

AON

China Covid-19 Situation Report

January 5th, 2023



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Executive Summary



About This Material

On December 7th, 2022, the PRC State Council issued “the Notice on Further Optimizing the Implementation of the Covid-19 Epidemic Prevention and Control Measures”, proposing “ten new measures” for epidemic prevention and control. The introduction of “ten new measures” marks a new stage of China’s Covid-19 prevention and control for which enterprises and individuals have become the first responsible parties.

Following the announcement of this policy, Aon Health Solutions China team timely rolled out a survey to the market and collected over 200 leading companies’ responses with enterprises’ actual and intentional adjustment of employee health and benefits policies and practices.

This report aims to provide an update on the new China Covid policy and Aon’s corresponding survey findings of a leading sample client group on special covid related employee benefits program, company sponsored epidemic prevention and protection measures and other health support provided.



Executive Summary of the Report

Two important Chinese government policy changes on covid prevention and control measures are reviewed in this report which are of paramount importance in understanding the U-turn change of the policy itself as well as its major impact:

1

On Dec 7th, the ten new measures” abolished nearly all zero-covid control measures like mandatory testing, mandatory centralized quarantine of positive cases and close contacts, mandatory checking of health code/test results in public places and for all trips etc.

2

On Dec 26th, the downgrade of covid-19 from Class A to Class B infectious diseases marks another major milestone that COVID-19 will no longer be included in the quarantinable infectious disease management and China will stop quarantinable infectious disease control measures for inbound persons and imported goods from Jan 8th 2023 and borders will be re-opened orderly.

Following the “ten new measures”, Aon China Health team rolled out a survey to the market and the key findings include:



Most companies track employees with abnormal nucleic acid/antigen test results and most reported a decrease of healthy workforce in the next 30 days (drop is estimated to be within 30%)



Flexible working with remote working increasingly a regular practice, EAP, epidemic prevention and control supplies, health tips, on-line health consultation are prevalent benefits practices adopted or to be adopted



Special adjustment have been made in sick leave policy especially on approval rules, post-infection return to work policy needs to be clarified and rolled out by most companies.



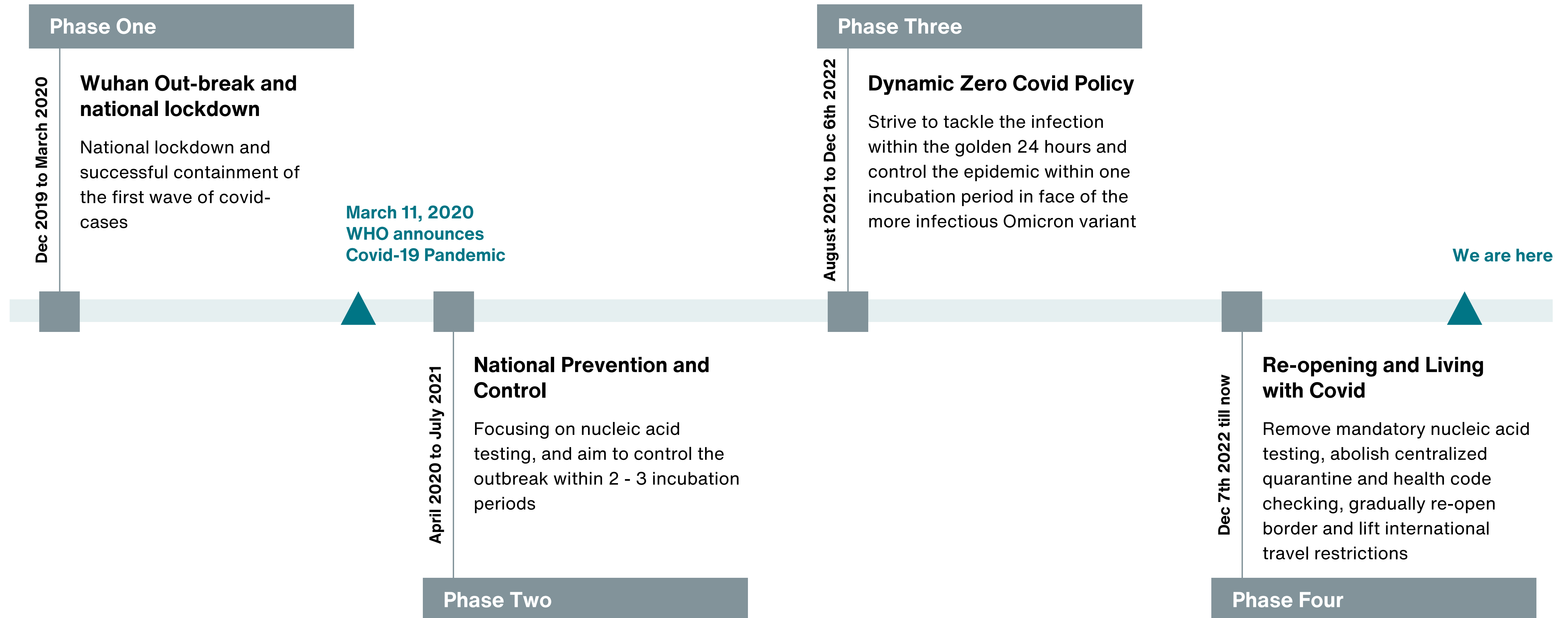
Adjustment of insurance coverage and other health support initiatives are also being rolled out or to be considered.

2

Update of Policy Change



China Covid-19 Policy Roadmap – Distinctive Four Phases



An Update on The Ten New Measures Since Dec 7th 2022



On Dec 7th 2022, China State Council released the Ten New Measures on Covid-19 Control: The highlight is summarized below:

- People are no longer required to present their nucleic acid test results or health codes when entering public places
- People who are infected but don't exhibit serious symptoms may choose to quarantine at home or be taken to quarantine facilities if they wish
- Close contacts of confirmed cases may choose to quarantine at home or opt to go to a quarantine facility for five days.
- Test results and health codes only needed to enter care homes, welfare institutes, hospital, kindergartens and primary and high schools
- People who travel to other regions of China will no longer be tested for COVID-19 before, during the trip and upon arrival
- Schools with no COVID-19 outbreaks should resume in-person classes instead of teaching online. Schools with outbreaks should identify areas of risks on campus, all activities outside such designated risk areas should be carried out as usual

Note: test results to enter hospitals are relaxed in most places now.

Covid-19 is Downgraded to Class B on Dec 26th 2022



On Dec 26th, 2022, National Health Commission (NHC) renamed the Chinese term for COVID-19 from "novel coronavirus pneumonia" to "novel coronavirus infection," and will manage the disease from Class A to Class B in accordance with the Law of the People's Republic of China on Prevention and Treatment of Infectious Disease. The following is a summary of prevention and control changes:

- COVID-19 will no longer be included in the quarantinable infectious disease management following the Frontier Health and Quarantine Law of the People's Republic of China.
- China will no longer implement quarantine measures for infected individuals and stop tracking close contacts or designating high-risk and low-risk areas.
- China will provide classified treatment for COVID-19 cases and promptly modify medical care policies.
- Starting from Jan. 8, China won't conduct any quarantinable infectious disease control measures for inbound persons and imported goods. Passengers entering the country still have to take nucleic acid tests 48 hours before departure.
- China will resume passenger entry and exit at sea and land ports, as well as outbound tourism in an orderly manner. Arrangements for foreigners to visit China for work, business or other purposes will be improved. Required visas will also be facilitated
- Medical expenses for treating Covid will no longer be 100% born by government and local health authorities will roll out new expense coverage rules consistent with Class B category of disease.

Impact of the 180-degree Turn of Policy

Immediate after the policy change, the world has seen the rapid surge of covid infection cases in big cities in China.

1

Rapid and mass Infection experienced in most major cities

Mr. Zeng, Guang, a former Chief Scientist of the Center for Disease Control, said at an on-line summit on Dec 29th 2022 that the infection rate in Beijing could have exceeded 80% or even higher, although exact number is difficult to obtain. Most major cities reporting 50-80% of population infection rates.

2

Cold Medicines shortage: Ibuprofen, Panadol and other basic medicines to treat cold and fever symptoms in China are short of supply, particularly in the first period after relaxation of the restrictions. There seems to be no heads-up and good preparation ahead of the policy change. .

3

Hospitals across China over-crowded with patients in critical conditions

The vulnerary groups (elderly people and people with medical condition) suffering from severe Covid conditions flooded Chinese hospitals across the country. The health care system is met with unprecedented challenges and pressure

4

It is anticipated that the Chinese new year migration of population will bring about another major wave of Covid cases in the countryside. There are huge concerns that the rural areas are more unprepared with less healthcare resources to fight the battle

5

Due to the mass infection as a result of ending the zero Covid policy and the priority of the whole country to deal with the health crisis, disruption to economic activities in the short-term is anticipated and painful, with the general belief that the economy will be weak at least in the first quarter of 2023

6

The longer-term view remains positive as things return to normal and China will reboot and inject vitality back into the world economy.

3

Key Survey Findings



General Survey Information

On December 7th, 2022, the PRC State Council issued *“the Notice on Further Optimizing the Implementation of the Covid-19 Epidemic Prevention and Control Measures”*, proposing “ten new measures” for epidemic prevention and control. The introduction of “ten new measures” marks that China’s epidemic prevention and control has entered a new stage, and enterprises and individuals have become the first responsible parties. In view of the new policy, business and HR leaders need to be prepared in their response to employee health and welfare policies and practices with flexibility and adjustments.

This survey aims to understand how enterprises respond to the adjustment of the new policy and the findings are of great value to decision makers for further actions.

As of December 19th 2022, a total of 233 valid responses have been collected and analysed for the reporting purpose.



Executive Summary

Among the 233 participating companies, it is found that:

78% of them will track employees with abnormal nucleic acid/antigen test results

77% reported a decrease of healthy workforce in the next 30 days and most believe the drop is within **30%**

Flexible working, EAP, epidemic prevention and control supplies, health tips, on-line health consultation are prevalent benefits practices adopted or to be adopted

Special adjustment have been made in sick leave policy especially on approval rules

Only a fraction of companies (**20%**) have clarified their post-infection return-to-work policy

53% offers flexible working as a regular practice now, only **7%** does not offer due to business nature

13% reported remote working is allowed under special conditions like pregnancy, child care and elderly care, and majority does not impose a limit of days

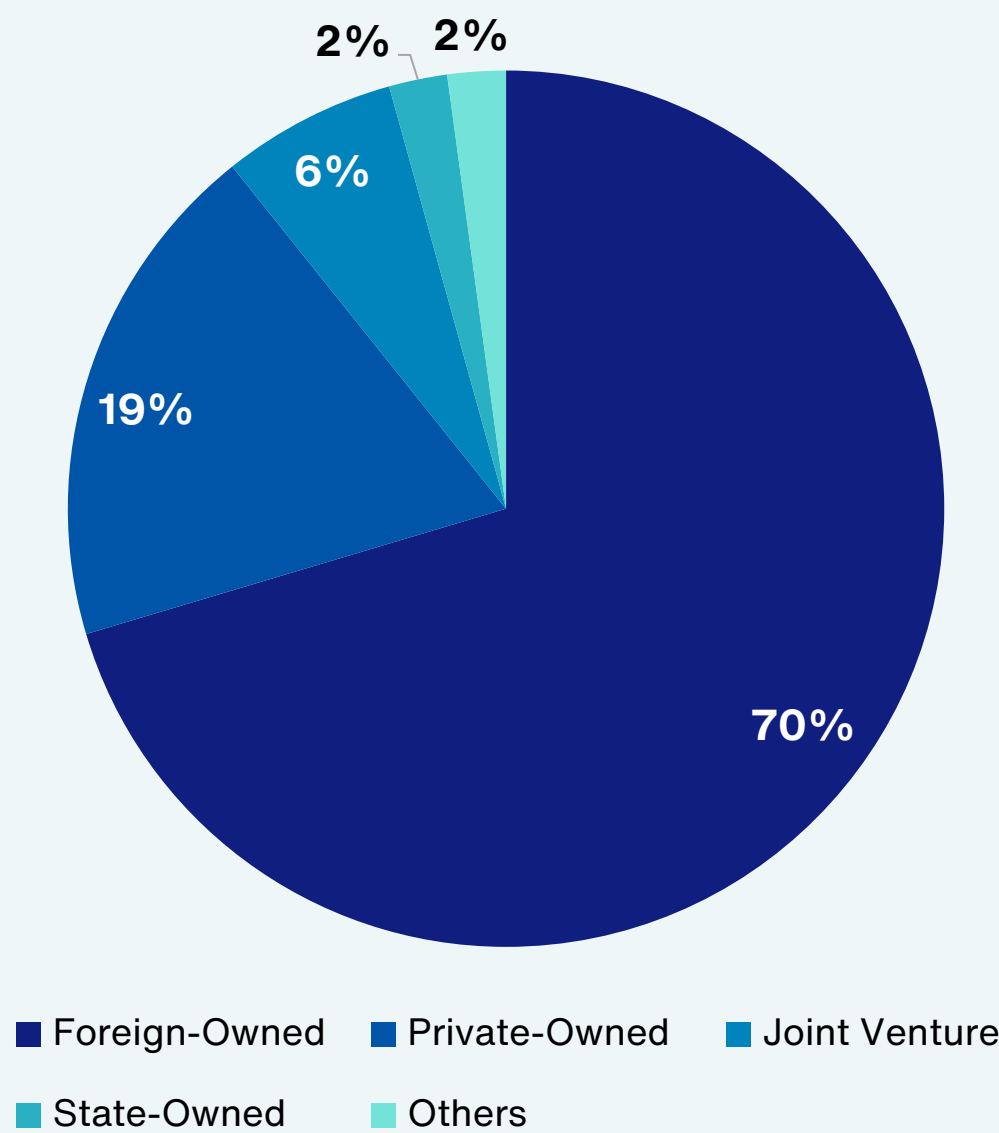
90% reported salary compensation for remote working employees will be the same

More than half have already or in consideration of making adjustment to commercial insurance coverage in response to changes in government policy

Survey Participants

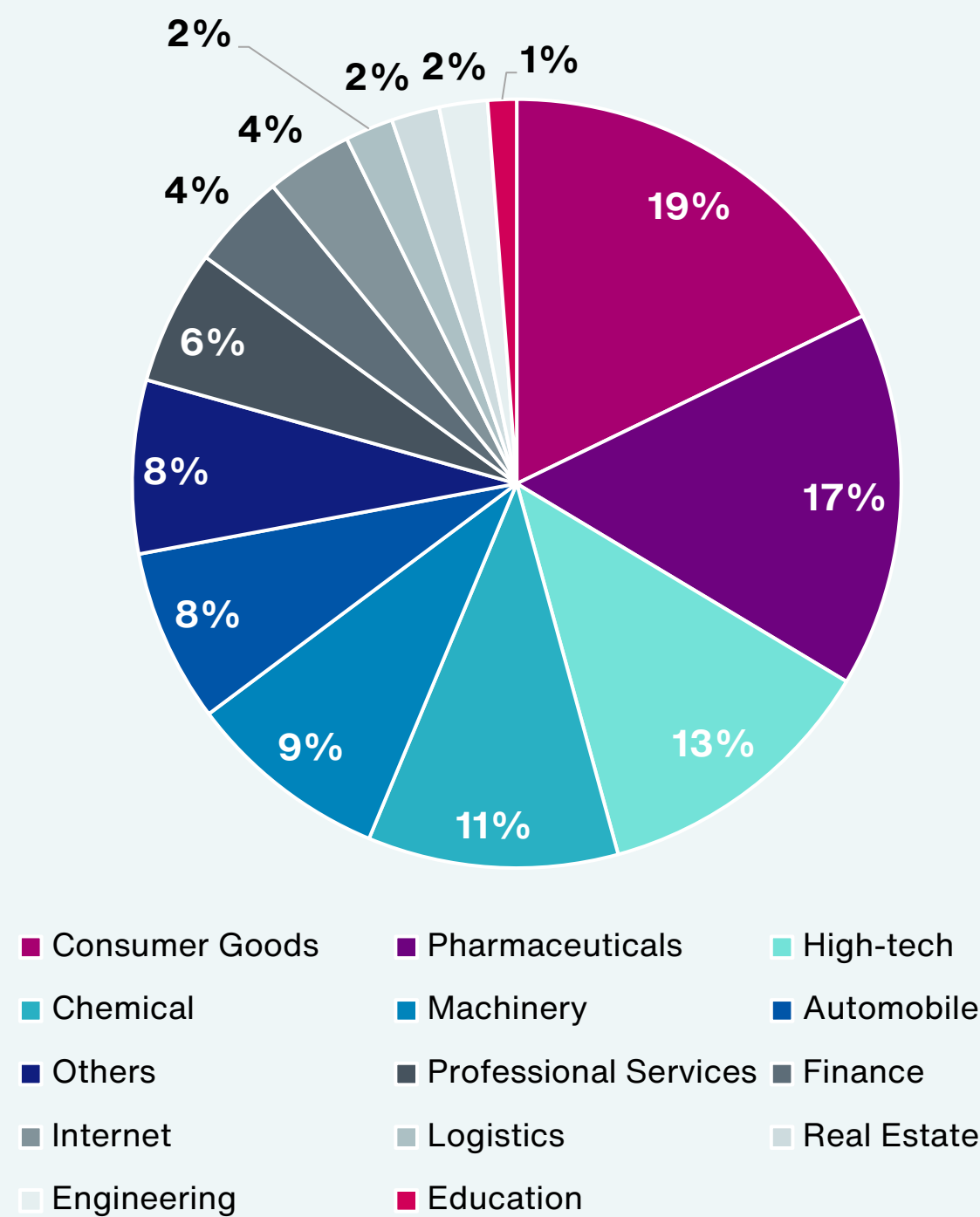
Client Segments

70% Of survey participants are Multinational Companies



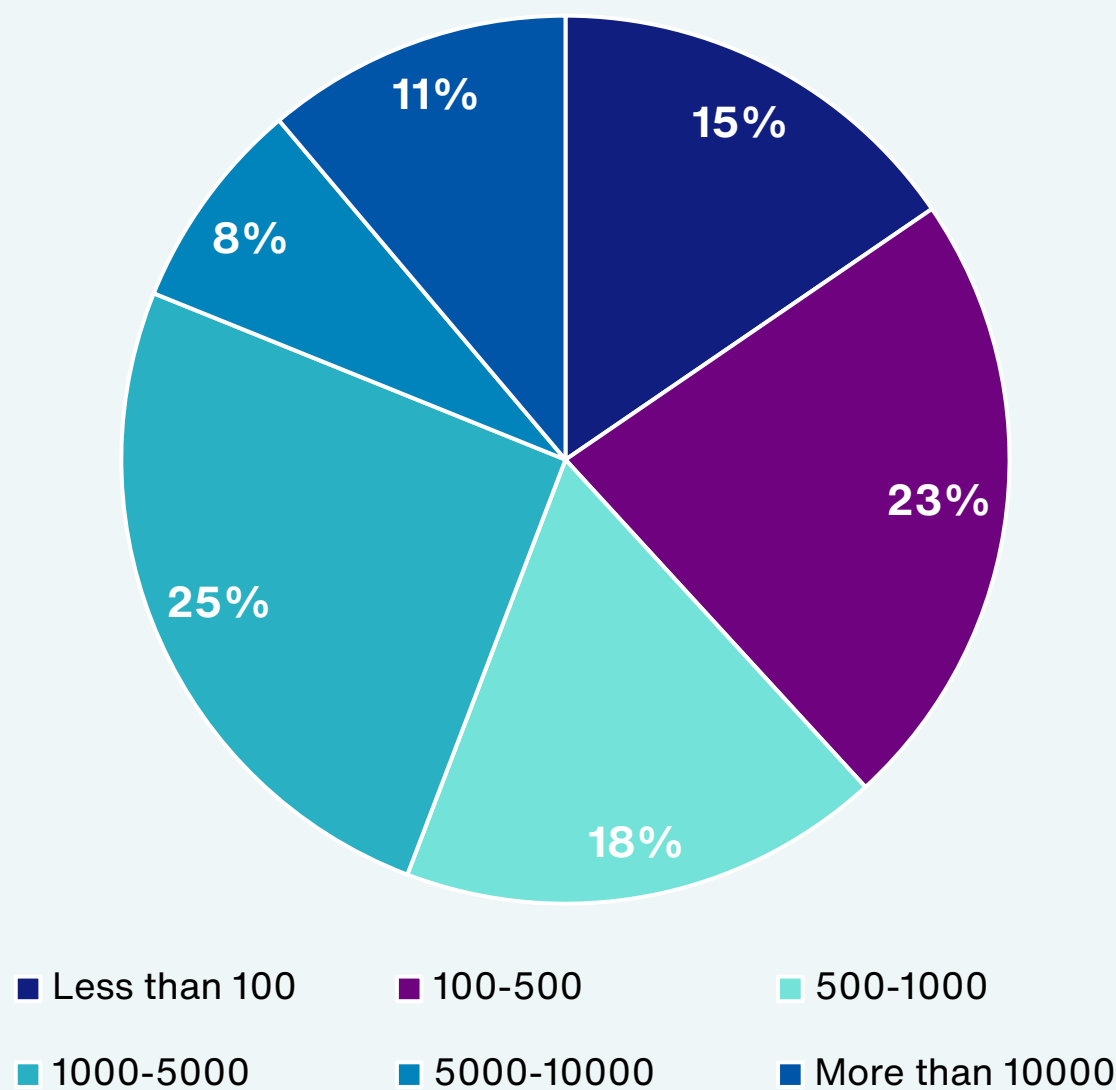
Industry Distribution

Top 3 Consumer Goods, Pharmaceuticals, High-tech

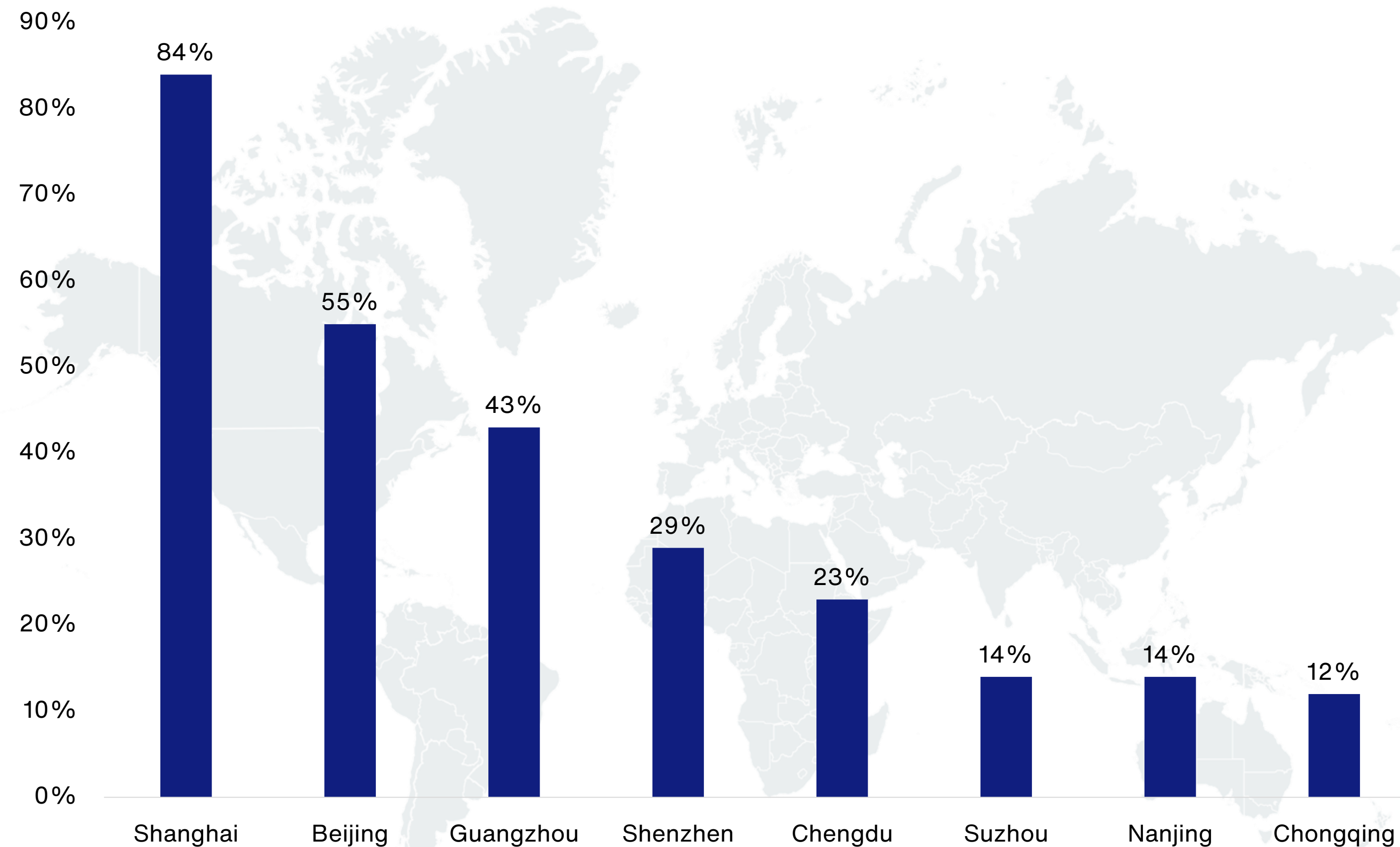


Company Size

62% Of participating companies have more than 500 of employees



The Reported Employee Locations



Other cities with employee locations: Wuxi, Tianjin, Wuhan, Xiamen, Zhuhai, Qingdao, Shenyang, etc.

Among the companies participating in the survey

78% **will track** employees with nucleic acid/antigen abnormalities

77% companies reported a projected **decrease in healthy workforce** in the next 30 days

74% companies reported the impacted unhealthy workforce in the next 30 days is **30% or less**

Summary of Employee Benefits Responses

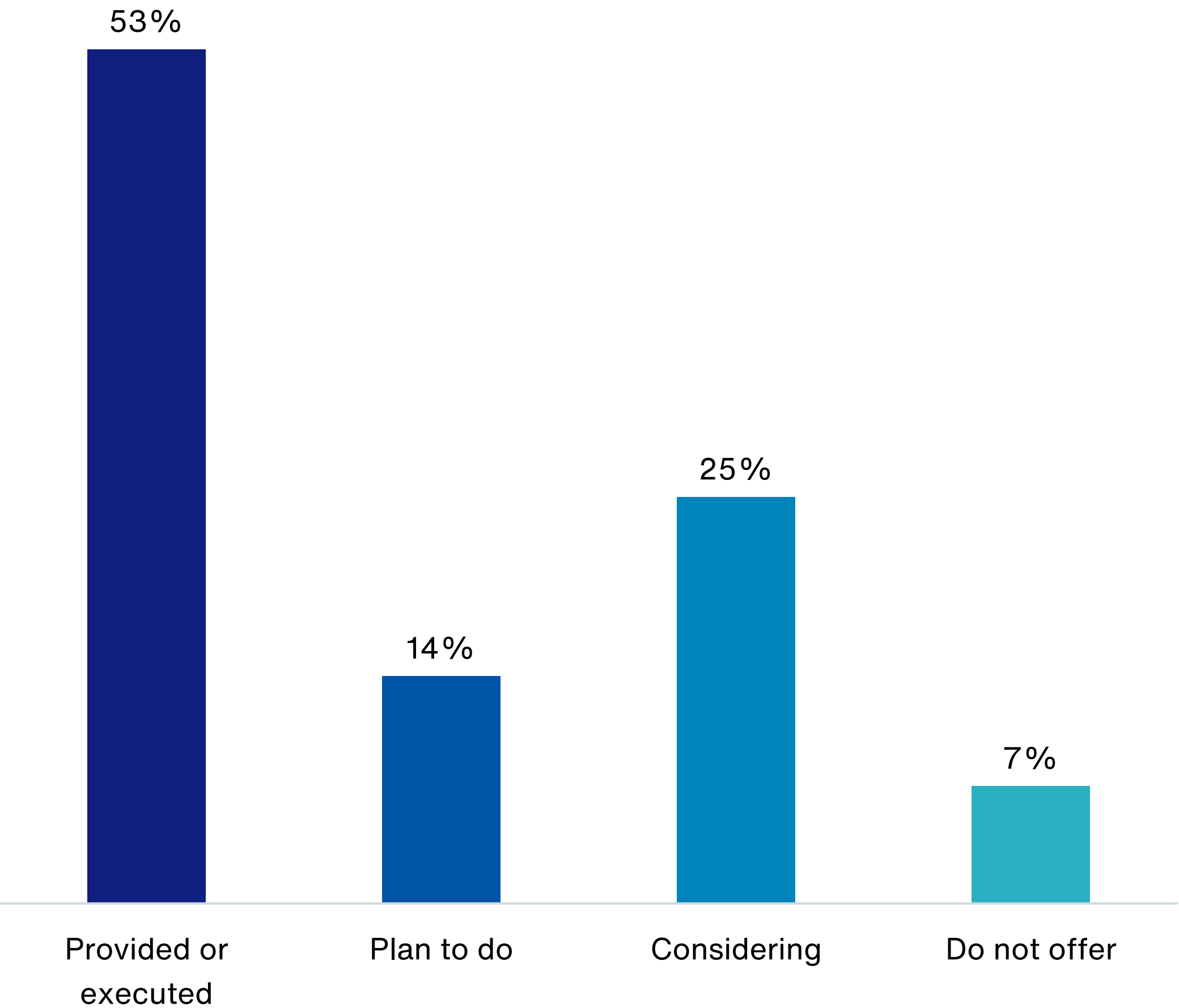
	Provided or executed	Plan to do	Considering	Do not offer
Flexible working policies	53%	14%	25%	7%
EAP employee psychological assistance	49%	9%	20%	22%
Distribution of epidemic prevention supplies	49%	25%	16%	11%
Tips of epidemic prevention and home recovery	48%	29%	20%	
Issuance of antigen self-test kits	24%	31%	30%	15%
Provide online consultation (graphics/videos)	23%	10%	32%	35%
Sick leave policy adjustments	21%	21%	41%	17%
Clarification of return-to-work rules	20%	30%	39%	10%
Epidemic prevention lectures	20%	19%	37%	23%
Distribution of common coronavirus medicine kits	13%	25%	38%	24%
Commercial insurance coverage adjustments	8%	3%	44%	45%
Increase Covid-19 related insurance	7%	4%	49%	40%
Reimbursement of nucleic acid testing related expenses	6%	8%	41%	45%
Corporate Covid-19 diagnosed care allowance	3%	3%	42%	52%

- Flexible working, EAP, epidemic prevention supplies, health tips and on-line consultation are prevalent practices being adopted or being considered.
- Some companies are taking special care of employee with epidemic prevention measures like distribution of antigen self testing kits and cold medicines, adjustment of sick leave policies
- Due to uncertainty of future government policy changes, companies are indecisive on some measures, and may consider increase related insurance coverage and monetary support on need basis.

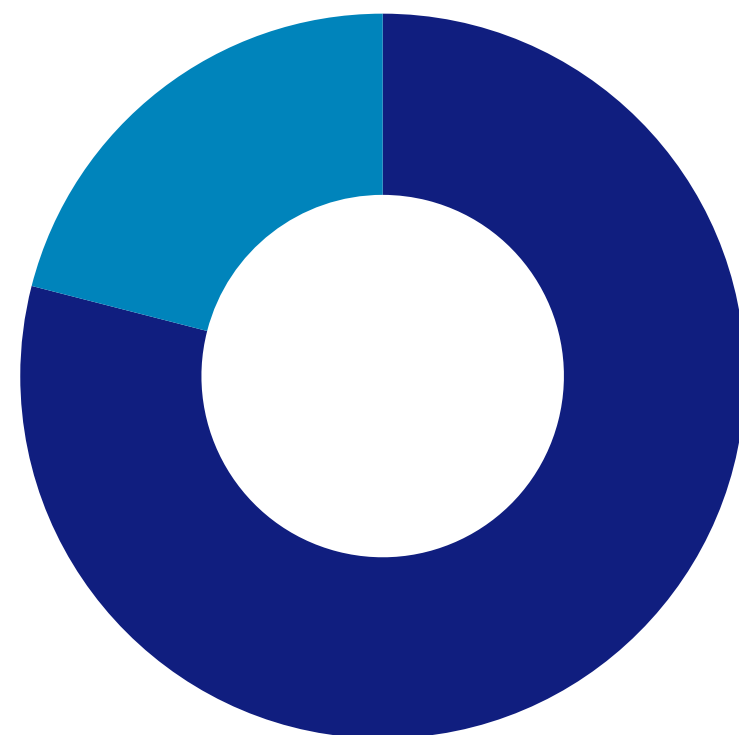
Employee Benefits Response - Flexible Working Top the List



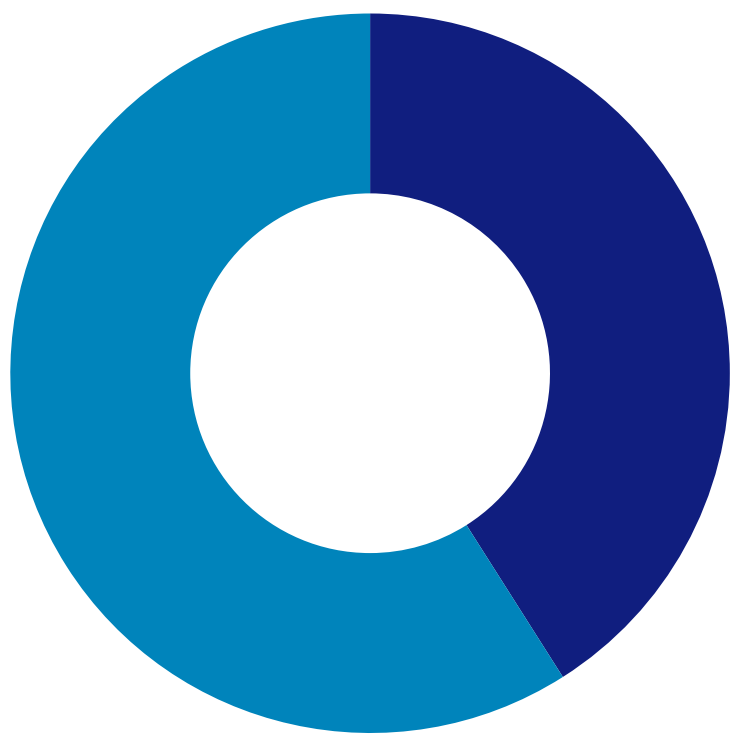
Only **7%** of companies, limited by the nature of their operations, do not consider providing flexible working.



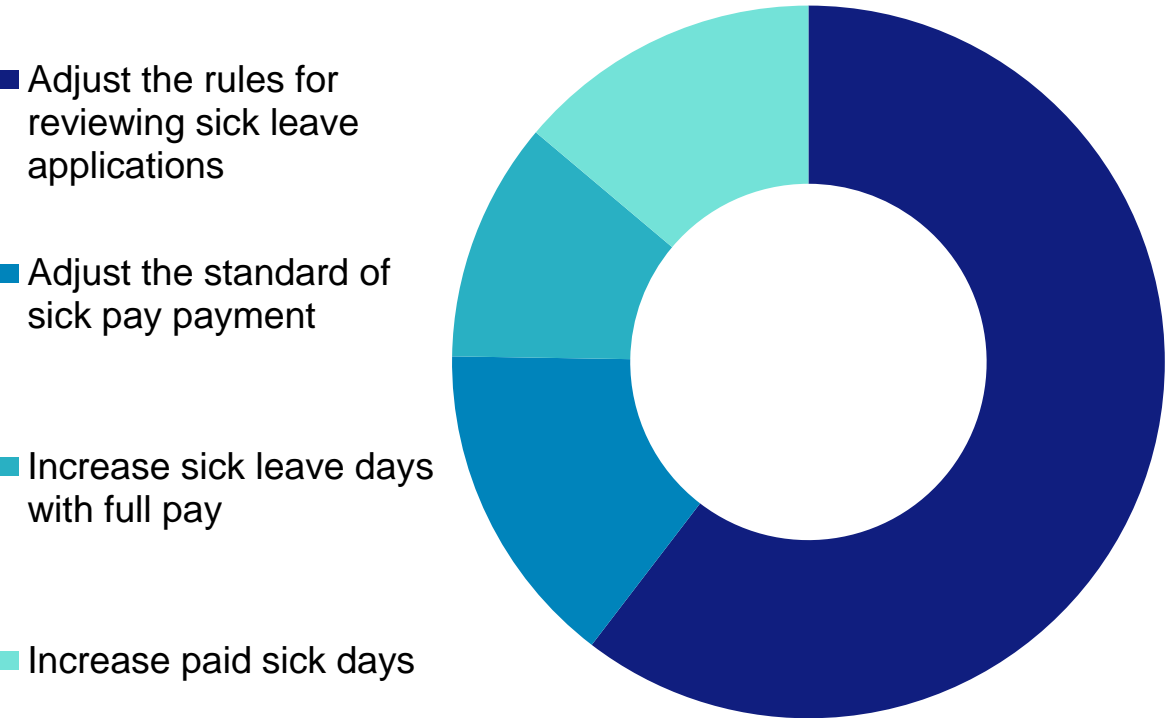
Employee Benefits Response - Sick Leave Policy Adjustments



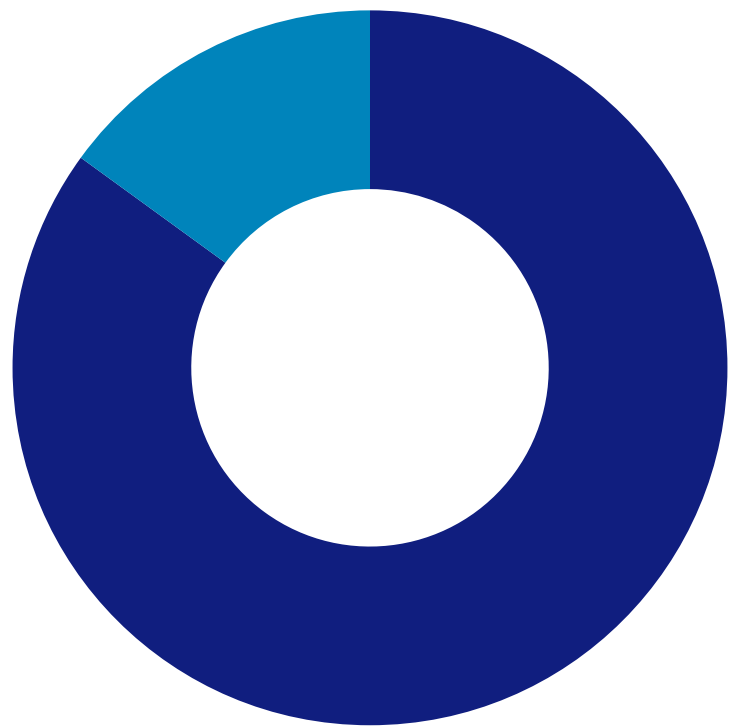
>78%
Companies allow infected employees to apply for sick leave



42%
Companies have made or plan to adjust their sick leave policies



63%
Companies have adjusted/will adjust Covid related sick leave approval rules

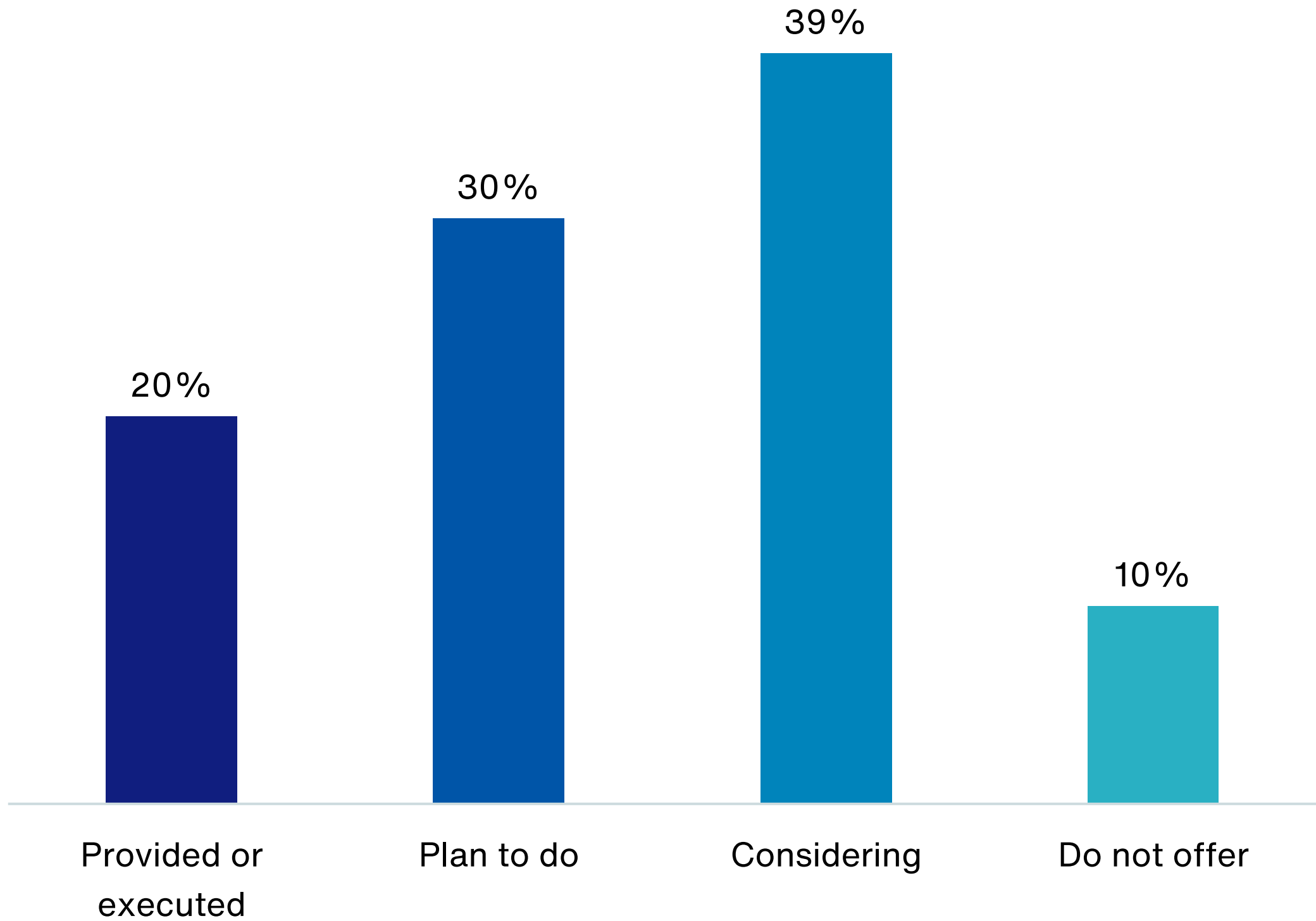


85%
Companies dynamically adjust the length of Covid-19 related sick leave according to the development of the disease

Among the companies that adjusted the sick leave policy (have/planned), 63% mainly adjusted the approval rules, of which, most require proof of positive antigen self-testing result. 28% reported they leave the approval to employee's direct people managers and about 11% reported they fully trust their employees and there is no extra review.

Employee Benefits Response - Return-to-work Policy

Only 20% of participating companies have clarified to their staff on post-infection returning to work policy, 30% reported planning to work on it and 39% reported may consider to do it.

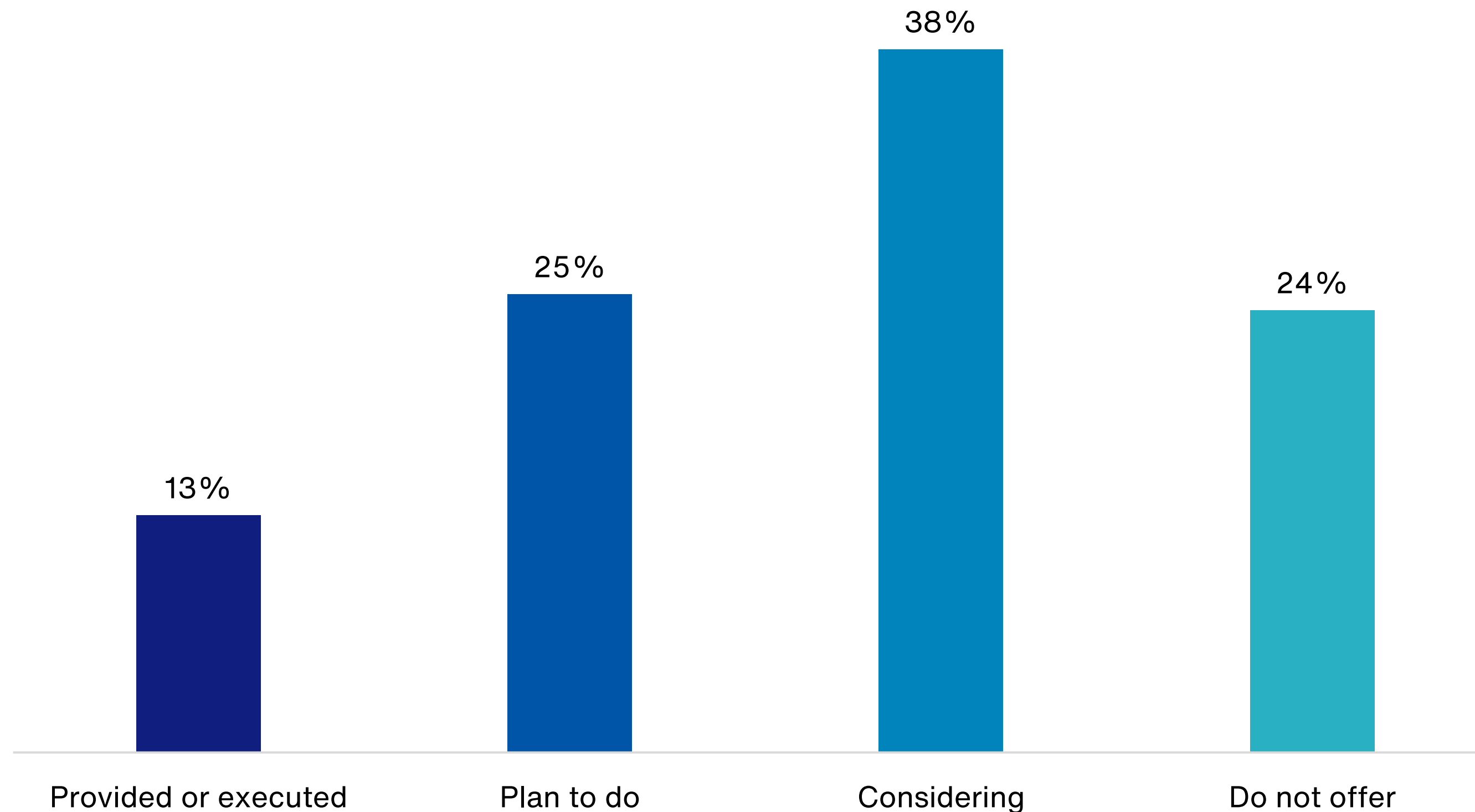


Return to work requirements:

- Top 1** Negative nucleic acid report
- Top2** Negative antigen test (date of the test and the employee's name required)
- Top3** After the nucleic acid or antigen is negative, continue to stay at home and return to work after a certain number of days
- Top4** According to the "Guidelines for Home Treatment of Patients with Covid-19 Infection", the antigen is negative and the Ct value of two consecutive nucleic acid tests is greater than or equal to 35 (the interval between the two tests is greater than 24 hours)
- Top5** Medical diagnosis
- Top6** Proof of negative nucleic acid or antigen from the person living in the same household also required (date and name of the test required)

Employee Benefits Response – Distributing Covid-19 Medicine Kits

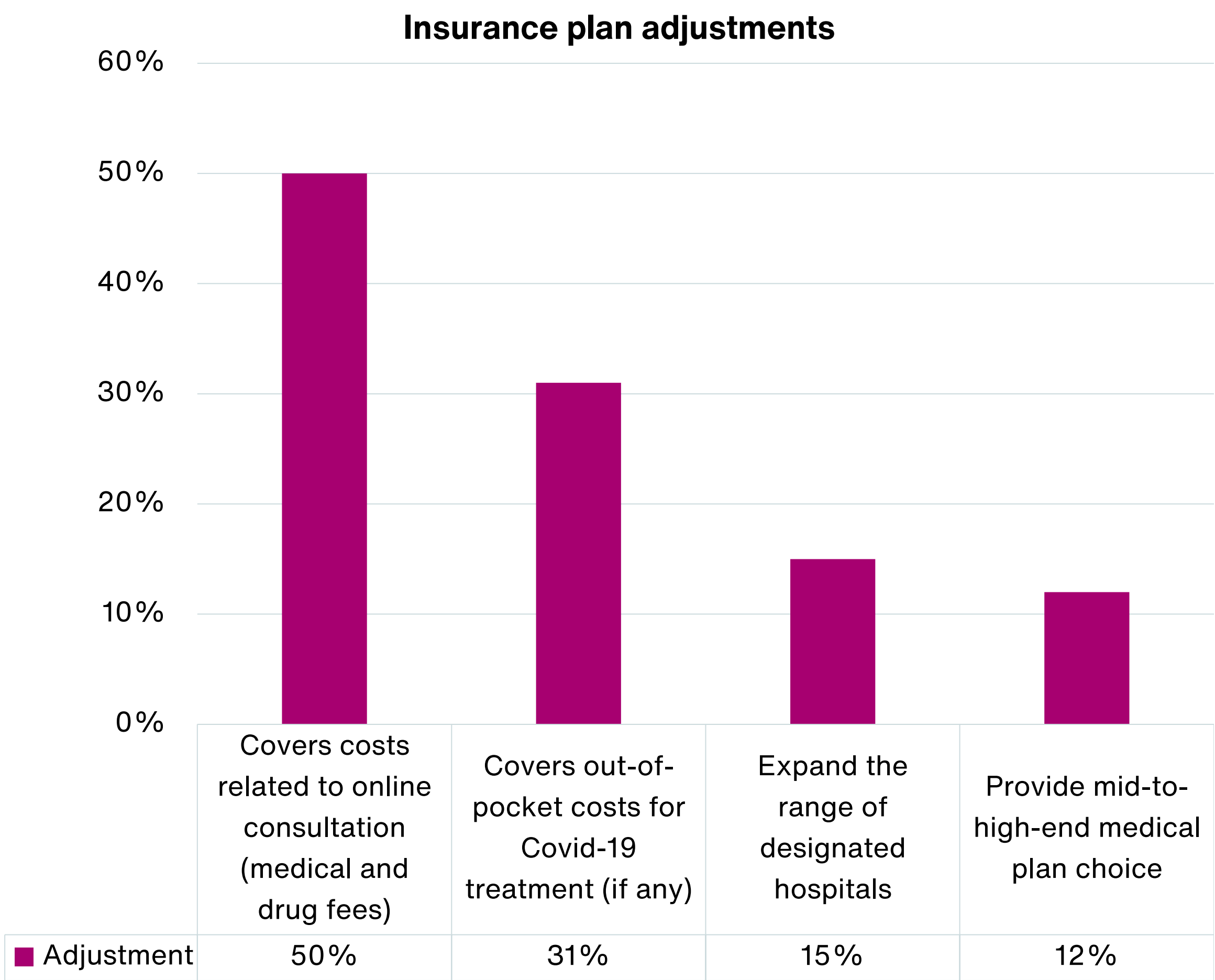
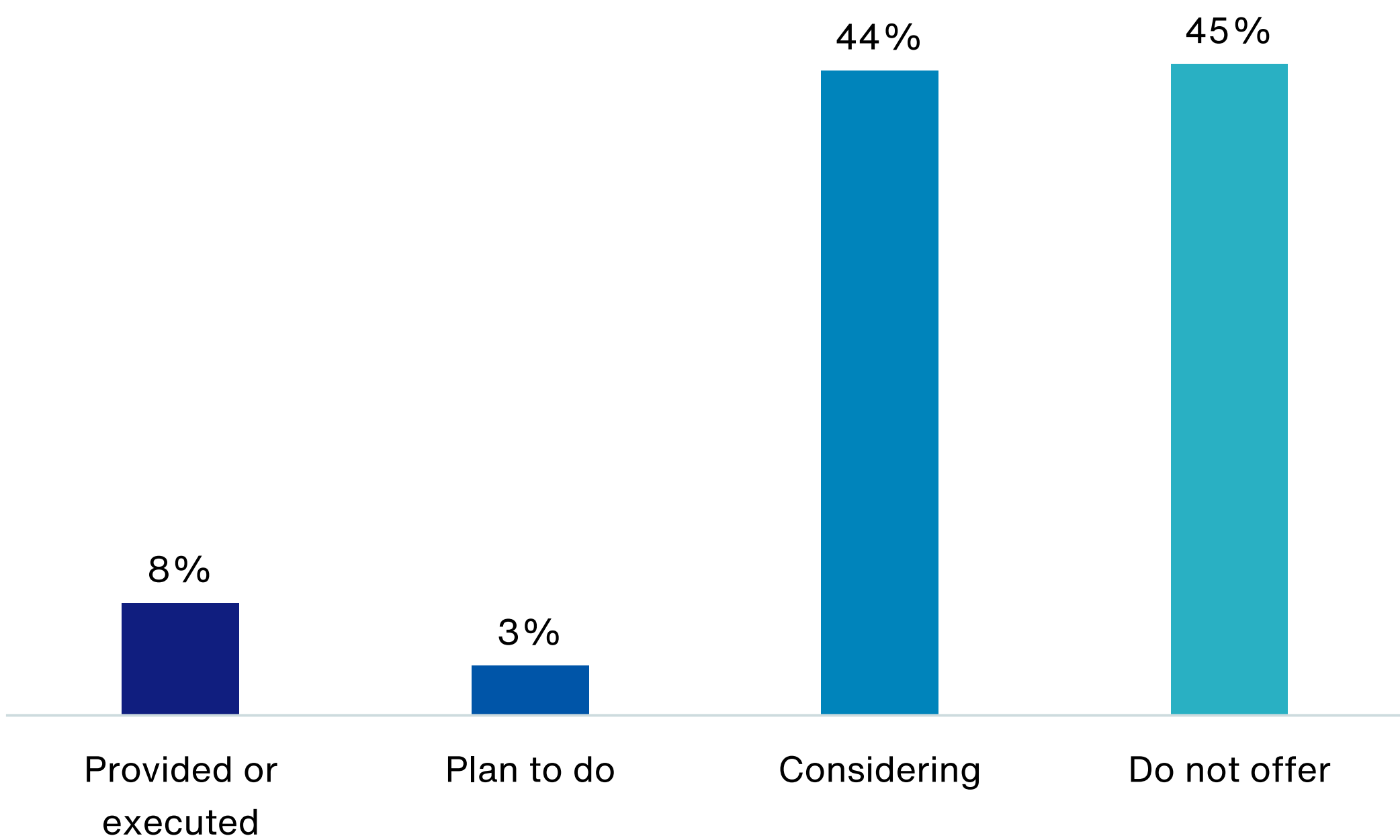
38% of companies have issued or plan to distribute Covid-19 commonly used medicine kits to their employees, another **38%** of companies are considering. Epidemic prevention medicine kits are expected to become a new way of employer care.



Employee Benefits Response – Group Insurance Adjustments

Over half of participating companies have adjusted, plan to do or in the stage of considering adjustment of company commercial insurance plan coverage in response to the latest changes in epidemic policies.

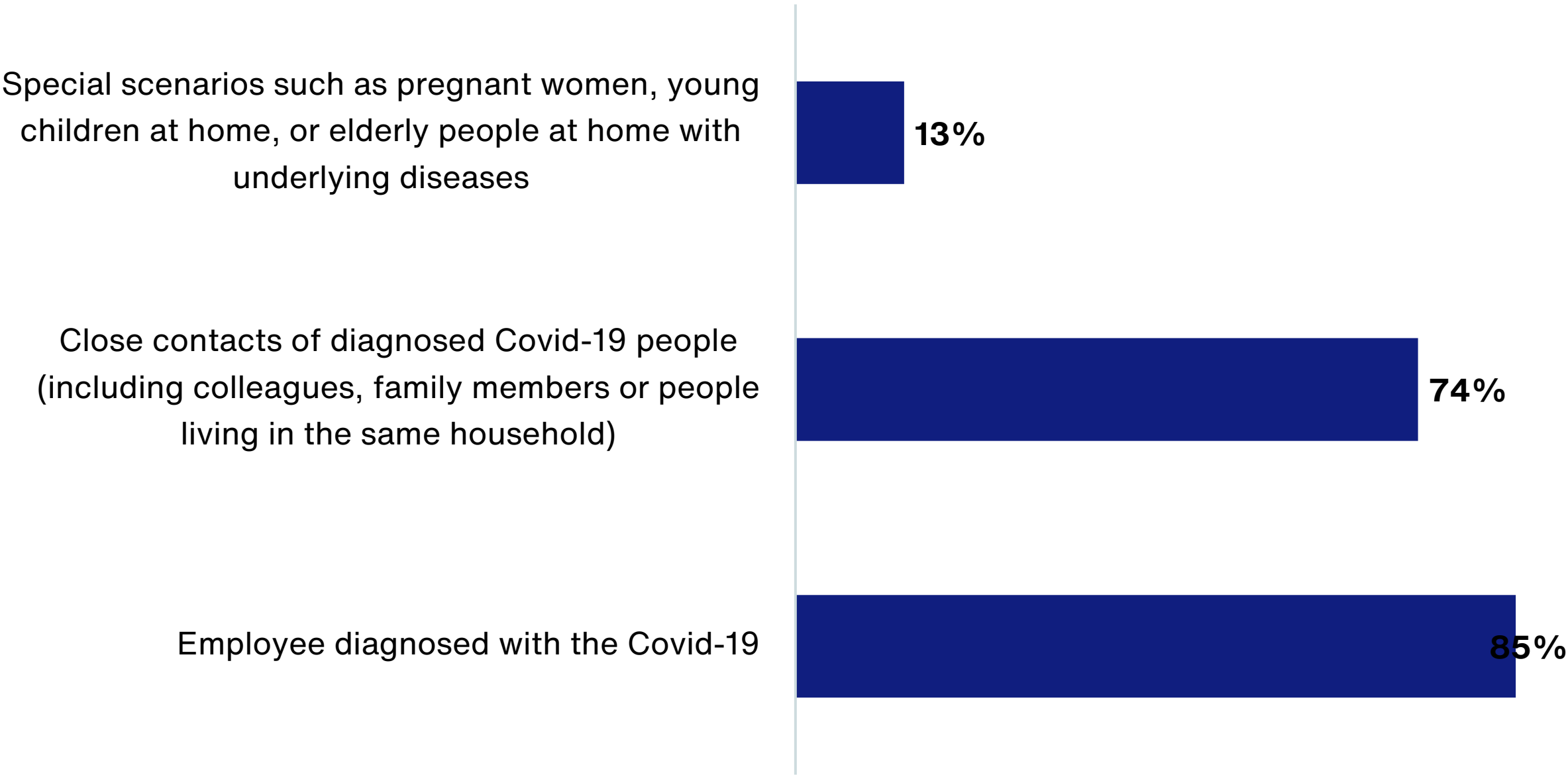
It is recommended that companies pay attention to adjustments in government social medical policy as well as underwriting requirements of pre-existing conditions and other imposed restrictions by insurers



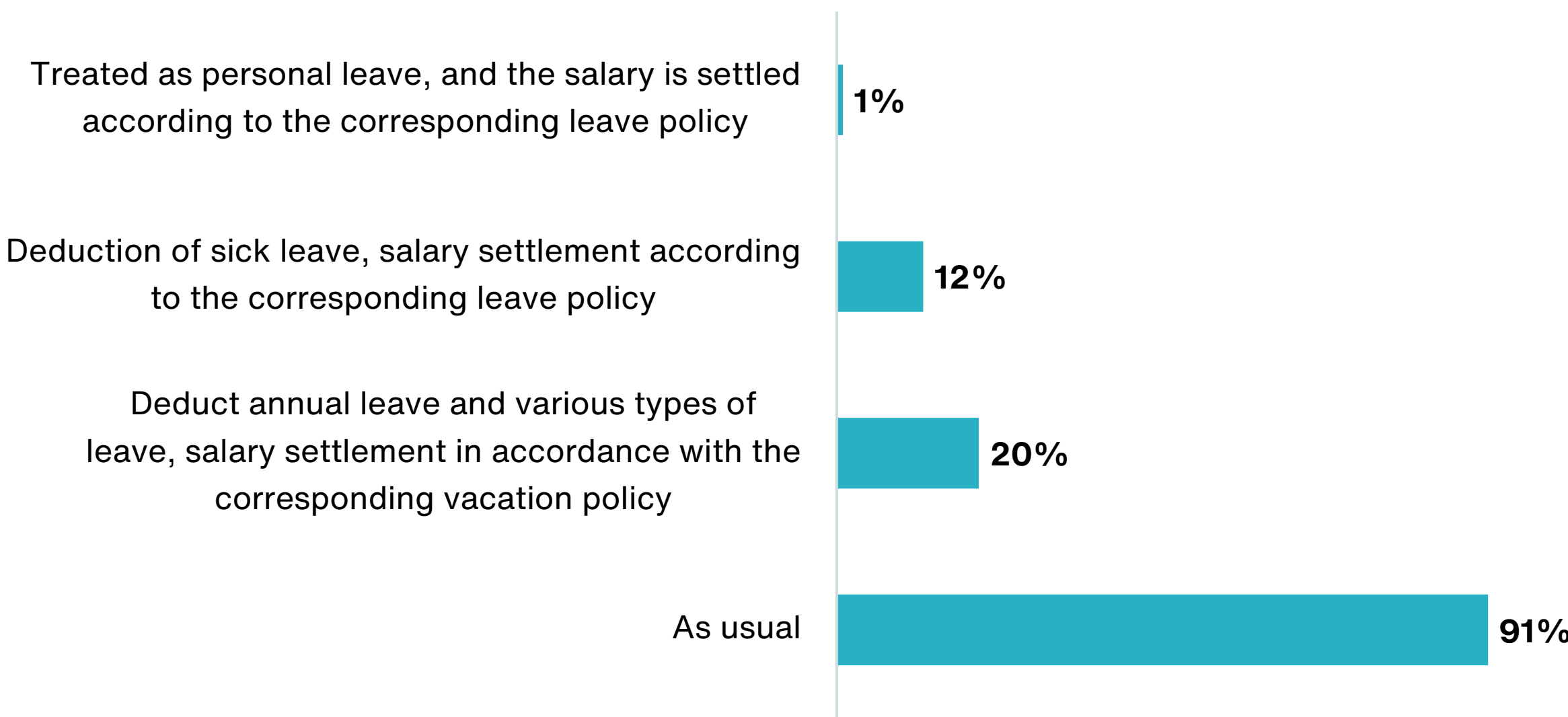
Employee Benefits Response – Remote Working

- Flexible working has been a regular practice for over 53% of companies; employees may apply remote working based on internal policy;
- 13% of companies have allowed remote working under special conditions such as pregnancy, child care and elderly care. 83% do not impose the limit of days
- In terms of payroll, more than 96% of companies reported working at home does not affect employees' compensation or year-end bonuses;
- More than 90% of companies reported salary payment will be the same for employees working at home.

Remote Working Allowed



Remote Working Compensation Calculation



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