

A close-up photograph of a person's hand, wearing a light blue button-down shirt, resting on a brown cardboard box. In the background, a dark folder and a white coffee cup are visible on a desk. The image is overlaid with a blue circular graphic on the right and a red circular graphic at the bottom. The text is overlaid on the bottom left of the image.

# GIVING NOTICE:

How Workforce Attrition  
Impacts Workers' Comp



### Fast Focus:

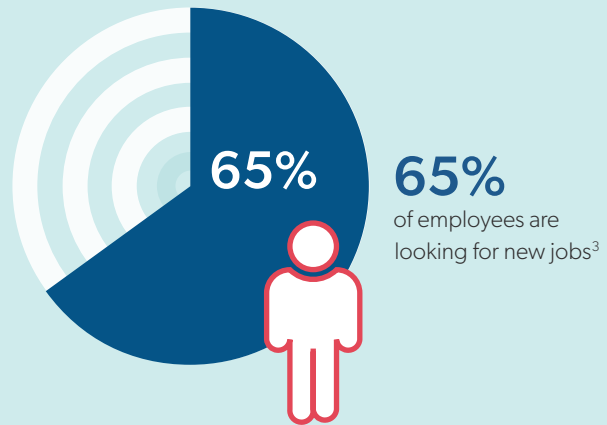
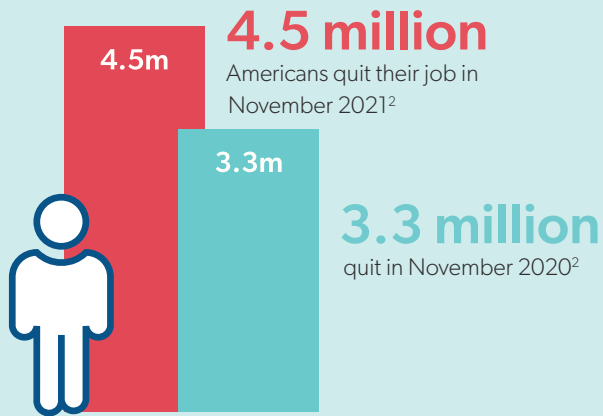
The workforce is transforming before our eyes, with millions leaving their jobs in the Great Resignation. This has created a cascade of ripple effects, some of which bear considerations for workers' comp. Healthcare worker shortages could delay patient care, different worker demographics could affect injury rates and types, and employee burnout and fatigue contribute to safety concerns.

The U.S. workforce continues to change. Millions of workers grow older, remote work is more common, and worker priorities have changed. And when the workforce evolves, aspects of workers' comp can be impacted – whether downstream impacts on timing and access to care for the injured worker, or the ways in which claims organizations must adjust and strategize for their own staffing challenges to keep operations running smoothly and effectively.

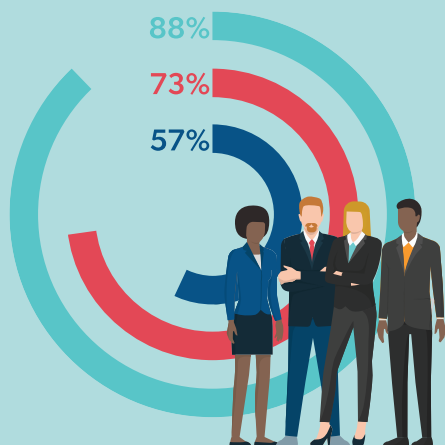
Based on results from Healthsystems' *2022 Workers' Compensation Industry Insights Report*, workers' comp professionals now view the changing workforce/workplace as the number one factor impacting resiliency in workers' comp, with 71% of workers' comp professionals ranking the changing workforce as their top industry concern.<sup>1</sup>

Workforce trends have always trickled down in some way to employee populations, and subsequently, workers' comp – both from a patient perspective and on the talent pool. But in a world changed by COVID-19, a new movement has entered the picture – the Great Resignation – with employees voluntarily resigning from their jobs in mass waves. Millions of Americans are leaving their jobs, with some industries losing significant portions of their workers.

# Employees Are Calling It Quits...



# And Leadership Is Feeling the Pressure



Among executives and CEOs:

**88%** are experiencing higher than normal turnover<sup>3</sup>

**73%** anticipate work shortages will disrupt business<sup>4</sup>

**57%** believe attracting talent will be a challenge<sup>4</sup>

## Why are Workers Quitting?

While there is no single reason why workers are leaving their jobs, the pandemic has contributed several reasons and exacerbated others.



**Fear of viral exposure:** Many no longer feel safe working in high-traffic jobs where the likelihood of viral exposure is high.<sup>5</sup> And with many industries expanding work-from-home policies, some workers are changing employers and career paths for opportunities which might not have been available pre-pandemic. Some workers who are near retirement age have simply decided to retire early in the face of uncertainty and risk.



**Childcare challenges:** The pandemic resulted in school shutdowns, full or partial virtual education, and a reduction in childcare, with many parents forced to stay home to watch their children. An estimated 2 in 3 childcare centers closed in April 2020, with a third staying closed,<sup>6</sup> and childcare jobs dropped by a net 126,700 due to the pandemic,<sup>7</sup> creating a significant deficit early on.

Though schools have opened, the childcare industry has yet to recover enough to meet pre-pandemic levels, and this is compounded in cases where parents choose to keep their children learning remotely.



**Quality of life:** Many employees who were laid off due to early pandemic layoffs or business closures rebounded into the workforce, but some used the time to reflect and make career changes. Based on data published at the end of 2021, it seems that, for a significant portion of the workforce, this may have included becoming self-employed.<sup>8</sup>



**Increased burden on the still-employed:** On the other side of that coin, the pandemic has made difficult jobs even more difficult. This is especially true as workers in understaffed industries become burdened with more responsibilities. Nearly 50% of workers say their company is currently understaffed due to the pandemic, and these employees are nearly twice as likely to consider quitting their jobs.<sup>9</sup>



**Response to vaccine and testing requirements:** While regulatory attempts to mandate vaccination have been contested, some workplaces instituted company policies that require vaccination as a condition of employment. With some segments of the population unwilling to vaccinate – and with certain individuals unable to be vaccinated due to medical reasons – some employees are leaving the workforce in lieu of vaccination.

According to one study, 37% of unvaccinated workers state they will leave their jobs if required to vaccinate.<sup>10</sup> The only alternative would be regular COVID-19 testing, but this is often too inconvenient and costly, especially as COVID-19 tests become hard to obtain on a regular basis. Furthermore, 72% of unvaccinated workers claim that if their employer mandates vaccines without offering a testing option, they will quit their job.<sup>10</sup> As boosters become more utilized, the general mood of these employees could continue to impact employment levels.

## Which Occupations are Most Impacted?

Different industries are facing different types of challenges, but pandemic-related factors and mass resignations play a role in some of the biggest hit industries, including healthcare, the food service industry, the supply chain, and the public sector.

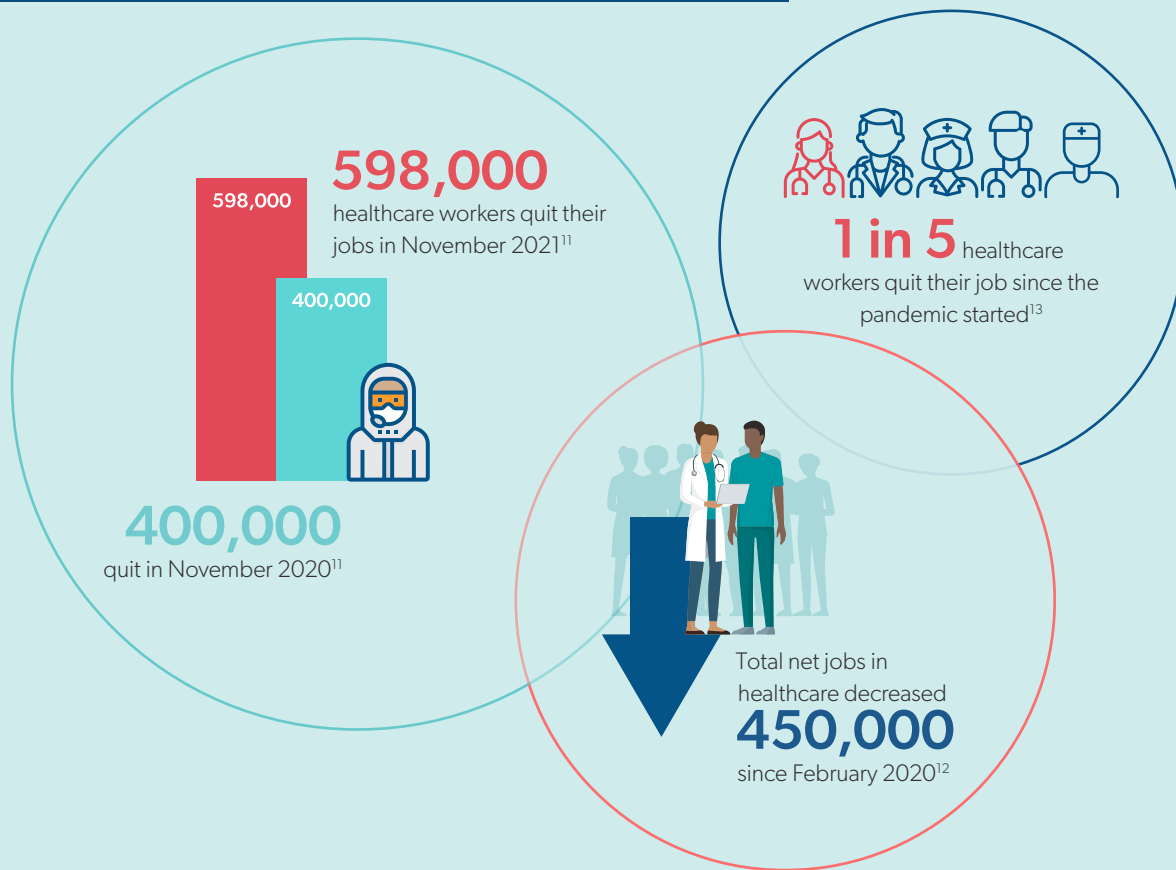
### Healthcare

Healthcare workers have likely been hit the hardest by the pandemic. While proper PPE can protect healthcare workers from COVID-19, their proximity to COVID-19 patients does increase their likelihood of viral exposure, creating concern. Furthermore, the pandemic has also made difficult jobs even more stressful.

The influx of COVID-19 patients into hospitals over the course of the pandemic has presented a strain to both healthcare workers and resources. Not only are these workers burnt out, but when some of them quit, the ones remaining are left to pick up extra responsibilities. Additionally, some medical programs may have been placed on hold during the pandemic, slowing the introduction of newer healthcare professionals.



# How Many People are Leaving Healthcare?



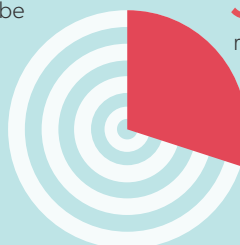
## A Preexisting Shortage

Even before the pandemic, there was an impending shortage of healthcare workers on the horizon, and the Great Resignation can only exacerbate this problem:



**1/3** of physicians will be 65+ in the next decade<sup>14</sup>

**30%** of physicians retire between 60 and 65<sup>14</sup>



Pre-pandemic, it was estimated there would be a physician shortage of **47,000-122,000** providers<sup>14</sup>

The average nurse is **51**<sup>15</sup>

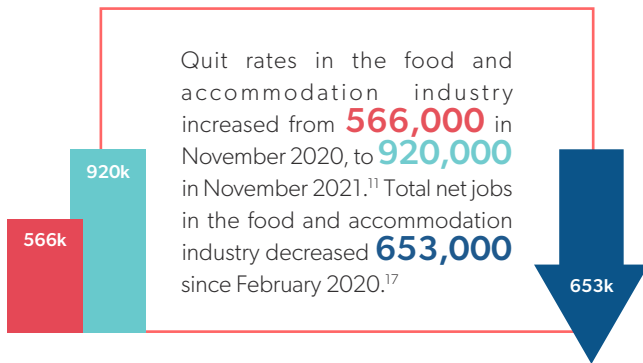
**Home health aides** are projected to be the most in-demand occupation over the next decade<sup>16</sup>





## Food & Accommodation

Workers in the food and hospitality industry must regularly work next to large numbers of the general public, and fear of viral exposure has pushed many to quit their jobs.

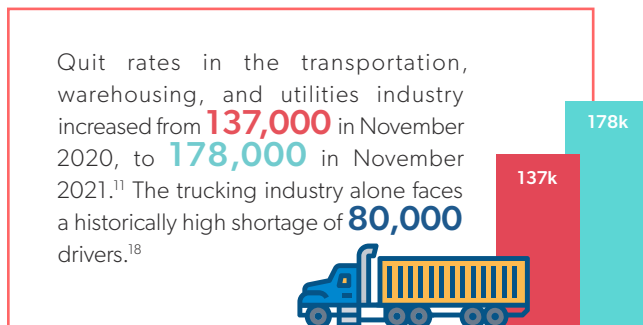


But fear of sickness isn't the only thing keeping these workers from returning. Many food service workers were initially laid off at the start of the pandemic, and while some of these workers were able to return, many left the industry altogether. Furthermore, growing economic pressures spurred by the pandemic could be driving these workers to seek other industries that offer greater pay.

## Transportation and Warehousing

The pandemic significantly impacted the supply chain in a variety of ways. Online orders increased as people grew reluctant to visit stores in-person and purchased more home goods, creating greater demand. Meanwhile, workers getting sick created a labor shortage both directly from sick workers needing time to recover, and indirectly from workers leaving their roles due to fear of viral exposure.

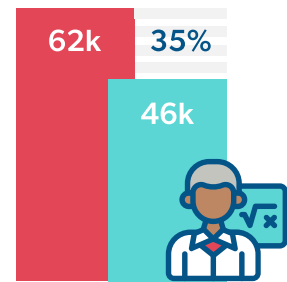
Training schools for truckers offered fewer classes due to the pandemic, older workers are retiring – the list goes on.



## The Public Sector

Public service workers have also seen declines in their worker populations.

The education industry saw monthly quit levels increase from **46,000** in November of 2020 to **62,000** in 2021,<sup>11</sup> a **35%** increase. Teachers are concerned with COVID-19 exposure when working with classrooms full of students who may or may not be vaccinated. Furthermore, many teachers must conduct in-person lessons in addition to virtual lessons in many scenarios. The added stress is pushing many to leave the profession.



Law enforcement has also seen greater quit levels. Across the country, there was a **45% increase** in retirement rates and an **18% increase** in resignation rates from 2019-2020.<sup>19</sup> In addition to pandemic concerns, current rhetoric and negativity surrounding law enforcement is lowering morale and leading to more resignations, while also creating a negative impact on the number of new recruits.<sup>19</sup> And with fewer officers available to cover shifts, remaining officers are working longer shifts, increasing overall fatigue.



## The Talent Shortage and Workers' Comp Resiliency

Even before the pandemic, the workers' comp industry faced an impending talent shortage and now that problem has grown worse. Two of the hardest-hit roles happen to be two of the most crucial roles at claims organizations: claims adjusters and IT specialists.

While there are some universal solutions a workplace can offer to attract and maintain employees – such as competitive compensation and benefits – there are industry-specific matters that workers' comp must address.



### Claims Adjusters

Many adjusters are reaching retirement age and there is a shortage of new talent entering the industry. The high level of stress associated with the role, outdated claims technology, and a lack of overall industry appeal to young professionals are all contributors.

Creating a clear career path and a picture of the unique expertise that can be gained from the workers' comp industry – expertise that can be leveraged later in either a different industry or in a higher position – could be beneficial for attracting new talent to an industry that is not necessarily an obvious or sought-after career option for college graduates.

Additionally, younger workers have high expectations for the user experience of technology, and workers' comp has historically lagged behind the consumer experience. Technology should be intuitive, easy to use, and should empower day-to-day decisions to reduce burden and the perceived complexity that comes with the insurance industry.



### Tech Talent

There is a larger lack of IT talent that is holding back overall technological growth across all industries – and workers' comp is no exception. The current shortage of IT talent is the main factor holding back IT automation and half of digital workplace technologies in the works.<sup>20</sup> With more and more companies offering remote work for technology positions, competition is fierce for these talented individuals.

Claims organizations can prioritize cloud and security technologies to allow for remote work when possible to entice IT workers. Claims organizations can also leverage partners and/or programs that already have the technological infrastructure in place to help them achieve connectivity goals within their workers' comp medical management programs.

## Considerations for Workers' Comp

As the workforce continues to shift with some industries losing or gaining workers, here are some potential impacts in workers' comp to consider.

### Healthcare Worker Shortage

The shortage of healthcare workers can impact the availability, timing, and quality of care for injured worker patients. One area of note is the dearth of home health nurses, underscoring the importance for depth, strength and quality of ancillary medical networks.

Home health aides are projected to be the most in-demand occupation over the next decade,<sup>16</sup> and without home health nurses, home care agencies have had to deny referrals. As a result, patients requiring home care are either remaining in the hospital or risking injury without the assistance they need.

### Fatigue and Workplace Safety

With workers leaving certain industries in droves, the workers that remain may have to work greater hours and face increased pressure. This could lead to fatigue, which increases the likelihood of workplace injury:



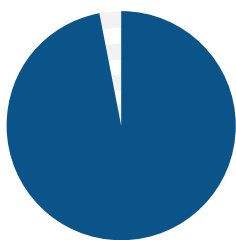
**13%**

of workplace injuries are attributable to fatigue<sup>21</sup>



**62%**

higher risk of injury for fatigued workers<sup>21</sup>



**97%**

of employers in the transportation industry feel the impact of worker fatigue<sup>22</sup>



**50%**

of retail workers – particularly food and beverage workers – have nonstandard shifts or workweeks longer than 48 hours,<sup>23</sup> which contribute to fatigue



### Possible Shifts in Occupational Injuries

While it is too early to deliver any numbers on this matter, it is a possibility that as certain industries gain or lose employees, the frequency of certain occupational injuries and illnesses could change.

For example, in 2019 there were **93,800** nonfatal injuries and illnesses in full-service restaurants, with these workers experiencing over six times as many burn injuries and over three times as many cuts and lacerations than the rest of the workforce.<sup>24</sup>

However, quit rates in the food industry increased **62%** from 2020 to 2021,<sup>11</sup> with an overall net decrease of **653,000** jobs since February 2020.<sup>17</sup> With fewer workers in this industry, it is likely these types of injuries may decrease as a share of claims. While it remains to be seen what specific shifts in illnesses and injuries may occur, it is certainly something to consider.



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[www.healthsystems.com](http://www.healthsystems.com) | 800.921.1880 | [info@healthsystems.com](mailto:info@healthsystems.com)

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