

The Hidden Impact of COVID-19 on Educators:

Rising Health Concerns, Lower Risk
Tolerance and Benefit Gaps

Insights from the Horace Mann Educator
Health and Well-Being Study — November 2020



Background

About Horace Mann

Horace Mann Educators Corporation (NYSE: HMN) is the largest financial services company focused on providing America's educators and school employees with insurance and retirement solutions. Founded by Educators for Educators® in 1945, the company is headquartered in Springfield, Illinois. For more information, visit horacemann.com, or follow us @HoraceMann on Twitter and LinkedIn, and @HoraceMannInsurance on Facebook.

Methodology

This research is based on a nationally representative survey of 1,240 U.S. educators, including public school K-12 teachers, administrators and support personnel, with ages ranging from 21-64. The survey was fielded by Horace Mann in October and November 2020. The survey gathered both quantitative and qualitative data about educators' emotions, preferences, experiences, and needs. In addition, this paper presents federal and nonpartisan research firm data to provide context for the educators' responses.

Introduction

The COVID-19 pandemic has had a transformational effect on myriad aspects of the U.S. economy. Add education to that list: COVID-19 is poised to exacerbate the ongoing shortage of K-12 educators.

Before the pandemic, large numbers of U.S. educators were already leaving the profession due to the financial pressure the job puts on their lives. Educators' salaries have been falling further behind the compensation of their college-educated peers, while educators' college costs (and the resulting student loans) have risen sharply. As a result, many educators find their debt burdens can feel insurmountable and delay or prevent achievement of other life goals, such as starting a family, buying a house or saving for retirement.

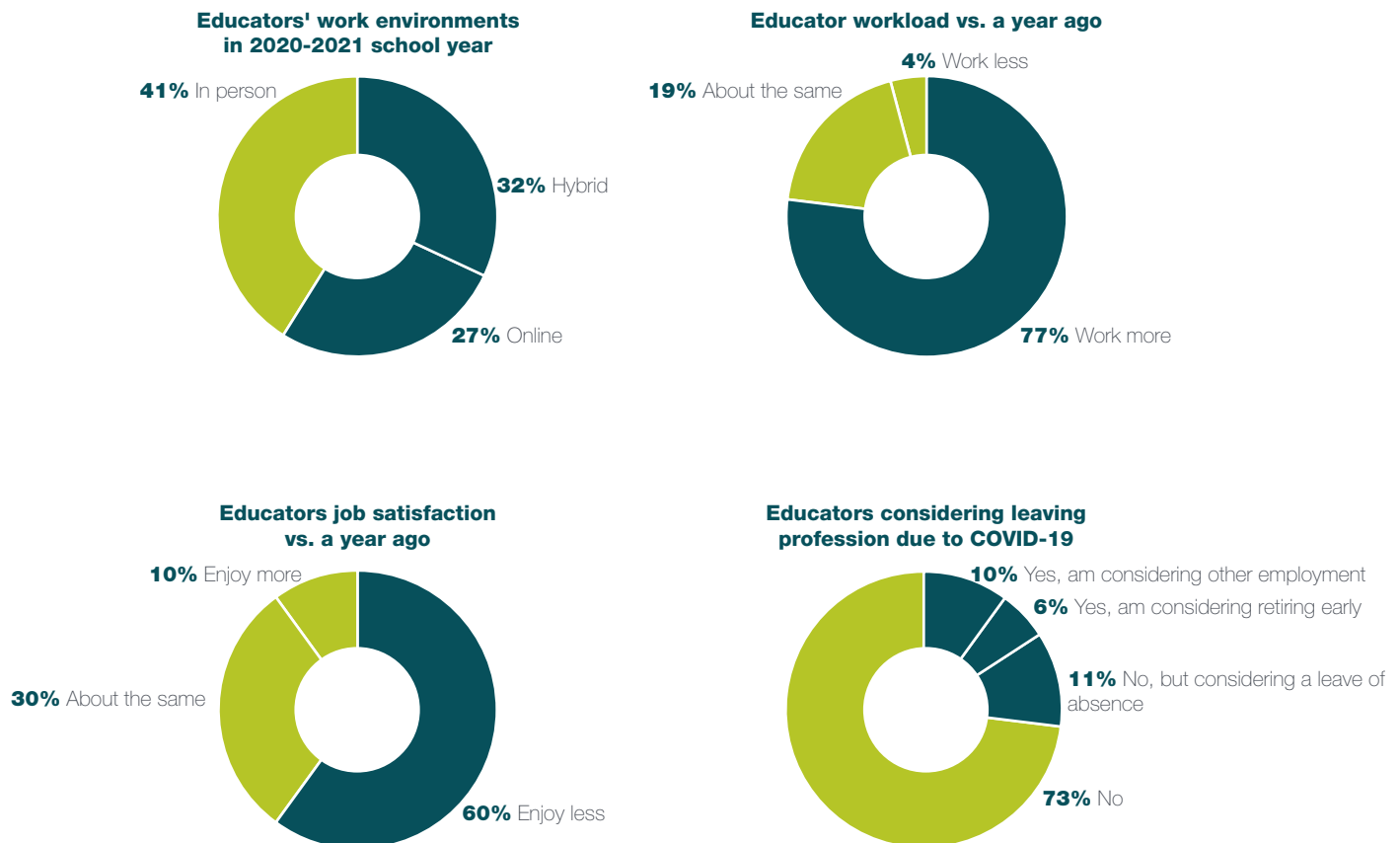
Then COVID-19 came along. Nearly 27% of educators are now considering leaving the profession or taking a leave of absence due to COVID-19, according to a November Horace Mann survey of K-12 educators in the United States.

Furthermore, COVID-19 is shining a spotlight on educators' decreasing tolerance for taking risks with their own health and that of their family members by returning to in-person learning. The pandemic is making educators think more critically about broader health and privacy concerns. As a result, educators are becoming increasingly aware of benefit gaps. Nearly half of those surveyed by Horace Mann were uncertain if their health insurance and leave policies would allow them to afford to get sick.

Understanding and taking steps to address these health and financial concerns could significantly benefit educator retention. More specifically, school districts can provide more robust benefits to address gaps; offer programs to help educators more fully understand their medical benefits and avoid surprise bills; and provide secure online access to educational materials and/or a hotline to assist employees with their health and financial questions.

Educators' Health Concerns

The prevalence of impromptu online and hybrid learning environments in 2020 has dramatically changed teachers' workloads. As of November, 77% of educators surveyed by Horace Mann were spending more time working than they were a year ago — and more than 60% were enjoying their jobs less than they did this time last year. A total of 27% were considering leaving the profession at least temporarily due to COVID-19. The challenge to retain talented educators will only become increasingly difficult when compounded by increased workloads and declining job satisfaction.



For educators in the classroom at least some of the time, comfort levels with the physical environment vary. A total of 59% responded that they did not feel secure or only somewhat secure about their district's health and safety precautions. Nearly 22% reported that they or a close family member have tested positive for COVID-19, and 6.5% required hospitalization — much higher than an overall cumulative COVID-19-associated hospitalization rate of just 0.2% for the general population.⁽¹⁾ One in six public school teachers are 55 or older⁽²⁾ — and these veteran teachers and their family members are more likely to have chronic health conditions⁽³⁾ that put them at greater risk for COVID-19 complications.

Teachers on teaching during a pandemic

“I still love my job. I just REALLY miss being in-person teaching students!”

“Many teachers are working 12-14 hours a day trying to teach some sections of students who are in person and some sections who are online. There is not much good research on how to do this in the best way, so we are feeling our way along in the dark.”

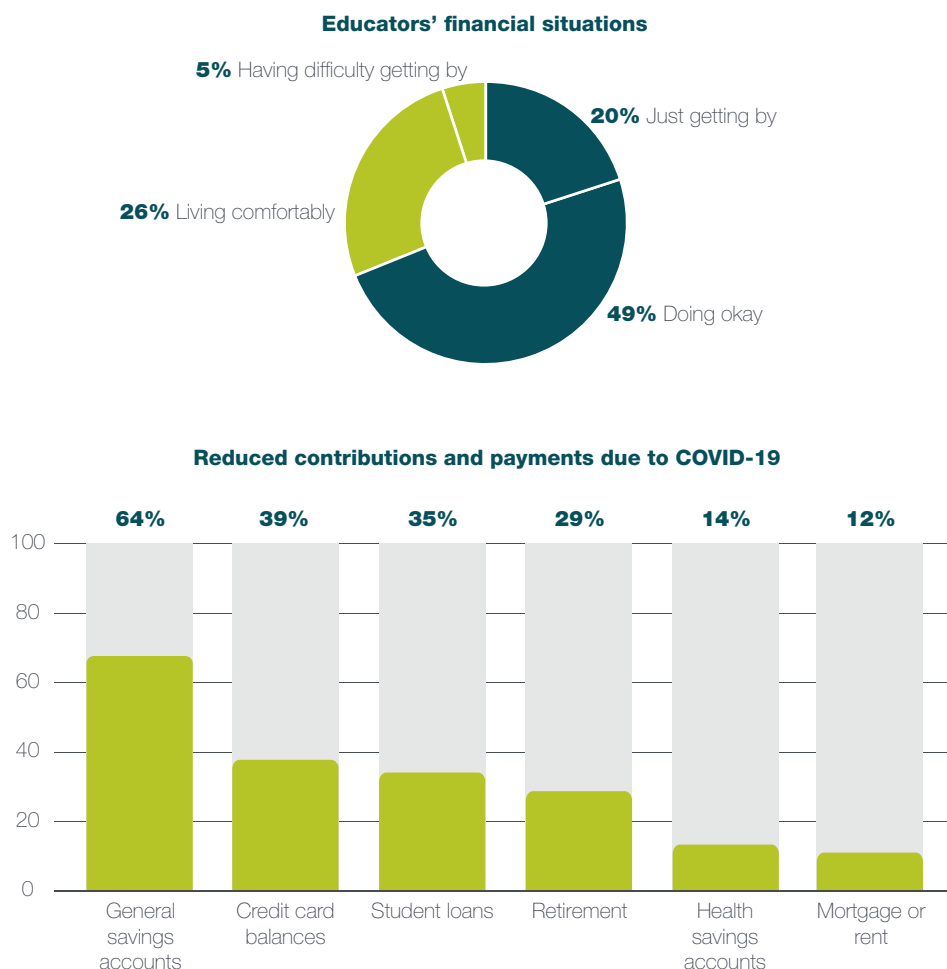
“Virtual teaching is one of the hardest things I have ever done.”

Faced with mounting health concerns, employer health and disability benefits and the link to personal financial risk is top of mind for educators. However, many educators believe there are gaps in their employer benefits. In the Horace Mann survey, 44% of educators said they were not confident or only somewhat confident that their health insurance would adequately cover illnesses or health issues that arise. In addition, nearly 66% said they were not confident or only somewhat confident that their employer benefits would cover unplanned time off that may be needed due to a health-related issue.

COVID-19 compounds the educator's dilemma

Educators often cite the profession's non-tangible rewards for their career choice: to make a positive difference in children's lives, prepare them for the future and help shape tomorrow's citizens. Unfortunately, teachers pay a price for answering their calling — they can expect to continually make 20% less than professions with similar educational requirements as their careers progress, according to the Economic Policy Institute.⁽⁴⁾ In 63% of the public school districts nationwide, an average teacher's starting salary was less than \$40,000 for the 2017-2018 school year.⁽⁵⁾ The financial pressures on educators are compounded by the job requirement for one or more college degrees and the resulting high cost of student loans to be repaid out of their relatively low salaries.

Money has been even tighter than usual for many during the pandemic. COVID-19 has caused 64% of educators to contribute less or stop paying into their general savings accounts, while 29% have done the same for retirement savings and 14% for health savings accounts. Educators have cut back on bill payments too — 39% are paying less or not at all on their credit card balances, 35% on student loans and 12% on their mortgage or rent.



Unexpected out-of-pocket medical and non-medical expenses only add to educators' economic and personal stress. They can affect educators' on-the-job performance and add to their risk of physical and mental health problems, such as a weakened immune system, migraine headaches, anxiety and depression.

Can educators afford to get sick or injured?

Clearly, this is an anxious and stressful time for everyone. The pandemic has affected our ability to do our jobs, connect with each other and feel confident about the future. These concerns are especially true for educators, who have broader health and financial concerns.

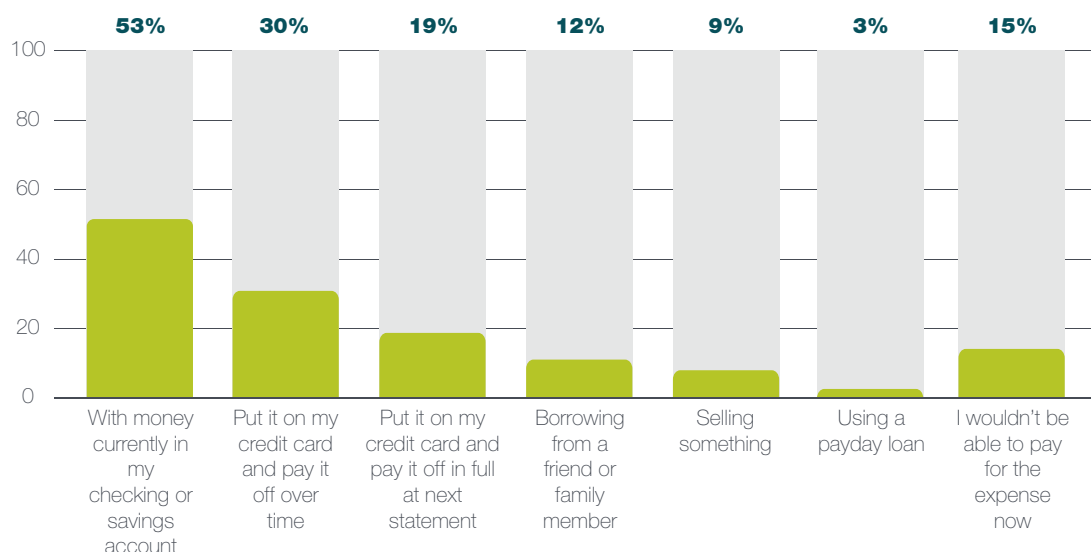
Even most experts didn't anticipate COVID-19, but other illnesses and injuries are much more predictable — and sometimes, quite expensive. For example:

- **Cancer** — The American Cancer Society estimates one in two men and one in three women have a lifetime risk of developing invasive cancer.⁽⁶⁾ In 2020, that's estimated to result in 1.8 million new cancer cases and 606,520 cancer deaths in the United States.⁽⁷⁾ The good news is that more people are surviving cancer — but in turn, that increases the nation's cancer costs. The cost of many cancers exceeds \$100,000 per patient; 36% of cancer patients spend more than \$10,000 in out-of-pocket costs, while another 20% spend more than \$20,000 out-of-pocket.⁽⁸⁾
- **Accidents** — Some 40 million visits to hospital emergency departments were due to accidents in 2017.⁽⁹⁾ About one in seven Americans — that's 46.6 million people — sought medical attention in 2018 for nonfatal, preventable injuries. The societal cost of these injuries was \$1.1 trillion in 2018.⁽¹⁰⁾

The Federal Reserve reports that more than one-fifth of adults had major, unexpected medical bills to pay in 2019, with the median expense between \$1,000 and \$1,999. Overall, 18% of adults had unpaid debt from their own medical care or that of a family member.⁽¹¹⁾ Paying off accumulated medical debt over time can have a major impact on people's lives. According to the 2020 Commonwealth Fund Biennial Health Insurance Survey, 37% of those who reported medical bills or medical debt problems said they'd used up all their savings to pay their bills, 40% had a lower credit rating as a result of their medical debt, 31% racked up debt on their credit cards, and one-quarter were unable to pay for basic necessities such as food, heat or rent.⁽¹²⁾

If educators were to have an unexpected \$1,000 out-of-pocket expense for a serious illness or accident, about half of those surveyed by Horace Mann would not be able to pay it immediately using their disposable (after-tax) income. Almost 15% wouldn't be able to pay it at all.

How educators would address an unexpected \$1,000 expense



Consider non-medical expenses

It's important to also consider non-medical expenses. Major medical insurance covers at least a portion of hospital expenses, doctor visits and medication, but it doesn't cover deductibles, coinsurance, copays and other medical expenses that aren't covered by insurance. Furthermore, major medical insurance won't cover the indirect loss of income and paying for everyday living expenses if someone becomes ill and needs to take time off work. On average, 47% of the costs associated with a given coronary heart disease event are non-medical.⁽¹³⁾

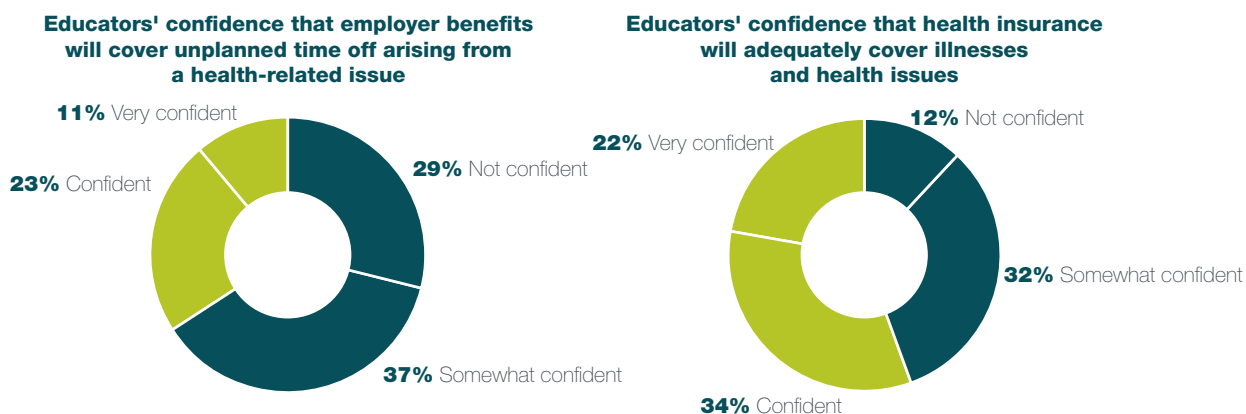
In addition, studies have found that about 20% of patients seen in an emergency room or admitted to a hospital are treated by an out-of-network doctor.⁽¹⁴⁾ Even when the insurance company has assured the patient that the hospital is part of its network, the patient has no choice about seeing an out-of-network emergency room physician or anesthesiologist — and can receive a surprise bill for the difference between the in-network and out-of-network rates.

The potential for large, unplanned out-of-pocket expenses — illustrated all too clearly during a pandemic — weighs on educators.

“We are super-exposed to the virus. I see 50 students from different households every day. If I contract the virus and cannot work, I do not get paid.”

— Second-grade teacher

In fact, 66% of educators are concerned their employer benefits may not cover unplanned time off stemming from a medical issue. In the survey, 44% expressed concerns that their health insurance won't adequately cover illnesses and health issues.



“I worry about being able to pay rent/bills if I get seriously sick.”

“It is always in the back of my mind that COVID can cause major changes in my health. Should I risk my health for my finances?”

“I am not in an ‘at-risk’ category, but many family members are. Though it is not affecting my physical health, it is certainly impacting my mental health.”

Help educators plan for large medical bills

While greater financial support from federal and state governments would help to address the issues, school districts have several meaningful, cost-effective ways to address some of the concerns that are at the forefront of educators' minds right now. In turn, these measures can improve retention by helping educators feel more confident to assume potential risks of their day-to-day work and re-committed to their employer and profession. Three recommendations:

- **Address benefit gaps** — For example, providing educators with the option to purchase voluntary supplemental insurance can offer them peace of mind if they expect they would have difficulties paying for related out-of-pocket medical and non-medical expenses, or want to protect themselves if they are without income due to a related health condition. The most popular plans among educators surveyed by Horace Mann cover disability (51%), accidents (42%), cancer (39%), hospitalization (23%) and critical illness (17%).
- **Offer programs to educate the educators** — Employees can potentially avoid or reduce out-of-pocket medical expenses if they fully understand their medical benefits and requirements, such as pre-authorization of a surgical procedure as medically necessary. This may help them avoid surprise out-of-network hospital bills. Education should be more than a once-a-year open enrollment event, and include online tutorials, webcasts, articles and (when the pandemic permits) in-person meetings.
- **Provide confidential resources to assist with health and financial questions** — Employees may be embarrassed that they've incurred sizable medical debts or be concerned about the privacy of their financial information — especially if they or a loved one have contracted COVID-19. Secure online access to educational materials and/or a hotline would reassure these employees and provide real-time help with health and financial questions.

Horace Mann provides complimentary employer benefits reviews to public schools. School districts interested in learning about options to add employee education and supplemental health or disability insurance to their benefits package can request information at

horacemann.com/supplemental/schools

- (1) Centers for Disease Control and Prevention, COVIDView, 2020
- (2) National Center for Education Statistics, Characteristics of Public and Private Elementary and Secondary School Teachers in the United States: Results From the 2017-2018 National Teacher and Principal Survey, September 2020
- (3) Centers for Disease Control and Prevention, People with Certain Medical Conditions, 2020
- (4) Economic Policy Institute, Teacher pay penalty dips but persists in 2019, September 2020
- (5) National Education Association, Average Teacher Salary Down 4.5 Percent Over Past Decade, April 2019
- (6) American Cancer Society, Lifetime Risk of Developing or Dying From Cancer, January 2020
- (7) American Cancer Society, Cancer Facts & Figures 2020
- (8) BenefitsPro, The financial burden of cancer treatments prices some out completely, January 2020
- (9) Centers for Disease Control and Prevention, Emergency Department Visits 2017
- (10) National Safety Council, 2018 Injury Facts
- (11) Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2019 - May 2020
- (12) The Commonwealth Fund, U.S. Health Insurance Coverage in 2020: A Looming Crisis in Affordability, August 2020
- (13) American Heart Association, Cardiovascular Disease: A Costly Burden for America, 2017
- (14) Peterson-KFF Health System Tracker, An analysis of out-of-network claims in large employer health plans, August 2018

Appendix: Horace Mann Educators Health and Well-Being Study

Key findings from a nationally representative survey of 1,240 U.S. educators ages 21-64 fielded in October and November 2020. Respondents included public school K-12 teachers, administrators and support personnel.

Are you considering leaving the profession due to COVID-19?

	Frequency	Percent
Yes, am considering other employment	120	10.0
Yes, am considering retiring early	64	5.3
No, but considering a leave of absence	135	11.3
No	879	73.4
Total	1,198	100.0
Did not answer	42	
	1,240	

How are you working this school year?

	Frequency	Percent
In person	497	41.5
Online	319	26.6
Hybrid	379	31.6
Not working	4	0.3
Total	1,199	100.0
Did not answer	41	
	1,240	

Compared to a year ago, how much time are you spending on your job, taking into consideration prep time, class time, commuting time, interacting with students and families etc.?

	Frequency	Percent
Less time this year	52	4.3
About the same	223	18.6
More time this year	924	77.1
Total	1,199	100.0
Did not answer	41	
	1,240	

Are you enjoying your work in education more or less now than you did last year?

	Frequency	Percent
Enjoy more	113	9.7
About the same	349	30.1
Enjoy less	698	60.2
Total	1,160	100.0
Did not answer	80	
	1,240	

How secure do you feel with the health and safety precautions your district has implemented?

	Frequency	Percent
Very secure	174	14.5
Secure	319	26.6
Somewhat secure	466	38.9
Not secure	240	20.0
Total	1,199	100.0
Did not answer	41	
	1,240	

Have you or a close family member tested positive for COVID-19?

	Frequency	Percent
Yes	261	21.8
No	936	78.2
Total	1,197	100.0
Did not answer	43	
	1,240	

Have you or a close family member been hospitalized for COVID-19?

	Frequency	Percent
Yes	78	6.5
No	1,119	93.5
Total	1,197	100.0
Did not answer	43	
	1,240	

How confident are you that your health insurance will adequately cover illnesses and health issues that may arise?

	Frequency	Percent
Very confident	245	22.3
Confident	368	33.5
Somewhat confident	348	31.6
Not confident	127	11.5
Am not covered by health insurance	12	1.1
Total	1,100	100.0
Did not answer	140	
	1,240	

How confident are you that your employer benefits will cover unplanned time off that may arise from a health-related issue?

	Frequency	Percent
Very confident	120	10.9
Confident	257	23.3
Somewhat confident	411	37.3
Not confident	314	28.5
Total	1,120	100.0
Did not answer	138	
	1,240	

How would you describe your current financial situation?

	Frequency	Percent
Living comfortably	300	25.6
Doing OK	570	48.6
Just getting by	239	20.4
Having difficulty getting by	65	5.5
Total	1,174	100.0
Did not answer	66	
	1,240	

Has the pandemic caused you to contribute less or stop paying into the following (check all that apply)?

	Responses	Percent of cases
Health savings accounts	92	13.6
General savings accounts	434	64.3
Retirement	195	28.9
Mortgage or rent	83	12.3
Student loans	236	35.0
Credit card balances	266	39.4
Total	1,306	n/a

If you had an unexpected \$1,000 out-of-pocket expense for a serious illness or accident, how would you pay for this expense, based on your current financial situation? (Check all that apply)

	Responses	Percent of cases
With money currently in my checking or savings account	622	53.3
Put it on my credit card and pay off in full at next statement	216	18.5
Put it on my credit card and pay it off over time	354	30.3
Borrowing from a friend or family member	145	12.4
Selling something	109	9.3
Using a payday loan	40	3.4
I wouldn't be able to pay for the expense now	171	14.7
Total	1,657	n/a

Do you have a supplemental health policy? Check all that apply.

	Responses	Percent of cases
Hospital	102	23.0
Accident	186	42.0
Heart	39	8.8
Cancer	171	38.6
Disability	227	51.2
Critical illness	74	16.7
Other	38	8.6
Total	837	n/a