

Fidelity Workplace Consulting

# International Health Care and Wellness Newsletter

November 2019

Fidelity's International Health Care and Wellness newsletter focuses on the key issues surrounding employer-sponsored health and wellness issues globally.

This month's feature article discusses global mobility programs and the importance of the dependents on the success of an international assignment.

In the legislative realm, Singapore has announced intentions of lowering the percentage of foreign workers allowed within the services sector. There are new parental leave provisions in Portugal and Austria; with Portugal additionally passing legislation intending to limit to the number of temporary employees. In Japan, laws have been passed to further protect workers from harassment in the workplace.

## What's Inside

- Legislative and Regulatory Update
- Global Mobility: Putting Dependents at the Center of International Assignments

## Legislative Updates



### Singapore

As part of a plan to provide more jobs and opportunities to Singaporeans, the government has announced their intention to lower the percentage of foreign workers allowed within the services sector. These changes will affect S Pass and work permit holders.

These changes apply to the Dependency Ratio Ceiling ("DRC"), which is used to calculate the maximum permitted ratio of foreign workers in a company.

	Current	Effective January 1, 2020	Effective January 1, 2021
DRC	40%	38%	35%
S Pass (Sub-DRC)	15%	13%	10%

#### Action Required

When a DRC or Sub-DRC cut is implemented, employers will not be able to renew work passes for foreign workers to the extent they exceed the revised DRC or Sub-DRC thresholds. However, employees can continue to work until their current passes expire.



### Japan

The Health, Labour and Welfare Ministry in Japan has passed a new law to help protect workers from sexual harassment in the workplace.

As of June 6, 2020, large companies in Japan will be required to create written policies and training material for staff to help reduce the number of instances of harassment. This includes verbal abuse by management and harassment related to time off for starting a family, amongst other things. This will be extended to smaller companies by 2022.

Further, companies with 100 or more workers will be required to set numerical goals with regards to the number of women in senior management roles. There are already requirements in place for large companies.

#### Action Required

Implement – While the penalties for noncompliance are not yet defined, they are expected.



### Portugal

The Portugal Labour Code has recently been amended to discourage the level of temporary employees. Eurostat predicts that approximately 22% of Portugal's workforce participate in temporary work, 8% above the EU average.

Key changes to the labor laws include:

- Prohibiting temporary staff for business development roles for companies with at least 250 employees
- Reducing the maximum duration of fixed-term contracts from three to two years
- Special levies as of 2020 for companies with excessive turnover with fixed-term contracts

Parallel legislation was also passed which puts new provisions in paternity and parental leave as of January 1, 2020:

- Increase in mandatory paternity leave from 15 to 20 days, with income replacement benefits paid by social security
- The creation of parental leave entitlement of up to six months for parents who care for a child with cancer

#### Action Required

Implement – Ensure compliance with the amendments to the Labour Code and Social Security regime.



### Austria

Austria has now made the 'Daddy Month' (Papamonat) a mandatory paternity leave (it has been voluntary for employers since 2017), which allows new fathers one month of unpaid time off to care and bond with a newborn child. The provisions were introduced on September 1, 2019 and the leave must be taken during the first eight weeks of fatherhood.

With the introduction of the "family bonus" earlier in the year, eligible families may receive a monthly benefit (up to €125/month) to help balance the cost of the unpaid 'Daddy Month'.

#### Action Required

Implement – Take necessary actions.

## Global Mobility: Putting Dependents at the Center of International Assignments

International assignments are one of the most financially significant investments a company can make in an employee. Depending on the complexity of the assignment, an international deployment can cost an organization more than double that of an employee's home base compensation (typically three to four times). Despite the high degree of investment, significant failure rates are commonly cited by mobility and HR professionals.

One way to increase the likelihood of an assignment's success is to define precise goals and success measures, and to establish a clear career path; however, despite a defined scope of responsibilities, the assignee has new reporting relationships and local cultural/business practices to navigate. While appropriate assignment compensation and benefits address the fiscal differences between the home and host country, families may undergo much emotional and physical distress as a result of such significant change in their lives. Therefore, **the happiness and well-being of dependents have become one of the most important factors that contribute to the success (or failure) of an international assignment.**

The distress caused from the adjustment can force an assignee to reconsider their new role if the appropriate resources to support their dependents are not in place. Although many other factors can contribute to a failed assignment, the issues at home can easily go unnoticed in the workplace. We intend to highlight some key challenges to assignees and their dependents that may contribute to a failed assignment.

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### Before the Assignment: Setting up for Success

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#### *Pre-assignment screening*

It is important for companies to have a screening and information-gathering process that can help them identify factors that could potentially create a challenge for the assignee and/or their dependents. An appropriate screening process can allow prioritization of resources to support the family. Most importantly, this process can help create realistic expectations for the employee and their family about these potential challenges *before* embarking on the journey.



#### *Communication with dependents*

Companies commonly provide different mobility benefits depending on the length or type of assignment. These benefits may include home sale services, moving of household goods, relocation assistance, and storage among others. One of the most frequent complaints received is around the general lack of communication from the service providers. Before the start of the assignment, most employees are focused on closing activities related to their current work position such as distributing responsibilities or ensuring appropriate documentation; however, at same time, they are learning about their new responsibilities and working with their new team to prepare for the new role.

Spouses and other dependents therefore undertake a key role in leading most of the transition and helping to coordinate many of these moving services. The challenge comes when communication and coordination is centered on the employee with little opportunities for the spouse to get involved or to be informed. Spouses may encounter communication issues with company firewalls, authorization restrictions, and often end up receiving secondhand information from the employee that may or may not encompass what they need to know. This can result in more stress to the employee and dependents, as well as misinformation on important resources that the company has invested in.



## Managing health conditions

For many assignees and dependents who live with a chronic condition, health care becomes a central point of the discussion while considering an international assignment. The disparity of health care infrastructure and access to basic services around the world may be obvious to some employees, but this is not always the case. A persistent challenge that assignees and dependents experience is to understand how they will continue their treatment in their new host country which, if not addressed early on, can pose a risk to the family. Table 1 provides some examples of challenging scenarios for dependents with different health or developmental conditions transitioning to an international assignment.

**Table 1. Examples of challenging scenarios for assignees and dependents with chronic conditions or disabilities**

Challenge Area	Scenario
<b>Access to prescription drugs</b>	A patient who is taking a prescription drug regularly may need to see a specialist in the host country. Arrangements need to be made far in advance before the assignment start date.
	Prescription drugs or treatment options may not be available or approved for use in the host country.
<b>Access to specialist</b>	Limited availability of specialists or treatment options in the host country may result in long waits that require extensive planning and research.
	Patients with severe or advanced conditions that may need to remain in the home country to continue treatment while the employee is on assignment.
<b>Limited infrastructure</b>	Dependent children with developmental disabilities that require on-going occupational or physical therapy, which is very limited in many countries.
	Dependents with other type of disabilities that move to a country that lacks infrastructure and service providers for this population.
	Suboptimal behavioral health resources and cultural barriers that may impact access to assignees.

While some of these scenarios may require special arrangements, others require occasional travel to the home country or other locations where they can continue their treatment. Most will require advance planning and research to determine available options in the host country, find providers, and make special arrangements to account for the transition, etc.

Consequently, having an appropriate international medical plan that can provide global or regional coverage is fundamental to address some these special cases. Many of these plans will include pre-assignment assistance programs that are designed to support employees and dependents in these types of scenarios. These programs will typically provide access to experienced health care professionals with a better understanding of such challenges in comparison to any resources available through a local plan.



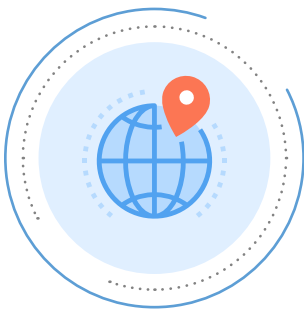
### *Culture and language training*

Most companies provide cultural and language support to assignees before, and at the early stages of, the assignment. It's important that this training is also provided to dependents since they will be equally (or even more heavily) impacted by the transition to a new country. Some companies may allow dependents to continue this training in the host country during the house-hunting trip to ensure there is a more realistic idea of what should be expected.

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## During the Assignment

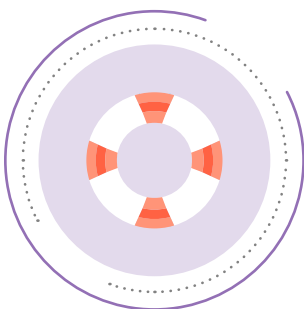
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### *Trailing dependents and connection to home country*

Assignments can be scheduled to start any time during the year, but this may be in direct conflict with school-year calendars. This is a very common scenario that may result in dependents staying in the home country for a short period at the beginning of the assignment until the completion of the school year. In other cases, dependent children and spouses may remain in the home country for the entirety of the assignment.

The pressure that these situations put on assignees and their families may require employers to support with special travel arrangements and leave policies. A common assignment benefit that helps addressing these circumstances is the home leave trip benefit which allows the employee and dependents to visit the home or host country during the assignment. Additionally, having true global plans that can provide coverage in both the home and host country will be needed in the case of critical benefits such as health care plans.



### *Additional support to employee and dependents*

International assignees will usually start their new roles with a mix of excitement, stress, and exhaustion as a result of all the changes at work and home. However, they are not the only ones experiencing disruption. Spouses end up taking on a lot of new responsibilities to support the entire family through this transition. In some cases, they also sacrifice their career and social life at home while moving to a new country where there might be limited opportunities to find a similar career or social life. Dependent children can also endure difficult circumstances when joining a new school and trying to make new friends in a place where they might not even speak the same language.

Ignoring these very common scenarios would be a mistake that could easily lead to a failed assignment. Many companies will implement international employee assistance programs (IEAPs) specifically for international assignees (often coordinated through the international medical plan provider) that can offer support to spouses and families to navigate the challenges from their new circumstances. Other key benefits, such as behavioral health coverage through the international medical plan, and support to cover enrollment on a local international school can also help relieve some of that pressure.

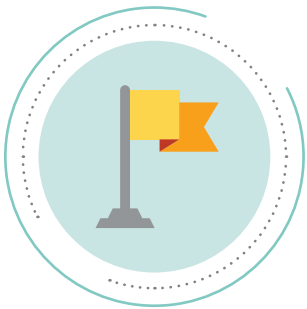
## After the Assignment: Extending Support

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Upon completion of the international assignment(s), employees and families will undergo a lot of the same challenges/ disruptions that they have already experienced at the onset of the assignment. Along with typical repatriation benefits, employers may need to consider extending some assignment benefits to provide support to the transition to return home. This may include the extension of assignment EAP services to support the employee and dependents during and after the return to the home country. In other more complex scenarios, health care benefits may need to be extended to cover for waiting periods due to pre-existing conditions upon re-enrollment to the home country plan. Even if the assignment was considered very successful, employees may decline subsequent assignments if the overall experience for their dependents was not ideal.

## What's Next For Multinationals?

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Multinationals should have a clear understanding of how their global mobility programs impact employees and their dependents before, during and after an international assignment. This may require companies to rethink their approach to how they structure and communicate programs and the accompanying resources that support assignees and their families. Creating the appropriate expectations around the challenges and complexities that may arise from their move to a new country, can improve assignees' and their families' preparedness and resilience.

We typically see biggest opportunities in programs and resources that support the assignee and dependents before the start of the assignment. Programs that support employees with complex health care needs or that help them navigate their new host country's health care system are also gaining traction. Lastly, communication is another great area of opportunity, particularly in including family members and covering programs that improve access to assignment resources and benefits for dependents.

For more information on any areas covered by this newsletter or to discuss your international benefits programs, contact:

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Fidelity's Workplace Consulting Global team is independent and focuses on supporting clients in meeting their business objectives through the provision of impartial, but tailored, advice reflecting market trends and best practice.

Global Benefits Governance	International DC Governance	International Retirement & Financial Wellbeing	International Health care & Wellness	International Miscellaneous
Design/ implementation of a tailored global benefits governance structure	Developing fiduciary and compliance oversight and policy for international DC plans	<b>Financial Wellbeing</b> Benchmarking/ implementation of global best practice Design/ implementation of programs to support financial well-being Vendor selection and oversight for globally consistent local implementation	<b>International Health care</b> Vendor selection for international health care policies Advice on strategies to improve employee behaviors and reduce health care costs Development of health care policies to improve financial/ operational efficiency	Development of global insurance programs to reduce costs/commissions and improve operational efficiency Advice on country benefits practice (both Mandatory and typical practice) Support for benefit aspects on mergers, acquisitions and divestitures/splits
International audit and compliance review of overseas plans	Cross border implementation of best practice and group policy			Independent second opinions on local advice
Benchmarking and development of global policies and standards	Development of preferred provider arrangements to drive operational and financial efficiency			Strategy to respond to legislative changes
Independent ongoing support to global benefits committees	Support on enhancing employee experience through developing & implementing communication best practice	<b>International Retirement</b> Benchmarking/ setting of globally consistent financing assumptions Advice on opportunities for de-risking in respect of retirement plans Consolidation of financial reporting & budgeting	<b>Wellness</b> Global wellness education strategies & programs Benchmarking and deployment of global wellness programs Vendor selection for International providers	Facilitation of global stock plan advice On-site support and benefits leadership
Advice on global financing opportunities, including risk financing	Ongoing support to global benefits committees			
Training on best practices in international benefits management				

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