

# Back-Up Care at Work: The Winning Case for Employers *and* Employees



Business continuity is an imperative for today's successful organizations. No matter the industry — finance, healthcare, academia, service, manufacturing, retail — standing out from competitors requires an employer to remain fully operational amid any circumstance the organization or its employees might face. By contrast, those that are unable to keep up suffer a domino effect of unserved clients, unmet deadlines, and diminished performance that compromises productivity, organizational reputation, and bottom lines. A significant contributor to failures in continuity can be traced to absenteeism related to dependent-care challenges.

Employees who miss work due to dependent-care breakdowns cost employers significantly. With dependent care a perpetual challenge for a large percentage of the workforce — and elder care responsibilities on the upswing due to the aging population — such impediments promise to gather steam. A response strategy, therefore, is an essential business initiative. To that end, a high-quality, comprehensive back-up care program — one that both eliminates employees' stress related to being without care, and enables them to easily access quality back-up care and, thereby, get to work — is a sound business practice that is in both the employees' and employer's best interest. The result: a sustainably productive workforce that is resilient, present, and able to consistently contribute to their organization's success.



## Changes in Workforce Trends

No doubt the need for work/life support is on an upward swing, a development driven by changes within the employee community. Women, for example, have changed the face of the workplace. According to the Bureau of Labor Statistics, between 1950 and the year 2000, the number of women in the workplace increased by more than 250 percent and continues to grow. Further, as evidenced by a recent Prudential study, many of these women are breadwinners<sup>1</sup> responsible for their family's primary income. According to the study, 53% of the more than 1,400 women surveyed were primary breadwinners. And, according to *Time* magazine, with male-dominated fields like finance and construction still recovering from the recession and typically female-dominated jobs like nursing, retail, and customer service continuing their upward trajectory, the female share of the workforce promises to continue to disproportionately outpace its male counterpart.<sup>2</sup>

Equally important is the rise of the oft-cited **Sandwich Generation**. The term, coined by journalist, nationally recognized elder care expert, and publisher (*Sandwich Generation*®) Carol Abaya, M.A., refers to the generation of individuals sandwiched between competing life events, simultaneously taking care of careers, children, and aging parents or in-laws. In a 1990 article that's still referenced two decades later, *Newsweek* reported that the average American woman will spend 17 years raising her children and 18 years helping her own or a spouse's aging parents.

## Why Back-Up?

These new workforce dynamics have created substantial conflicts between work and home and have increased the urgency for employers to act. Though employees with dependents typically have primary care arrangements that have been thoughtfully put into place, even the most carefully planned child care and adult/elder care arrangements can break down. Whether predictable or unpredictable, such breakdowns are disruptive to employer and employee, forcing working parents/caregivers to miss work, and costing employers in productivity.

Dependent-care issues can lead to workplace disruptions when:

- A child is ill and cannot attend school or go to the child care center
- A sudden change occurs in an elder relative's health status
- A primary caregiver is unavailable
- A regular care arrangement breaks down
- A school or child care center closes due to weather or other unforeseen circumstances
- An employee lacks child care during school vacations
- An employee is in a maternity/paternity transition
- An adult dependent needs assistance while recuperating from surgery or illness
- A full-time caregiver needs some time off/respice from his or her duties

Back-up care provides a short-term solution when such events occur. The arrangement acts as a safety net, offering high-quality care when needed and allowing caregivers to get to work until normal care can resume.

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<sup>1</sup> Financial Experiences & Behaviors Among Women, Prudential Research Study, 2012-2013

<sup>2</sup> Time Magazine, What Women Want Now, Nancy Gibbs, October 14, 2009

## Backing up the Employee — and the Organization

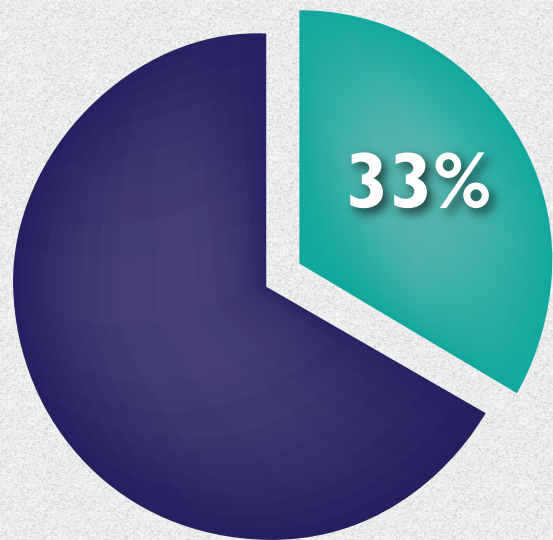
The provision of back-up care has benefits for both employer and employee. It's a dependable, comforting arrangement for caregivers and dependents at a stressful time, and, according to **Horizons Workforce Consulting**<sup>®</sup>, a “just-in-time” benefit for employees that allows them to effectively care for loved ones and manage the responsibilities they have at work.

But back-up care also helps organizations meet business goals by limiting losses in productivity associated with breakdowns in dependent care. Employers who give their employees a back-up option help prevent lost work time, limit absenteeism, and save money in the process. Studies by Horizons Workforce Consulting additionally show that the holistic focus on an employee's caregiving responsibilities also promotes well-being and, thereby, increases dedication and commitment, improves engagement, and helps to minimize health issues (see *The Positive Effects of Back-Up Care*, page 6).

Evidence shows the need for such solutions is mounting. Working parents are experiencing breakdowns in their regular child care or elder care situations on a more frequent basis. According to a report by the U.S. Bureau of Labor Statistics, American businesses lose an average of 2.8 million workdays each year due to unplanned absences, many that are dependent-care related. **Bright Horizons**<sup>®</sup>, the largest provider of employer-sponsored back-up care, has seen a 33 percent jump in back-up care usage since 2010, resulting in the provision of emergency back-up care for families on more than 620,000 occasions during each of the last two years.

**2.8**  
**MILLION**

WORKDAYS LOST **EACH YEAR**  
DUE TO UNPLANNED ABSENCES



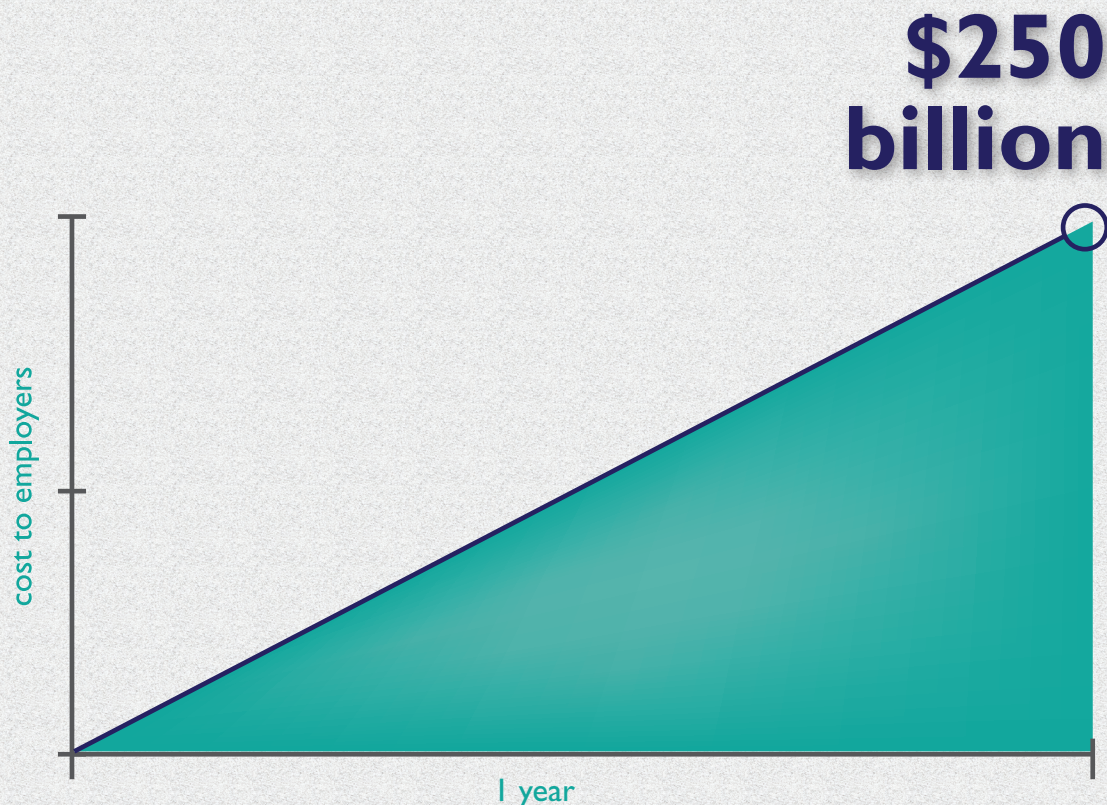
PERCENT **INCREASE** IN BACK-UP CARE USAGE  
SINCE 2010

## The Not-So-Hidden Costs of Care Breakdowns

Such evidence cannot be taken lightly. The cost of dependent-care-related absences adds up. This chronic problem, according to a 2005 Circadian Information Limited Partnership study, conservatively adds up to \$3,600 per hourly worker per year, and \$2,650 per salaried worker per year.<sup>1</sup>

And the costs are mounting. According to Metropolitan Life, dependent-care breakdowns cost American employers \$33.6 billion in absenteeism, turnover, and lost productivity each year.<sup>2</sup>

Yet absenteeism isn't the only threat of dependent-care breakdowns; so-called "presenteeism" lurks nearby. The term presenteeism, coined by UK psychology professor and organizational management expert Cary Cooper, refers to the inability to work at full capacity because of illness, injury, or anxiety. In these circumstances, employees may be too distracted to be productive or they may need to conduct personal business while at work. The inevitable disruptions related to caregiving responsibilities are a major cause of presenteeism, affecting not only employees who may have to solve care crises during work hours, but also potentially resentful colleagues left covering for those who are not working at full capacity. **Employees working at diminished capacity cost employers \$250 billion per year according to the Bureau of Labor Statistics.**



<sup>1</sup> Absenteeism, The Bottom Line Killer, Circadian Information Limited Partnership, an Affiliate of Circadian Technologies Inc., 2005

<sup>2</sup> The MetLife Caregiving Cost Study: Productivity Losses to U.S. Businesses, MetLife Mature Market Institute®, National Alliance for Caregiving, July 2006

## The Holistic Benefits of Back-Up Care

Employers offering back-up care have the opportunity to positively affect their organization on multiple levels including engagement, productivity, recruitment, retention, and profitability. In her report, *Child Care & Parent Productivity*, work/life policy consultant Karen Shellenback cites work done by Vanderbilt University and Hewitt Associates showing that companies offering progressive human resource programs such as back-up care have higher operating incomes and higher return on assets. Back-up care paves the way for long-term success, saving companies money while adding value for employees. “Employee retention is a key driver of customer retention, which, in turn, is a key driver of company growth and profits,” said Shellenback in her report. Since its inception in 1998, Watson Wyatt’s Human Capital Index has consistently proven that there is a direct relationship between the effectiveness of a company’s human capital practices and shareholder returns. “Great human capital practices prevail regardless of the economy.”<sup>1</sup>

And the benefits go beyond solving individual challenges. Holistically, a supportive work environment affects an organization’s overall workplace dynamic, creating an “Employer of Choice” sensibility that directly impacts profitability. In the pursuit of outstanding employees and organizational success, the title “Employer of Choice” is becoming a key strategic goal, attracting the best of the best and avoiding steep costs related to turnover and losses in intellectual capital.

## The Scope and Impact of Back-Up Care

Substantiating the financial impact of work/life efforts is a key focus for organizations. What is amply evident, according to Horizons Workforce Consulting in its study “Enhanced Employee Health, Well-Being, and Engagement through Dependent-Care Support,” is that employees of family-supportive organizations work substantially more effectively than their unsupported counterparts. Equally compelling, the 2006 MetLife Caregiving study stated that funds spent by an employer to help employees with caregiving responsibilities “result in a payback to the employer of 3 to 13 times their investment.”<sup>2</sup>

Further, as a family support, back-up care is a tangible benefit with relatively high use compared to other work/life benefits. A 2007 Society for Human Resources Management survey ranked it as the fastest growing employee benefit. And Bright Horizons has found average usage at close to 10%, substantially greater than the roughly 3% usage cited by Mercer for typical resource and referral programs.<sup>4</sup>

Additionally, the breadth of back-up care extends across many barriers; it is not limited by type of organization, industry, or geography. Back-up care does not discriminate by age or any other means. These programs equitably cover all age groups within a workforce with no limits on lifestage, ages, job title, income, or other demographics.

## Investment Impact

Back-up care is known to provide significant returns in a number of critical areas. In the 2012 Lasting Impact of Employer-Sponsored Back-Up Care, consultants at Horizons Workforce Consulting found benefits including enhanced recruitment, retention, and engagement.

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1 *Child Care and Parent Productivity; Making the Business Case*, 2004

2 *Lessons From Watson Wyatt’s 2005 HCI: HR Programs, Turnover Risk and Employee Productivity*, Watson Wyatt, 2006

3 *The MetLife Caregiving Cost Study: Productivity Losses to U.S. Businesses*, MetLife Mature Market Institute®, National Alliance for Caregiving, July 2006

4 “EAPs Modernize but Employees are Slow to Catch On,” Rebecca Vessely, *Workforce*, 2012

# The Positive Effects of Back-Up Care

EMPLOYER GOAL	IMPACT OF BACK-UP CARE	IMPACT BY THE NUMBERS
Reduced Absenteeism and Increased Productivity	Enables employees to come to work on days when they otherwise would have been absent	▶ Respondents who have used back-up care within a six-month period <b>saved an average of 5 work days for child care and an average of 6 work days for adult/elder care</b> <sup>1</sup>
Enhanced Recruitment and Retention/Employer of Choice	Organizations continue to report the need to recruit and retain the best and the brightest in their field in order to remain competitive  Back-up care has proven to be a significant asset in this area	▶ <b>95%</b> of respondents report that back-up care makes their employer an “Employer of Choice”  ▶ <b>86%</b> of the 100 Best Companies named by Working Mother Media offer back-up care
Improved Employee Engagement/Reduced Presenteeism	Lack of reliable dependent care — either full-time or back-up — often distracts employees, prevents them from being as productive as possible, and creates the need for colleagues to cover for absences	▶ <b>90%</b> of respondents say that back-up care positively affects their <b>productivity</b> <sup>1</sup>
Enhanced Support for Female Employees	Despite changing expectations, women continue to play the primary role in caregiving and struggle to balance these responsibilities with the demands of their career	▶ <b>45% of women</b> who had temporarily <b>left their careers</b> did so because of <b>child care challenges</b> and <b>24%</b> because of elder care issues <sup>2</sup>
Enhanced Employee Well-Being	Providing benefits and a culture that demonstrates the employer cares about employees reduces stress and promotes well-being	▶ The percentage of employees reporting high stress levels in the surveyed month was nearly <b>50% lower</b> for employers promoting <b>work/life balance</b> compared to employees working for non-supportive employers <sup>3</sup>  ▶ Employees using dependent-care supports offered by their employer reported <b>less stress</b> and fewer instances of minor and major mental and physical health issues <sup>3</sup>
Eases Work Transition from Parental Leave	Facilitates employee return back into the workplace by addressing a critical need for new parents	▶ Three-quarters of respondents report that <b>back-up care was important in their decision to return to work</b> after the birth or adoption of a child <sup>1</sup>

<sup>1</sup> The Lasting Impact of Employer-Sponsored Back-Up Care. A comprehensive survey of over 5,107 employer-sponsored back-up care users conducted by Horizon Workforce Consulting in 2013

<sup>2</sup> Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success: Sylvia Ann Hewlett, Harvard Business School Press, 2007

<sup>3</sup> Enhanced Employee Health, Well-Being, and Engagement through Dependent-Care Supports. A study conducted by Horizon Workforce Consulting in 2010

In addition to the points above — which many companies use to calculate ROI on the program — back-up care offers a number of other key benefits:

- **Supports top performances:** frees employees from care-related distractions that could otherwise hamper productivity
- **Addresses rising healthcare costs:** alleviates employee stress and anxiety (some of the leading causes of employee healthcare claims) and supports employee health and well-being
- **Supports the sandwich generation:** responds to growing number of employees who have child care and elder care responsibilities
- **Supports morale:** avoids burnout caused by dependent-care stress and added responsibilities of covering for absent colleagues

## Conclusion

The greatest resource for any organization is its human capital. Yet millions of employees are challenged to deliver — leaving their homes each day to fulfill their work obligations but distracted by worries for their home lives that inevitably come with them. Such responsibilities can't be checked at the door. As a result, responsibilities and worries tied to family members impact not only an employee's personal frame of mind, but also his or her ability to perform at work. Employers who respond to those challenges stand to gain on every front. Those who provide the requisite programs to instill a culture of support — who are willing to assess their employees' needs, consider a holistic approach, and offer targeted response strategies such as back-up care to support their employees' well-being — will benefit from people who are resilient, dedicated, productive, and willing and able to dependably and sustainably deliver.

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# THE TEN PILLARS OF A HIGH-QUALITY BACK-UP CARE PROGRAM

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1

## Industry Experience and Customization

A proven track record of high-quality back-up care delivery is a must. Programs should be able to illustrate dependability, high fill and satisfaction rates, and the ability to successfully customize solutions to target the unique needs of a broad customer and client base. Experience in providing care and volume of care provided — especially the ability to meet last-minute, same-day requests — translates into industry expertise.

2

## Depth of Program

Programs should serve a broad range of dependent-care needs (children, infant to school-age, special needs, adults/elders, well, mildly ill), offer a deep, diverse network that provides a thorough choice of options (in-home, center-based, reimbursed private care), and be available to support employees 24/7, wherever they are: working from home, in their office, or on work-related travel.

3

## Geographic Footprint

National networks of fully vetted providers (center-based and in-home) should span large metropolitan and rural areas, provide assurance of coverage, and have the capability to extend into desired geographic locations, based on employee need. A broad footprint ensures both benefit equity and access for all employees.

4

## Simple to Use with Multiple Access Points

One-call-or-click access should be simple, with service available 24/7/365 via web, mobile app, and live call center. Employees experience greater stress — and, as a result, are less likely to use the service — if they have to negotiate cost, handle screening, manage logistics, or deal with excessive back and forth with care providers. A back-up care program should eliminate stress, not create more for the employee.

5

## Dedicated Call Center/Consultants

Care consultants should be well versed in the nuances of delivering back-up care and able to understand and respond in a consultative, customer-centric manner to the specific needs of each individual employee.



6

### Affordable Copayments

Employee payments should be affordable to all members of the workforce and payment systems should be streamlined and secure. Programs with copayments that are too high or non-existent can provide a barrier to employee use thus diminishing desired effects on absenteeism and productivity.

7

### Minimal Risk

Program must provide solid, comprehensive insurance and full indemnification of employers. Policies should be written on a per-occurrence basis, and include coverage for professional liability and physical and sexual abuse. Employers should be specified as additional insureds for these insurance coverages. These protections augment the extensive quality assurance processes and procedures that a back-up care provider should have in place.

8

### Specially Trained and Screened Caregivers

All caregivers should be thoroughly vetted with comprehensive background screening. Caregivers should be experienced in providing care for either children or adults/elders and should be licensed, insured, and designated employees of the agency for which they work. Additionally, providers should receive ongoing training and support from a dedicated provider-relations team on the nuances of back-up care while using the most current procedures and protocols.

9

### Dedicated Account Management

Dedicated account managers should be assigned to each client, providing ongoing relationship management, marketing and communication plans, timely and comprehensive program reporting, and oversight to ensure that client objectives are met.

10

### Comprehensive Support

To maintain efficacy, program should have a solid infrastructure — including thorough and timely usage reporting, comprehensive employee satisfaction surveys to ensure quality-assurance, and ROI analysis — to ensure employer objectives are being met. A formal issue resolution process is also paramount. Such infrastructure should also include the ability to quickly mobilize a crisis program to maintain business continuity even during extraordinary circumstances.



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