



Earned Wage Access: A Crucial Benefit for Healthcare Workers

The no-cost way to improve
the lives of your staff.

The State of Healthcare Workers

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The State of Healthcare Workers

Within the past year, we've seen the effects COVID has had on every aspect of life, touching virtually every industry. But by the very nature of the pandemic, no industry has been more impacted than healthcare.

Mental Health America polled more than a thousand healthcare workers about COVID-19 this summer and found that 93% reported stress, 86% anxiety, and 76% cited sheer exhaustion and burnout due to the pandemic.

These numbers aren't shocking, but they do serve as a haunting reminder that the pandemic has exacerbated the already ever-present levels of stress in the medical field. And this increased stress and burden doesn't just fall solely on the shoulders of medical professionals like doctors and nurses. As hospitals and healthcare systems have been taxed and overrun this year, everyone from administrative staff to custodians have experienced this overwhelm.

Home health aides, nursing home staff, nursing assistants, cooks, custodial staff, and more make up hospital or healthcare systems, too. In fact, as the Bureau of Labor Statistics reports, **more people work in hospitals as custodial staff and housekeepers than physicians and surgeons**. The surprising thing is that nearly 20% of these care workers are currently living in poverty—with more than 40% depending on some form of public assistance, as reported by **Brookings**.

The financial stress these individuals face has dire consequences—not just for their own wellbeing, but for your hospital or healthcare facility as well.



93%

Reported Extra Stress

86%

More Anxiety

76%

Sheer Exhaustion

“ Financial stress made worse by the pandemic has become the leading cause of lost productivity, unplanned absences, and lower job performance among employees.”

The Society for Human Resource Management, April 2020

How financial stress impacts employee performance

It doesn't take an expert to point out that financial stress can affect someone's well-being, but did you know just how much it can affect job performance, too? The impacts of financial stress on the workplace have been fairly well documented.

Financial stress has been linked to lowered productivity, reduced ability to problem solve, and more feelings of burnout and exhaustion—**which are often linked to medical errors**. And **SHRM confirms** that financial stress made worse by the pandemic has become the leading cause of lost productivity, unplanned absences, and lower job performance among employees.

When your employees are dealing with financial stress, they don't just leave that stress at the door. They bring it with them to work each day, carrying that financial burden through their daily tasks. They become less focused, less productive, and less satisfied. The impacts of financial stress on your hospital or healthcare system can negatively affect productivity and patient care.

Plus, this financial stress and dissatisfaction can lead to increased turnover. Now more than ever, unsatisfied healthcare workers are apt to look for a new job when they feel burned out or financially stressed. And preventing excess turnover is crucial for your hospital or healthcare system in order to maintain quality care.

The costs of turnover in healthcare

Employee turnover is a costly reality in any industry, but retaining top talent in healthcare is a particularly difficult challenge. Pre-pandemic, turnover in the healthcare industry was at an all-time high. In fact, **the average hospital has turned over 89% of its workforce since 2015**, making it the industry with the **second-highest turnover rate following the hospitality industry**.

This matters for several reasons. One, turnover is costly. It's estimated that it **costs as much as two times an employee's salary to replace them**. The better your retention rates, the more money your hospital or healthcare system saves. Secondly, employee turnover has another cost: It affects productivity, patient care, and treatment outcomes. If you can't replace or train a new employee in time, your system becomes short-staffed. One study found that **higher rates of employee turnover were directly linked to higher patient mortality**.

Hall, L. M. G. (2005). *Quality Work Environments For Nurse And Patient Safety*. Sudbury, Mass.; Toronto: Jones And Bartlett Pub.

What can be done?

So what can be done to combat the financial instability that healthcare workers are experiencing? To stop the turnover that only exacerbates problems with productivity and patient care? You naturally want to help your employees with these problems. You also want them to be productive and engaged at work—especially in a field where people's lives are on the line. Whether you're supporting administrative staff, home health aides, nurses, X-ray technicians, cooks, or anyone else that keeps things running smoothly, it's crucial to provide the right benefits to these employees to help improve their lives, reduce turnover, and bolster patient care. But you may not know exactly how to help.

It may seem like a daunting task, but fortunately, there are ways to accomplish all of this without incurring additional expenses to your budget. One such way is offering a financial wellness benefit like earned wage access.



What is Earned Wage Access?

Earned wage access (EWA) is a way for employees to access a portion of their earned wages ahead of their regularly scheduled payday. The two-week pay cycle doesn't always work for people living paycheck to paycheck—which **roughly 78% of hourly workers** are. And as stated above, a surprising number of healthcare workers make up this group.

When you're living with financial instability—as so many more are now thanks to the pandemic—an unexpected bill, repair, or expense can completely derail your finances. In those instances, many people turn to high interest payday loans, or end up getting deeper in debt by incurring overdraft fees on their accounts. This perpetuates that cycle of financial instability, financial stress, lost productivity, and decreased employee well-being.

Earned wage access interrupts this cycle. It provides access to much-needed funds for living expenses without incurring debt. And it's a competitive offering many businesses have found essential for retaining their workforce.

What EWA is NOT

Before we continue, it's also important to discuss what EWA is not.

- ✗ **EWA is NOT a payday loan.** Nor does it charge interest on funds accessed early.
- ✗ **EWA is NOT an advance on future earnings.** It is access to wages employees have already earned, for hours they've already worked.
- ✗ **EWA is NOT meant to put users into a cycle of loans** but offer a safe alternative so they can avoid them. By putting parameters on the amount of their wages employees can access ahead of payday (a good number is up to 50%) you create a responsible way for them to pay for unexpected expenses that arise before payday.
- ✗ **And, EWA is NOT difficult to set up.** It shouldn't require changes to your payroll or existing processes.

Benefits of Earned Wage Access

Providing a financial wellness benefit like earned wage access has numerous benefits for both your healthcare system and your employees.

Benefits for your Hospital or Healthcare System:

- + Reduced absenteeism
- + Increased retention rates
- + Increased applicant volume
- + Increased shift coverage (compared to companies without a financial wellness program, businesses offering EWA can experience up to 60% increased shift coverage.)
- + Increased productivity
- + Increased company loyalty
- + Improved patient care
- + Streamlined processes (No pre-funding or changes to payroll needed)

Successful financial wellness programs have a notable impact on reduced absenteeism, increased productivity, and increased patient care. The **2019 Voya Health Care Report** found that offering such financial wellness benefits like EWA can also help healthcare employers gain a competitive advantage in an increasingly crowded landscape.

Benefits for your Employees:

- + Improved financial stability
- + Helps them avoid predatory, high-interest payday loans or increased debt
- + Improved mental and physical wellbeing
- + Improved workplace productivity
- + Helps them attain short-term financial stability in order to plan for longer-term financial goals

For your employees, earned wage access offers them financial peace of mind and stability. Decreased financial stress helps boost their well-being, improve productivity, and improve job satisfaction overall. It also helps them achieve short-term financial stability, which better prepares them to achieve longer-term financial goals in the future.

How EWA Helps Employees Better Address Financial Emergencies

The traditional “paycheck every two weeks” model might seem fine because it’s so common. But when we take a step back, several disadvantages appear. Most hourly employees live on a paycheck-to-paycheck basis—as of 2020 when we published our latest Branch Report, at least **50% of hourly employees surveyed said they had no savings whatsoever**. Plus, due to weekly variations on hours worked, actual paycheck amounts typically fluctuate for hourly workers. This makes it much harder for this group to predict their income or budget accurately.

50%
Hourly Workers
Reported \$0 Savings

All of this means many of your hourly employees still struggle with their finances, no matter what financial gains they may be making. And with the added financial insecurity COVID has created, offering EWA has become more crucial than ever. Let’s look at a real-world example of how earned wage access can help your employees.

An hourly healthcare worker (let’s call him Jake) knows he makes approximately \$1200 per paycheck. But after receiving his last paycheck—which he spends on monthly rent, bills, and food—he learns his car needs a minor repair. Jake simply doesn’t have the cash to make the repair—but he needs his car in order to get to work. Prior to his company’s EWA program, he would have turned to a payday loan to get the repair cash...and entered into a destructive cycle of high-interest loans to pay off high-interest loans for years.

Sounds stressful, right? Naturally, Jake’s work performance would be affected. He might miss work sometimes, or quit altogether. He might have to take on a second job if he’s struggling too much with his finances, resulting in less sleep, more stress, and poorer job performance at his existing job. But his healthcare facility offers EWA through Branch. Instead of taking out risky, expensive debt, Jake can instead instantly access the wages he’s already earned.

Now, Jake can pay for his car repair and continue showing up for shifts. When it’s payday, the wage amount he accessed in advance is automatically deducted from his paycheck. His financial stress has been relieved and he’s more engaged and satisfied at work. It’s an effective way to turn a potential emergency into a simple, stress-free scenario.

“ Especially at this time my employees need access to their funds. It’s easy for me when doing payroll to access Branch and make the appropriate deductions. I believe we’ve had employees stay with us because of this benefit”

★★★★★ Administrator in Hospital & Health Care, G2 Crowd Review

How Branch’s EWA Offering Works

Branch is a free way to improve the lives of your healthcare staff. We pride ourselves on being the responsible, CFPB-compliant choice for EWA that helps reduce your payroll burdens while financially empowering your workers—all at zero cost to you or your staff. Plus, our automated processes mean you don’t need any additional administrative work or changes to your payroll to get started.

Here’s how it works:

- 1. An employee downloads the Branch mobile app to request EWA funds
- 2. The funds load to the Branch digital wallet within seconds and are available to spend on the free Branch debit card
- 3. Once regular payday rolls around, their EWA amount is deducted from the total deposit.



What Sets Branch Apart

We're not the only company to offer earned wage access, but we do pride ourselves on the following differentiators.

Free for you and your employees

We believe offering EWA is one way to help working Americans get ahead financially. Because of this, we don't charge fees for your employees—or the companies that support them—to use this service. We helped one healthcare system save their employees **\$175,000 in fees.**

No pre-funding or escrow required

Unlike other EWA providers, you are not responsible for the capital it takes to grant your employees EWA—Branch is. There's no pre-funding or escrow required on your end, no changes to your cash flow, and no need to take the risk of creating a third party account to put your money in. We manage the whole process for you.

CFPB Compliant

Our employer-based EWA offering aligns with the Consumer Financial Protection Bureau's advisory opinion.

1. Employer-based: Branch contracts directly with employers to offer EWAs to employees.
2. Processed via payroll deduction: We recover EWA transactions through employer-facilitated payroll deductions from the next paycheck.
3. Free reasonable access: Branch accounts and instant transactions into the Branch Wallet are free.
4. Advancing only earned wages: We work with employers to set guardrails that allow access of up to 50% of earned wages.

Not just EWA—a complete Employer Payments Platform

EWA is just part of what Branch offers. We're a comprehensive employer payments platform that also lets companies:

1. Digitally tip employees (or reimburse their mileage and other expenses) after each shift.
2. Offer employees a fee-free debit card and digital wallet so they can have all payments sent directly to their account without the hassle of paper checks. (Zero overdraft fees or minimum balance requirements.)
3. Provide employees with instant access to Apple Pay & Google Pay via the Branch Digital Wallet so they can start using their account on Day 1.

Plus, we offer financial literacy tools to help your employees gain better financial stability, like an at-a-glance budget feature and alerts on upcoming expenses.

When you sign up for earned wage access through Branch, you can use any or all of these components in addition to EWA—it's completely up to you.

Intergrations + Set Up

In a few simple steps, employees can access wages they've already earned and alleviate financial stress.

- **1.** We work with you to get an estimate of wages earned and let employees access up to 50% of their upcoming paycheck. All we need from you is time and attendance files and a roster file; we can work with either flat files or API integrations.
- **2.** Employees download the Branch app to request funds, and they'll load directly into their Branch digital wallet.
- **3.** They can then use their digital wallet (including Apple Pay & Google Pay) or Branch Card to make payments.
- **4.** Once payday rolls around, their pay advance is deducted from their total deposit.

Businesses don't need to manually enroll each employee to Branch. You only need to submit a list of eligible employees, and Branch takes care of the rest. And thanks to integrations with major workforce solutions like UKG, implementing EWA via Branch can be remarkably fast and intuitive.

Though we gladly offer training sessions for employers and for employees, Branch is designed to be an out-of-the-box, easy-to-use solution.

FAQs

How is this free for employees and employers? How does Branch make money?

Branch is completely free for you and your employees. We charge zero fees to access funds, including zero overdraft fees, management fees, and inactivity fees, and there are zero minimum balance requirements.

When employees start using Branch, they receive an optional debit card. Every time employees use these cards to purchase something, there's a small merchant transaction fee (just like credit card processors like Visa and Mastercard charge). This is called interchange, and this is how Branch makes money. Employees can move their funds from the Branch debit card to other accounts at any time.

Do employees actually use EWA to address unexpected expenses? Will they overuse it?

We've seen that only about 15-20% of employees use EWA, and that usage tends to happen when something unexpected comes up. We don't see a cycle of the same people using our service over and over again, in the way most people use payday loans. Most use EWA for basic living costs such as food and groceries or transportation. We've also found that it's not the same employees using this feature from one pay cycle to the next, indicating that they use it for specific unexpected expenses, like a medical bill or car repair.

Plus, since they are only getting an advance on wages they've already earned (and Branch is responsible for providing this capital) you don't take on unnecessary risk.

How much control do I have over EWA frequency and amount?

You can allow a maximum access of up to 50% earnings, but you can set a lower amount if you want. The average employee only takes about \$70 ahead of payday, indicating EWA truly does go to needed expenditures and emergencies. You can also set additional restrictions on EWA access for employees, such as how frequently they're allowed to access it.

The Consumer Financial Protection Bureau (CFPB) recently outlined how EWA providers must work with employers. Do you follow these guidelines?

Yes, our employer-based EWA business model aligns with the CFPB's advisory opinion. We recover the amount of each EWA transaction through an employer-facilitated payroll deduction from the employees' paycheck.

Do employees have to pre-register or qualify?

Once an employer is signed up for Branch, the requirements for eligibility are based on whether the employee is active and how many hours were worked during a given pay period.



Ready to Get Started?

Now more than ever, healthcare workers need workplace benefits that will actually improve their lives. Our earned wage access offering can help eliminate the cycle of employee financial hardship, debt, and stigma that often goes unseen in the workplace—yet is often dramatically reflected in employee performance.

With earned wage access through Branch, you create an easy way to improve the lives of healthcare workers at zero cost to you or them.

