

3 WAYS TENNESSEANS' POOR HEALTH HURTS OUR ECONOMY & WORKFORCE DEVELOPMENT

Tennessee has many attributes that make it an attractive place to start, move, or grow a business. Unfortunately, Tennesseans' health is not one of them. We trail the nation on [a wide range of key health indicators and outcomes](#). This brief sums up 3 ways Tennesseans' relatively poor health hurts our economy and workforce development.

KEY TAKEAWAYS

- Tennessee trails most other states on a wide range of key health indicators and outcomes, including chronic disease, mortality rates, and disabilities.
- Poor health shrinks our workforce. Healthier people are more likely to work or actively seek work than people in poor health. The opioid epidemic shrinks the labor pool even further.
- Poor health reduces our productivity. Healthier workers are more productive and miss fewer days of work for health reasons. Rampant substance abuse drives productivity even lower.
- Poor health makes us more costly to employ. Employers are the single largest source of health insurance coverage in Tennessee, and the costs go up when workers are less healthy.

1. POOR HEALTH SHRINKS OUR WORKFORCE.

Healthier people are more likely to work or actively seek work than people in poor health. (1) (2) (3) Tennessee has higher rates than most other states of both disabilities and chronic conditions like diabetes, depression, cardiovascular disease, and obesity (**Figure 1**). (4) (5) Being diagnosed with diabetes, for example, is associated with leaving the workforce earlier or not looking for employment after losing a job. (2) In addition, Tennessee's mortality rate is higher than the national rate for each of the top 10 causes of death. (6)

The opioid epidemic shrinks the labor pool even further. Recent research found the opioid epidemic has accelerated the decline of labor force participation. (7) (8) (9) In addition, evidence suggests that job candidates' drug-related criminal records or failure to pass required drug screenings has slowed some employers' hiring efforts. (7) (10) [Tennessee's increasing rates of opioid-related overdose deaths and hospitalizations](#) are driven in part by [addiction, a chronic, relapsing brain disease](#).

FIGURE 1. ADULT HEALTH IN TENNESSEE (2016)

Source: U.S. Centers for Disease Control and Prevention' 2016 Behavioral Risk Factor Surveillance System (4)

Many industries in Tennessee are facing worker shortages. (11) A number of factors influence workforce supply, but Tennessee's high rates of chronic disease and the state's opioid epidemic contribute to these challenges.

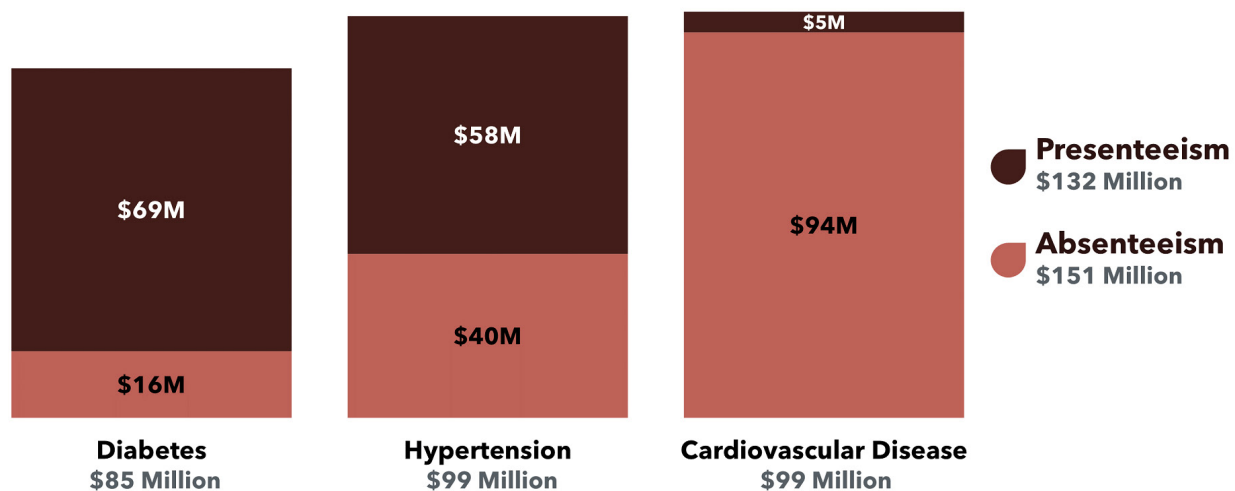
2. POOR HEALTH REDUCES OUR PRODUCTIVITY.

Tennessee's high rates of just 3 chronic diseases cost an estimated \$280 million in lost productivity in 2015 (Figure 2). Research shows that healthier workers are more productive and miss fewer days of work for health reasons. (12) (13) When workers miss days due to illness (i.e. "absenteeism"), they either lose wages or their employers pay wages with no work garnered. Meanwhile, lower on-the-job productivity from sickness (i.e. "presenteeism") can reduce employers' economic output.

Employee dependence on drugs like opioids also affects productivity. Substance abuse and drug dependence in general and opioid misuse in particular can increase absenteeism, presenteeism, and on-the-job injuries. (14) (15) (16) (17) (18) (19) Meanwhile, long-term or inappropriate opioid use can delay injured workers' return to work, which may also increase workers' compensation costs for employers. (20) (21) (22)

Research indicates that absent employees can also decrease the productivity of their coworkers. The effects of lost productivity are not limited to the specific job that an employee performs. When coworkers are absent, other employees may be more stressed or overwhelmed due to increased workload. (23) Employers may also spend time and resources to hire temporary workers or train another worker to perform new functions.

FIGURE 2. COSTS OF LOST PRODUCTIVITY DUE TO EXCESS CHRONIC DISEASE IN TENNESSEE (2015)



Numbers may not add up to totals due to rounding.

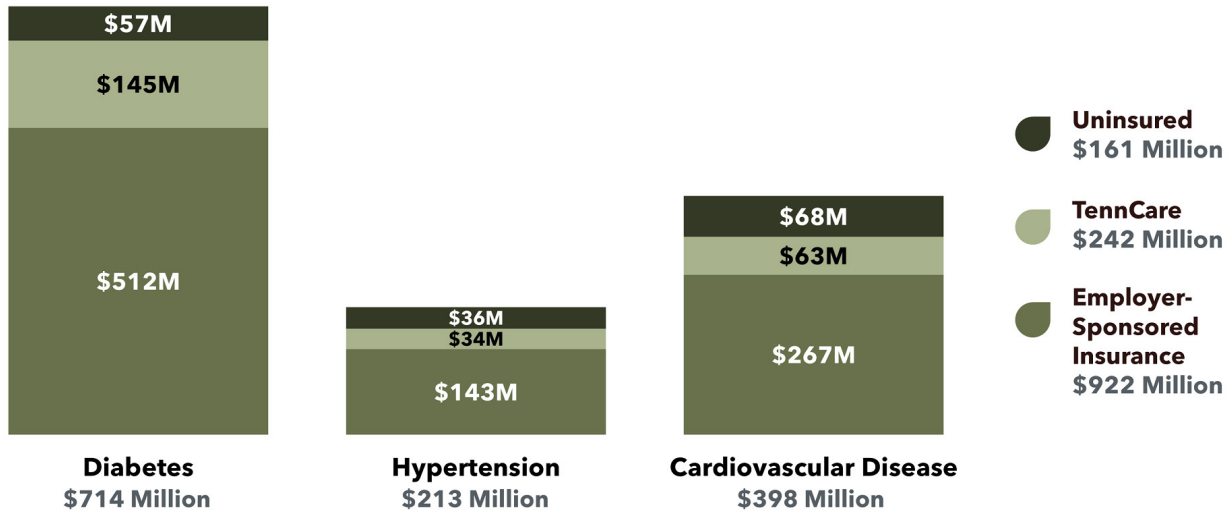
Source: The Sycamore Institute's analysis

3. POOR HEALTH MAKES US MORE COSTLY TO EMPLOY.

Tennessee's high rates of just 3 chronic diseases were responsible for an estimated \$920 million in employer health care costs in 2015 (Figure 3). Growing chronic disease rates have contributed to the rise of health care costs over the last several decades. (24) Over 43% of Tennesseans get their health insurance through an employer (**Figure 4**), and health insurance accounts for a greater share of those businesses' labor costs than it did 15 years ago. (25)

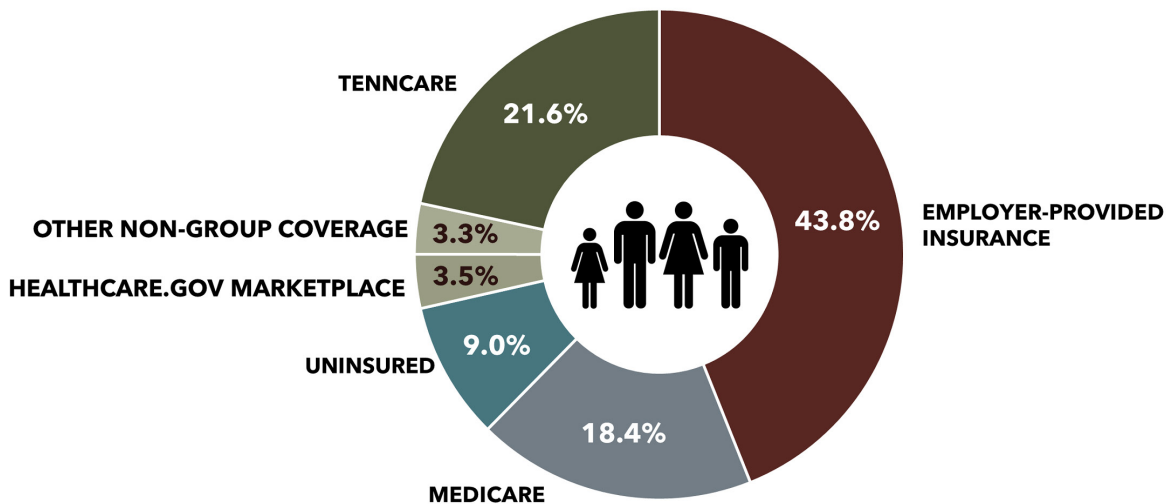
Evidence suggests that the rising cost of employer-sponsored health insurance has slowed wage growth and increased employees' out-of-pocket health spending. As employers' health care costs grow, many look for strategies to help control these costs. For example, businesses may limit wage increases, offer less comprehensive health benefits, and increase premiums and/or cost-sharing requirements (e.g. deductibles). (26) (27) Available data show that workers' wages have increased at a slower rate than deductibles and health care costs. (28) (25)

FIGURE 3. DIRECT MEDICAL COSTS DUE TO EXCESS CHRONIC DISEASE IN TENNESSEE (2015)



Numbers may not add up to totals due to rounding.
 Source: The Sycamore Institute's analysis

FIGURE 4. WHERE DO TENNESSEANS GET HEALTH INSURANCE? (2016)



Sources: U.S. Census' 2016 American Community Survey and the U.S. Department of Health & Humans Services' 2016 Marketplace Effectuated Enrollment Data (29) (30)

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(January 5, 2018) A resource for any Tennessean who hopes to make or influence public policy in our state.

[Tabulation Tuesday: Employer Sponsored Health Insurance Deductibles in Tennessee](#)

(July 25, 2017) Provides historical trend data on deductibles for employer-sponsored insurance in Tennessee.

[Health Insurance Coverage in Tennessee in 2016](#)

(October 5, 2017) Analyzes the most recent data on the rate of the uninsured and where insured Tennessean's get health coverage.

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