



Transforming Healthcare in the Workforce: Gen-Z Perspectives

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Abstract

This policy memo will discuss the implications that the current healthcare system will have on Generation Z as the new generation which has now established itself in the workforce with the oldest members turning 27. As Generation Z ages, more of them will face the tradeoffs of employer-sponsored healthcare. We will breakdown the formal problems of this system, and how that will impact the decisions that Gen Z will make when choosing a career or job. With healthcare costs increasing faster than inflation or the average income of Americans, employer-sponsored healthcare has consistently been one of the most common ways Americans get their health insurance coverage. While this system has become one of the most popular ways healthcare is covered, it clashes with some of the values that many members of Gen Z has that will impact their choice of choosing potential careers, or for members of Gen Z already in the workforce, their decision in staying with their current employer or looking for employment elsewhere. The role of government will be discussed in how there are potential actions the federal government could take. The role of previous policies that attempted to improve upon this system will be discussed as well as potential alternatives that the government can adopt to prioritize the values of the fastest growing generation in the labor market.

Introduction



Employee-sponsored healthcare has created a situation in which workers covered by their healthcare are too scared to change jobs out of fear that they won't be able to find healthcare coverage. Employer-sponsored healthcare also means that workers are not compensated for their work as part of their compensation is a healthcare plan that they may or may not use and have very little say in what is or isn't covered. These healthcare benefits in some cases can see workers **making 20% less** from their salaries than comparable workers without said healthcare benefits (Olson, 2002). This is an especially important issue for Generation Z as they are entering the workforce and employer-sponsored healthcare will influence their decisions in where and what they do for work. This issue also impacts members of Gen Z already in the workforce as many of them are starting to age out of the ACA mandate that allows them to stay on their parent's health insurance plans until they are **26**. For members of this generation who are already aged out of this mandate, it will impact their decisions about where they work and what benefits their employers offer. Being an independent contractor or working for a smaller company might not be as feasible of an option as these choices of employment are less likely to offer benefits like health insurance coverage.

The current system of employer-sponsored healthcare restricts the decisions new workers have in terms of where they want to work and makes any change in job or career a much riskier decision, at a time when workers are changing jobs, positions, and companies at a higher rate than before. Gen Z is joining the workforce at a time when healthcare is more expensive than ever in the country's history. Average health insurance premiums costs in 2023 were **\$8,435** for individuals, and **\$23,958** for families, an **increase of 7%** from the previous year (Section 1: Cost of Health Insurance - 10240, 2023). Currently, the majority of Gen Z can stay on their parents' insurance plans until they turn 26 years old as the oldest members of the generation are only 27 (Health Insurance Coverage for Children and Young Adults under 26, n.d.). But many of these parents do not have the best health insurance, or no health insurance at all, and Gen Z children will have to factor benefits like health insurance into any decisions they make about their jobs.

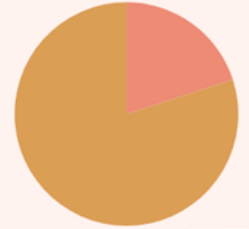
Gen Z & Workplace

With the upcoming generation of Gen Z in the workforce, they are focusing on the possible benefits of the healthcare provided by employers. One of the major focuses of Gen Z generally is mental health with **70%** of Gen Z being aware that their mental health needs improvement or more attention (Brown, n.d.). Gen Z is also much more likely to report mental health concerns than other demographic groups (Bethune, 2019). The APA report highlighted that **91% of Gen Z individuals faced physical or psychological symptoms due to stress** (Cuncic, 2023). Key stressors identified included money/work (**64%**), debt (**33%**), housing (**31%**), and hunger (**28%**) (Cuncic, 2023). With a greater focus on mental health, the availability of health insurance covering mental illnesses is an extremely important healthcare benefit desired by Gen Z in the workforce. Mental healthcare should also be important to employers given that mental health conditions can affect a person's confidence and identity at work as well as their ability to work productively due to absences (World Health Organization, 2022).

GEN Z WORKPLACE VALUES

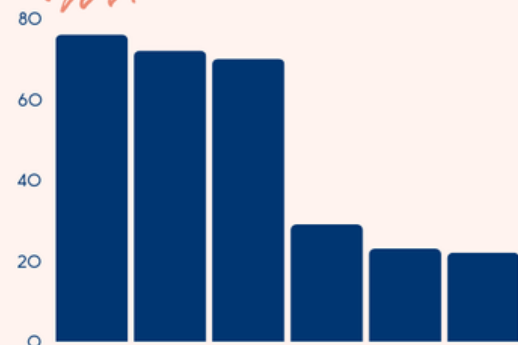
CONCERNS OF BURNOUT

80% of current undergrads in Gen Z are either highly or somewhat worried about career burnout once they join the professional world



EMPLOYMENT EXPECTATIONS

Include data like percentages and average. It helps the reader get insight about the topic.

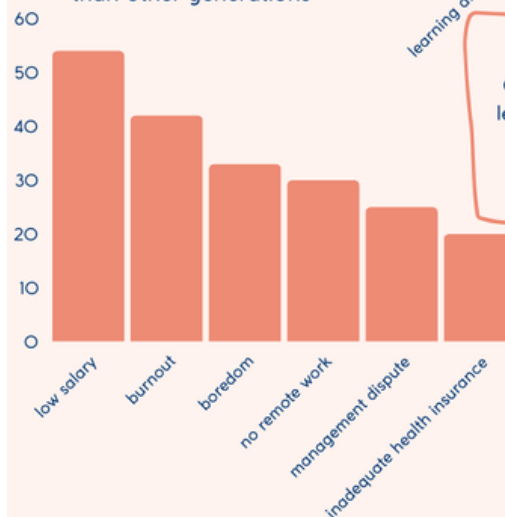


Gen Z Values

When surveyed, these were some of the things Gen Z valued most in a future employer

WHY LEAVE

Below are some of the reasons gen z is more likely to job hop than other generations



Key Points

Gen Z's priorities with employment lean towards economic security and the opportunity to grow professionally while having time away from work

Takeaways

In the workplace, Gen Z values work/life balance, decent salaries, and doing meaningful work

Gen Z & Workplace Cont.

Currently, healthcare laws, such as parity law, do not require insurers to provide mental health benefits; instead, if they offer it, they can't have more restrictive requirements than those applied to physical health (American Psychological Association, 2021). Unfortunately, many Americans aren't aware that the law exists or how they can use it. The National Council on Behavioral Health report highlights that within large companies (those with over 1,000 employees), **less than half** provide mental health coverage, in contrast to **two-thirds** offering medical coverage (Almost 41 Million Americans Received Mental Health Support through Employer Coverage in 2020, 2022). However, a significant portion of these large companies (**a third**) do offer both types of coverage (Almost **41 Million Americans** Received Mental Health Support through Employer Coverage in 2020, 2022). With the importance of mental health to Gen Z, there is an urgent need for mental coverage in health care insurance provided by employers.



Government Healthcare Role

The current role of the government in healthcare is to improve the quality & safety of healthcare, and to reduce error through ten demonstrated roles (Tang et al., 2004). (1) proposed federal action of purchasing health care, (2) providing health care, (3) ensuring access to quality care for vulnerable populations, (4) regulating health care markets, (5) supporting future research, (6) developing and evaluating health technologies/policies, (7) monitoring the quality of healthcare, (8) inform decision-makers in charge of health care, (9) develop the workforce of healthcare, and (10) assemble stakeholders from health care system (Tang et al., 2004). The most recent federal action was a health care reform law titled the Affordable Care Act (also known as ACA, PPACA, or sometimes as “Obamacare”) which was established March 23, 2010.

Current Policies

The ACA was constructed with three goals in mind: to make insurance affordable for a wider range of people, expand the Medicaid program, and support proposals that can be designed to lower the cost of health care (American Medical Association, 2022; HealthCare.Gov, 2022). The passing of ACA has brought up some concerns especially when considering that it would require cancellation of most policies in the individual health insurance market and cause consumers to deal with a vastly different health insurance world with the ACA (Piper, 2013). For some, the ACA would cause their premium to go down but for other Americans, they ended up with higher deductibles, higher copay, and a smaller range of providers (Piper, 2013).



Policy Recommendation

Given the findings indicating a gap in mental health coverage within companies, policy measures should be considered to address this difference. One potential alternative is to incentivize or mandate companies to provide mental health coverage on par with medical benefits. This could involve implementing tax incentives for companies that offer mental health benefits or introducing regulations requiring a minimum standard of mental health coverage for companies. These measures aim to ensure equitable access to mental health services for all employees, therefore fostering a healthier and more productive workforce. Beyond incentives for employers, the government could also provide subsidies for Americans that attempt to switch from employer sponsored healthcare to alternative coverage plans mentioned later in the policy memo. These measures aim to ensure equitable access to mental health services for all employees, therefore fostering a healthier and more productive workforce.

Addressing Counterarguments

Changing major legislation like the ACA, regardless of whether any of these changes would be effective, would be a logistical nightmare. Working through Congress to pass any meaningful or comprehensive changes would require majorities in both houses and control of the presidency. This would be difficult but doesn't factor in the struggle of getting unanimous support from either party or getting both parties to reach across the aisle and work together. The ACA was already a very conservative piece of legislation that effectively worked the same way other Republican healthcare plans worked like Romney Care. The fact that Mitt Romney and Republicans still panned this legislation as "too progressive" because it was Obama's policy, means that getting Republican support would be very difficult. Any support from Republicans to change the ACA would be to diminish, not expand its coverage, and effectiveness. On the other side, it would be extremely difficult to garner enough support from Democrats to rewrite the ACA as well. There are conservative democrats like Joe Manchin who would oppose any changes outright, and progressive democrats who would want to create large, expansive changes that the rest of the party would oppose; the majority of democrats in general look favorably on the ACA as is, and rewriting certain statutes might be seen as an admission of failure or that the ACA was majorly flawed. Overall, this path would be impossible considering the polarization and tendency of lawmakers to use blame avoidance, not wanting to be the figurehead for a failed policy initiative.

Challenges to Government Intervention

Some would argue that the current private system is working well and should not be tampered with. There is a strong belief among conservatives opposed in this country that the government should not meddle in the private affairs of the market, and that the free market already allows for employers and employees to come to fair, voluntary transaction when negotiating wages, benefits, and hours. To have the government interfere in this process could be seen as an overstep of the government, forcing inefficiencies, and forcing employers to compensate workers more than they deserve for their labor.

Alternative Options Beyond the ACA

Alternative options to the ACA are switching to other forms of health insurance. Other forms of health insurance include short-term, private health, zero deductible plans/fixed indemnity plans, and faith-based plans (4 Health Insurance Alternatives to ACA Plans in 2020, 2019). Short-term insurance plans are temporary coverage that lasts from 1 to 12 months which helps bridge gaps between coverages (Short Term Health Insurance, n.d.). Short-term health insurance does offer lower premiums than standard insurance policies but doesn't always cover prescriptions or pre-existing conditions (Gite, 2024). Private health is healthcare coverage by a plan through an employer, or union, bought from private health insurance, or TRICARE (Bureau, n.d.). With private health coverage, the cost can be higher than standard insurance, but it does allow for a more comprehensive and customizable plan with fast access to medical care (Scheufler, 2023). Fixed indemnity insurance provides a predetermined benefit for each specified medical expense, instead of a portion of the overall covered expenses under a deductible (How Does a Fixed Indemnity Plan Work? | UnitedHealthOne, n.d.). Some of the benefits of fixed indemnity insurance include no uncertainty about benefit amounts, no need for a deductible, and open enrollment (What Is Fixed-Indemnity Health Insurance?, n.d.). Faith-based plans, such as the Health Care Sharing Ministry, offer consumers an option of health coverage where members "share" the health care costs of the other members voluntarily (Alternate Plans | NC DOI, n.d.). Benefits include not paying premiums, but coverage is not always guaranteed (Alternate Plans | NC DOI, n.d.). Evaluating these options carefully can help individuals make informed decisions about their healthcare coverage.

Conclusion

In conclusion, the current landscape of employer-sponsored healthcare presents significant challenges for workers, particularly members of Gen Z entering or already in the workforce. The dependence on employer-provided healthcare often restrains individuals from exploring better job opportunities due to the fear of losing healthcare coverage. Moreover, this system deprives workers of the ability to negotiate their healthcare benefits effectively, leaving them with limited control over their coverage. As Gen Z places a strong emphasis on mental health and well-being, there is a growing demand for comprehensive mental health coverage in healthcare plans provided by employers. However, existing healthcare laws like the ACA fall short in mandating mental health benefits, leaving many individuals without adequate mental support. While alternatives to the ACA exist, such as short-term insurance, private health plans, fixed indemnity plans, and faith-based plans, they come with their own set of limitations and uncertainties. Bridging the gap between employer-sponsored healthcare and individual needs requires careful consideration of policy reforms to ensure accessible, and affordable healthcare for all members of the workforce, particularly Gen Z. By prioritizing the health and well-being of employees, policymakers can foster a more equitable future for the workforce.



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