

Absence Management – The Evolution and Requirements to Manage Absence Differently

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Absence impacts multiple layers within any given organization, one effect of absence being indirect costs that include expenditures paid directly by employers.

Employees covered for:

- FMLA
- Disability
- Sick time
- Workers compensation

are absent about 893 million days due to illness. They incur an estimated 527 million lost work days due to impaired performance.¹

Absence management is considered a top priority for many organizations. According to the Integrated Benefit Institute, during 2018, absence due to illness and/or injuries in the United States alone cost employers \$530 billion.¹ Absence impacts multiple layers within any given organization – one effect of absence being indirect costs that include expenditures paid directly by employers. These costs encompass workers compensation, disability premiums and related medical expenses, sick leave, overtime, salary continuation, paid time off, taxes/FICA, and lost workday benefits. In addition, there are also the indirect costs, which are a bit more difficult to obtain. These include the expense of additional training, lost productivity, replacement hiring for temporary and permanent positions, decreased morale, increased supervision, overstaffing, lost business opportunities, and under-utilization of employees.²

As paid benefit programs continue to integrate with unpaid federal leave, state leave, and disability programs, employers are experiencing the challenge of managing more time away from work for their employees than ever before. Currently, there are a multitude of Family and Medical Leave Act (FMLA) state and federal leave laws and this number is increasing. The Americans with Disabilities Act/ADA Amendments Act (ADA/ADAAA), often referred to as the new FMLA, has increased the number of leaves an employee is entitled to and added additional complexity to the administration of absence stemming from disability. Human resources, benefits managers, and risk professionals are all seeking ways to be more efficient and effective. Companies must remain in compliance with evolving and complex federal and state leave programs that integrate with employer paid benefits.

Taking a Different Approach

Absence stemming from disability converges and overlaps with multiple coverage lines, including workers compensation, Short-Term Disability (STD), FMLA, and ADA. For example, most plans stipulate that the FMLA runs concurrently with workers compensation; STD and ADA can serve as a second layer of coverage after workers compensation is exhausted or denied. Regardless if an illness or injury occurred in the workplace or at home, or if there is a need to care for a family member or an individual's own serious injury, each situation creates some form of a disability scenario. Employers can realize the following benefits by integrating STD, FMLA, and ADA, and taking a holistic view of absence:

- Increased efficiency of overall benefit delivery and improved employee experiences
- Reduced loss time workdays and better return-to-work outcomes
- Decreased direct and indirect loss costs

As we gain further knowledge and experience in navigating the rules and regulations under the FMLA and ADA/ADAAA, we recognize the importance of consistency when addressing any absence stemming from disability. In recent years, it has become clear that employers must consider a leave of absence as a reasonable accommodation, even when the leave has exhausted, or does not qualify for other leaves of absence. Equal Employment Opportunity Commission (EEOC) attention has been focused on employer policies that support the termination of employees who have depleted opportunities for leave, or are not eligible under state and federal laws or company policies, but are still not able to perform their jobs due to medical issues.

Take a different approach by treating each illness or injury as an event rather than one claim. Through single-source administration, focus is placed on gathering specific details related to both occupational and non-occupational illness and injury.



Single-source administration allows for a smooth transition of cases to run concurrently with multiple case managers or to transition from one form of coverage to another, without handoffs that create gaps in communication and handling. In fact, reviewing the basis from which all paid federal and state leaves were built reveals that none are designed to be handled in isolation – they often build upon one another to broaden the support for employees.

By integrating the disability process with experienced workers compensation administrators, employers can take advantage of effective return-to-work strategies that help reduce absence days and durations when absence is unavoidable. Effective stay-at-work strategies require a sincere effort to immediately understand the employee's need for time off. Often employees are unclear that there may be other workable options that can keep them healthy, productive, and on the job.

Centralized data is key to an effective integrated disability management solution. By combining data through a single-source, employers can more effectively capture and identify the root causes of absence stemming from disability. In partnering together, clients and administrators can analyze trends and collaborate during the stewardship process to develop solutions that drive optimal outcomes.

Reshaping Outcomes

Employers and employees are looking to simplify their processes and minimize touch points; we are in a one-and-done world built on quick solutions, advanced technologies, and sophisticated bells and whistles. Studies show companies with strong cultures see fewer injuries, have healthier employees, and achieve a higher productivity rate. By focusing on employees during each step of the process, considering ways to streamline the process, removing redundancies, and educating employees about their benefit entitlement, employers can demonstrate a great deal of advocacy.

About the Author

Sonja Teague is the Integrated Disability Management Practice Leader and an Assistant Vice President for ESIS. Based in Alpharetta, Georgia, Ms. Teague has an extensive claims, customer service, and project management background extending more than 30 years. Her technical background includes leave and disability with a significant amount of experience in workers compensation and auto and general liability. Sonja holds a bachelor's degree in business administration, along with Associate in Claims (AIC), Associate in Risk Management (ARM), and Certified Professional Disability Management (CPDM) designations.

¹ IBI – Illness-related lost productivity costs employers \$530B, see: <https://www.ibiweb.org/illness-related-lost-productivity-costs-employers-530b/>

² The Cost of Doing Nothing – The Price We All Pay Without Paid Leave Policies to Support America's 21st Century Working Families, see: <https://www.dol.gov/featured/paidleave/cost-of-doing-nothing-report.pdf>

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If you would like to meet with one of ESIS' team of leave management experts to discuss how we can partner with you to build an effective, integrated leave management solution for your organization, please contact:

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