The Group Solutions Sit-Down

Next-Gen Absence Management: Part 1

SUMMARY KEYWORDS

employers, employee, absence, employee engagement, benefits, management, absenteeism, worker, programs, compliance, strategy, solutions

SPEAKERS

Gary Godin, Claude Ricciardi, Kristen Osburn

Kristen 00:07

This is the Group Solutions Sit-Down. Over the last few years, we've seen Absence Management become an increasingly top priority for U.S. employers of all sizes. What was once viewed as optional in the workforce has become imperative as companies look to better understand employee needs and how absences can significantly impact workplace productivity and the bottom line. While changing leave laws and the global health crisis have added more complexity to the Absence landscape, it's clear that Absence Management is about far more than just compliance and business efficiencies. Ultimately, it's about people and developing future-forward Absence strategies and solutions that help employees be their most healthy and productive selves. I'm Kristen Osburn, a Marketing Strategist with New York Life Group Benefit Solutions. In this episode, I sit down with two of New York Life Group Benefits Solutions key Absence leaders, Gary Godin, Absence Strategy Lead and Claude Ricciardi, Vice President of Sales Mid-Atlantic Region, to discuss the essentials of Next-Gen Absence Management and what it means to not only create better employer and employee experiences, but also put benefits to work for the business and their people. Gary and Claude, welcome to The Group Solutions Sit-Down… it's so great to have you both on the show!

Gary 01:36

Thanks, Kristen. Great to be here.

Claude 01:39

Yeah, thank you, Kristen.

Kristen 01:40

Great. Alright, so Gary, I know that with recent changes in the leave landscape and evolving employee needs, the definition of Absence Management has also evolved pretty substantially. And I know it's really become far more than just employers tracking their employee time off, so I'm wondering, can you share with us a little bit around why Absence Management has become such a critical part of an employer's company strategy and programming?

Gary 02:09

Yeah, it's a great question. So, initially, leave management was all about remaining compliant with FMLA requirements. Employers have incrementally had to focus on each of the additional states that have followed suit with their own leave laws. So now, states have added on more FMLA-like laws, and then they've expanded reasons for why you can be away from work or the relationships of family members that are covered. Employers have had to really remain informed and keep up to date on all of the constant changes that have happened across the country. So what has happened is, employers started to recognize not only how much they were spending, just to keep up with the changes internally and really stay informed, but also how much they were spinning to track the employee time while somebody was away from work. And it was costing them so much in internal resource time, in addition to the lost time from the employee being gone. So it became apparent that absenteeism was really hitting them in multiple ways whether it was them paying a wage for the employee that was out of work, or paying a wage for the person that was backfilling that employee, whether they were losing productivity because now they had a replacement worker who was not as effective or as efficient as the initial employee, or they were paying overtime and a higher wage to this replacement worker because now they had an imminent need and the employee had to work overtime to fill a gap. And then, really, on top of all of that, there's this impact to the employees that feel left behind. In essence, they're the ones that are covering for their colleagues who are away during absences. And so, all of this really has demonstrated this very unique intersection that has been created over the last few years of "how can we better understand and balance and manage that intersection between employee health and wellbeing, employee engagement, employee satisfaction, and the total employee benefits spend?" And so, I'll give you an example, the Integrated Benefits Institute, or IBI, stated in 2020 that employers spent almost $950 billion dollars on healthcare benefits in 2019. So, in addition to those costs, in addition to $950 billion on health care benefits, they also spent an additional $575 billion on illness related absences in that exact same year. It equated to a billion and a half days, so one and a half billion days of lost productivity, or what equated to 10 days per employee. And so we're not even talking about normal paid time off like PTO, this is in addition to paid time off, so this is Disability, Sick Leave, Workers Comp, etc. Their study also showed that Short Term Disability and time away from work for FMLA were actually the two biggest increases that were experienced between 2015 and 2019. Beyond just focus on absenteeism though, overall employee engagement has become a really important consideration as well. Employees are looking for their employers to offer additional benefits and really be focused on the whole person in their benefits program that will really help them meet the expanded needs, you know, for themselves as well as for their families. So, in essence, improving their work-life balance and their ability to be their best selves while at work and at home. I'll just give you another quick example of how this all comes together, and it's found in Benify's 2019 Employee Happiness Index. It revealed that employees who are most satisfied with their total benefits package, that they estimate their own level of engagement is 11.5% higher than the average employee or actually 25% higher than those who are least satisfied. It also noted that those who are most satisfied with their benefits are over 21% more likely to see themselves as ambassadors for their employer. So these types of studies have created a shift in how we think about Absence Management. In totality, taking the right approach to absenteeism won't only save time and money, it'll actually reduce risk for the employer, it'll increase productivity, and promote a healthy and engaged workforce.

Kristen 06:34

Wow, Gary, $575 billion on illness-related absences in one year, that's alarming. I mean, it's definitely clear that solid absence management strategy is something that's going to be critical for businesses, but I imagine that, you know, with that, it's also no wonder that employers are finding it hard to really keep up with their constantly evolving legislation, you know, shifts in the market, as well as their evolving employee needs, which we have seen shift over the last couple years. So, you know, Claude, I'd like to actually hear from you on what you've seen and heard from the employers you work with, their reactions to this increasing complexity. And then Gary, maybe you can kind of wrap it back up because I'd also love to hear about, really, how can employers start thinking about Absence Management differently and start to reduce this, kind of, enormous complexity of it?

Claude 07:32

You know, it's interesting, because I think a lot of employers make very similar mistakes. So it's almost like not a specific example from like client, A, B, or C, but like, the general theme of what I see, when clients are looking for a solution or need a solution, it's, they're over-approving leaves. So they think, "well, hey, if I over approve leaves, I just approve everything, you know, rubber stamp at all, then I'm going to be in compliance" - when, you know, in fact, not only does that impact productivity problems, but actually can cause for compliance concerns, right, you know, when you are granting leaves just blanketly without following the rules around what is a serious health condition, it can just cause a lot of problems. Overall, you know, many employers don't even understand that you have to maintain health benefits during a period of leave of absence. That's part of the value in addition to integrating leave, you know, I agree with Gary, as he said, driving other programs - health engagement referrals and having that connectivity is going to be huge as you do look at the whole person, but also making sure that you have the right controls in place so that, you know, you are following the letter of whatever the leave law is, state or federal and you're documenting it, and you can prove that everyone's been treated consistently and fairly. So that that's another piece that I think really still remains a big gap out there in the market.

Gary 08:45

Yeah, and then Kristen you asked about how employers are thinking about Absence Management differently when there's so much complexity going on… I really don't think that's going to change in the short term. You've got legislators across the country who are still evaluating and passing legislation and so there's this shift that's happened over the past year and a half, or so, of employees actually expecting and even now demanding a better work-life balance from their employers. And at the end of the day, it's going to come down to empathy. Employees simply want to experience empathy from everyone around them, including their employer. They want to be seen as more than just a worker or a laborer or an employee. They want to be actually seen, heard, they want their needs to be considered and met. A continued focus for employee engagement is going to be critical for employers. I'll just give you an example. A few months ago, Gallup released an update to their employee engagement study, where they concluded that career wellbeing is the foundation for improving other elements of wellbeing, including social, financial, physical and community. And that doubling the national employee engagement percentage would have a profoundly positive impact on workers mental health, and overall wellbeing throughout the country. We've been conducting a lot of our own research lately, and we've been looking to make sure that we gain insights on how we better support employers and their employees. These discussions that we've had with employers and employees have been insightful as we think about the next gen absence management strategy going forward. For an employer, we really believe that it's going to be demonstrated through a variety of ways. One of those is an enhanced engagement model of how the vendor, the employer, and the employees interact on a daily basis. What's happening? Is it timely? Is it informative? How clear is the information? How supported does the employee feel through all of this? The next one would be coordination of employer programs and services. If you think about an employee who's out on absence, in essence, there are programs that are available, and there are programs that the employer has purchased that they've aligned to support their overall benefits approach. We

want to make sure that we're providing a coordination of those programs and services when employees need them most. Another opportunity in a successful approach would be the continued focus on improving the touch points that happen throughout a lifecycle event. So if someone's out on that absence, we want to make sure that they're having a positive experience. And then finally, we want to make sure that there's a comprehensive view of absence that takes into consideration how it all comes together to create a positive and supportive work environment for those employees, which at the end of the day, really benefits the employer. So I think I said a lot there, but I think I could summarize it really into four words. It's an approach that's empathetic. It's simple, connected and consultative. That's where employers will see success and driving toward and partnering with organizations that help them achieve these objectives.

Kristen 12:00

Wow, Gary and Claude, this has been incredibly informative so far, and I know we've got A LOT more to dig into around each of those four words and actual best practices for creating Absence Management strategies, programs, and experiences that meet those core areas. So listeners, make sure you join us for the second part of our Next-Gen Absence Management episode… you're definitely not going to want to miss what Gary and Claude have to share next!

SOURCES:

Employee Happiness Index 2019: How to make employee benefits a strategic tool in
the war for talent, Benify, Published December, 2019.
https://cdn2.hubspot.net/hubfs/2798830/English%20(COM+UK)/Content%20offers%20(UK+COM)/E-books%20(UK+COM)/Happiness%20Index%20(UK+COM)/eBook_2019_BenifyScore_Digital_ENG%20(002).pdf

Poor Health Costs US Employers $575 Billion and 1.5 Billion Days of Lost Productivity, Integrated Benefits Institute (IBI), Published December, 2020. https://www.ibiweb.org/poor-health-costs-us-employers-575-billion/