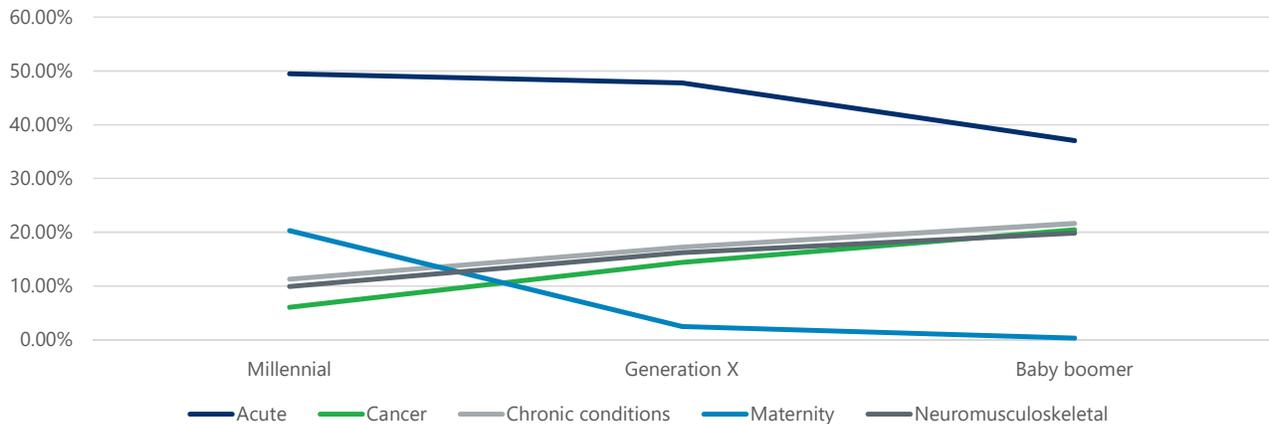
## Diagnostic cost proportions

Acute claims, including illness, accidents and injuries, are the most prevalent cost drivers across all generations. It is notable that this category accounts for a lower spend in baby boomers than in younger generations.

Additionally, chronic conditions (including heart disease, diabetes, lung disease and gastrointestinal conditions) are a top-three cost driver for all three generations. Spend for chronic conditions is 11 percent for millennials but increases with age to 17 percent for Generation X and 22 percent for baby boomers.

Subsequent cost drivers vary by generation. Twenty percent of millennials' health expense is for maternity care. Neuromusculoskeletal conditions, such as back pain, are a significant cost driver for both Generation X and for baby boomers. Cancer claims increase with age of generation and make up 20 percent of paid amounts for baby boomers.

COST DRIVERS BY GENERATION



|               | Millennials             | Generation X               | Baby boomers            |
|---------------|-------------------------|----------------------------|-------------------------|
| Cost driver 1 | Acute (49%)             | Acute (48%)                | Acute (37%)             |
| Cost driver 2 | Maternity (20%)         | Chronic condition (17%)    | Chronic condition (22%) |
| Cost driver 3 | Chronic condition (11%) | Neuromusculoskeletal (16%) | Cancer (20%)            |

## Maternity

---

For millennials, maternity can be a significant cost driver, as this demographic is in prime childbearing years. Special health risks, complications of pregnancy and premature births can be huge cost drivers for employer medical expenses. In addition, more spouses and children will be added to plans as millennials get married and have children.

Promoting education and medical support around family planning, contraception, maternal health, healthy pregnancy and medical risks in pregnancy are all an important part of a fundamental benefits solution for millennials. Programs that effectively mitigate risks in pregnancy have the potential to offset some of the costs associated with pregnancy and potential complications. Employers can also expect interest in infertility benefits and parental leave.





### Key takeaways:

- Millennials require more maternity, infertility and parental leave benefits, based solely on their stage of life (child bearing years).
- Generation X is supporting older children, and potentially will be until the dependent is 26 years old.
- Baby boomers can expect to have dependents off their plan in the near future.

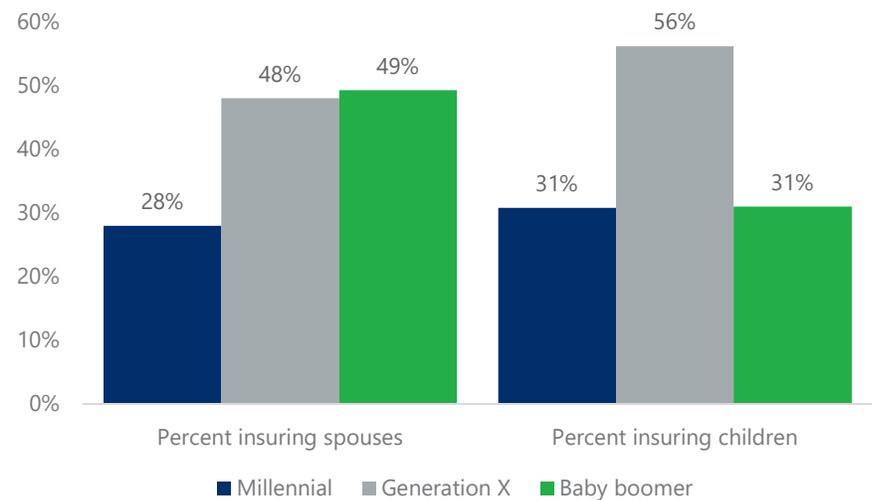
## Dependents and spouses

Employees in Generation X are a large part of the workforce, making up 32 to 41 percent of those industries evaluated. Not only are they the largest generation in the workforce, they tend to carry the most dependents; Infolock shows more than half of employees cover children on their plan.

|                            | Millennials | Generation X | Baby boomers |
|----------------------------|-------------|--------------|--------------|
| Average age                | 30.51       | 45.45        | 59.65        |
| Percent insuring spouses   | 28%         | 48%          | 49%          |
| Average spouse age         | 31          | 43           | 57           |
| Percent insuring children  | 31%         | 56%          | 31%          |
| Average child age          | 5           | 13           | 19           |
| Average number of children | 1.9         | 2.2          | 1.8          |

As one would expect, dependents on baby boomer plans are not a significant cost driver. The average age of a baby boomer-covered child is 19. As baby boomers age, more children will drop from their plans as the children enroll in plans of their own.

SPOUSE AND CHILDREN COVERAGE BY GENERATION

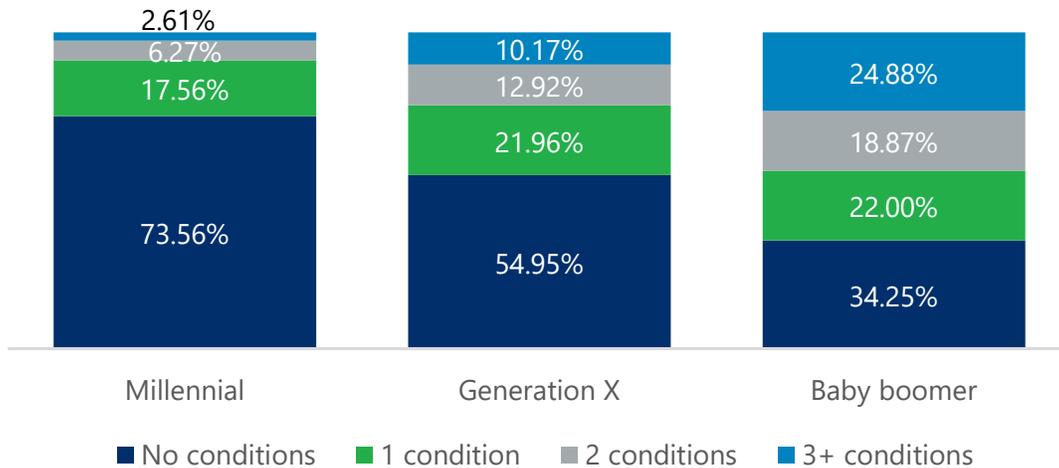


## Chronic conditions

Chronic conditions are a well-known cost driver for health plans. Poorly managed chronic conditions can result in frequent doctor visits, emergency care and high prescription costs, all of which can result in lowered productivity, costing employers money. Unsurprisingly, chronic conditions increase with age, but a comprehensive benefits plan can help manage costs.

Forty-five percent of Generation Xers and almost 66 percent of baby boomers have one or more chronic conditions, making disease management a significant concern. There has been a proliferation in niche third-party solutions to manage chronic conditions. Employers looking to help employees (and their families) strengthen the management of these conditions, especially diabetes, heart disease and chronic musculoskeletal disorders, have a multitude of new vendor and program options. Well-monitored and managed diseases or chronic conditions keep overall claims, and in turn costs, down.

CHRONIC CONDITIONS BY GENERATION





### Key takeaways:

- Millennials tend to have a lower frequency of chronic conditions. Employers should aim to use wellness programs and incentives to keep them healthy.
- The prevalence of chronic conditions trends up beginning with Generation Xers while baby boomers have a high prevalence of chronic conditions. Access to preventive screenings and disease management resources can help keep chronic conditions well managed.

Notably, the prevalence of chronic conditions increases with generational age.

|              | Diabetic prevalence | Hypertension prevalence | Hyperlipidemia prevalence |
|--------------|---------------------|-------------------------|---------------------------|
| Millennials  | 2.7%                | 5.1%                    | 3.3%                      |
| Generation X | 8.8%                | 22.2%                   | 18.4%                     |
| Baby boomers | 16.8%               | 44.4%                   | 41.5%                     |

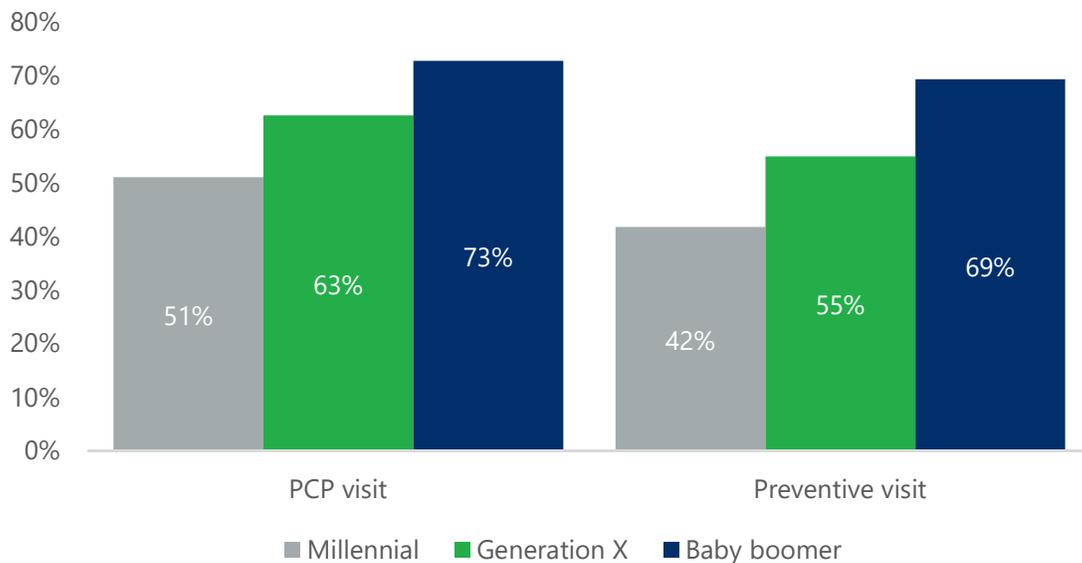
Rates of diabetes, for instance, progress from 2.7 percent in millennials to 16.8 percent in baby boomers. High blood pressure (hypertension) jumps staggeringly from 5.1 percent in millennials to 22.2 percent in Generation X and significantly more in baby boomers, with a prevalence of 44.4 percent. A similar prevalence pattern can be seen with hyperlipidemia (elevated cholesterol levels).

Nearly three-quarters of millennials do not have a chronic condition. Wellness programs have been linked to uncovering potential health problems before they become a full-fledged chronic condition. Offering wellness programs to younger generations can reward good health, motivate them to stay healthy and potentially prevent or manage chronic diseases before they become an issue.

## The value of primary care and preventive screenings

Developing a relationship with a preferred care provider, or PCP, has long been touted as a value to employees and their health plan sponsors. PCPs help ensure patients get the care and preventive screenings they need by understanding a patient’s health, age and family history. Infolock data shows 73 percent of baby boomers have a PCP. That number drops to 63 percent of Generation Xers and just over half (51 percent) of millennials. While baby boomers utilize the PCP relationship more predominately, every generation can benefit from the preventive screenings and disease management that a PCP can offer.

PERCENT OF MEMBERS WITH A PCP OR PREVENTIVE VISIT BY GENERATION





### Key takeaways:

- Baby boomers are actively utilizing PCP and preventive care benefits, so offerings should be robust and easy to use.
- Telemedicine, or virtual visits, may be a good option for Generation X or millennial-dominant employee populations interested in seeking preventive care or acute illness consultation.

Prioritizing preventive care can be an important component of employee health and wellbeing, regardless of age. Screenings can detect health conditions and diseases earlier, leading to more timely and effective treatment. When identified at an early stage, many of these conditions can be managed before they develop into more serious problems.

Robust preventive solutions can help the baby boomer employee population stay ahead of potential health problems. Neuromusculoskeletal claims, such as arthritis, osteoporosis and back pain, are the third most common cost driver among Generation X, following chronic conditions by just 1 percent. Regular check-ups, vaccinations and screenings for common cancers and chronic diseases allow employees to take control of their health. Without a PCP relationship, employees may use urgent care, a walk-in clinic or an emergency room, leading to a higher cost for employers.



## Conclusion

---

Employers with a dominant millennial population, including retail trade and information, should consider full spectrum maternity and family planning benefits. Based on age and stage of life, millennials are most likely to utilize robust maternity offerings including contraception, inclusive maternity care, infertility benefits and parental leave. These leading edge benefits offerings can be a deciding factor for millennial talent.

Generation X makes up a large portion of the current employee population. They are not only caring for themselves but often times also their children and their parents. Benefit offerings that make it easy to take care of their own health, such as telemedicine, wellness programs and on-site clinics allow Generation Xers to prioritize themselves.

Industries, such as utilities, with a high percentage of baby boomers require a different approach. A significant part of the workforce will retire within ten years, making future financial stability a key focus. Retirement planning and counseling services can help the aging workforce appropriately plan for when they are ready to leave the workforce. Chronic conditions and cancer are more prevalent among this older generation and therefore major cost drivers for employee health benefits. Preventive care and disease management programs for chronic illness are essential to keeping employees healthy and benefits costs down.

While the needs of generations vary, there are some key benefits plan components to keep any employee population healthy. Prevention is priority. Benefit offerings that encourage employees, and others on their plan, to get and stay healthy save plan sponsors money. From preventive screenings to wellness programs, employers should encourage employees to take control of their health.



**LOCKTON®**

- 
- RISK MANAGEMENT
  - EMPLOYEE BENEFITS
  - RETIREMENT SERVICES



[LOCKTON.COM](https://www.lockton.com)