



# The Value of Leave Management Integration



# Introduction

Guardian’s latest research confirms that in the past two years, U.S. employers have continued to make progress in their absence management efforts. As the number of state and local leave laws proliferated across the country, so has the degree of effort businesses have put forth to manage absenteeism and improve compliance.

Companies are expanding their return-to-work (RTW) and accommodation efforts in accordance with the Americans with Disabilities Act (ADA). They are gaining easier access to and making greater use of comprehensive data to drive their leave and accommodation decisions. They are further integrating the administration of their short-term disability (STD) plans with the Family and Medical Leave Act (FMLA). They are incorporating wellness and overall health management initiatives, all with an eye toward achieving better outcomes in terms of workforce productivity and well-being. And they are doing so with greater attention to the employee experience, where a more supportive environment, useful tools and education are coming to the forefront.

In 2012, we identified five best practices for achieving positive absence management outcomes, while in 2014 we outlined a proven path and a series of prescriptive steps for employers to get started. Our 2016 study emphasized the importance of a continuous improvement approach to managing leave, given evolving leave laws and emerging market technologies and capabilities.

This year’s study introduces the value of taking a holistic approach to employee health and productivity. Leading-edge employers find that a high degree of program integration (including health and disability benefits, and employee leave administration), supported by a positive employee experience, impact outcomes in a positive manner.

We hope you find the insights from our latest research helpful in advancing your company’s efforts to better manage employee absence and improve workforce health and productivity.

## Best Practice: Taking a Holistic Approach to Managing Employee Absence

2018 Index Scores



# About the Index

The Guardian Absence Management Activity Index<sup>SM</sup> is derived from a series of questions that measure the degree to which an employer is implementing absence management activities within its company.

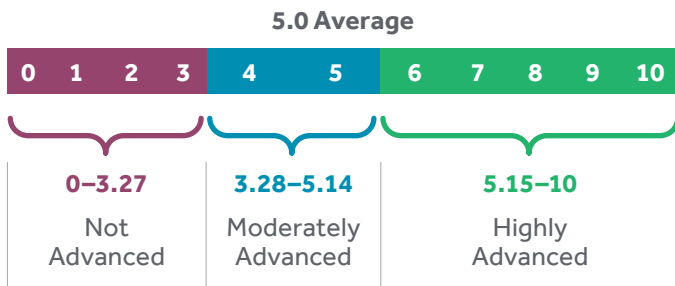
Designed in 2012, the Index reflects the level of employer activity on 10 elements of an absence management program, with employers earning up to one point for fully implementing each program component. Based on their Index scores, employers are divided into three categories according to their level of absence management maturity: Highly Advanced, Moderately Advanced and Not Advanced.

The average Index score across all employers surveyed in 2018 is **5.0** on a 10-point scale, up from 4.4 in 2016 and 3.7 in 2014 and 2012.

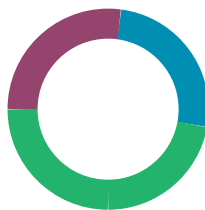
- **“Not Advanced”** (27%) scores are from 0 to less than 3.28
- **“Moderately Advanced”** (26%) scores range from 3.28 to less than 5.15
- **“Highly Advanced”** (47% of all employers surveyed) scores are 5.15 or higher

## Guardian Absence Management Activity Index

2018 Results



27% of employers



26% of employers

47% of employers

In 2018, we analyzed a fourth category — “Significantly Advanced”, or best-practice employers with an average Index score of 9.1. The percentage in this subcategory of Highly Advanced is just 11%, and as expected, these companies appear to achieve the most positive outcomes.

Aggregated Index scores and self-reported outcomes (e.g., shorter durations, lower incidence, increased productivity, improved compliance) reaffirm that the five best practices of an absence management program — first identified in 2012 — continue to be the strongest predictors of positive absence management outcomes. Certain aspects — particularly reporting and health management — have more of an influence than in years before.

## Ten Key Elements of the Absence Management Activity Index

### Five best practices

- 1 Full Return-to-Work (RTW) Program
- 2 Reporting Capability
- 3 Health Management Referrals
- 4 Centralized Intake Process
- 5 Same Resource for STD and FMLA

### Five supporting activities

- 6 Offer Wellness/Prevention Programs
- 7 Offer Wellness Program Incentives
- 8 Integrated Disability/FMLA Reporting
- 9 Disease Management Referrals
- 10 Centralized STD/FMLA Administration

# Executive summary

1

## Market Maturity and Adoption of Best Practices

As laws surrounding employee leave continue to evolve, more U.S. businesses are tightening up their absence management processes. The Guardian Absence Management Activity Index has improved significantly since 2015 across company size segments and industries. More employers are applying the five best practices and achieving improved absence management outcomes, particularly enhanced productivity and a better employee experience.

2

## Small Businesses Ramp Up Their Efforts

Firms with less than 250 employees made great strides to improve their absence management practices since 2015. These companies significantly increased their efforts to reduce absenteeism and actively seek RTW for their employees. More are offering wellness programs, making health management referrals and using data to support their absence programs. And they are increasingly centralizing STD and FMLA intake and administration.

3

## State Leave Laws Influence Employer Activity

The more state regulation, the more employers tend to focus on leave management compliance and best practices. For example, companies with employees in states with statutory disability plans (CA, D.C., HI, NY, NJ, RI, PR, WA) are more aware of disability and leave laws, make greater effort to manage employee leave and they achieve higher Index scores compared to companies not located in these states.

4

## Navigating Return and Stay-at-Work Accommodations

Employers are becoming more aware of their responsibilities under the ADA/AA; consequently, they are seeking to better understand their options for returning employees to work and helping them stay at work (either before or following an absence). These activities have expanded beyond traditional vocational rehabilitation intervention to include the interactive processes, transitional work plans and job/worksites modification.

5

## Benefits Integration Is the Next Frontier

As the complexity of managing benefits intensifies, employers seek to streamline leave administration and centralize it with a single internal department or vendor. Centralization allows for greater integration of related health and wellness programs. Companies that are integrating more of their health, disability and leave administration have higher Index scores and achieve more positive leave management outcomes.

6

## Employee Experience Is a Growing Priority

Making leave management an employee-centric process starts with establishing clear, concise and consistent absence policies that apply across the organization. Communication preferences may vary by company size and industry, and accessibility via self-service portals is an increasingly important feature. Companies that are focusing on improving the employee experience have higher Index scores and achieve better outcomes compared to the market average.

Compared to 2014, almost twice as many companies say their senior leadership is placing a high priority on leave management and reducing absenteeism.



# Employers continue to refine their approach to absence management

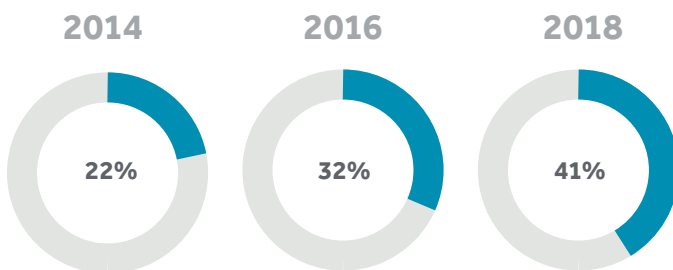
Managing leave is becoming a higher priority for more companies; consequently, they are making a greater effort to reduce absenteeism by managing leave more effectively.

A confluence of factors are contributing to increased employer activity in managing absence.

- Expansion of state and local leave laws causing increased administrative complexity
- Potential liability associated with mismanaging employee leave
- Opportunity to improve workforce health and productivity by applying best practices
- Desire to improve the employee experience with the leave process
- Wider availability of outsourcing options

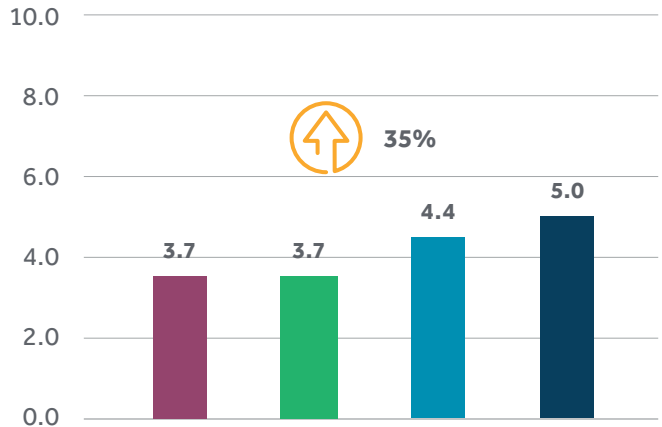
Four in 10 say they are making a major effort to reduce absenteeism, an 86% increase in the past four years.

## Employers Making a Major Effort to Reduce Absenteeism



The increased efforts appear to be paying off. The average score on Guardian’s Absence Management Index jumped significantly to 5.0 in 2018, up 14% from 4.4 in 2016, and a 35% increase from 3.7 in both 2014 and 2012.

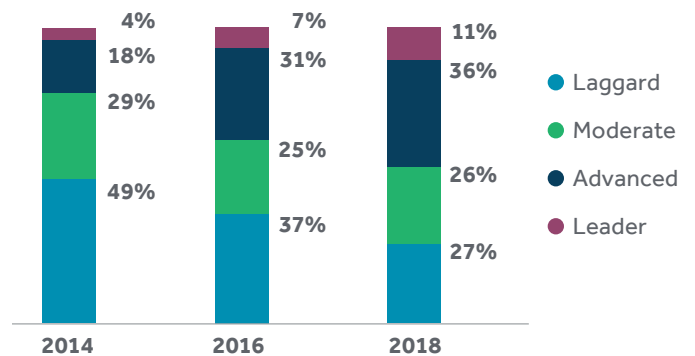
## Guardian Absence Management Activity Index Score



A greater proportion of employers achieved either “Advanced” or “Leader” status in 2018 based on their Index scores (47% in 2018 compared to 38% in 2016). In addition, fewer employers are categorized as “Laggards” in their absence management activity — just 27% vs. 37% in 2016.

Notably, employers who are the most advanced in their absence management practices — the “Leaders” category — have an average Index score of 9.1. This segment represents 11% of all employers, nearly three times as many as in 2014.

## Level of Absence Management Advancement



# Organizations of all sizes are making progress, particularly those with fewer than 1,000 workers

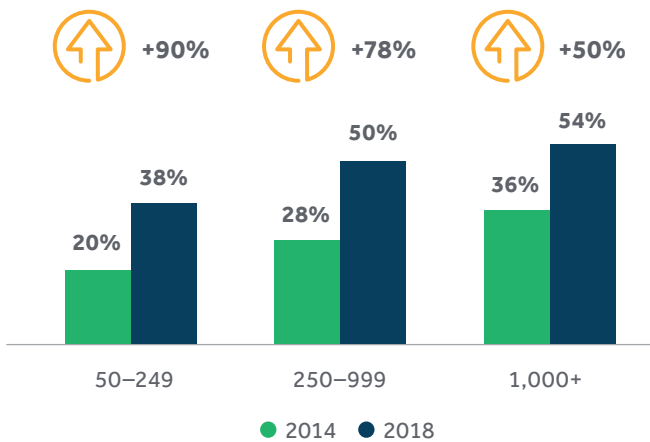
Since 2014, employers have made considerable progress in strengthening their absence management policies and practices. This trend cuts across organizations of all sizes, geographic regions and many industries.

Historically, larger companies, or those with 1,000 or more employees, have been among the most advanced in their absence management approach. That pattern continues to be true in 2018, and large employers made even further progress with a 20% increase in their Absence Management Activity Index score in the last four years.

However, smaller firms with fewer than 1,000 employees have been playing catch-up in recent years. While still further behind much larger companies in implementing best practices, smaller employers have achieved the most significant gains on the Activity Index since 2014.

## Employers Making a Major Effort to Reduce Absenteeism

By Number of Employees



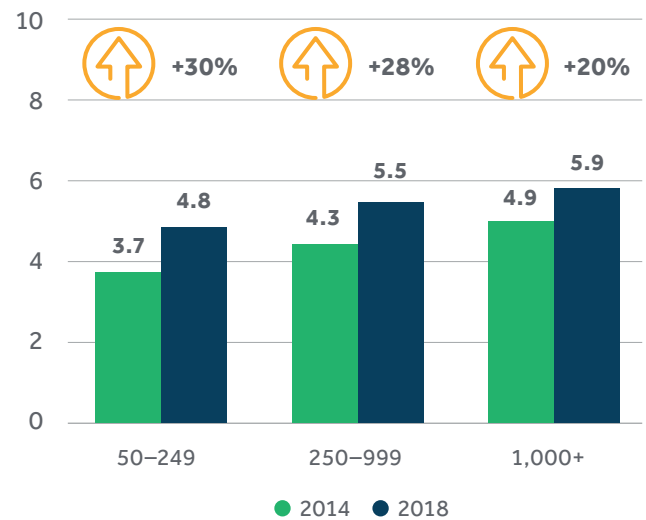
Firms with 50–999 employees, increasingly, are documenting their leave and return-to-work policies and are striving to apply them more consistently across the organization. They are making workplace accommodations to support workers returning from leave and those seeking to stay at work but facing physical impairments.

More small firms are centralizing their STD and FMLA administration, as well. In fact, 48% of firms with 50–99 employees centralize STD and FMLA administration — up 35% since 2016 vs. a 13% increase for all other employers.

The percent of smaller firms (50–499 employees) that are “highly advanced” in their leave management practices doubled since 2014 (43% vs. 19%).

## Guardian Absence Management Activity Index Score

By Number of Employees



# Industries with consistently higher scores on Guardian's Absence Management Activity Index include:



Financial Services

5.4



Retail/  
Wholesale

5.3



Healthcare

5.2



Education

5.2



High Tech

5.0





# More organizations are adopting “best practices”

Employer activity on each of the five leave management “best practices” initially identified in Guardian’s 2012 research (see page 2) showed improvement again in 2018.

Most notably, adoption of a centralized model for STD and FMLA intake and administration and health management referrals has risen sharply since 2014. Increased activity on these three practices indicate growing employer interest in improving leave management efficiency and compliance, while taking a more integrated approach to managing employee health and productivity. No longer can employers afford to manage employee health and productivity in their human resources, benefits and risk management silos. A more holistic approach is critical to achieve desired outcomes.

**More employers recognize the importance of centralizing STD and FMLA administration; centralization has increased 75% since 2014.**

Progress on these best practices also are indicative of employers placing higher priority on improving the employee experience with leave. These particular practices make it easier for the employee to engage with necessary resources throughout the disability and FMLA experience. Consolidating touchpoints, limiting repetitive communication and providing resources at critical times is key for employees who are in a challenging time in life either due to a disability, illness or needing to care for a loved one.

The ability to identify trends and opportunities for early intervention is also important to a well-run program. Without access to comprehensive STD and leave-of-absence reporting, employers are at a disadvantage.

Tightening up return-to-work policies and procedures is increasingly important in light of growing scrutiny from the Equal Employment Opportunity Commission (EEOC) and the Department of Labor (DOL).

## Guardian’s 5 Best Practices for Managing Leave

	2014	2018	% Change vs. 2014
Full RTW Program	62%	74%	+19%
Health Management Referrals	44%	69%	+57%
Reporting Capability	55%	65%	+18%
Same Resource for STD & FMLA	28%	49%	+75%
Centralized Intake	23%	37%*	+61%

\*37% for STD or FMLA; 17% STD, FMLA, and LOA

# Best-practice adoption leads to improved absence management outcomes

Getting absence management correct is not a once-and-done activity. Implementation of consistent leave policies, procedures and best practices generally takes time. Employers that have stayed the course, modified and upgraded their leave management models over a number of years are reaping the rewards.

Among employers that have made it a priority to reduce absenteeism, at least 6 in 10 self-report positive results. Specifically, 69% are achieving their goals for increased productivity and improved employee experience.

**Employers that centralize their STD and FMLA administration with the same vendor consistently report better outcomes than average.**

On average, employers self-report positive results on 3 of 10 outcomes studied. Among the market Leaders (i.e., employers with the highest Index scores), they report achieving positive results on 7 of 10 outcomes.

Remarkably, employers that are Highly Advanced (or Significantly Advanced) in their absence management approach and those that outsource their STD and FMLA to the same external vendor consistently report the highest level of achievement.

In addition to the gains seen on specific outcomes, fewer employers report not achieving any or only one outcome.

## Self-Reported Positive Outcomes

Outcome	2014	2018	Same Vendor STD & LTD (2018)
Enhanced Productivity	63%	69%	<b>76%</b>
Improved Employee Experience	63%	69%	<b>76%</b>
Reduced Lost Time	61%	64%	<b>75%</b>
Improved Regulatory Compliance*	—	64%	<b>73%</b>
Decreased Overall Absenteeism	58%	62%	<b>72%</b>
Reduced Direct Costs	57%	62%	<b>74%</b>
Increased RTW Rates	55%	60%*	<b>69%</b>

\*New metric for 2018

# Despite progress, a majority of employers are still mismanaging FMLA

Most employers managing FMLA internally are comfortable with their approach; however, a quiz regarding their day-to-day practices suggests many may be overconfident and noncompliant.

Among those handling leave administration in-house, 9 in 10 employers are confident in their company's ability to pass a Department of Labor (DOL) audit. Notably, those with the highest confidence levels are, in fact, more advanced in their leave management practices, as measured by the Activity Index. Yet, many smaller employers with relatively low Index scores also are highly confident in their handling of FMLA.

To gauge compliance with fundamental aspects of the FMLA, Guardian asked employers a series of 10 questions regarding in-house handling of FMLA requests and tracking procedures.

**A majority of employers handling FMLA in-house would not pass a DOL audit. The average grade on Guardian's FMLA Fundamentals quiz was a "C-".**

Survey findings indicate that many employers are noncompliant on various aspects of FMLA, including: counting FMLA leaves against absentee policy for disciplinary purposes, approving FMLA requests for nonqualified leaves and not tracking intermittent leaves.

Responses to the quiz highlight the potential for costly misunderstandings and disconnects between the law, employer policies, and their practical application by human resources, benefits administrators and front-line managers and supervisors.

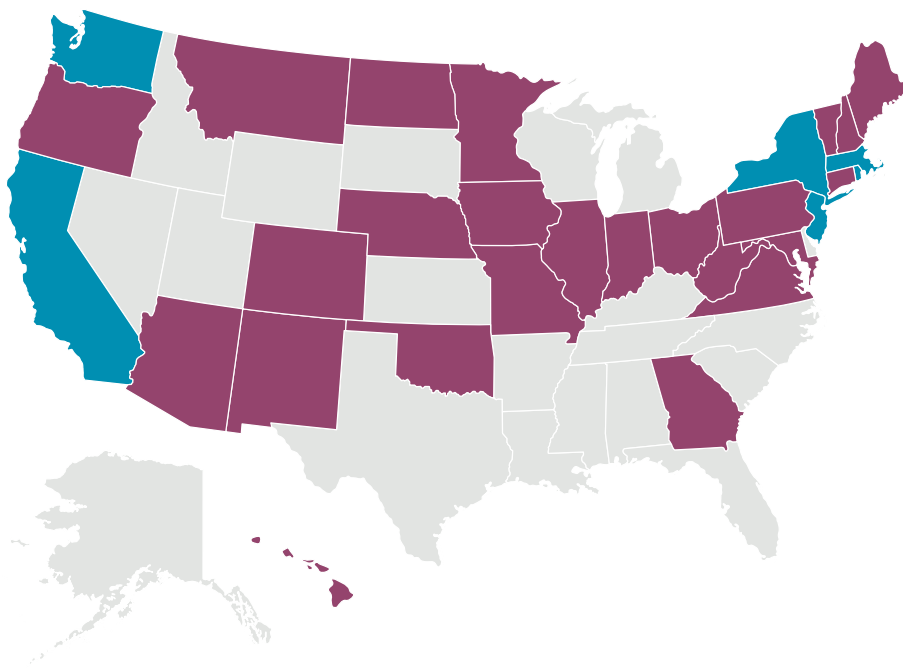
## Select Results From Guardian's FMLA Fundamentals Quiz

Employer Survey Response	Correct Response/Best Practice
4 in 10 employers will count FML against absentee policy for disciplinary purposes.	"Never" is the correct response. The law is designed to prevent this outcome. Some employers keep FML paperwork separate from the personnel file to avoid the possibility of a "mistake".
5 in 10 employers approve FML requests for nonqualified leaves.	"Never" is the expected response. This can cause the denial of a qualified leave due to exhaustion of time resulting in noncompliance.
2 in 3 employers indicate that at least 80% of their STD claims have an accompanying FML request.	An STD claim should trigger an FML request since it is considered a serious medical condition. This response should be closer to 90%–100% of claims.
6 in 10 employers automatically approved or have managers review intermittent FML requests.	Centralized review done by the company's administrator provides for closer monitoring, greater consistency and compliance.
5 in 10 employers approve 99%–100% of FML requests.	80% would reflect a more rigorous review process. "Rubber-stamping" puts employers at higher risk of approving nonqualified leaves and being sued for rejecting those nonqualified leaves at a later date.

# The proliferation of new and proposed state paid family and medical leave laws is attracting employer attention on compliance and absence policies.

## State Paid Family and Medical Leave Laws

Six states and D.C. have passed/enacted paid family and medical leave laws ... more are on the way.



Washington  
Effective 2019  
(premium)  
Effective 2020  
(benefits)

Massachusetts  
Effective 2019  
(contributions)  
Effective 2021  
(benefits)

Washington, D.C.  
Effective 2020

New York  
Effective 2018

California  
Effective 2004  
Expanded  
in 2017  
Expansion  
in 2020

Rhode Island  
Effective 2014

New Jersey  
Effective 2009

### Coming Soon?

Arizona, Colorado, Connecticut, Georgia, Hawaii, Illinois, Indiana, Iowa, Maine, Maryland, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Vermont, Virginia, West Virginia

# Managing leave is even more challenging for employers in highly regulated states

As the debate continues about the need for a national paid family and medical leave law, more states are taking matters into their own hands and proposing legislation to fill the gap. Media coverage of the bills emerging from state capitals across the country is raising awareness and concern among U.S. businesses about the need to keep up with new and modified state-level paid family and medical leave laws.

Organizations that operate in any of the already highly regulated states (i.e., California, Hawaii, New Jersey, New York, Rhode Island and Washington, as well as the District of Columbia) face an even greater degree of difficulty than other employers in managing employee leave.

Those with employees in at least three highly regulated states are subject to more complex leave-related compliance and administration. They report being particularly challenged in several areas, including: coordinating multiple absence types, keeping up with changes to statutory leave laws, and making decisions about approving or denying leave requests.

## Top Challenges in Managing Absence Programs\*

By Number of Highly Regulated States

Challenges	None	3 or More States
Coordinating All Absence Types	66%	81%
Making Decisions to Approve or Deny Time	58%	76%
Interpreting Federal/ State Laws	61%	73%
Keeping Attendance Records Accurate	57%	72%

\*Percent rating each as a challenge.

Employers in highly regulated states are more likely than others to be centralizing and outsourcing their leave administration.

As might be expected, organizations with employees in multiple highly regulated states recognize the need for consistent, well-documented policies and procedures that can be applied appropriately across the enterprise. These employers also tend to be more sophisticated in their absence management model. For instance, Index scores are higher among employers operating in at least three highly regulated states (5.9) compared to those not in any highly regulated states (4.6). They also are more likely to be applying leave management best practices, such as centralizing intake for STD claims and FMLA requests, outsourcing STD and FMLA administration with a single vendor and implementing a full return-to-work program.

**The New York Paid Family Leave law, implemented in 2018, applies to most organizations with at least one employee working in the state of New York.**

## Best-Practice Adoption

By Number of Highly Regulated States

Best Practices	None	3 or More States
Full RTW Program	68%	82%
Outsource STD/FMLA With Same Vendor	31%	47%
Centralized Claim Intake	34%	48%

Seven in ten new parents wish their employer did more to address work-life balance ... particularly more paid leave to bond with their child.

6th Annual Guardian Workplace Benefits Study



# Workforce demand for paid time off is rising, and employers are responding with expanded leave benefits

Nearly 6 in 10 working Americans (58%) feel it is very important that they are able to take time off of work to care for a loved one who is ill or injured, up 22% vs. 2015. And more than half (52%) agree that paid time off and work-life balance are highly valued benefits, according to findings from Guardian’s 6th Annual Workplace Benefits Study.

Given the growing influence of paid time off in attracting and retaining talent, more employers are expanding paid parental and family leave benefits, even in states where it is not required by law. Some large companies are offering unlimited parental leave and sabbaticals, further raising the bar.

## Employers operating in highly regulated states tend to offer more generous paid leave benefits.

On average, 48% of organizations with at least 50 employees offer paid parental or family leave, an increase of 6% since 2016. And the most significant growth in paid leave benefits has been among employers who operate in multiple highly regulated states.

### Employers Offering Paid Parental/Family Leave

By Number of Highly Regulated States

	Offer Paid Parental Leave	Offer Paid Family Care Leave
Total	47%	48%
None	44%	39%
1 State	49%	50%
3+ States	58%	61%

Among employers that offer paid family or sick leave, a majority extend the benefits to their entire workforce — not just states that mandate it. Yet, employers in more highly regulated states tend to restrict paid leave benefits to those areas that require it.

### Offer Paid Family/Sick Leave

By Number of Highly Regulated States

	Limited to Mandated Area	Offered to Entire Population
Total	39%	60%
None	30%	68%
1 State	42%	57%
2 States	42%	58%
3+ States	53%	47%

Organizations with employees in states with statutory disability plans (California, Hawaii, New Jersey, New York, Rhode Island) are required to provide a minimum level of coverage. Those with employees in multiple statutory states are more likely to enhance the mandated benefits with a higher-level, short-term disability benefit, often to match coverage for workers in nonstatutory states.

### Employers Offering STD Benefit Above Statutory

By Number of Highly Regulated States

	Statutory Benefits ONLY	Statutory AND Higher STD Benefit
1 State	59%	37%
2 States	52%	48%
3+ States	43%	56%

# Stay-at-work strategies and accommodations are becoming a higher priority

In today's competitive labor market, it is more difficult for employers to find replacement workers for those who are out on disability. Consequently, more organizations are making workplace accommodations to reduce the incidence of a disability and safely return employees to work as soon as possible following a leave of absence.

Specifically, the most prevalent employee accommodations involve improving workplace accessibility, restructuring jobs/modifying job duties and adjusting work schedules.

## Top Five Employee Accommodations

Among Employers With 50+ Employees

Making the Workplace More Accessible	27%
Restructuring Jobs/Modifying Employee Duties	25%
Adjusting Work Schedules	17%
Acquiring or Modifying Equipment	10%
Modifying Exams, Training Materials, Processes	8%

**Best-practice employers are more likely than others to invest in workplace renovations or new/modified equipment.**

Following the expansion of the Americans with Disabilities Act in 2008, granting leave as an accommodation became much more common. Yet, in 2018, 6 in 10 employers indicate that they offer leave as an accommodation, down 6% compared to 2014. Furthermore, just 5% of employers cite leave as a primary form of accommodation.

More than half of all employers, regardless of size, rate stay-at-work (SAW) initiatives as highly important to avoiding an absence or a more complex disability. Since musculoskeletal diagnosis is one of the leading causes of disability, most SAW programs are focused on ergonomics and vocational rehabilitation.

## Top Five SAW Initiatives

Among Employers With 50+ Employees

Job Modification	54%
Worksite Modification	53%
Ergonomic Evaluations	48%
Adaptive Equipment	48%
Vocational Rehabilitation Intervention	44%

**Well-developed stay-at-work programs play a key role in decreasing absenteeism.**

Employers with a robust SAW program tend to have a more advanced and proactive approach to leave management. Furthermore, those deploying a wider range of SAW initiatives experience better outcomes on reducing absenteeism. Three in four employers with a high level of SAW initiatives report decreased absenteeism, compared to 40% of those with no formal SAW program.

## Reduction of Absenteeism

By Number of SAW Initiatives

	None	1-3 SAW Initiatives	4-6 SAW Initiatives
Achieve Decreased Absenteeism	40%	51%	75%
% Highly Advanced	18%	29%	75%



“Fifty-eight percent of all accommodations can be done at no cost to the employer; for those that require a cost, the average is less than \$500.”

NASUAD, 2018 Workplace Accommodations: Low Cost, High Impact

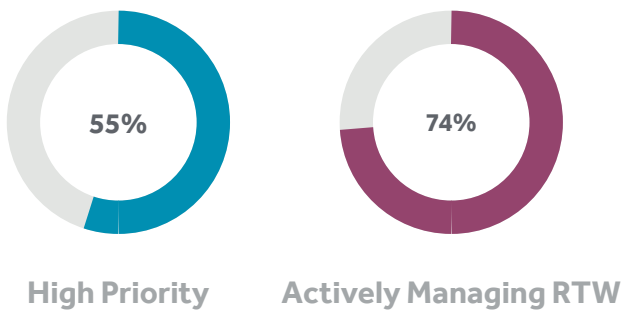


# Expanded return-to-work efforts help employers improve disability duration and lost time

Keeping an employee on the job and preventing a disability is preferable, but it isn't always feasible. Effective return-to-work (RTW) programs are essential to safely reinstating employees to meaningful work. A majority of employers are making RTW a priority and actively taking steps to return employees to work following a disability.

## Employers Focusing on RTW

Among Employers With 55+ Employees



The first step for many employers is to have a clearly documented RTW policy to set expectations for all parties about next steps and protocols, and to avoid any appearance of discrimination.

## Return-to-Work Program Initiatives

Among Employers With 50+ Employees

	2018	Change vs. 2014
Written RTW Policy	57%	+39%
Interactive Process	56%	+2%
Accommodations to Facilitate RTW	54%	+10%
Duration Guidelines Based on Diagnosis	53%	+31%
Transitional Plans for RTW	51%	+13%
Nurse Case Management	38%	+50%

Employers also are increasing their use of nurse case management and durational guidelines to strengthen RTW efforts and reduce the likelihood of relapse. It isn't enough to get an employee back to work; the employee must be kept healthy and able to stay at work.

**Employers with the most robust return-to-work programs also have much higher Activity Index scores.**

## Activity Index Scores by Number of RTW Initiatives

Among Employers With 50+ Employees

	Index Score
4–6 RTW Initiatives	6.5
1–3 RTW Initiatives	4.0
None	3.3

Notably, organizations with the most comprehensive RTW programs appear to be achieving greater success in reducing lost time and improving RTW rates.

## Positive Outcomes Achieved

By Number of RTW Initiatives

	Reduced Lost Time	Improved RTW Rates
4–6 RTW Initiatives	78%	77%
1–3 RTW Initiatives	52%	44%
None	48%	39%

# Centralization of STD/FMLA administration is essential to a more integrated benefits model

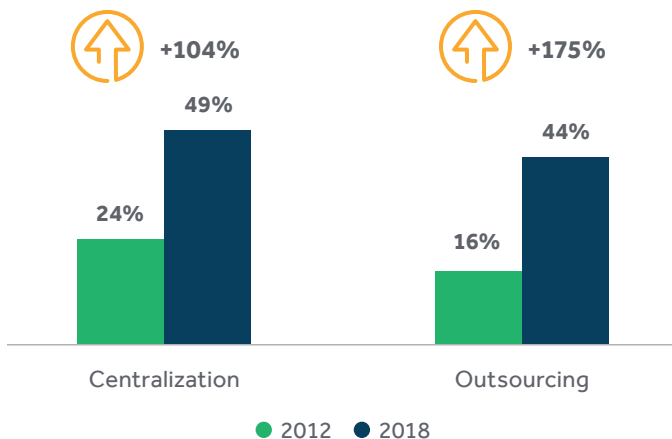
With the increasing complexity of managing STD, FMLA and other state and local leaves, employers are seeking to centralize and streamline the administration. Since 2012, the percent of employers centralizing their STD and FMLA administration has doubled; today, nearly half of all organizations with at least 50 employees use the same resource (in-house or external) to administer their STD and FMLA.

Employers also are outsourcing their leave administration at a higher rate. More than 4 in 10 organizations now outsource the handling of both their STD and FMLA, up significantly (175%) from 2012. The vast majority (86%) of organizations that outsource STD and FMLA use the same vendor in order to reap the benefits of centralization.

In the past six years, outsourcing has increased among employers of all sizes, but smaller firms (with 50–250 employees) are fueling the most recent surge in outsourcing.

## STD/FMLA Centralization and Outsourcing

2012 vs. 2018



The percent of smaller firms (50–250 employees) outsourcing STD and FMLA administration jumped 30% since 2016.

Centralizing the management of STD and FMLA, and ideally other leaves, enables efficiency gains, but more importantly ensures consistency and compliance while improving outcomes such as return-to-work rates and employee experience. Employers not using the same resource are much less likely to report success on various leave management goals.

Organizations that outsource STD and FMLA administration to the same vendor are achieving the most positive outcomes on their key goals. Those that centralize leave administration with the same external vendor are more likely to report positive outcomes on employee experience, lost time, compliance and return-to-work rates.

## Impact of Centralization/Outsourcing on Outcomes

	STD/FMLA Centralization Model		
	Same Vendor	In-House	Not Centralized
Better Employee Experience	74%	61%	60%
Reduced Lost Time	72%	54%	41%
Enhanced Compliance	70%	47%	31%
Improved Return-To-Work Rates	67%	52%	45%

Integration of return-to-work efforts, such as vocational rehabilitation and nurse case management, allows for earlier intervention, which can help reduce absenteeism.



# Integration enables a more holistic approach to managing leave and workforce health and productivity

As employers expand the range of benefits available to their workforce, interest is growing in leveraging the collective value of these services. In the past four years, more employers are integrating STD and FMLA with LTD and health management programs, such as Employee Assistance Programs (EAP), health risk appraisals and disease management.

A majority of employers now offer wellness programs and EAPs; however, these programs are most effective when they are well coordinated and provide a holistic view of employee health and wellness.

For example, one of the primary advantages of centralization is the ability to make EAP referrals as soon as an employee reports a leave, or to prevent a potential disability or assist an employee in returning to work. Notably, in 2018, 7 in 10 employers with centralized STD/FMLA are making referrals to health management programs, up 57% since 2014.

## Benefits Managed by Same STD/FMLA Resource

Percent of Employers Offering Each

	2014	2018
Long-Term Disability	2%	40%
Workers' Compensation	30%	38%
Paid Time Off (Vacation/Sick)	17%	30%
Accident Insurance	17%	27%
Paid Parental/Family Leave	9%	27%
Employee Assistance Program	12%	23%
Leave as an ADA Accommodation	14%	23%
Health Risk Appraisals	6%	20%
Disease Management	5%	16%

More than half of all employers indicate that “creating a culture of well-being” is a high priority for their organization.

An integrated approach to managing leave and other health benefits often reflect an employer’s commitment to creating a culture of wellness. The greater the degree of benefits integration, the more advanced an employer’s leave management model and their higher Activity Index score.

## Benefits Integration & Leave Management

High = 10+ Programs; Moderate = 1–9 Programs

		Index Score
High Integration (10+ Programs)	25%	7.1
Moderate Integration (1–9 Programs)	23%	4.5
Low Integration (None)	52%	4.2

Organizations with a higher level of benefits integration not only report a much better employee experience compared to those with low/no integration, but they also are more likely to achieve increased productivity and reduced lost time.

## Positive Outcomes of Integration

Employers Reporting Progress in Past 2 Years

	High Integration	Low Integration
Better Employee Experience	83%	64%
Increased Productivity	80%	65%
Reduced Absenteeism	76%	56%
Improved RTW Rates	75%	53%

# Clear, well-documented absence policies and processes set the tone for a positive employee experience

When an employee requests a leave of absence for an injury or illness, or to care for a sick or injured loved one, it is often a stressful time in the person’s life. Even when the reason is for something joyful, such as the birth or adoption of a child, it still can be stressful.

Mitigating that stress, and certainly not exacerbating it, is key to creating a positive employee experience. Not surprisingly, more employers are making an effort to deliver an effective and efficient leave experience, which begins with having sound communication strategy and execution.

## Employee Experience & Leave Management

		Index Score
High Priority	30%	6.3
Medium Priority	49%	4.8
Low Priority	21%	3.5

Just 3 in 10 employers are making employee experience a high priority; they tend to be more advanced in their leave management approach.

## Making Employee Experience a Priority

Percent Rating Communication Objectives “Very Important”

	All Employers	Index Leaders	Index Laggards
Policies That Explain Absences That Are Covered	70%	82%	57%
Processes Are Clear and Easy to Understand	70%	75%	65%
Employees Feel Supported by the Company, HR and Their Manager	66%	79%	48%
Tools That Help Employees Understand Pay Implications of Leave	62%	75%	46%
Just-In-Time Education/Counseling	47%	87%	27%

Only 4 in 10 workers feel their employer’s benefits communications are “very effective.”\*

Employers agree that two of the most important elements of a successful communication strategy for leave management are having policies and processes that are clear and easy to understand.

Index Leaders generally place greater emphasis on effective employee communication, particularly providing “just-in-time education and counseling” and “making employees feel supported by the organization when taking leave.” Less back-and-forth communication between managers and employees would be indicative of a more effective and caring process.

Index Leaders focus more than others on improving employee communication, particularly regarding return-to-work and stay-at-work policies and procedures.

\*6th Annual Guardian Workplace Benefits Study

Multichannel communication options are important, but digital is the channel of choice for most employees during a leave of absence.



# Accessibility of information while employees are on leave greatly influences their overall experience

Everyone has different preferences for how they like to receive and send communications. An individual’s preferences often vary depending on the context of the communication. This is especially true of the employee leave experience. Providing workers with flexibility in how they communicate with the employer throughout the leave process is important.

Email and telephone are the most common methods employers use to communicate with employees during an absence, regardless of size of company. Yet, the smaller and less advanced the employer’s leave management model, the more they tend to rely on telephonic communication.

Index Leaders are more likely to leverage newer technology, such as automated dialers, text messaging and chat functionality.

## Employee Communication Methods

Index Leaders vs. Laggards

	All Employers	Index Leaders	Index Laggards
Through Email	61%	<b>67%</b>	<b>56%</b>
Telephonically	51%	<b>57%</b>	<b>44%</b>
Via Mail or Fax	24%	<b>30%</b>	<b>22%</b>
By Text Messaging	22%	<b>20%</b>	<b>26%</b>
Using Auto-mated Dialing Technology	16%	<b>9%</b>	<b>21%</b>
By Interactive Voice Response (IVR)	13%	<b>7%</b>	<b>16%</b>
Using Chat Functionality	13%	<b>11%</b>	<b>16%</b>

The use of technology goes beyond the intake process or checking the status of a leave request or disability claim. Employers and employees want access to information through self-service web portals and mobile devices throughout the end-to-end leave process.

Employees expect to be able to access critical information 24/7 via a consolidated web-based portal or mobile application. Most want the ability to speak to a representative with questions before/during the initial submission, but the preference is for self-service using digital channels for the remainder of the process.

**High-tech firms value links to plan/policy information. Healthcare companies want the ability to upload documents. The retail and information management sectors want leave planning and decision-support tools.**

## Self-Service Portal Features

Employers Rating Each “Very Important”

Self-Service Portal Features	All Employers
View of Claim/Leave Status	43%
Reporting of Initial Claim/Leave	30%
Links to Plan/Policy Information or Forms	29%
Ability to Upload Documents	28%
Access to Communications Sent	27%
Leave Planning or Decision-Making Tools	22%
Educational Resources	21%



# Appendix

## Benefiting from what we've learned

### Seven years of market insights

Beginning in 2012, Guardian has conducted four waves of research regarding market trends in absence management activity. Our findings provide a clear view of the practices and activities adopted by the most highly advanced employers and the correlation between these activities and their ability to achieve more positive outcomes.

The best practices and their related support activities form the foundation of a sound strategy and a proven path for success — not only for companies just getting started, but also for those that want to enhance aspects of their leave administration policies and processes.

Our Absence Management Activity Index scores validate that while staying the course is important, ongoing refinements to models are critical to maintaining momentum and achieving a company's absence

management goals. Applying a continuous improvement approach, with regular monitoring and periodic assessments, and taking a holistic approach, helps to ensure longer-term success.

Regardless of whether your company is just getting started or already has a mature absence management program in place, insights from the Guardian Absence Management Activity Index & Study can assist in gauging your current status relative to the marketplace and in identifying potential opportunities and next steps.



# The Guardian Absence Management Activity Index

## Scoring Methodology

### Tier 1 Activities (The Five Best Practices)

A full return-to-work (RTW) program, including the highest number of the following:	The ability to produce or obtain reports that include the highest number of the following:	A disability and/or FMLA process that includes giving employees referrals to health management programs.	A central portal (phone or online) for reporting.	Using the same STD resource for FMLA and additional benefit programs.
<p>Written RTW policy.</p> <p>An interactive process (where the employee, HR, manager, case manager and/or physician talk about possibilities).</p> <p>Transitional RTW plans.</p> <p>Guidelines for the duration of disability based on diagnosis.</p> <p>Nurse case management.</p> <p>Offering accommodations to facilitate return to work.</p> <p>On the Index, 1/6 point is given for each of the six components of the employer's return-to-work program.</p> <p>74% of employers report actively seeking ways to return employees to work.</p>	<p>Disability usage patterns.</p> <p>Disability claimant status.</p> <p>Disability cost.</p> <p>FMLA usage patterns.</p> <p>FMLA claimant status.</p> <p>On the Index, 1/5 point is given for each of the five reports that the employer can produce or obtain.</p> <p>The percentage of employers who can produce or obtain any given report ranges from 63% to 67%.</p>	<p>Health management programs may include employee assistance (EAP), disease management or wellness.</p> <p>On the Index, 1 point is given if referrals are made, while 0 points are given if no referrals are made.</p> <p>69% make health management referrals.</p>	<p>A central portal should include reporting for at least STD and FMLA and possibly include other leaves of absence such as sick/vacation leave or paid time off (PTO).</p> <p>On the Index, 0 points are given if no central portal exists; ½ point is given if STD and FMLA absence reporting are through a common portal; 1 point is given if STD, FMLA and PTO are all reported through the same portal.</p> <p>37% of employers use a common portal for STD and FMLA.</p> <p>17% overall have a central portal for STD and FMLA, and all other leaves of absence.</p>	<p>On the Index, 1/13 point is given for each of 13 benefits (e.g., FMLA, long-term disability (LTD), EAP), which are administered by the same department or vendor that administers STD.</p> <p>49% of employers report using the same department or vendor to administer both STD and FMLA.</p>

### Tier 2 Activities (Supporting)

Offering wellness programs that include a high number of program components.	Offering incentives or discounts for employees to participate in wellness activities.	Reporting that integrates disability and FMLA information.
<p>On the Index, 1/15 point is given for each of 15 possible components (e.g., biometric screenings, flu shots) of the employer's wellness program. 64% of employers offer wellness programs.</p>	<p>On the Index, 1 point is given if any incentives or discounts are offered, while 0 points are given if not. 80% of employers that offer wellness programs offer incentives.</p>	<p>On the Index, 1 point is given if integrated STD/FMLA reports can be produced, 0 points are given if not. 75% of employers can produce integrated reports.</p>

### Tier 3 Activities (Supporting)

Offering a disease management program.	Centralizing administration of STD, FMLA or both within an organization.
<p>On the Index, 1/15 point is given for each of 15 possible components (e.g., biometric screenings, flu shots) of the employer's wellness program. 35% of employers offer such a program.</p>	<p>On the Index, ½ point is given if administration of STD is completely centralized within the organization, ½ point is given if administration of FMLA is centralized within the organization, 1 full point is given if both STD and FMLA are centralized, while 0 points are given if neither is. 65% completely centralize STD and 59% FMLA.</p>

**Wondering how well your company's absence management efforts measure up?**

Use Guardian's Absence Management Scorecard<sup>SM</sup> to receive a customized assessment of your current absence management activities.

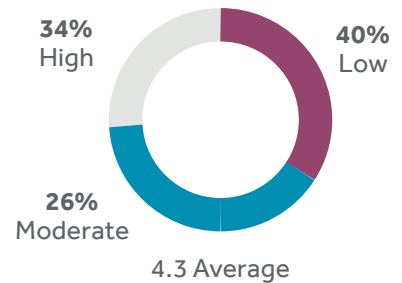


### Company Score

**6.5**  
Highly Advanced

### Benchmark

50–245 Employees



# Research Design

## Background

The fourth wave of the Guardian Absence Management Activity Index<sup>SM</sup> & Study was conducted in the second quarter of 2018. It consisted of an online survey completed by decision-makers to monitor changes in employer absence management practices.

The study was conducted for Guardian by Spring Consulting Group and serves to build upon prior-year efforts.

## Sample Characteristics

A total of 1,204 benefits professionals were surveyed, and all work for employers with at least 50 full-time, benefits-eligible employees. Companies surveyed range in size from 50 employees to more than 5,000. A minimum number of surveys were conducted in major-size categories to allow analysis of results by organization size. Data were weighted to reflect the actual proportion of U.S. businesses in each size category.

Survey participants represent a cross-section of industries and geographic regions. All work for companies that offer at least medical coverage and some form of disability benefits. All are involved in handling their employer's disability plans and FMLA, and they are at least familiar with their company's other leave policies.

## Employer Size

	Sample Size
50–99	290
100–249	292
250–499	200
500–999	141
1,000–4,999	142
5,000+	139

## Region

	Sample Size
Northeast	388
Midwest	405
South	492
West	327

## Industry

	Sample Size
Healthcare	174
Manufacturing	141
Finance/Insurance	133
Education	125
Professional/Technical	96
Information Management	91
Retail & Wholesale	90
All Other	354

## Number of States With Employees

	Sample Size
One	591
Two to Four	372
Five or More	241



**The Guardian Life Insurance  
Company of America, New York, N.Y.**

**[guardianlife.com](http://guardianlife.com)**

Unless otherwise noted, the source of all information is Guardian's Absence Management Activity Index & Study (2018). Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation. The Guardian Life Insurance Company of America, New York, N.Y. GUARDIAN® is a registered service mark of The Guardian Life Insurance Company of America®

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