

# Perspective

June 2006



## Preparing for a pandemic: *Easing the Avian flu's impact on employee welfare and productivity*

### Expecting the unexpected

Some say that an entrepreneur can either sleep well or eat well, but not both. Though certainly an exaggeration, few business leaders are ever worry-free; all cope with uncertainty and risk. Unexpected events are virtually guaranteed to occur and change the business landscape in unanticipated ways.

Today's global economy multiplies the possibilities. Excessive rainfall in Australia can impact prices in Alaska, and a head cold in Calcutta may slow communications in Kansas. As markets and technology bring nations and economies together, local events quickly assume national and international implications. Hurricane Katrina caused havoc in Louisiana and its neighboring states, with rippling impact on people and companies throughout the United States. Severe Acute Respiratory Syndrome (SARS) outbreaks in Asia caused foreign visitors to revise their itineraries and American businesses to recall employees. Throughout the world, governments, businesses and individuals alike take precautions against the threat, and the reality, of terrorist acts.

Recent warnings of the possibility of an avian influenza (avian flu or bird flu) pandemic by the World Health Organization (WHO) and the Centers for Disease Control (CDC) have corporate leaders reviewing their continuity and recovery plans and bracing for an outbreak. The avian flu has the potential to escalate quickly, last for many months and to recur in waves – as the virus mutates and as affected countries enter their flu “seasons.” The disease could affect a wide range of organizations and suppliers, nationally and internationally, irrespective of industry and geographic location. An avian flu pandemic, should it occur, has the potential to affect – directly and indirectly – massive numbers of people.<sup>2</sup>

**“It is only a matter of time before an avian flu virus – most likely H5N1 – acquires the ability to be transmitted from human to human, sparking the outbreak of human pandemic influenza. We don’t know when this will happen. But we do know it will happen.”<sup>1</sup>**

To prepare against eventualities such as this, most companies engage in continuity planning. Most develop protocols to maintain productivity and sustain market confidence during a crisis. However, typically business continuity and recovery plans focus on local infrastructure and process. Few postulate scenarios in which a significant proportion of the workforce may be lost, or a major disruption of the national or global environment occurs. Preparing for an avian flu pandemic requires consideration of such possibilities, a difficult process that relatively few American companies have begun.

This *Perspective* centers on workforce concerns – issues related to the health, safety and welfare of employees. Before, during and after an avian flu outbreak, human resource managers, and the protocols they put in place, will play a critical role in maintaining their organizations’ ability to function effectively.

### **Cause for concern: H5N1**

Commonly called “bird flu,” the avian influenza is caused by viruses that normally affect domesticated bird species such as chickens, turkeys and migratory water fowl. There are many avian influenza viruses. Of concern today is a specific Type A strain, H5N1.

Viral strains are classified based upon the characteristics of their surface coatings and the proteins that comprise them. In 1997 a virus classified as avian influenza Type A, H5N1 was identified as the cause of illness in 23<sup>3</sup> people in Hong Kong. The H5N1 virus also caused an outbreak of avian influenza in Asia in 2003. The virus reemerged in 2004, and in 2005 a mutated strain was identified in Europe. The H5N1 virus is now endemic in Asia, and has appeared in the Middle East, Eastern and Western Europe, Africa, Egypt, Israel and Canada.

Human infection has been the result of close contact with infected poultry or their waste. Infection through intermediate hosts, such as pigs and cats, also has been identified. Though suspected cases of human-to-human transmission have been reported, sustained human-to-human transmission has not occurred. Cooked poultry products do not cause infection.

Scientists believe a mutation in the virus could occur that makes human-to-human transmission possible. If, for example, a person infected with seasonal flu becomes infected with avian flu the two viruses could swap genetic material, creating a new strain that allows human-to-human transmission. Once human-to-human transmission becomes possible, the virus is expected to spread rapidly. The WHO warns that there will be only

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<sup>1</sup> James Edwards: *Avian Flu, What Could It Cost Your Business?* Marsh & McLennan Companies.

<sup>2</sup> Lee Jong-Wook, director-general of the World Health Organization, in: Tom Walsh, *Risk Alert: Avian Flu: Preparing for a Pandemic*, Marsh, Inc., Avian Flu Volume V, Issue I, January 2006.

<sup>3</sup> William Atkinson, M.D., M.P.H., National Immunization Program, CDC.

Though rare, instances of limited human-to-human transmission of H5N1 and other avian influenza viruses have occurred in association with outbreaks in poultry and should not be a cause for alarm. In no instance has the virus spread beyond a first generation of close contacts or caused illness in the general community. Data from these incidents suggest that transmission requires very close contact with an ill person... There have been a number of instances of avian influenza infection occurring among close family members. It is often impossible to determine if human-to-human transmission has occurred since the family members are exposed to the same animal and environmental sources as well as to one another.

[http://www.who.int/csr/disease/avian\\_influenza/avian\\_faqs](http://www.who.int/csr/disease/avian_influenza/avian_faqs)

a 20-30 day window between emergence of human-to-human transmission and a pandemic.

The avian flu, an aerosol infection, would be transmitted in the same way as are more common flu strains, through any form of direct or indirect contact, including sneezes, coughs or by touching contaminated surfaces such as door knobs, keyboards and desks. In contrast, SARS is caused by a droplet infection that spreads if a relatively large droplet containing the virus is coughed or sneezed by an infected person and inhaled or otherwise ingested by another. Avian flu is expected to spread far more quickly and easily than SARS.

Symptoms of avian flu in humans have ranged from typical flu-like symptoms of fever, cough, sore throat and muscle aches, to eye infections, acute respiratory distress, viral pneumonia and other severe, life-threatening complications. Indeed, since December 2003, 105 of the 186 confirmed cases of people known to be infected with the avian flu strain, about half, have died.<sup>4</sup>

According to the CDC, a "medium-level" avian flu pandemic in the United States, in the absence of control measures such as vaccination or drugs, could cause 89,000 to 207,000 deaths, 314,000 to 734,000 hospitalizations, 18 to 42 million outpatient visits and an economic impact between \$71.3 and \$166.5 billion. Seasonal flu, in comparison, causes approximately 40,000 deaths in the United States each year, hospitalizes more than 200,000 people, and causes about \$10 billion in lost productivity and direct medical expenses.<sup>5</sup>

The CDC projects an avian flu infection rate of 25 percent or more of the world's population. And, unlike the seasonal flu, which tends to be of greatest risk for the elderly, the very young and people with pre-existing medical conditions, everyone would be at risk of avian flu – even fit, working adults.

Employee absence rates ranging between 20 percent and 60 percent are expected. Employees will be unable to work for many reasons. Some absences will be caused by employees' ill health. Other absences will reflect employees' fear of becoming ill. Many workers will find they must take care of their families, while others will be unable to get to their jobs, as carpools and public transit systems become unreliable. Workers who have been exposed to the disease may be advised to remain in isolation to prevent transmission, while employees traveling out-of-town or out-of-the-country may find their returns delayed.

There are few defenses against an epidemic. Since humans have had no exposure to the virus, they have no natural immunity. There is no vaccine

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<sup>4</sup> [http://www.who.int/csr/disease/avian\\_influenza/en/index.html](http://www.who.int/csr/disease/avian_influenza/en/index.html)

<sup>5</sup> United Health Care Services, Inc., Avian Flu Customer Briefing and Business Contingency Preparation, 2006.

against the avian flu. Typically, vaccines trigger an immune response, bolstering the body's ability to fight off the virus. Since a vaccine must closely match the actual strain of virus it protects against, large-scale vaccine production cannot begin until the virus develops. Moreover, with each mutation a new vaccine will be needed. As a result, flu vaccine production lags about six months behind the most recent outbreak.

Existing antiviral treatments, most notably Tamiflu and Relenza, are of uncertain utility in shortening the duration and lessening the symptoms of the avian flu and must be administered within 48 hours of the onset of symptoms to be of help. Nevertheless, manufacturers have increased production of these antiviral medicines since current supplies would not meet projected demand.

### **Global survey identifies gap between anxiety and action**

An on-line survey of 450 companies in 38 countries and 26 industries conducted by Mercer Human Resource Consulting found a striking gap between employers' concern about the impact of a human pandemic and actual pandemic planning.

Mercer's survey finds that while almost all of the survey respondents (90 percent) expect a moderate to high impact to their organization, only 47 percent of firms have started a business continuity plan and just 17 percent have a pandemic preparedness budget.

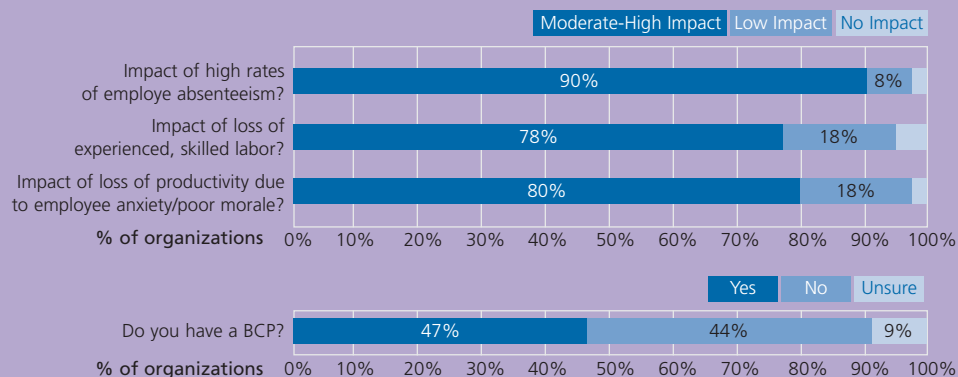
Mercer gauged organizational pandemic preparedness against five key indicators:

- Establishment of a budget for preparedness.
- Development of a pandemic business continuity plan.
- Formation of a crisis leadership management team.
- Workforce planning (including skills inventory).
- Development of an employee communication strategy.

The survey found Asian respondents, particularly Singapore companies – having endured the SARS crisis in 2003 and with direct exposure to avian flu – are furthest advanced in pandemic preparedness. About 25 percent of Asian survey respondents have budgeted for preparedness, compared to 12 percent of respondents in Europe and just 7 percent in the United States.

Although the survey's findings differ considerably by region and industry type, most organizations expect that a pandemic will result in financial hardship. The chart on the next page conveys the very high level of concern and the relatively low level of business continuity planning action identified by the global survey.

## Organizational Preparedness & BCP



Should a pandemic develop...US companies are prepared to throw money at the problem. Some 39 percent of U.S. companies surveyed said they would increase pay to employees who are required to take on additional responsibility, compared to a global average of 26 percent. About 11 percent of U.S. companies said they would increase pay for employees working from home, compared with 7 percent of the global respondents. We believe that, to be effective, investments are better made at the planning stage.

*James Reynolds, MD,  
Principal,  
Mercer Human  
Resource Consulting*

### Strategies to maintain employee health and safety

Mercer's survey findings underscore the importance of planning in managing the impact of a global crisis on people – on employees, friends and colleagues. In advance of an outbreak, there is much human resource managers can do to anticipate employees' needs and define strategies that will help maintain productivity and confidence throughout a crisis. Once human-to-human transmission is identified, companies may have little time to consider their options.

#### Adopt an employee communication plan

Before an outbreak, organizations should determine how they will communicate with employees and put a communication mechanism in place.

A solid employee-centered communication strategy will be critical to maintaining confidence and productivity before, during and after an avian flu outbreak. Employers will need to disseminate consistent guidance, convey leadership, avoid confusion, reduce fear and discourage attempts to exploit the situation. An internal communication plan that shares meaningful information promptly and professionally can support transmission prevention efforts, help maintain productivity and foster employee loyalty and confidence.

Communication strategies will be complicated by the need to address a complex variety of concerns, and to provide accurate, actionable information to employees located in different communities and countries.

Further complicating matters will be the need to develop and maintain multiple channels for communication. For example, retirees, employees on leaves of absence and those who become sick with avian flu will not have access to company flyers and bulletin boards; factory workers may not have easy access to office-based electronic mail. Employees may need to access information from their home computers or through community resources such as libraries. Employers who have not already established ways of giving employees access to information through the web should consider the need for communicating with employees who cannot come to the worksite.

It also may be necessary to update employee and retiree contact information and establish procedures to call or mail information to anyone who can not be reached any other way.

Elements of a communications plan can include, for example:

- *Meetings*: General staff education, discussion sessions.
- *Written materials*: Periodic communication, or “news releases” to update employees about the disease and what health care precautions they need to take at home and in the workplace.
- *E-Information*: A corporate intranet site for key events, progress reports, travel advisories and links.
- *Call centers*: Provide medical (nursing) support/assistance to employees if they are infected, exposed to infection or taking care of a family member.

### **Conduct a comprehensive analysis of employee benefits**

Human resource managers will need to know if current benefit plans adequately address avian flu-related health and disability needs and determine whether any changes are advisable. Managers may find it necessary to develop comprehensive, country by country, inventories of all insured and self-insured employee benefits throughout the organization.<sup>6</sup> A comprehensive analysis would include:

- Review health care coverage, time-off, sick time policies, disability insurance, salary continuance policies, life insurance, business travel insurance and emergency assistance including evacuation.
  - Consider use of unscheduled time-off and sick-time and how these should be reported to the business.
  - Identify any catastrophic limits for overall claims for a single event.
  - Identify any underwriting parameters or exclusions related to, for example, communicable disease requiring isolation or quarantine.
  - Consider adding coverage for flu shots and antiviral medications.
- Review pharmacy benefits and coverage for antiviral medications.
  - Discourage individual attempts to stockpile antiviral medications. Before and during an outbreak, people will be tempted to stockpile antiviral medications. Stockpiling will reduce the supply available to front-line medical personnel and government agencies, diminishing their ability to respond effectively to care for the sick and prevent further transmission. In addition, unnecessary antiviral use and failure to complete a full course of antiviral treatment cause drug resistance.
  - Plan sponsors who currently cover Tamiflu should consider establishing a quantity/dose duration limit for anti-influenza drugs. For example, antiviral coverage could be limited to two five-day treatment periods per year.<sup>7</sup>

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<sup>6</sup> *Preparing for a Pandemic, Review of Insured and Self-Insured Benefits*, Mercer Human Resource Consulting

<sup>7</sup> *Pharmacy News, Avian Influenza (Bird Flu) Alert for Employers with U.S.-Based Employees*, Mercer Health & Benefits, 2005

- Review compensation policies, considering:
  - Providing increased compensation for those who take on additional responsibilities or must work from different locations.
- Review absence policies and processes, considering:
  - Family leave for caregivers
  - Bereavement leave for immediate family
  - Other causes of absence, such as:
    - travel restrictions to/from pandemic infected regions
    - company policies (requiring isolation following exposure)
- Review administrative procedures for absence reporting, such as establishing unique absence codes to reflect avian flu and specific reason for absence (whether ill, exposed, caregiver, bereavement).
- Review lay-off policies and procedures.
- Consider time-off policies governing how accrued, discretionary and unexpended time can be used.
- Review redeployment policies/labor agreements to determine whether workers can be asked to switch shifts, employment locations or assignments to facilitate production management.
- Update employee contact information including emergency contact and beneficiary designation.

#### **Reduce risk**

Human resource managers can be instrumental in developing, communicating, and facilitating policies that help reduce the likelihood that a mutation enabling human-to-human transmission will evolve. If sustained human-to-human transmission becomes possible, there are actions that may reduce employees' risk of infection.

Employers may want to identify, in an advance of an outbreak, the level of threat, which would trigger implementation of protective measures. WHO pandemic phase four, "Evidence of increased human-to-human transmission" may be appropriate. The current level of risk is "three" – "No or very limited human-to-human transmission." The highest level is level six: "Efficient and sustained human-to-human transmission."

- *Encourage flu shots*

By minimizing the numbers of cases of seasonal flu, opportunities for avian strains to mix with human strains will be reduced. When a safe avian flu vaccine becomes available, employees should be encouraged to get shots. However, avian flu vaccines will be in short supply, at least initially, and employers may need to consider allocation criteria.

- Consider providing access to flu shots to foreign nationals and expatriate employees if not otherwise available.
- Consider providing on-site seasonal flu vaccinations.

- Adopt Hygiene Requirements
  - Require and provide protective clothing – gloves, close-fitting (not surgical) masks, anti-bacterial wipes and hand disinfectants, especially to employees who travel to other cities and countries.
  - Upgrade office/building cleaning and maintenance protocols.
  - General office environment; common areas including lunchrooms, bathrooms, elevators, etc.
  - Improve maintenance of air-conditioning and ventilation systems.
  
- Reduce exposure
  - Control access to buildings (for example, basic temperature check, questionnaire of recent travel to infected countries).
  - Establish travel guidelines, follow CDC lead.
  - Reduce face-to-face exposure through conference calls and video conferencing.
  - Install protective barriers between work stations or increase space between workers.
  - Encourage flexible working hours to avoid public transport during peak hours.
  - Require employee absence if exposed.
  - Facilitate telecommuting.
  - Identify IT capabilities
  - Assure network security for employees working off-site
  - Evacuate expatriate employees/those not engaged in business critical functions
  - Identify/ protect high-risk employees (immunosuppressed)

#### **Anticipate high absence rates**

Workforce shortages and the loss of experienced, skilled labor and managers can be expected. Before an outbreak occurs, opportunities for cross-training and efficiency/safety can be identified. Strategies that consolidate offices and operations can be explored in advance. Thresholds, or criteria, that trigger plan implementation can also be defined in advance.

- Identify opportunities for cross-training.
- Develop clear reporting of unscheduled absences.
- Review plant safety if functioning short-staffed.
- Review production efficiency and cost effectiveness if functioning short-staffed.

#### **Anticipate shifts in market demand, production needs**

The demand for a company's products or services may increase, or decrease as the avian flu's impact ripples throughout the world economy.

- Review and update layoff policies.
- Develop plan for temporary plant closures.

#### **Support employees**

With morbidity estimates of up to 60 percent, the health care system is likely to be understaffed and overwhelmed. Employees located in the

To learn more about the issues presented in this *Perspective*, contact your local Mercer consultant.

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**"If avian flu does not emerge, the time spent on planning and preparation will not have been wasted...avian flu is a good proxy for other potential pandemics; pandemics are a good proxy for potential bioterrorism; bioterrorism is a good proxy for other forms of terrorism. Corporate preparedness is a transferable skill – even if the risk emerges from a totally different direction or source than anticipated."<sup>9</sup>**

<sup>9</sup> *Risk Alert, Avian Flu: Preparing for a Pandemic*, above.

United States, as well as those stationed in other countries, may be unable to access needed services.

Employers with facilities and employees outside the United States also may find it necessary to maintain their own supplies of antiviral medicines for use by employees and their family members. In some countries, particularly developing nations, the distribution channels for medicines, and local prescription laws, may present an additional set of challenges.

- Establish nurse advice and triage call lines.
- Review Employee Assistance Program (EAP) capabilities.
- Consider subsidized accommodation for international assignees evacuated to a quarantine environment.
- Evaluate (provide for) expatriate and foreign national employees' access to medical services.

### Time well spent

Despite the warnings of the WHO and others, few employers are planning ahead or defining budgets to see them through a crisis. Some may expect that the avian flu, like the swine flu in the late 1960s, will fade away in embarrassed silence. Let's hope so. But at the same time, let's be prepared. Quite unlike other natural tragedies experienced in recent years – events that have had a beginning and an end – the force of an avian flu pandemic will unfold over time, with renewed impact as the virus reinvents itself.

With expertise in employee communications, workforce planning and employee benefits, Mercer Human Resource Consulting can assist employers to prepare. For current information about the avian flu and its implications for employers, log onto Mercer's dedicated Internet site <http://mercerhr.com/avianflu>. Or, contact: Jim Reynolds, MD, principal, Mercer Health & Benefits, [james.reynolds@mercer.com](mailto:james.reynolds@mercer.com), 303 579 0209.