

Year Two Pandemic Preparedness Survey

The Deloitte Center for Health Solutions (“the Center”), a part of Deloitte & Touche USA LLP, recently conducted its second-annual survey of large U.S. companies to assess their level of concern about and preparedness for a possible pandemic flu outbreak.

Public health officials are warning that it is not a matter of “if” but “when” the next pandemic will strike. When it does, it will disrupt supply chains, dramatically reduce labor pools, and diminish businesses’ ability to meet scheduled obligations. Regardless of where the pandemic hits first, its effects will ripple across the globe. The resulting impact on the U.S. economy could be devastating.

A pandemic influenza is a global outbreak of the flu that occurs when a new virus emerges for which there is little immunity among humans. In the 20th century, there were three pandemics: 1918 (500,000 deaths in the United States and at least 50 million deaths worldwide), 1957 (70,000 deaths in the United States and up to 2 million deaths worldwide), and 1968 (34,000 deaths in the United States and 700,000 deaths worldwide).

While the current H5N1 strain of the avian flu has not sustained human-to-human transmission of the disease, there is growing concern that this strain could mutate into a virus that could spread among humans. Although officials are unable to predict when the next pandemic will occur, effective business planning can mitigate its risks.

The survey results reported here provide a December 2006 snapshot of American businesses’ perspectives about the threat of and their preparedness for a potential pandemic. The 2006 results are also compared to the 2005 survey responses.

Methods

The Center partnered with The ERISA Industry Committee (ERIC) to field the survey. ERIC is a non-profit employee benefits organization that includes many of America’s major employers in its membership.

The study was conducted from November 27 to December 11, 2006. Representatives of U.S. companies were sent an e-mail explaining the purpose of the study and requesting participation. Those who elected to respond clicked a link in the e-mail which led them to the web-based survey.

A total of 163 completed responses were received, representing companies from across the country. Of the respondents, 55 percent are public companies and 36 percent are private. Thirty-one percent of respondents have less than 1,000 employees and 33 percent have between 1,000 and 10,000 employees. Revenues ranged from less than \$10 million (6 percent) to over \$5 billion (30 percent).

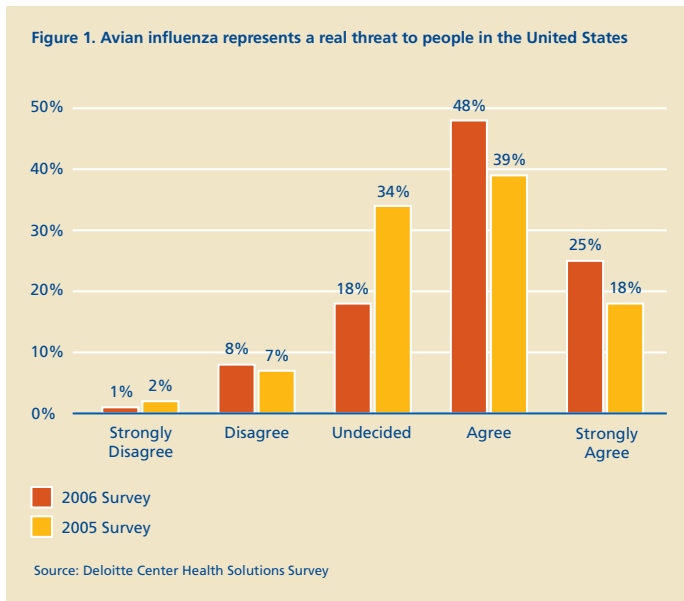
The survey instrument was comprised of thirteen Likert Scale attitudinal and behavioral questions regarding avian flu and business planning, two open-ended questions related to challenges to planning and the federal government’s role in supporting business planning, and a series of demographic questions.



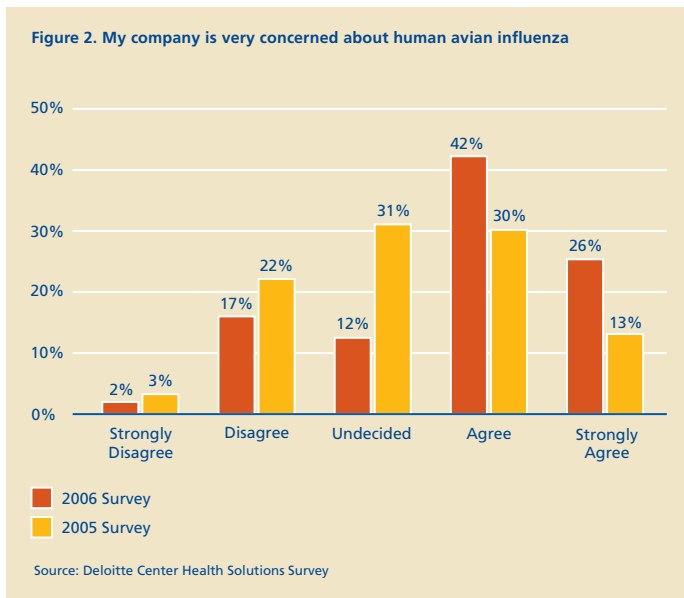
Results

1. Companies Are Concerned About the Avian Flu

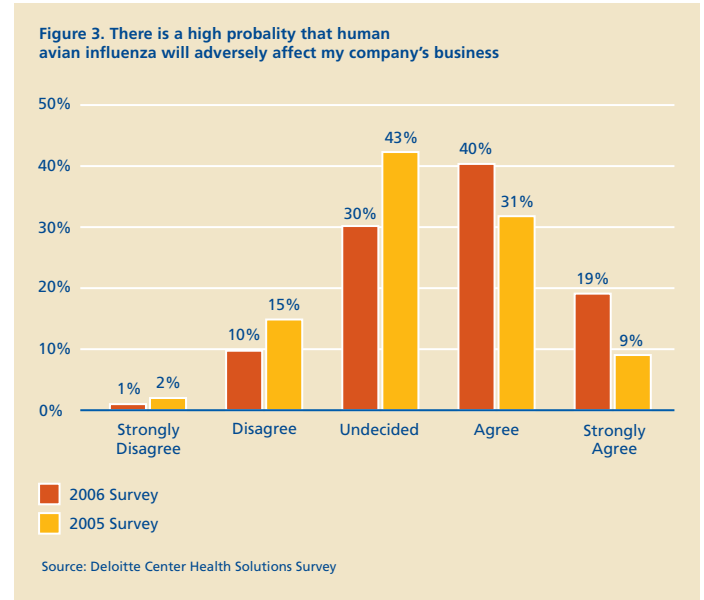
Respondents see avian flu as a real threat to people in the United States and are very concerned about an outbreak. Figure 1 shows that almost three-quarters of 2006 respondents (73 percent) agree that the avian influenza threatens the U.S.; only 9 percent disagree.



Furthermore, 68 percent of companies are very concerned about avian flu.

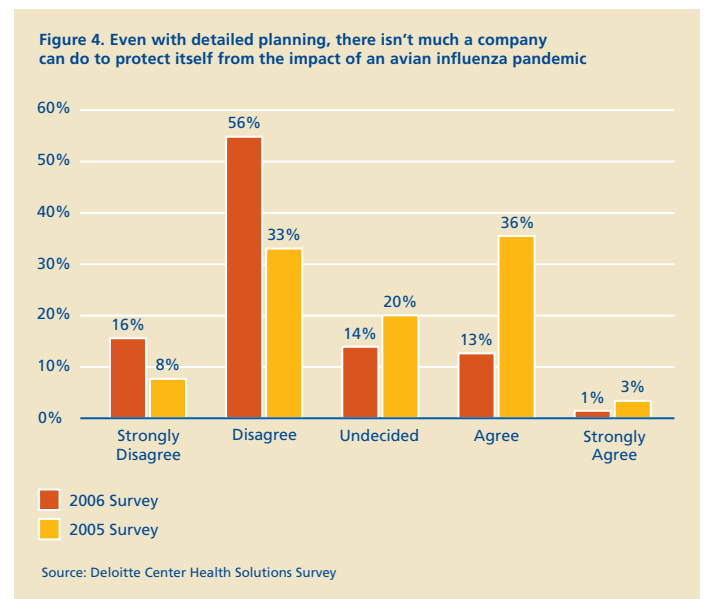


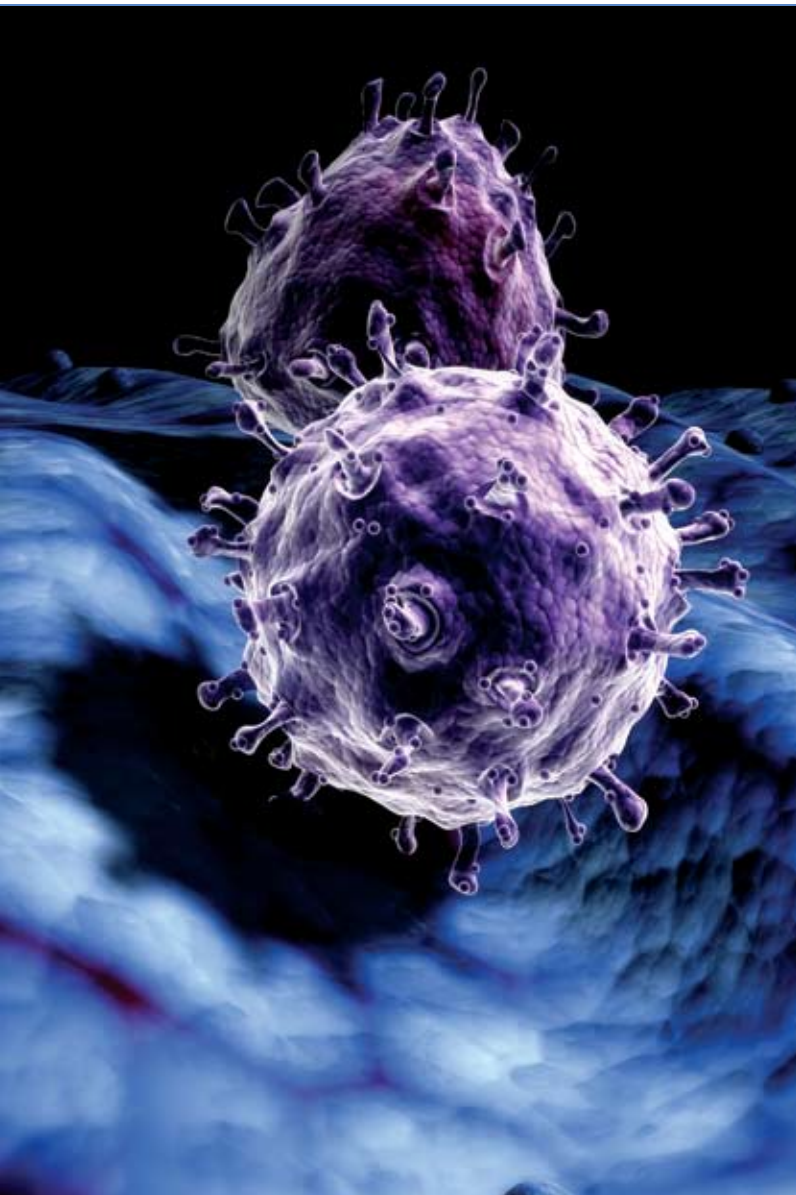
In addition to this perception that avian flu presents an overall threat, more than half of the respondents (59 percent) believe the avian flu will adversely affect their business. The remaining 41 percent are undecided or disagree.



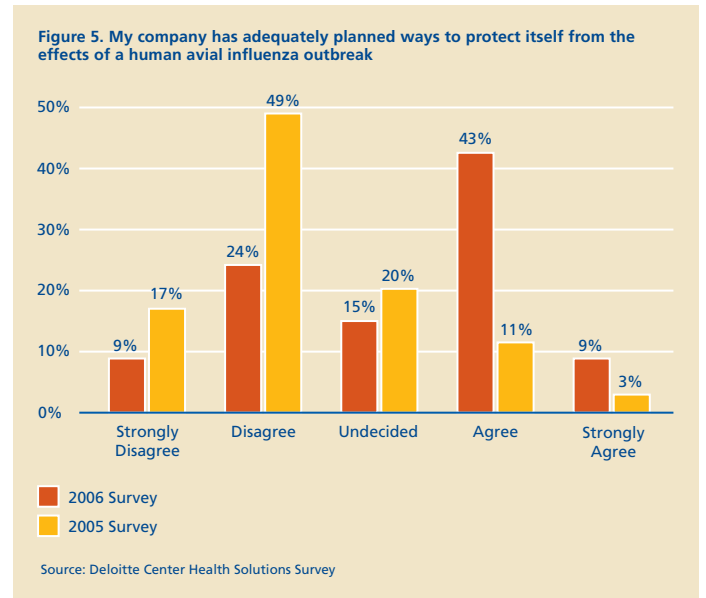
2. Gap Exists Between Those Who Perceive the Threat and Those Who Have Planned

The vast majority of respondents (72 percent) believe that planning can help protect their business from a pandemic's impact. Only 14 percent of companies say that there isn't much they can do to protect themselves from a flu pandemic, even with detailed planning.

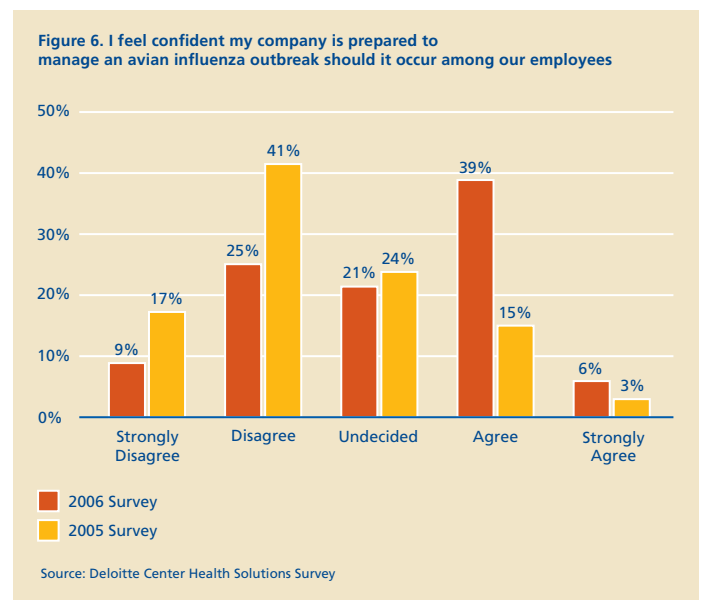




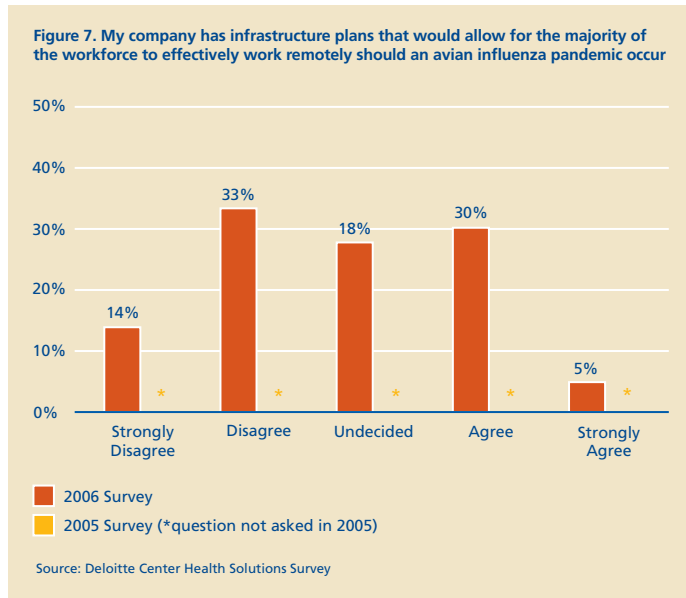
Yet despite agreement that a pandemic presents a real threat and acknowledgement that planning can help to minimize its impact, only half of the responding businesses have adequately planned to protect themselves in the event of an outbreak. Figure 5 illustrates that 52 percent of companies have adequately planned, but 33 percent still have not.



Although 45 percent of companies feel confident that they are prepared to manage an outbreak among their employees (Figure 6), more than half of respondents remain unprepared. This is important to note because, in the event of a pandemic, businesses that are well prepared still will be dependent on their business partners, who may not be as equally prepared.



When asked specifically about their preparedness plans, only 35 percent of respondents say they have infrastructure plans that would allow the majority of their workforce to effectively work from a remote location (Figure 7). This is a critical issue since the Center for Infectious Disease Research & Policy (CIDRAP) estimates that between 25 and 50 percent of the U.S. workforce would be absent at any one time during an influenza outbreak. Companies' relatively low 35 percent response rate calls into question how prepared they truly are, should a pandemic strike.

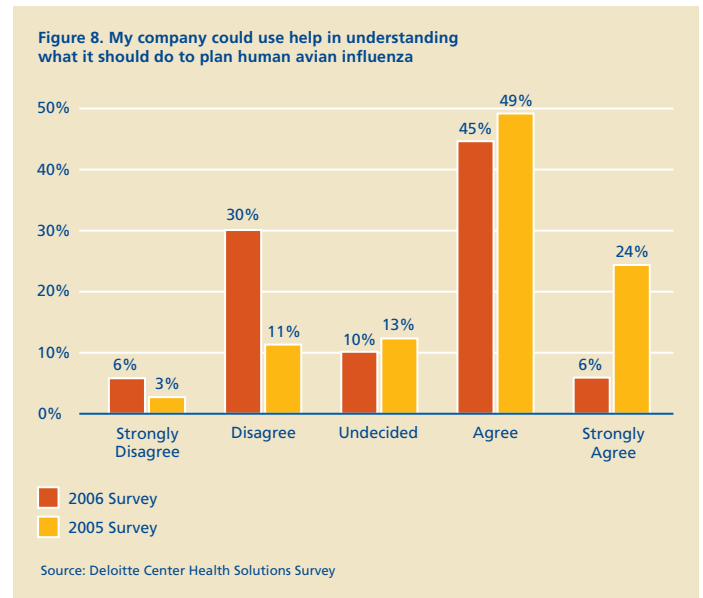


Although 53 percent of respondents report being involved in some pandemic planning activities sponsored by state and/or local governments, only 28 percent of all surveyed companies say they have performed a scenario-based analysis of the financial implication of an avian influenza. Similarly, only 26 percent have received clear guidance from their lawyers on the legal implications in the event of a pandemic emergency.

When asked an open-ended question about the one thing that concerns them most about their company's avian influenza pandemic preparedness, respondents cite employee safety, a labor shortage, supply chain interruptions (business continuity), and communication issues. Respondents also are concerned about a lack of urgency in preparedness planning and a lack of commitment and funding to plan for an outbreak.

3. Need for Assistance and Education

A little more than half of survey respondents (54 percent) say they want help understanding what they can do to reduce the threat of human avian influenza to their company. Figure 8 shows that there is a need for more assistance and education.



Most respondents (75 percent) also agree that now is the time to start educating their employees about what they should do if a pandemic occurs. Fortunately, a large number of respondents (76 percent) are already aware of the existence of the www.PandemicFlu.gov web site, which is a good source of information for education and planning.

Businesses are looking to the federal government to educate and to build awareness about the pandemic. Answering an open-ended question, respondents say they want the federal government to provide readily accessible and timely information on the status of the pandemic, vaccines, and other resources, such as sample business continuity plans.

Discussion

2006 survey results suggest that many U.S. businesses are taking the threat of an avian influenza pandemic seriously and are concerned about its impact on their business and on the people of the United States. However, fewer businesses that acknowledge the threat are actually prepared for it.

U.S. companies must be educated about the need for prompt, thorough pandemic preparedness planning. In addition, companies need assistance in developing business continuity plans that are specific to dealing with the long-term disruptions from a pandemic, which will be different than disruptions from point-in-time events such as terrorist attacks or natural disasters.

The government can play a key role in educating the public and disseminating the information that businesses need to effectively plan but ultimately, companies must drive preparedness planning on their own.

Results Compared with 2005's Year One Pandemic Preparedness Survey

The 2006 pandemic influenza survey found a noticeable increase in concern about a pandemic, and an even greater increase in the confidence of U.S. companies about their ability to deal with an outbreak when it occurs. Yet in spite of this positive movement, there still remains a wide gap between those companies that acknowledge the threat of a pandemic (73 percent) and those that feel they have adequately planned for it (52 percent).

Some key findings from a comparison of 2006 and 2005 data include:

- Seventy-three percent of companies surveyed in 2006 believe a pandemic flu presents a real threat to the United States, up from 57 percent in 2005.
- Sixty-eight percent of 2006 respondents say their company is very concerned about pandemic flu, compared with 43 percent last year.
- In one of the biggest percentage increases, 52 percent of respondents in 2006 say their company has adequately planned ways to protect itself from the effects of a pandemic flu, compared with only 14 percent in 2005.
- Confidence levels are also up, with 45 percent of 2006 survey respondents reporting that their company is prepared to manage a pandemic flu outbreak when it occurs, compared with just 18 percent last year.

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About the Center

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About ERIC

The ERISA Industry Committee (ERIC) is a non-profit association committed to and represents exclusively the advancement of the employee retirement, health, and compensation plans of America's largest employers. ERIC's members provide benchmark retirement, health care coverage, compensation and other economic security benefits directly to tens of millions of active and retired workers and their families. ERIC has a strong interest in proposals affecting its members' ability to deliver those benefits, their cost and their effectiveness, as well as the role of those benefits in the American economy.