

HUB

Investing in Absence Management

An Employee Lifecycle Approach

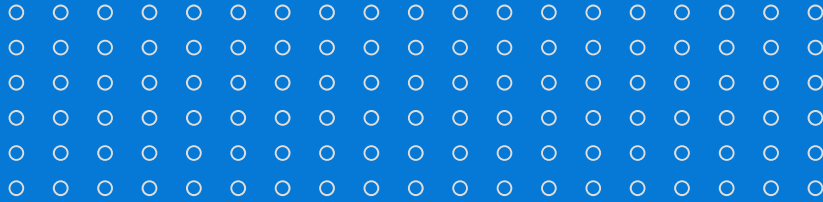
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Services

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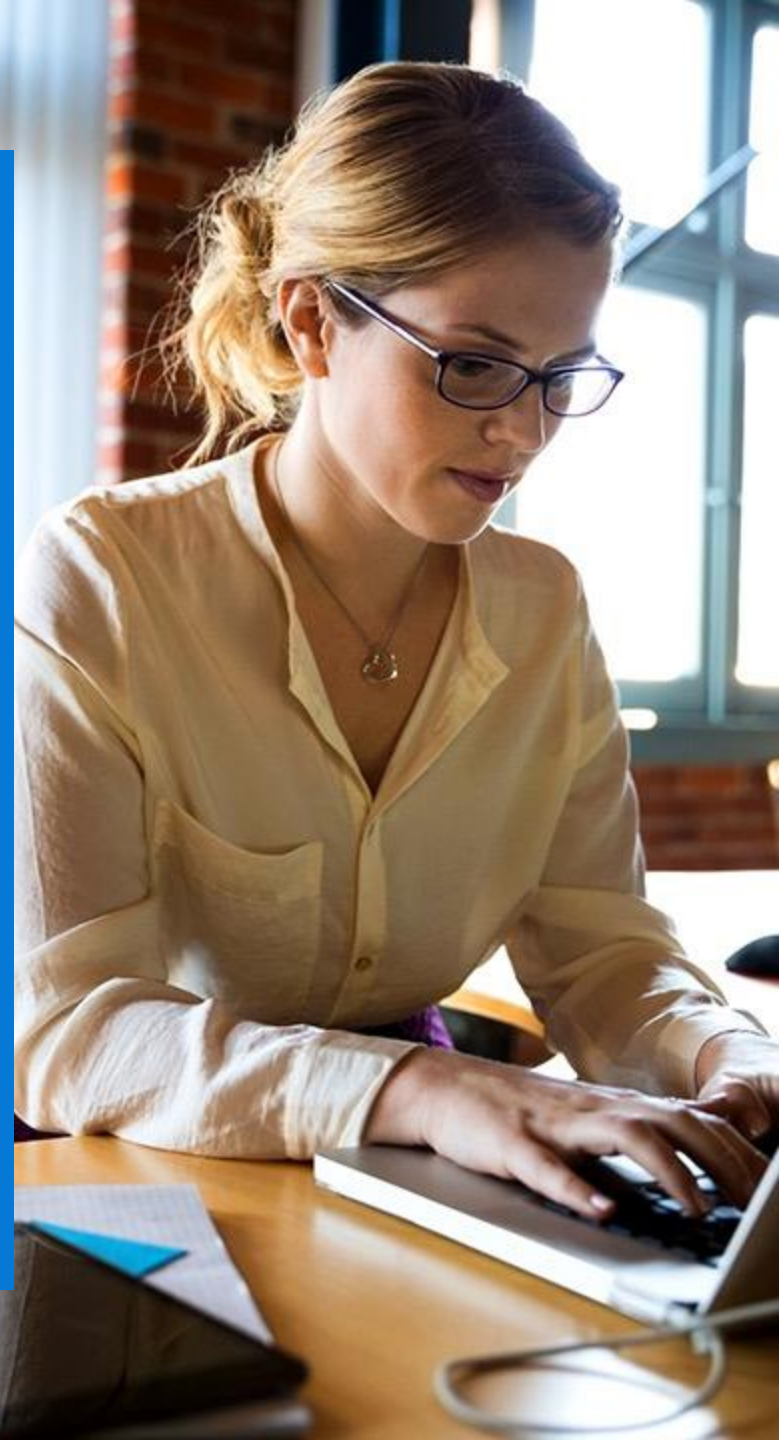


A review of current trends in the marketplace that provide the road map for the development of Absence Management Solutions - designed to reduce employee lost time and promote return to work.

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Why Absence Management?



Impact of Poor Health in the Workplace



Employers spend approximately **\$13,000 per employee per year** and total direct and indirect health-related costs.¹

One study found that more than **80% of medical spending** goes towards care for **chronic conditions.**²

Nearly **50% of Americans** have **one or more chronic conditions.**³

Chronic conditions are on the rise in all age groups, which represent a significant economic burden on employers as they try to provide medical benefits in addition to absorbing the cost of absence and disability claims.⁴

U.S. Department of Labor estimates that there are over 137 million employees, yet the overall **annual impact of poor health in the workplace is \$1.8 trillion.**⁵

¹Fronstin P, Collins SR. Findings From the 2007 EBRI/Commonwealth Fund Consumerism in Health Survey. New York, NY: The Commonwealth Fund; 2008.

²Partnership for Solutions National Program Office. Chronic Conditions: Making the Case for Ongoing Care: September 2004 Update. Baltimore, MD: Partnership for Solutions, John Hopkins University; 2004.

³Loeppke RR. The value of health and the power of prevention. Int J Workplace Health Manage. 2008; 1:95–108.

⁴Blumenthal D. Employer-sponsored insurance—riding the Health Care Tiger. N Engl J Med. 2006; 355:195–202.

⁵Bureau of Labor Statistics. The Employment Situation: December 2008. Washington, DC: US Department of Labor; 2009.

The Premises

Premise 1: Workplace health programs can increase productivity

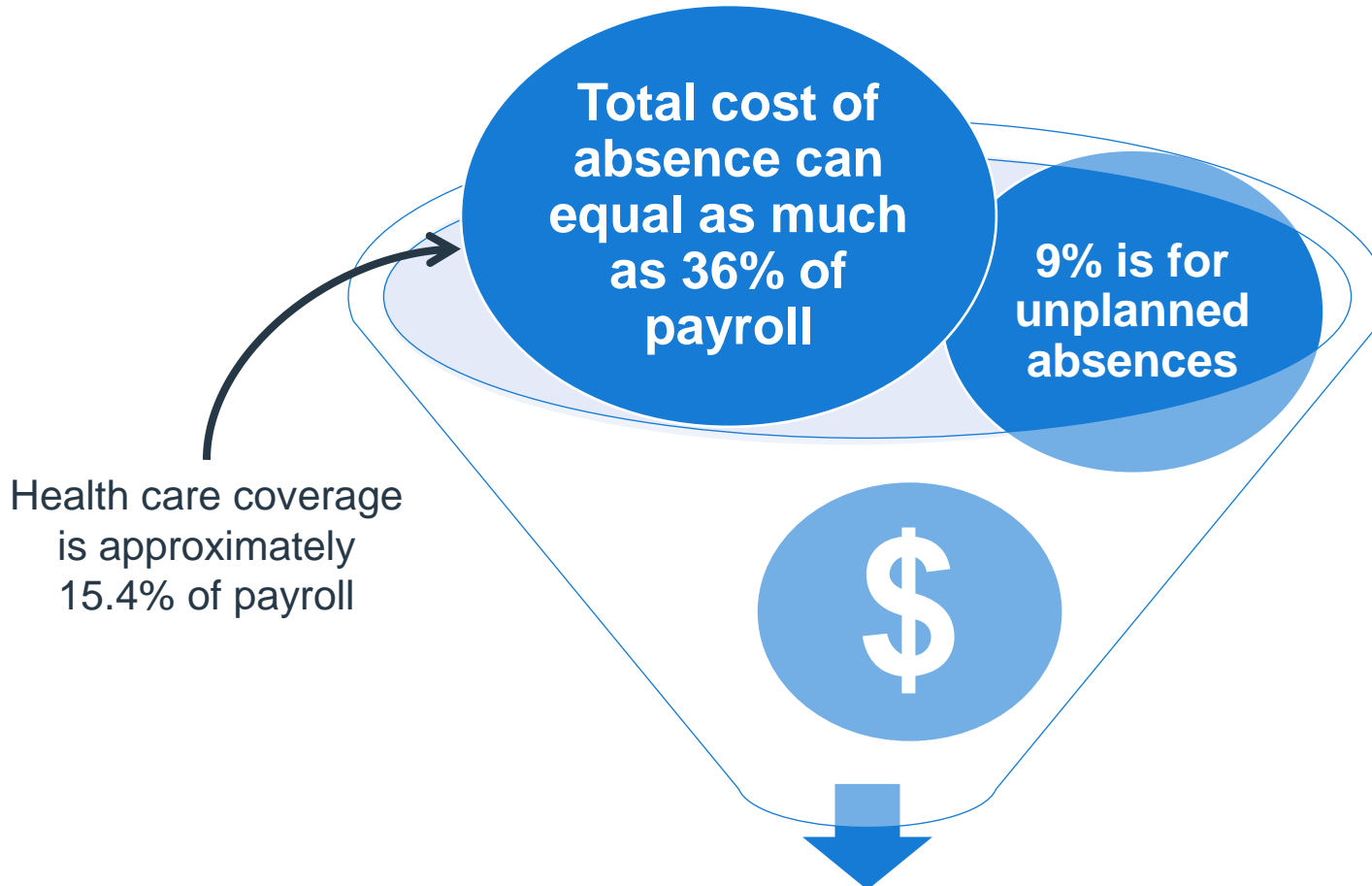
- In general, healthier employees are more productive
- Healthier employees are less likely to call in sick or use vacation time due to illness
- Companies that support workplace health have a greater percentage of employees at work every day
- Employees health frequently carries over into better health behavior that impacts both the employee and their family

Premise 2: Employers hold the key to a successful program

- Employers make the decision on who gets hired
- Employers determine how the work is structured and control the work environment
- Employers determine what benefits and programs are offered to assist employees

Exactly How Much Does Absenteeism Cost Your Business?

A recent Mercer survey shows:



For a midsize business, this unplanned absence can account for as much as **\$4.5 million per year**

Exactly How Much Does Absenteeism Cost Your Business?

The Mercer survey shows that casual sick days result in the highest per day productivity loss.

Vacation Days



15% productivity loss
per day

VS.

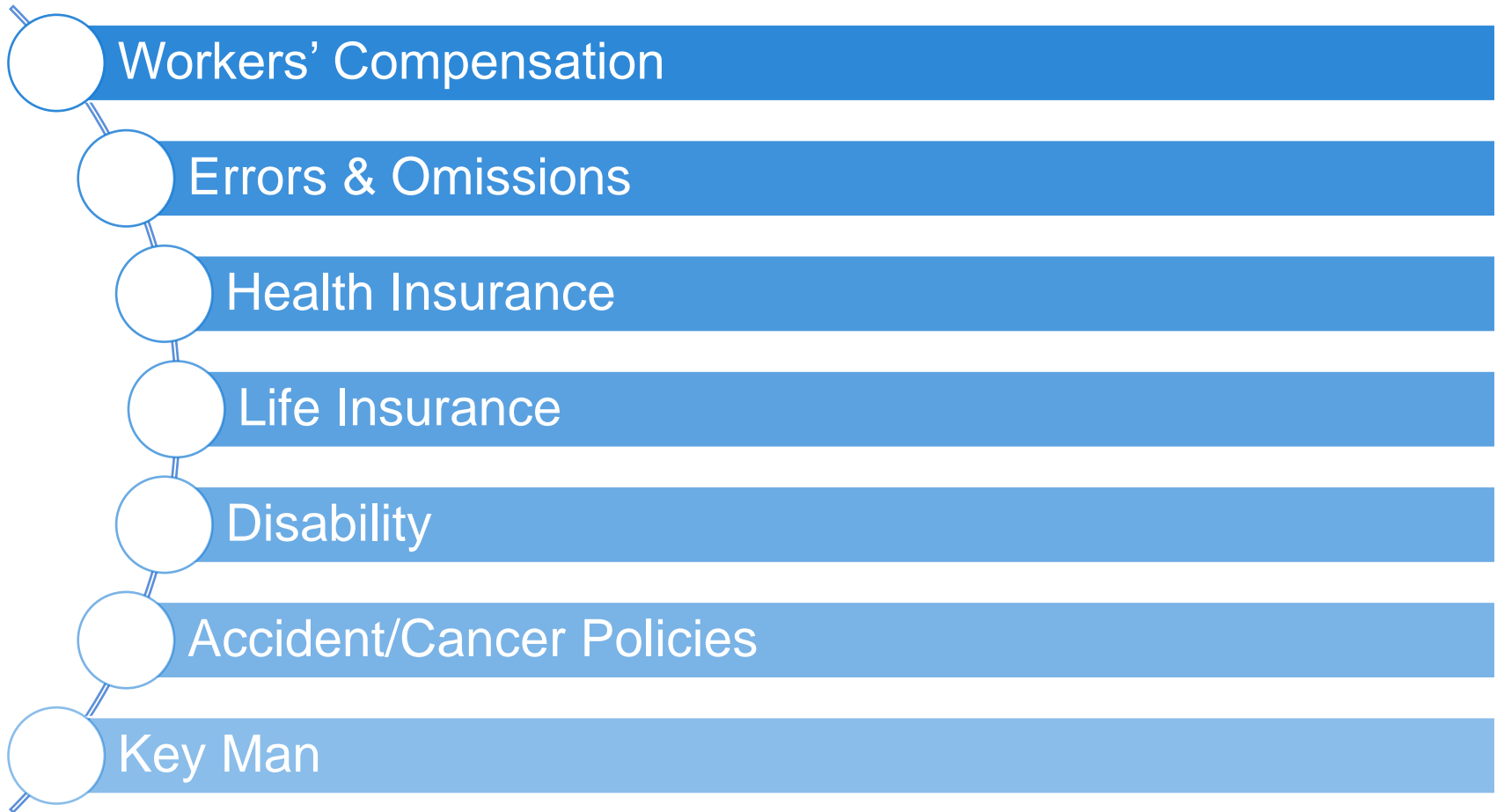
Sick Days



21% productivity loss
per day

On average employees have 5.3 unplanned absence days per year.

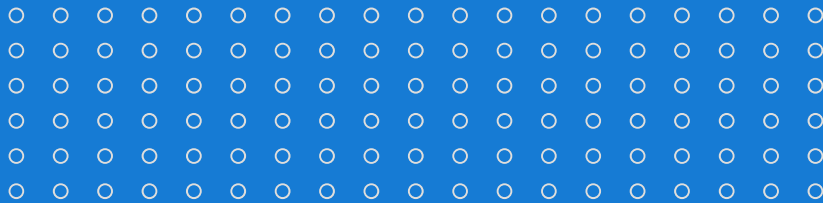
Ensure Coverage across the Spectrum of Risk



Too often organizations address issues separately, such as:

- Absenteeism
- High Turnover
- Accidents, Injuries, Illnesses (WC, STD, LTD)

**This leads to
“partial
solutions” that
fail to address
the underlying
causes behind
many of these
problems.**



The Cost of Absence



How Does Absence Disrupt Your Business?



What happens if employees are absent from work?

- Are you developing, producing, and/or delivering as much as you'd like?
- How much more do you have to develop, produce, and/or deliver to your customers to offset the costs of absence?

Why Absence Management is Important

The Iceberg Effect



25%
Direct Costs

Productivity
Costs
75%

Medical and Pharmacy

- Personal Health Costs
- Medical Care
- Pharmacy

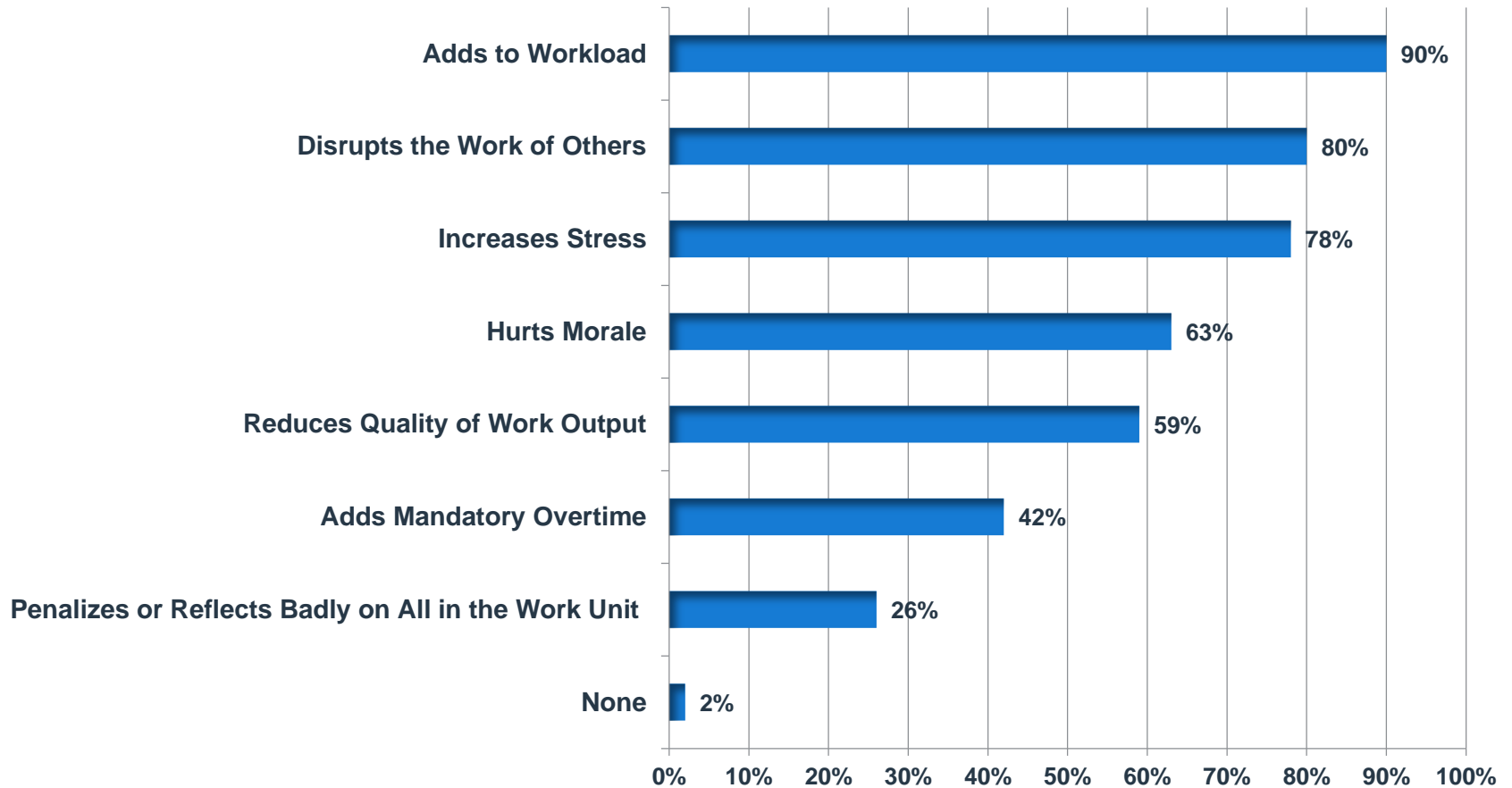
Absenteeism

- Short-term Disability
- Long-term Disability
- Paid Time Off
- Workers' Compensation Lost Time

Productivity Costs

- Presenteeism
- Overtime
- Turnover
- Temporary Staffing
- Administrative Costs
- Replacement Training
- Off-site Travel for Care
- Customer Dissatisfaction
- Inconsistent Quality of Service

Indirect Impact of Absence

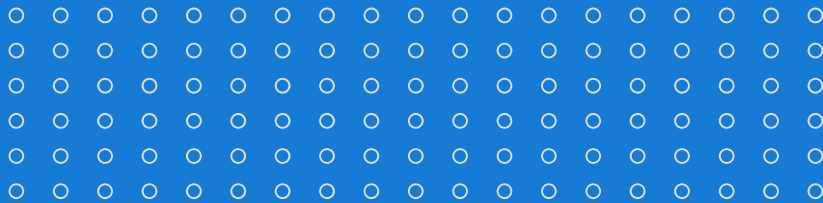


Comprehensive Approach

- Align with Company Strategy
 - What is our strategy for the company?
 - What are our goals?
- Link Available Health Metrics to Business Performance
 - Chronic illness review
 - Health risks
 - Utilization of services
 - Work outcomes

Impact to Your Business

- Driving Value to Your Business:
 - Cost savings – average of 20% of the direct and indirect costs
 - Increased productivity
 - Administrative integration and efficiencies
 - Optimization of your workforce



Employer Concerns



Employers' Top Priorities

- Reduce the impact of absences on business operations
 - Cost of absence
 - Indirect and direct costs

- Improve administration of employee absence programs

- Effectively track employee absence and disability

- Link health and disability management strategies

Employer Priorities for Absence Management Programs



Improving FML administration

43%

Measuring/reducing impact of absence on operations

43%

More effective tracking and reporting for disabilities

31%

Redesigning plans to reduce cost/absence

30%

Implementing a consistent RTW approach for occ and non-occ disabilities

28%

More effective tracking and reporting for incidental absences/sick days

28%

Managing ADAAA compliance

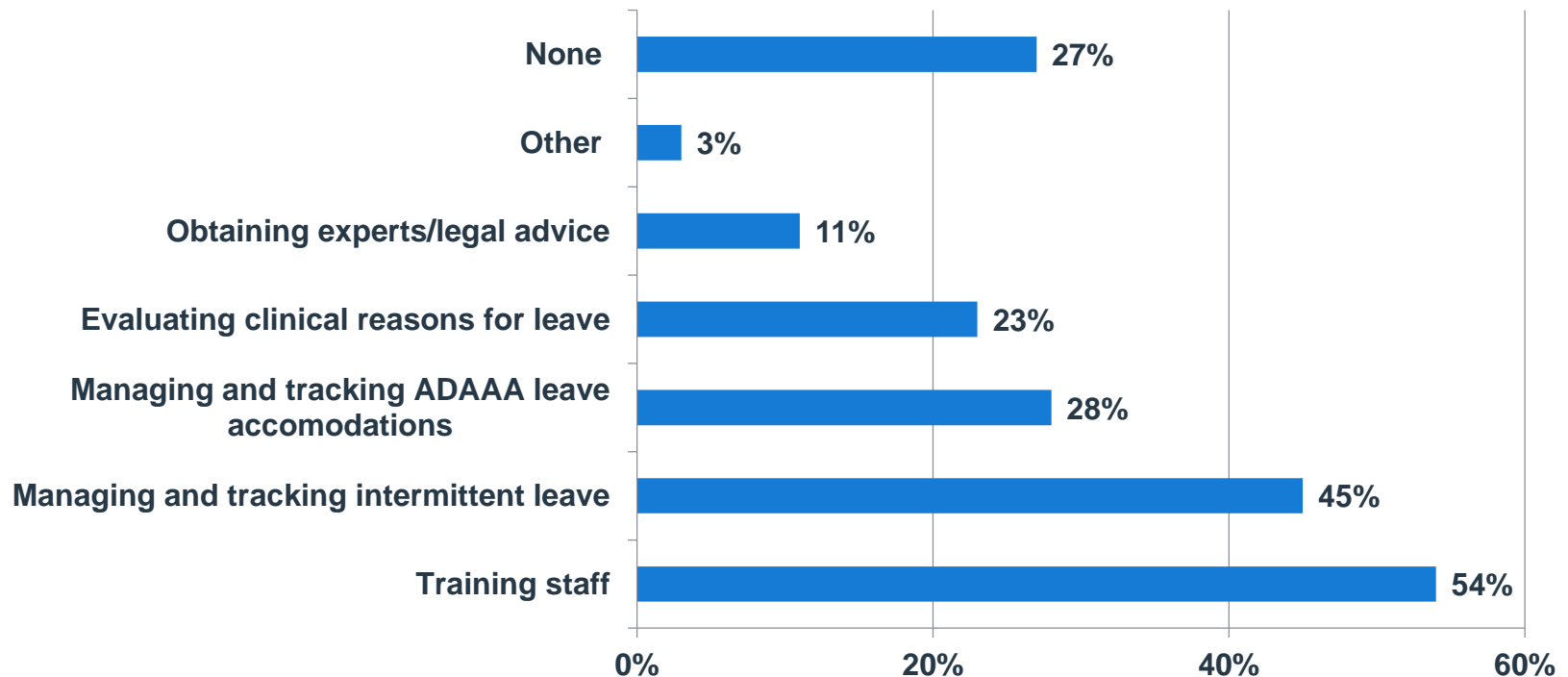
27%

Linking or integrating absence & disability programs with health management programs

27%

- Employers are experiencing an increase in FML utilization
- Employers are also experiencing an increase in intermittent leaves

Administrative or Compliance Issues



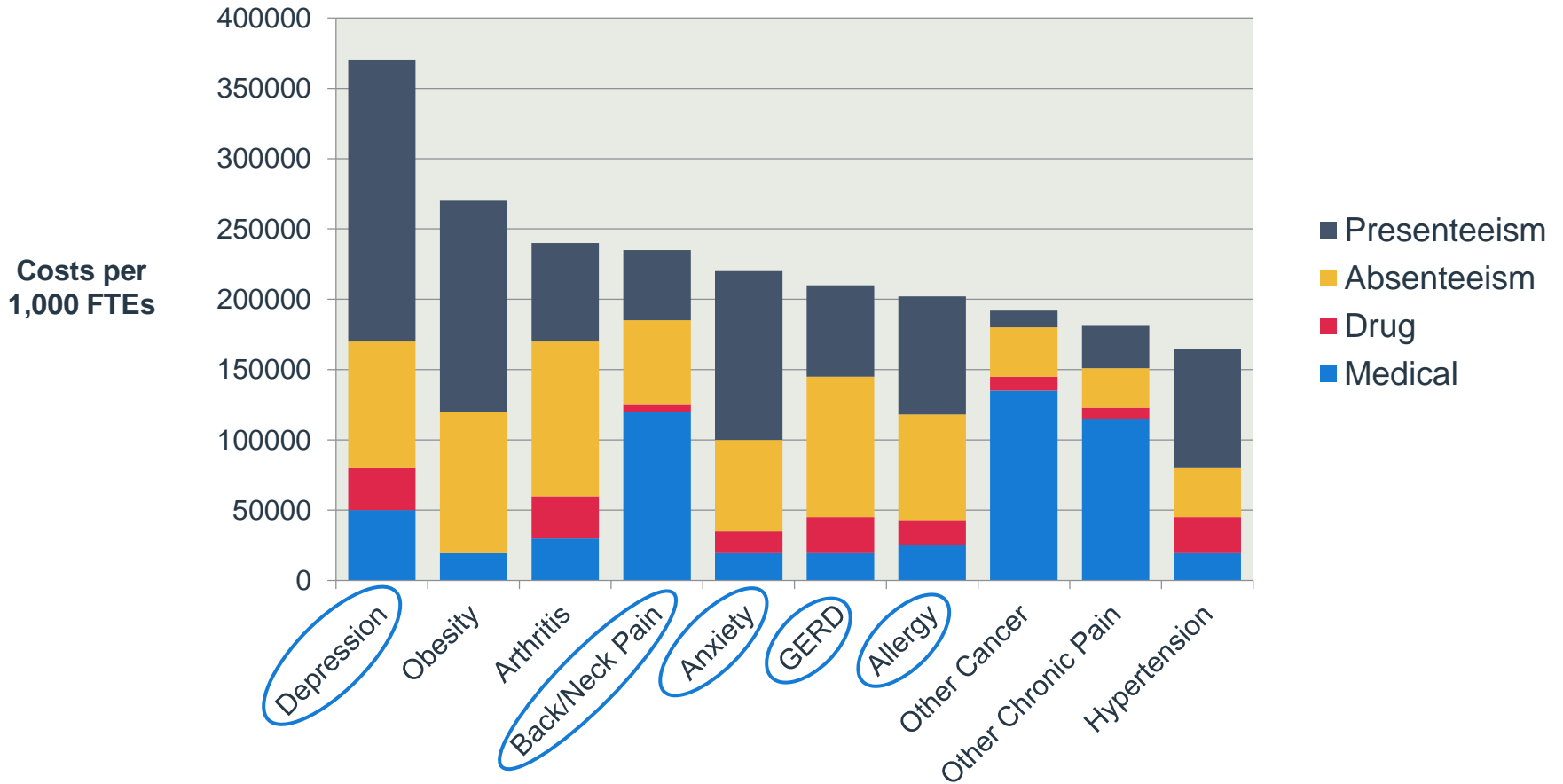


\$80,000

Average cost to
defend FMLA lawsuit
(regardless of
outcome)

Recent jury awards include one for **approximately \$12 million**, of which **\$450,000 was for fines against two supervisors held personally liable.**

Absence and Presenteeism



Have You Ever Thought...

- How many claimants in the STD and WC systems cross over from one system to the other?
- How often do claimants for sprains and back pain have a recurring claim for the same diagnosis in either system?
- How much of the observed claim costs are attributable to recurrent injuries and illnesses?
- What are the implications for coordinated strategies to identify high-risk claimants and to develop engagement, prevention RTW and remedial interventions across disability siloes?



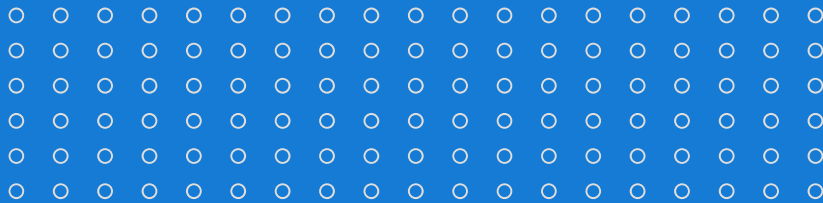
Integrated Benefit Institute (IBI) Study – Key Findings

Study of four large employers with over 20,000 claims:

- Claimants with multiple claims over time are common
 - 33% of employees have at least one claim every two years
 - 9% of employees cross over into other benefit areas
- 13% of WC claimants had prior STD claims
- 8% of STD claimants had prior WC claims
- Recurrent episodes of back pain and strains often cross from one system to the other
 - 30% of WC back pain claimants and 22% of WC sprain claimants have a STD claim for the same diagnosis
 - 5% of WC back pain claims have a previous STD claim for same diagnosis
- Coordinated strategies to identify high risk claimants and prevent recurrences could produce large savings
 - STD claim costs were \$4,200 for sprains; \$7,000 for back pain
 - WC claim costs were \$21,000 for sprains; \$46,000 for back pain

Current and Emerging Trends

- Aging workforce
- Multigenerational workforce – differing needs
- Telemedicine
- Data warehousing and analytics
- Voluntary benefits
- Enhanced government regulations and programs (overlaps)
- Mobile and remote workforce
- International absence management

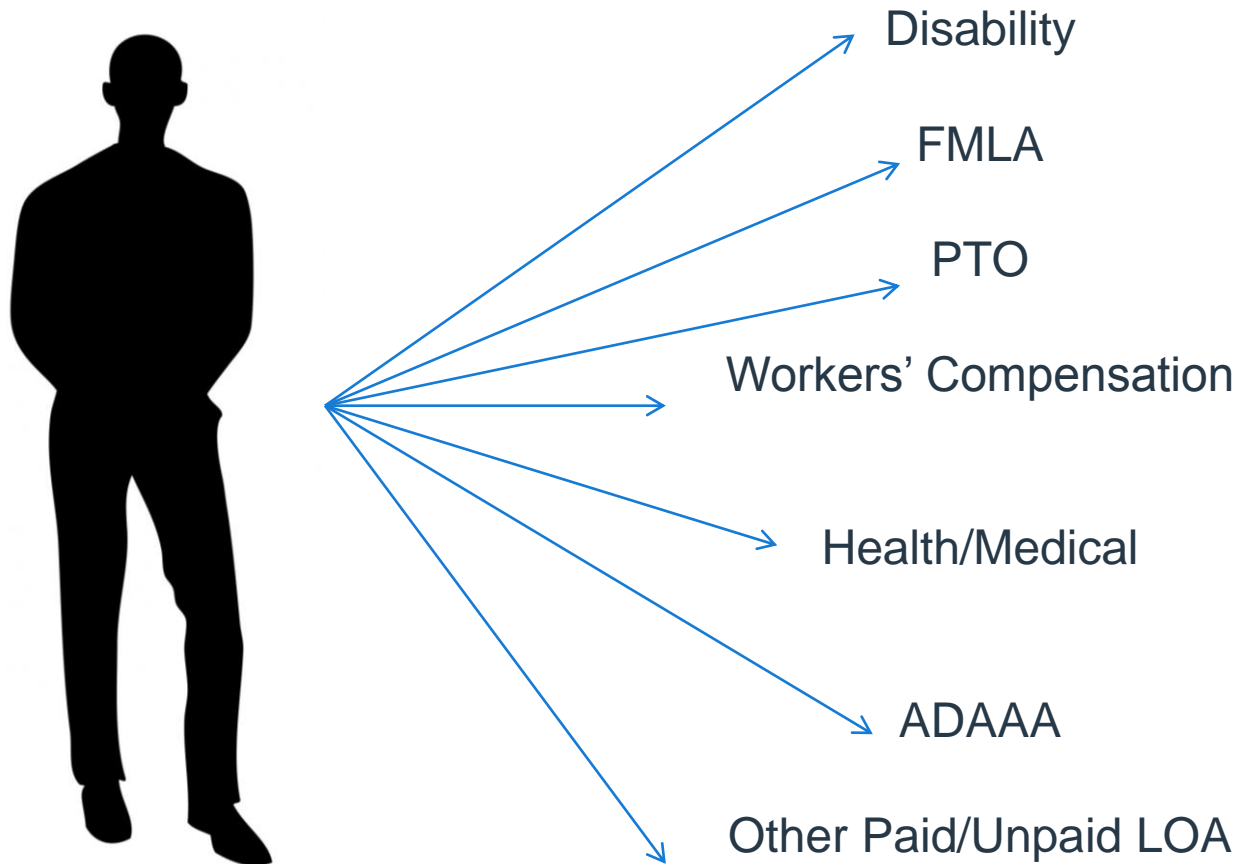


What is Absence Management?



Absence Management is the management of an employee who is losing time from work, regardless if it is disability or non-disability related. Absence Management applies a consistent approach to managing, administering and tracking employee lost time. Most Absence Management programs include workers' compensation, short and long term disability, and state/federal leaves. It can also include sick and vacation time.

The Panoramic View



Measurement of Lost Time

Tracking and Measurement:

- Many companies do not track all lost time – whether it is sick, disability, FMLA, workers' compensation or other leaves
- The larger the company the less likely they are to track exempt or salaried absences
- The smaller the company the less automated and accurate tracking
- Many companies have little understanding of the impact of lost time due to lack of tracking
- Multiple systems generally exist that create confusion and redundancies
- Those entering data do not always do so accurately
- Reporting of leaves is generally not timely and may not be conveyed to the right people

What are best practices?

- One system, decentralized tracking, with centralized checks and balances
- Unique to every company
- Clearly outlined responsibilities and ongoing training to ensure timely reporting and accurate data entry

***You can't measure what you don't track.
Put time and effort into tracking!***

It's A Team Effort

An effective program to attack absenteeism includes many stakeholders. Stakeholders may include the following:

- Human Resources
- Risk Management
- Benefits
- Legal
- Supervisors/Managers
- Vendor Partners
 - Disability
 - Workers' Compensation
 - Designated Treatment Clinics
 - Specialists

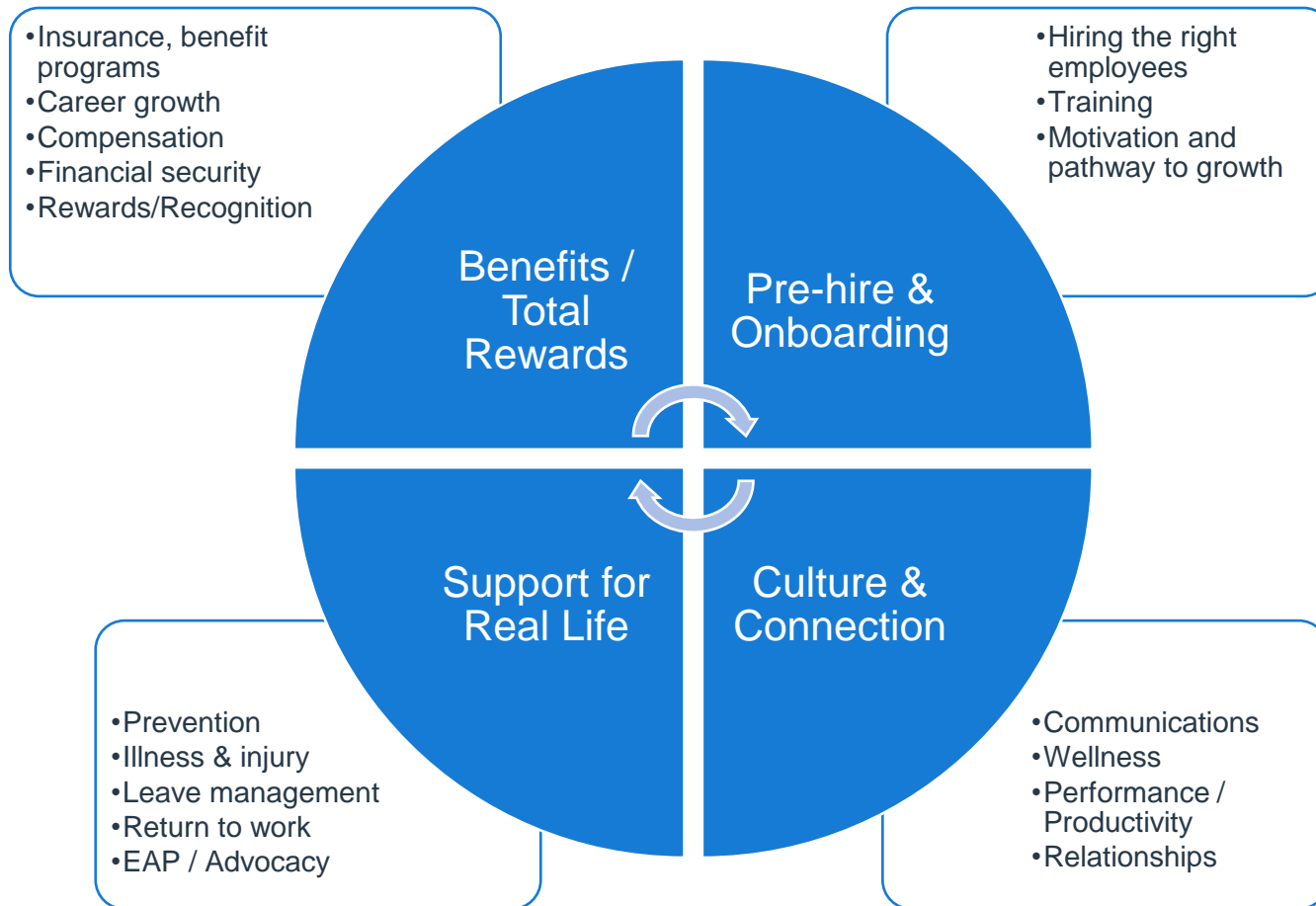


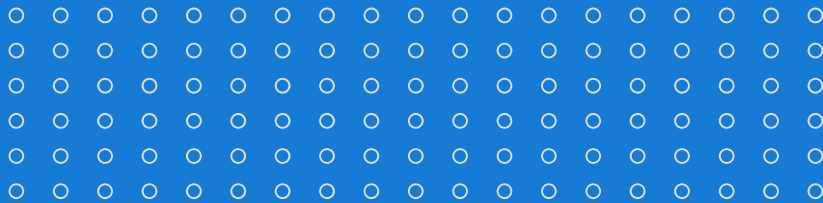
Effective Absence Management Programs address all segments of the Employee Lifecycle:

- Employee Selection
- Onboarding
- Professional/Personal Development
- Retention/Reward/Recognition
- Separation

The Employee Lifecycle

Effective Absence Management Programs address all segments of the Employee Lifecycle:

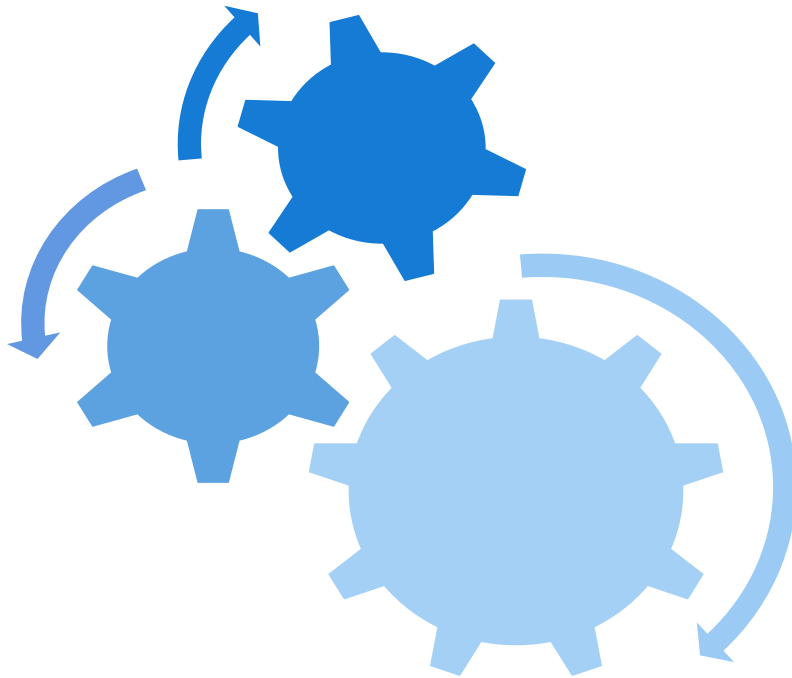




Prevention and Intervention Strategies



Connecting The Dots...



Employers of all types and sizes can use strategies based on the relationship between health and productivity to **lower health risks, reduce the burden of illness, improve wellness and human performance** and have a positive impact on the overall quality of work performance of the employee.

Companies with highly effective health and productivity programs (66%) report that they perform better than their top competitors.

Selection and Hiring

- There are many tools available to aid in selection and hiring
 - Job analysis/job description
 - Skill-based testing
 - Personality tests
 - IQ tests
 - Judgment capacity tests
 - Pre-employment physicals/drug testing
 - Background and reference checks

The best programs include a combination of the resources above!

Onboarding and Training

Research has shown specific benefits that a small business receives from training and developing its workers, including:

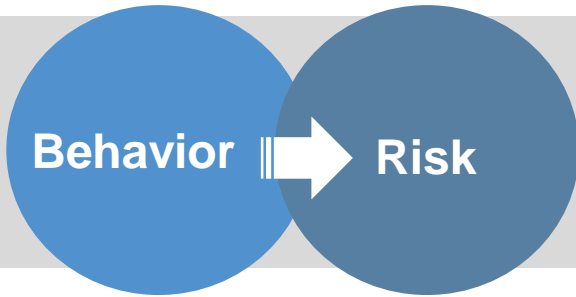
- Increased productivity
- Reduced employee turnover
- Increased efficiency, resulting in financial gains
- Decreased need for supervision

Employees frequently develop a **greater sense of self-worth, dignity and well-being** as they become more valuable to the company and to society. These factors give them a sense of **satisfaction through the achievement of personal and company goals.**



- Workplace wellness/well-being programs have become a critical benefit in retaining top talent
- Companies can use wellness program to lower absenteeism, attract talent, and save on healthcare costs
- **Fewer than half** of American workers say that their company supports employee well-being and helps them to maintain a healthy lifestyle

Evolution to Employee Care



Shift from wellness to overall employee care



- Workplace safety program
- Bending, lifting, carrying
- Ergonomics
- Standing desks or conference tables
- Treadmill desks
- Filtered water
- Healthy option vending machines
- Disaster preparedness
- Natural lighting
- Flexible workspaces
- Lactation rooms
- Bike/walking paths
- Ping pong tables
- Break spaces
- Healthy catering policy



Safety Programs



Establish a Safety or a Health and Safety Committee

- ❑ Participate in the development and implementation of programs
- ❑ Consider and help resolve worker health and safety complaints
- ❑ Help train new workers
- ❑ Participate in identifying and controlling workplace hazards
- ❑ Participate in incident investigations
- ❑ Make health and safety recommendations to management
- ❑ Carry out regular workplace inspections
- ❑ Advise on personal protective equipment
- ❑ Post safety committee meeting minutes and keep them current
- ❑ Monitor the safety program for effectiveness
- ❑ Help develop safe work procedures
- ❑ Investigate work refusals



Effective safety committees help reduce workplace injuries!

Job Analysis / Job Descriptions

- Description of the job
- Detailed physical requirements
- Detailed description of all job duties
- Essential functions of the job
- Skills and competencies required
- Education and experience required
- ADA considerations

Return To Work

Return to work programs typically begin with HR setting a formal policy in writing.

Components of a typical back-to-work program might include:

- ❑ A return-to-work coordinator to facilitate communication between stakeholders – such as the employer, the employee, medical providers, workers' compensation and disability insurers, and others.
- ❑ Letters and forms to document the actions taken to facilitate a return to work.
- ❑ Tools to track absences.
- ❑ A system for identifying alternative jobs and modified duties.
- ❑ Education for supervisors and co-workers.

When launching the program, clearly communicate how it benefits the employer and employees.

Return to Work Communications

- Communication of roles and responsibilities to both employees and managers is critical to the success of the program
- They offer guidance to the employee, management, and healthcare provider
- Communications can “make or break” return to work decisions
- A written return to work policy and a specific, individualized return to work place for each employee assists in facilitating successful re-entry to the work environment

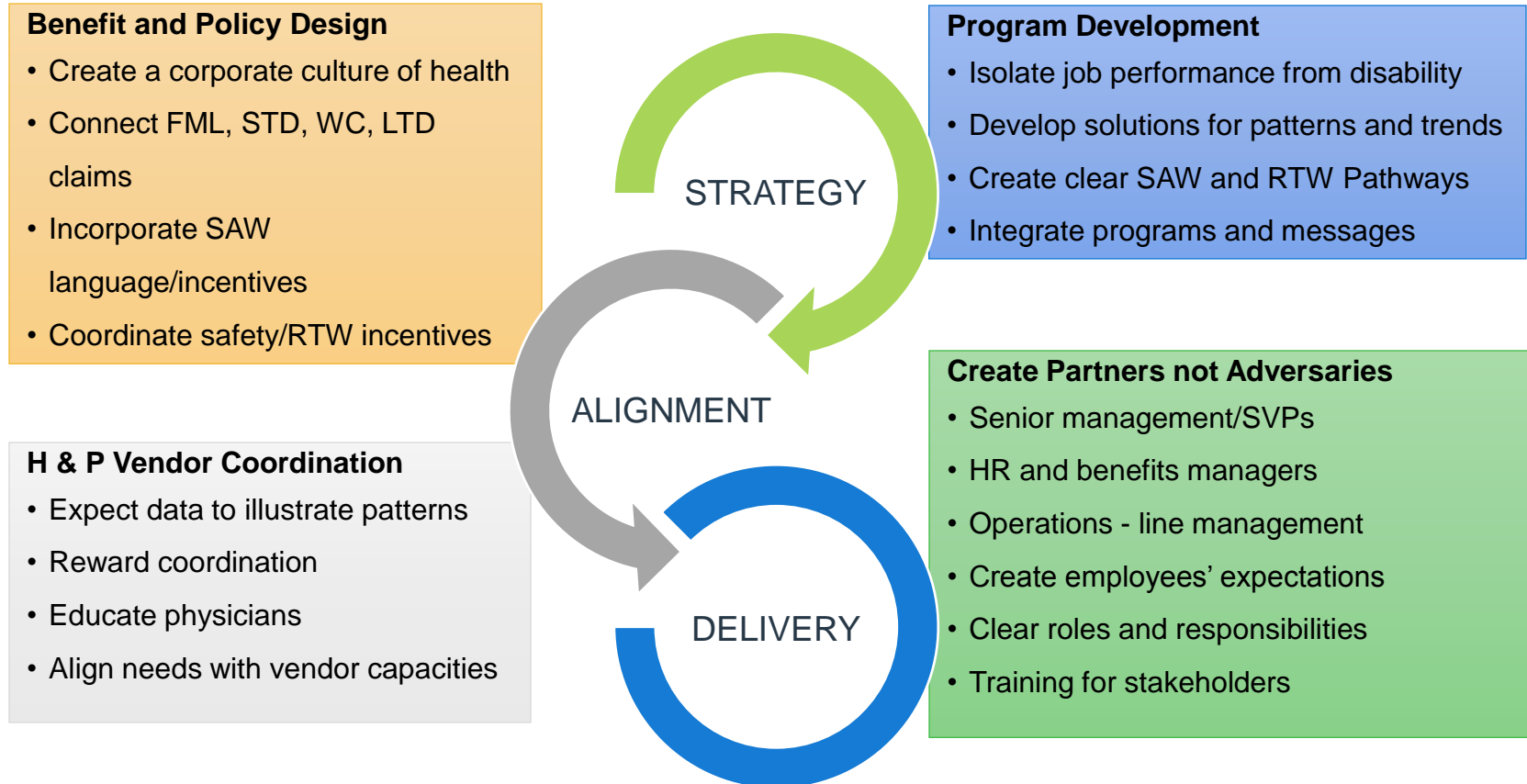
RTW Pathways: Transitions Out – Transitions Back

Building Pathways to Productivity

- ❑ RTW Pathways defined prior to work disruption on an employee neutral basis
- ❑ Accommodated work loads for well defined periods of transition between 2 to 4 weeks, extended if medically necessary
- ❑ Assignment to include at least 50% of expected workloads with well defined increments to full productivity
- ❑ Accommodations can be related to work or shift time, lifting, job rotation, reduced work loads
- ❑ RTW Pathways integrated into treatment plan as part of the formal WorkRx
- ❑ No More Light Duty – Light duty is passive and open typically open ended



Blueprint for Developing Best Practice Strategies



Thank you.

Questions?