

Position Paper

Total Absence Management: A Solution for Managing the Cost of Absence by Investing in Employee Health

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About the Author

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Total Absence Management: A Solution for Managing the Cost of Absence by Investing in Employee Health

In response to increasing health care costs, employers have been focusing their cost management strategies on medical benefits, reducing the level of employer-provided health coverage, and increasing employee cost-sharing. However, absenteeism due to chronic as well as acute health conditions results in disability and sick leave, collectively, having a significant impact on total costs.

While most employers provide short-term and long-term disability benefits and do their best to comply with government requirements related to Family and Medical Leaves, most struggle to provide basic absence monitoring, such as calculating costs or tracking usage statistics of leave programs. Very few have an integrated, comprehensive approach toward managing employee absences.

What is needed is a Total Absence Management (TAM) solution that addresses employee absence holistically. A well-executed TAM solution is an investment in a corporation's employees that delivers a significantly positive, measurable return in corporate performance. This is accomplished by leveraging the power of a fully present, healthy, and committed workforce.

Specifically, a TAM solution includes the prevention of unnecessary absenteeism, effective leave of absence (LOA) and disability management that uses leading-edge technology and clinical expertise, a formal return-to-work program, and integration with other health management programs. This is all supported by comprehensive data integration and analytic reporting.



A TAM solution can significantly reduce employer costs and employees' overall time away from work by accomplishing the following:

- Incorporate early clinical intervention during the short-term phase of disability claims to identify rehabilitation and return-to-work opportunities that prevent the employee's condition from becoming long term.
- Through integrated data management and analytic reporting, track and understand the root causes for employee absence. This will provide employees with additional tools that will help in the recovery process, assist in the efficient and safe return to work, and help prevent subsequent, additional medically related absence.
- Support the use of Employee Assistance Programs (EAPs), condition management, and wellness programs that allow employees to preempt future medical episodes due to chronic conditions and better maintain their overall health.

Integrating Absence-Related Benefit Plans

In many companies, different types of absence are tracked under separate benefits programs or administered by different segments of HR. For example:

- Absences due to a workplace injury are covered under Workers' Compensation, while sick days are tracked under paid time off or paid sick leave. Longer absences due to nonoccupational illness or injury are covered under short-term and long-term disability.
- Benefits staff may own short- and long-term disability programs, while HR staff own sick time and leave of absence policies. Legal or Finance staff may play a role as well by taking responsibility for Workers' Compensation.

Such siloing can provide a significant barrier to effective tracking of employees' collective absences, the reasons for those absences, and the total costs due to health and disability benefits and lost productivity. It therefore provides employers with an incomplete picture of total benefits costs and the impact of absenteeism on the bottom line. Additionally, when benefits are administered separately, it's easy for one group to make changes to its programs without informing the other groups, and these policy or process changes can have adverse effects on the other programs. In addition, potential synergies are lost when siloing occurs due to the specific focus on the benefit that is administered rather than focusing on the employee who has an absence and may use multiple types of lost-time benefits over time. By focusing on the employee, each lost-time event can be managed as a TAM solution for that employee.

A TAM solution brings together traditionally separate absence-related benefits programs so that employers gain a comprehensive view of

what is driving employee absenteeism and disability. It provides employers with the tools they need to:

- Integrate absence incident reporting across all benefits;
- Assess/benchmark the full costs of health, disability, and absence-related benefits, and lost productivity; and
- Develop or improve absence management and health benefit programs to further streamline processes, improve employee health, and reduce absenteeism, disability, and ultimately costs. This all supports an integrated, preventive approach toward absence management.

Additionally, integration of processes and their administration also helps eliminate overlap across programs, simplify and streamline the processes, curb opportunity for misuse, and maximize outcomes. It makes it easier to adhere to the multitude of federal, state, and/or municipal requirements that govern absence-related programs.

Absence management programs integrate two or more of the following benefits into one program:

- Incidental time off for vacation, personal needs, holidays, and illness
- Family and Medical Leave and other leaves of absence
- Short-term disability
- Long-term disability
- Workers' Compensation

Integrating Health Plans and Clinical Experts Into Absence Management

Clinical experts provide the knowledge needed to ensure that an absence addresses the employee's needs while bringing the employee back to full productivity as soon as possible.

In addition to integrating absence-related benefit plans, employers should promote collaboration between their absence plan administrator and their health benefit plans. Employers need to ensure that health and disability providers communicate regularly in order to achieve optimal processes and tracking. This integration improves an employee's return-to-work success through increased communication between medical caregivers and disability providers. In addition, integration between health and disability programs streamlines communication for disability claims, referral to EAPs, and recommendations for enrollment in condition management and wellness programs.

Use of clinical experts is another key component of a successful absence management program, focusing efforts on the optimal time for getting the employee back to work. Clinical experts serve as liaisons between insurance carriers, the employer,

employees, and medical providers. By helping evaluate conditions and medical information in terms of the functional status of the employee and the employee's specific job requirements, clinical experts can determine the appropriate time when it is medically appropriate for the employee to return to work, including temporary work restrictions, if required. Additionally, they ensure that the recovery process for the employee is an active one—one that is better for both the employee and the company—and that the employee is able to be 100 percent productive sooner. Clinical experts are also key partners in helping the medical provider understand the functional requirements of an employee's job and other health-related issues that will help keep the employee healthy and productive upon his or her return to work. They also play an important role in linking the employee to other specialty health programs.



Adding Specialty Health Programs to the Mix

When EAP, condition management, and wellness programs are tied into a TAM solution, disability and leave administrators are able to track and monitor the benefits each employee derives from these programs.

Typically, the process associated with a TAM solution that incorporates condition management is as follows:

- An employee initiates a request for time away from work (scheduled or unscheduled).
- When the employee presents the appropriate information to validate the event, based on the employee's health condition, the employee is referred to a program specific to his or her condition. This program focuses on providing information that will encourage the employee to change behaviors or habits (eating, exercise, etc.) that negatively impact his or her health and productivity. This will also help the employee better manage any chronic health conditions, thereby reducing future risk for absence or acute health care episodes.
- Participation and compliance with the program are then expected to result in the employee's earlier return to health and productivity and a reduction in the amount of medically related lost time or additional health care costs.

According to Hewitt's 2008 summary of survey findings, *The Road Ahead: Driving Productivity by Investing in Health*, it appears that employers expect

employee utilization of disability and leave of absence programs to increase. At the same time, providers of condition management and wellness services are looking for ways to increase employee participation. Focusing condition management and wellness initiatives on the employee population that needs it most will help reduce costly medical expenses, disability claims, sick leave, and lost productivity due to medically related absenteeism.

To achieve maximum participation in condition management programs and help reduce medically related absences, employers may consider offering incentives tailored to their specific employees. Employers that have collected accurate absence and disability data can offer specific programs that would most benefit their at-risk employees. The collection and analysis of this employee-specific health-related data must be done by an independent organization, in compliance with HIPAA regulations. For example, if an employer analyzes its absence and disability data and finds that a higher than expected number of events is due to diabetes, that employer may waive the prescription drug copay for employees with diabetes who enroll in a condition management program.

An effective health management strategy combines cost-effective health benefits with EAPs, condition management, and wellness programs.

- EAP efforts focus on providing support and guidance for behavioral health episodes and/or conditions.
- Condition management programs help employees manage their chronic illnesses in order to prevent more severe medical episodes from occurring.
- Wellness programs provide incentives for employees to exercise, quit smoking, receive health screenings, and practice other healthy lifestyle behaviors. Employees become active partners in the health management process and assume more accountability for their continued health management.

Capturing and Integrating Data

Accurate incident reporting and data collection are essential to integrating absence management with condition management.

Incidence tracking and analysis of conditions prevalent within an employee population can generally occur in two ways.

- **Disability claims:** Employers can evaluate the most common employee illnesses by first examining their disability claims, and then evaluating the events that preceded disability events for those claimants. Trends associated with physician visits, prescription drug usage, emergency room visits, and hospital admissions begin to emerge. This could also include incidental “sick leave” absences prior to the disability claim. Disability events due to chronic illness can then be identified, and employees can be referred to a wellness or condition management program appropriate for their condition as a way to promote preventive or follow-up care, reduce the duration of the absence, and help prevent future episodes.
- **Current incidental absences and health insurance usage:** Tracking can work in the opposite way as well. By collecting total population data on the reasons and patterns for incidental or consecutive sick days and medical and prescription drug usage, employers can identify those conditions most prevalent within their participating employee and dependent population. Personally identifiable health information is protected and is always maintained in these types of analyses. What is important to employers is the trend, pattern, or differences among different work groups, rather than any personally identifiable health information about an employee.

Employers can then develop a proactive approach that incorporates broad wellness initiatives or specific condition management programs that focus

The collected information can be used to:

- Provide timely responses to employees to help them manage their health before, during, and after disability; and
- Tailor program offerings to an organization’s specific employee populations.

on those particular conditions and offer incentives to encourage employee participation. This strategy aims to encourage employees with certain conditions or unhealthy lifestyles to improve their health and otherwise healthy employees to continue practicing healthy behaviors.

A data set that encompasses absences related to medical and nonmedical causes, injury and illness, family needs, and personal time allows employers to understand the full cost of absence in the workplace—from the first day absent until the day the employee returns to work. When this data is married with health care information, an employer is able to quantify the full cost of an absence by incorporating the medical expenses with the total costs associated with the lost-time event.

With this assessment, employers acquire the ability to take absence management to the next step, integrating absence-related benefits with health benefits, viewing employees holistically. This opportunity ensures proactive interventions in disability, leave, and health management while allowing employers to adjust their benefit programs to achieve optimal outcomes and practices.

Integration of Technology and Automation

New technologies and automation can help streamline disability, absence, and health tracking for employers and employees.

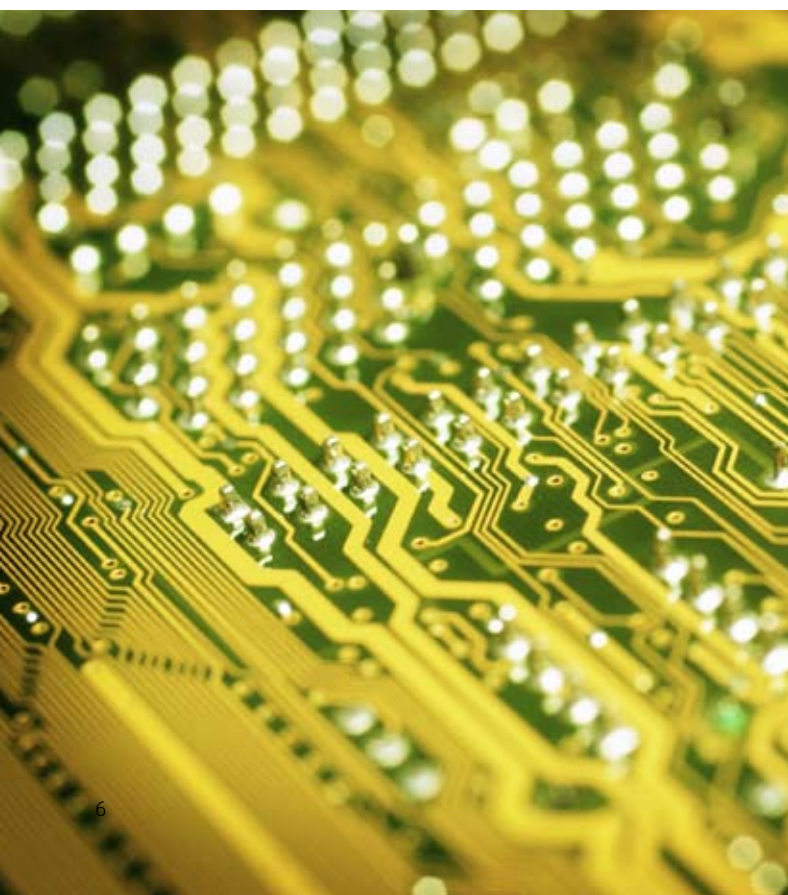
Automating leave of absence, disability, and condition management programs can be particularly effective, since technology provides ways to automatically generate and track communications and events. For example, on the preventive end of the spectrum, employees with diabetes may benefit from regular reminders to visit their physicians for circulatory checkups in order to avoid potential adverse medical events, such as an amputation, that would lead to disability.

Or, if an employee files a disability claim, the condition management provider could be automatically notified. The health providers would then coordinate with the disability provider to ensure that the employee is receiving treatment with the goal of returning the employee to work.

For consecutive incidental absences within a specified time period—for example, the fourth absence over a three-month period—a specialty resource would be alerted to contact the employee to discuss whether he or she may benefit from a condition management or wellness program.

Referrals and follow-up made by the disability case manager are entered into the claim management system database and tracked, thereby permitting continuous analysis of the absence and medical outcomes that result from an employee's participation in the condition management or wellness program. This additional data is integrated and readily available for concurrent and postdisability management. This permits continuous support to employees and encourages the proactive behaviors that are important for employees as they take responsibility for their health.

When employees return to work from an illness or injury, employers should provide not only adjustments to their work schedules or environments, but also encouragement for the employees to proactively manage their chronic conditions that led to the disability. The employees should be encouraged to enroll in condition management programs if they have not done so already, or to consult with condition management or wellness support representatives to discuss how they can avoid future episodes and maintain their health. This may involve regular reminders to the employees to continue taking prescription medication and receive therapy to recover from their conditions, or to enroll in corporate wellness programs—such as smoking cessation, free screenings, or weight management—to improve the employees' overall health.



Integrating Measurement Scorecards

To measure the success of program integration, and to ensure vendor partners are interacting and supporting integration strategies, it's important for employers to measure their outcomes.

As employers assess their results each quarter, a scorecard tool can be used to help provide comparative information. This information can be accessible to the entire corporation or made available in a more detailed way, such as by individual business unit, work group, product line, or work location. Analyses of this type that focus on internal benchmarking can be very powerful in understanding root causes of high absence and health care costs, as well as possible interventions that support continuous improvement in outcomes. Scorecard categories are developed at a program level, such as condition management or disability, and then are expanded to focus outcomes by disease state. For condition management, employers may consider including the following category measures on their scorecard:

- **Medical costs and utilization**, including total cost per member, average length of stay, emergency room visits, and doctors' visits
- **Prescription drug costs and utilization**, including total costs per member, condition-specific scripts per member, and condition-specific costs per member
- **Absence management**, including disability days and duration, condition-related disability days and costs, and condition-related disability length of stay
- **Health risk**, including percentage of population at risk, aggregate risk score, high-cost claimants, and average costs for high-cost claimants

Subsets of outcome measures for a specific disease among an employee population may also be

derived. For diabetes, for example, measures may include incidents, average duration, and total lost days associated with the disease. All metrics should be rate-adjusted so that accurate internal benchmarking, trending, and cross-tab views are analyzed.



Other categories might include the number of members participating in a condition management program compared to referrals and the success rate of program compliance. Once the category measures have been established, the employer's vendors can begin to report information by the scorecard format, which will allow the employer to conduct a quarterly comparison and determine whether action is required to improve results.

Conclusion

As highlighted in Hewitt's 2008 employer survey results, businesses have a great need to "manage improvement of health and well-being with a positive impact on the bottom line through better productivity." An investment in a Total Absence Management solution provides a unique opportunity to directly influence improved productivity while achieving lower health care costs and other significant costs associated with absenteeism. A Total Absence Management solution embraces the entire spectrum of health-related productivity, including prevention, clinical case management, clinical care management, return-to-work strategies, data integration and analysis, and program design. It provides the support that enables employees to assume greater accountability for their health while increasing their commitment to their organization. The success of a TAM Solution optimizes not only the individual health of the employee, but also the financial health of the employer. These are both very high returns on this investment.

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