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Astral's Wellness Programme Reduces Workforce HIV-Related Deaths Dramatically and Reroutes Savings on Risk Insurance to Employee Retirement Funds

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Astral Foods, a poultry and feed producer has achieved a breakthrough in terms of its employee wellness, reducing the number of worker AIDS-related deaths from 15 per thousand to approximately eight per thousand in just three years.

Astral also recognised that as one of the predominant employers in most areas in which it operates, the domino effect of breadwinners becoming ill, unable to work or dying was extensive and threatened entire districts and not just families. "Aside from the cost to company, the impact of diseases on employees, their dependents and their communities was immense," says Astral Operations HR director, Len Hansen. Astral's investment into an extensive wellness programme was the start of the reversal of a potential catastrophic trend.

With a healthier and more productive workforce, Astral's employees also stand to benefit financially as a result of their improved wellness, explains Andrew Biddlestone of Hollard Group Risk. Benefits are evident in improved employee wellness as well as in the company's declining risk cover premiums.

"Astral employees have a provident fund and contributions are made to insurance risk benefits and the balance goes to investments in retirement. Any savings made in risk premiums – such as Disability and Death benefits – are now rerouted directly to the employee retirement funds," says Andrew.

With the improved quality of life across Astral's operations inducing a sharp decline in death and disability claims, Astral's return on investment in the Wellness programme implemented by Kaelo, a leading corporate wellness provider, was over R22 million in 2011 alone. This includes the total value of treatment provided as well as direct savings to the company in terms of reduced absenteeism, lower presenteeism and enhanced productivity. Astral invests between R4 - R5million annually in its employee wellness programme.

With a workforce of 7700 permanent and 3700 temporary employees, when one considers that studies have calculated the impact cost to company per employee infected with HIV as ranging between four and eight times their annual salary, the extent of the savings and increased productivity run into millions of Rands.

Understanding the broader implications of employee health

As a starting point in 2008/9, Astral commissioned Kaelo to undertake an Impact Study to assess the prevalence, impact and costs relating to HIV/AIDS. Through this process, Kaelo established that AIDS-related deaths among the Astral workforce were averaging 15 per 1000 – well above the national norm. Armed with this data, the future impact of death and disability on Astral's business and employee benefits was calculated, with the annual cost estimated at a staggering R42 million.

With a predominantly semi-skilled workforce based in rural communities around South Africa, HIV/AIDS was known to constitute a major mortality risk. Astral was anxious to understand the underlying risks that were causing its employee benefit costs to escalate, as well as the future impact of AIDS-related deaths on its customer base and product sales.

"This included the organisational and management time costs associated with rehiring, as well as the productivity losses through absenteeism," says Kaelo MD Justin Savage. The R42 million didn't take into account a more insidious cost - 'presenteeism', which is a term Kaelo uses to describe employees who turn up for work but who are too unwell to carry out their jobs effectively.

The study also red-flagged other health problems hampering workplace performance. These included chronic illnesses such as TB, diabetes, high cholesterol, hypertension and obesity. It soon became clear that any effective intervention would have to address these along with HIV/AIDS.

Since inception of the wellness programme in Feb 2009, 21,622 full wellness screenings have taken place, with 18,358 HIV tests completed through Voluntary Counselling and Testing initiatives. The vast majority of employees know their HIV status and people identified through the screening process with chronic diseases receive treatment, support and counselling on an ongoing basis.

“With such as substantial reduction in the number of claims in the last two years, Astral Foods’ savings have been substantial, translating to around R500 per employee per year. Factor in the corresponding reductions in absenteeism and sick leave, and the savings to Astral are appreciable,” concludes Hollard’s Andrew Biddlestone.

Astral management remains committed to its employee wellness for the long haul. With the prevalence of chronic conditions running at 21%, Astral management is under no illusion that there’s a quick fix. Proactive healthcare is a long-term, process, with the key aim of promoting healthy lifestyle choices and provide education to improve employee health – and that of their families - or prevent illness in the first place.