



The Group Solutions Sit-Down

Producer Perspective: The Absence Landscape

SUMMARY KEYWORDS

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SPEAKERS

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Kristen 00:07

Even before the COVID-19 pandemic hit, employee health and well-being had already become a prominent focus on the workplace agenda. What was once just a matter of tracking vacation days and sick time, has really become a much larger challenge for employers. With employee and family needs continuously evolving, laws and regulations quickly changing, and the shifts of the recent global health crisis, it's clear that the absence management programs of yesterday are no longer sufficient for today's workforce. I'm Kristen Osburn, a marketing strategist with New York Life Group Benefit Solutions. In this episode, I sit down with Rob McGee, Vice President of Integrated Absence Solutions for Lockton Companies, to discuss the changing benefits landscape, and how employers can build an absence strategy today that meets the business and employee needs of tomorrow. Rob, welcome to the group solution sit down, I am absolutely thrilled for you to be joining me on the show today.

Rob 01:17

Thanks, really looking forward to our conversation.

Kristen 01:20

Wonderful. Well, okay, so Rob, I know that I just mentioned the pandemic, and really, it's hard not to because I know you've seen over the last two years, really, the COVID-19 pandemic shift the absence industry. And I've seen as well it create a heightened awareness around the need for strong leave management programs, but also some of the challenges that have come up with compliance and administration of those programs. So I kind of have a two part question to start here... And the first part is really, how have you seen the market reacting to this? And then the second part, what changes do you see the pandemic making, to the types of leave management programs that employers and employees are really going to need in the future?

Rob 02:10

Sure. So I'd say more than anything, the pandemic has magnified the focus. Through the pandemic, you have the great resignation, you know, right, and obviously you can't pick one simple reason why that's happening, but the paid time off package is a way for employers to evaluate their attraction and retention strategies. And you know, across the spectrum of paid time off those programs are critically important. So you have vacation or PTO for vacation needs and sick leave, you have short term disability, which has always been a core component of an employer's basic financial protection they're providing to employees for their own serious health conditions. Paid parental leave is something that had been a hot topic going back five or six years ago and now we're at a point where almost the majority of employers are providing some form of paid parental leave offering, according to, you know, a 2021 SHRM (Society for Human Resource Management) employee benefits survey report. But beyond these kind of core programs, there's additional programs that employers are evaluating as they're thinking about the needs of their workforce. Employers want to make sure that they're providing programs and policies that not only meet the needs of their employees, but allow their employees to, you know, feel a deeper connection to their colleagues and their communities as well. And the last thing I'd kind of say there is employers are really evaluating these programs holistically, so they're not looking at just one component, they're looking at all of these different programs and policies together. They're saying, we need to make sure our vacation and our PTO policy is competitive to our new hires and competitive enough so that we don't have to negotiate those policies on a one-off basis every time someone new comes in the door. That might mean you want to enhance their either financial protection of the short-term disability policy or you're stacking it with a caregiver leave program so that they're having access to paid time off and specific situations that they may be likely to face in the future.

Kristen 04:08

Wow, sounds like a lot of changes across the board that we've seen in shifts to the marketplace, the industry, employee needs, the ways that employers are having to tackle that... I imagine that with that then comes, again, a lot of changes needed around the administration of that and the technology aspect. I know that, you know, technology has the power to really transform absence management and that overall leave experience for employers and employees and looking for a more simplified and connected digital experience. I'd really be curious, with a lot of the changes that you just talked about, Rob, and kind of where we need to go as we look towards the future, what do you see as the next important investment in technology that really needs to be made to kind of advance the market and improve overall outcomes for both employers and employees?

Rob 05:05

Sure, it's a really good question and a challenging one for sure! But when it comes to employees, employees going through the disability, the short-term disability process, or I'm an employee going out on a leave of absence, they're in a stressful situation where they may not be as likely to read the detailed letters and legalese that can be part of, you know, your basic process and administering, you know, short term disability and leave of absence. So it's easy to say, you know, employees are looking for communication in a very simple manner, it can be a lot more challenging to actually execute on that. We're also in a world where a lot of us, maybe most of us, can think of our favorite online retailers and think to how simple that process is... you purchase something, you get a notification that says you purchase something, your notification says it's going to arrive in 24 to 48 hours, you get another notification that that'll let you know if, you know, if there's a delay for whatever reason, and then ultimately it's going to arrive and you'll get that notification that tells you that you know your package is there that you've been waiting for. And from an employee standpoint and the disability and leave world, they're looking for a lot of those same types of communications. It's something that they're not familiar with, something that they hopefully don't have to go through very often in their careers, but when they do, they want to be in the loop. There's obviously a lot of information that's collected up front, you know, as they're working with their partners like New York Life, but once the all of that information is submitted from an employee standpoint, sometimes they can feel like they're in a black box, they don't know

what to expect next. So the ability to send out text messages or push notifications that says simple things like "hey, we received your paperwork, we're evaluating it, or it's going to take a couple more days, but we haven't forgotten about your claim or leave." Keeping employees in a loop, I'd say, is more critical than ever, especially when that's becoming a base expectation across the spectrum of how they, you know, interact with all of their vendors, and more broadly in the online world. From an employer standpoint, kind of going back to that last question, certainly the great resignation is impacting employers from an HR standpoint. And that may be nothing new, you know, HR departments have always run pretty lean and their departments that have always been consistently asked to do more with less resources so technology is a critical component of that. There's certainly a need for automation with their respective vendor partners. An automation can be that real time sharing of employee information, so in the disability and leave world, you know, everything from status to pay information. And these employers are also investing a lot of money in their human capital management system. So they're putting a lot of effort and energy and resources into those systems, they expect and they want their vendor partners to do the same thing and make sure that they're creating solutions that interact with these resources that they've invested a lot in. They want the process to be easy for their employees, you know, they want the leave experience for employees to be streamlined. You know, even going back to things like basic enrollment process, they want a single sign on process, they want the Evidence of Insurability process to be simplified, you know, basically, they want to make sure that the investments that they're making in their technology is going to make sense on a go-forward basis with the vendor partner that they're selecting. And the last thing that that I'd say is employers are looking for meaningful and actionable reporting.

Kristen 08:45

Rob, I was just thinking about that, I'm glad that you went there. As we started to talk about, kind of, data Automation and, you know, this idea of reporting, I know that a solid absence management strategy can really be driven by benchmarking and analytics. And that's a really critical part to, you know, kind of a future focus absence management strategy for employers and the overall employee experience. So I'm really curious, what data do you think employers would find most valuable to really make future decisions about their leave management programs?

Rob 09:20

You know, it's funny in thinking about that question, I've been doing consulting for a while and I can go back to one of my very first projects that I did in the consulting world, and it was a pretty simple benchmarking exercise, it was comparing an employer's plan designs to, you know, industry standards and then it was also, you know, comparing kind of key performance indicators like the average incidence rate, or the percentage of a population that be maybe using short term disability in a given year, or the average duration of a short term disability program to industry benchmark and duration, meaning, how long is someone using their short term disability plan on average. And looking back, it feels like a pretty simple exercise, but it's still something that I'd say is really important to be grounded on, you know, employers should have an understanding of how their programs are performing within industry benchmark. And there's a lot of great resources from a benchmark standpoint, so anything from New York wife's book of business to, you know, the Integrated Benefits Institute, you know, has a lot of benchmarking resources available. But at the same time, you know, employers are definitely at a point now that they're looking for more than someone to tell them that they're above or below an incidence or duration benchmark. And we're also at a point where technology is coming to a place where employers, insurance carriers, brokers and consultants have access to, you know, more robust tools, you know, from a data visualization perspective and the ability to link multiple data sets together. So the market is able to provide deeper reporting, so it's not just "what is your incidence rate?" It's "what is your incidence rate and why?" What are areas that you can look to improve on that incidence rate? An example that I'll give, there was a research article written by the Integrated Benefits Institute, they cited that an employee going out on leave for a family care event was a really good predictor that that employee may end up using short term disability in the future due to a behavioral health condition. And I can think to personal examples of that of that same scenario, I have a close friend that was caring for her mother with a serious health condition. And

that close friend, you know, was a really high performer at work, and ended up in a situation where she ended up having to move on to a new job because she wasn't, you know, as successful due to the stress that that created. There wasn't a program at that time to refer her into, you know, unfortunately, and the good news is, she's back and in a much better place now. But for an employer to have the ability to do that level of prediction to know that they have employees in these really stressful situations and to be able to rely on the on their vendor partners, to provide those links to the resources that they're investing in, employers are putting a lot of money and resources to improve mental health and the behavioral health of their populations and they're relying on their partners to make sure that employees are accessing those resources. But on the back end, they also want to know how those programs are performing. And like I was saying before, we're finally at a point where it's becoming much easier to link those different datasets together and do that level of deeper analysis.

Kristen 12:41

Wow. Well, Rob, you shared a lot here, I know, throughout the entire episode, about the evolving leave landscape and things that employees are really focused on and their evolving needs... I'm wondering if, kind of as we wrap up and look towards the future, if you were to really give three key pieces of advice to an employer on their absence management strategy and programming and developing that and staying future focused, what would those top three pieces of advice be?

Rob 13:14

Alright, so number one, just a reminder, my name is Rob McGee, and you can call me my phone numbers 215... I'm just kidding. But three pieces of advice - it's obviously, as you're starting this process, critically important to know where you are today and define your current state. These are programs that are definitely hard and challenging to change and it's important to document the key areas that you're looking to improve on. Number two, really define and create realistic objectives. And those realistic objectives can be a multi-year plan, you know, you may not be able to bite off wholesale redesign of all of your paid time off programs. It could mean that you want to start small in year one as you build towards some of those bigger ticket items like implementing a parental or caregiver leave program. And then number three, as recommendations, you know, are being presented upstream to senior leadership, making sure that you're using data to support those recommendations: how much the program is going to cost, what the program is going to have an impact on from an absenteeism perspective, what you might expect in terms of recruiting or a reduction in turnover, etc. Really coming up with those key measures from a data standpoint can help, you know, an employer, get these recommendations and these new programs and changes approved by senior leadership.

Kristen 14:46

Incredibly helpful! Rob, thank you, again, so much for joining me on the show today. I really appreciate you sharing your expertise and insights to kind of help us all better understand the absence leave landscape, how things have evolved, where they're going, but also, and especially, how we can all build more future forward leave management programs. So thank you again for joining me. Listeners, make sure you tune into our next episode of The Group Solutions Sit-Down where we're going to actually continue to discuss next generation absence management, and really discover more ways that we can build better futures for employers, employees, and those they love.

SOURCES:

2020 SHRM Employee Benefits Survey, Society of Human Resource Management (SHRM), February 2021.

https://shrm-res.cloudinary.com/image/upload/v1630503564/2020%20Employee%20Benefits/Benefits_Full_Report_FINAL_1.pdf

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