The 2017 Guardian Absence Management Activity Index℠ and Study

Raising the Bar on Employee Leave Practices and Outcomes

GUARDIAN®

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Introduction

Guardian's latest research confirms that U.S. employers have been intensifying their absence management efforts as the nation's leave laws and regulations continue to evolve. Employers are required both to maintain compliance with existing laws and corporate policies and to keep up with the latest provisions of the Affordable Care Act (ACA), federal and state Family and Medical Leave Act (FMLA) and Americans with Disabilities Act (ADA), and statutory disability and workers' compensation laws.

New federal, state, and local leave laws have emerged pertaining to family care, parental leave, and/or sick time. In 2016, at least five states (including New York) and 26 jurisdictions passed paid sick leave laws. More employers developed their own corporate policies for paid parental and/or family leave and absence management programs expanded. In effect, the desire to reduce absenteeism and improve productivity remains at the core of many employers' goals.

The heightened level of market interest is reflected in our 2017 Guardian Absence Management Activity Index℠. Following several years of constancy, the Index (which measures the level of employer effort and activity to manage absences) improved by nearly 20%. The upward trend represents a cross-section of employers, yet the acceleration of activity was even more pronounced among certain segments.

In 2012 we identified the **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.

This year's study validates that increasing absence management activities and applying the five best practices produce more favorable outcomes. Our findings also support the value of a continuous improvement philosophy to measure progress and identify ways to enhance key elements of an absence management strategy.

We hope you find the insights from our 2016 research helpful in advancing your company's efforts to better manage workforce health and productivity.

A Continuous Improvement Approach to Managing Employee Absences

Step IV
Identify
Improvement
Opportunities

Step I
Obtain Buy-in &
Set a Strategy

**The Five
Best
Practices**

Step III
Measure &
Evaluate

Step II
Communicate &
Implement

The Five Best Practices:

Full RTW program | Access to reports

Health management referrals | Central intake portal

Same resource for STD & FMLA leaves

About the Index

The Guardian Absence Management Activity Index℠ is derived from a series of questions that measure the degree to which an employer is implementing absence management activities within their 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 — not advanced, moderately advanced, or highly advanced — in terms of their level of absence management maturity.

The average Index score across all employers surveyed in 2016 is **4.4** on a 10-point scale, up from **3.7** in both 2014 and 2012.
- Scores for the not advanced category range from 0 to less than 3.28
- Moderately advanced companies score 3.28 to less than 5.15
- Highly advanced employers score 5.15 or higher
- The percentage of employers in each category is: 37% not advanced, 25% moderately advanced, and 38% highly advanced

An analysis of aggregated Index scores and self-reported outcomes (e.g., shorter durations, lower incidence, increased productivity, improved compliance) reaffirms the five best practices of an absence management program. The same five practices — first identified in 2012 — continue to be the strongest predictors of positive absence management outcomes.

The 10 Elements of the Absence Management Activity Index

THE 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 Short Term Disability (STD) and FMLA Leaves

FIVE SUPPORTING ACTIVITIES
6. Offer Wellness/Prevention Program
7. Offer Wellness Program Incentives
8. Integrated Disability/FMLA Reporting
9. Disease Management Referrals
10. Centralized STD/FMLA Administration

Guardian Absence Management Activity Index
2016 Results

Average
4.4

0 | 10

0-3.27	3.28-5.14	5.15-10
Not Advanced	Moderately Advanced	Highly Advanced
37% of employers	25% of employers	38% of employers
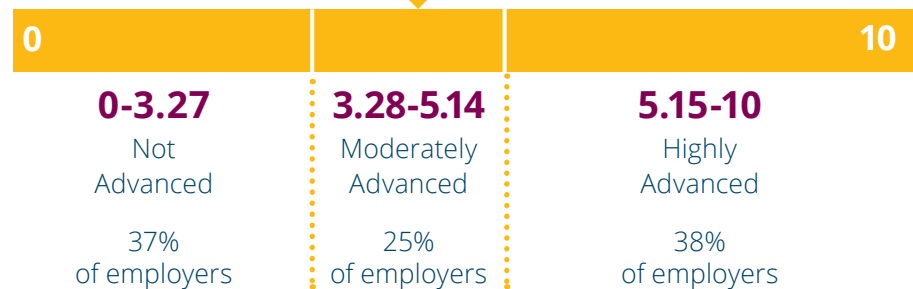
For more details on the Index or to benchmark your company's absence management practices, check out the **Guardian Absence Management Scorecard℠** on **GuardianAnytime.com.**

Executive Summary

1 Marketplace Activity Is Heating Up

In the past two years, more U.S. businesses appear to be making leave administration a higher priority — and it shows. The Guardian Absence Management Activity Index improved significantly over results from 2014. Notably, changes were most pronounced among firms with 250 to 1,000 employees as they begin to catch up with larger firms in recognizing the importance of a sound, well-executed absence management strategy.

2 Compliance Concerns Drive Outsourcing and Integration Trend

Employers are facing an ever-expanding set of state and local leave laws. The complex interaction of government requirements and corporate policies are increasingly becoming a burden on employers, many of whom are seeking ways to leverage external vendors to help ensure the compliance of their plans and to integrate their programs in a more efficient manner.

3 Managing Absence in a Culture of Workforce Health and Productivity

Absence management is not just about regulations and compliance. For many companies, it is about attracting and retaining a productive workforce that actively contributes to the mission of the organization in a manner that is safe and healthy for all parties involved. Beyond benefit plans, leave policies, and return-to-work efforts, health management initiatives, such as employee assistance programs (EAPs), wellness programs, disease management, and others, also work toward this goal.

4 Employer Efforts Are Paying Off

More employers now are able to produce meaningful reports, access real-time data, and partner with vendors to get the analysis and metrics they need. Technology is enabling all parties to do more, see more, and communicate progress to senior management at a time when budgetary constraints are considerable. Companies with highly advanced leave administration practices are making even greater progress and achieving more positive outcomes in 2016.

5 Making the Business Case for Absence Management

The decision to establish or change a company's approach to managing employee leaves generally involves a number of functional areas, impacts benefits plans and policies, and may require modifications to multiple processes. Lessons can be learned from employers that have successfully gained senior management support for creating an effective absence management strategy. The most advanced companies follow a proven set of steps in evaluating their options and in making a strong business case.

1 Marketplace Activity Is Heating Up

Employers of all sizes and industries are making progress

. . . .

"Effectively managing absence requires us to remain cognizant and ready to respond to proposed and adopted changes to employee leave entitlement in several states. In Minnesota alone, we already had state family and medical and parental leave and the large metropolitan areas of Minneapolis and St. Paul have recently passed required paid sick leave."

Jane Ryan
Section Head — Return to Work Services
Mayo Clinic

Companies are placing greater emphasis on their leave administration practices, as measured by the Guardian Absence Management Activity Index℠

More U.S. businesses are getting serious about managing employee leaves. They are putting new practices in place or refining existing processes to boost workforce productivity and, perhaps more importantly, to ensure compliance with federal, state, and local laws.

Just how serious employers have become is evident in the effort they are making to improve their results. In 2016, nearly one-third of companies indicated they are putting forth a major degree of effort to improve their absence management practices, up from 22% two years ago.

As a result of stepping up their efforts, the average Index score for all employers surveyed has improved to 4.4, up from 3.7 in 2014 and 2012 — a 19% increase.

Guardian Absence Management Activity Index Score
Trended Average

2016	**4.4**
2014	**3.7**
2012	**3.7**

The level of effort employers make to manage and reduce absenteeism is positively correlated to their Index scores and level of advancement. Those that report making a high degree of effort to build up their absence management approach have an Index score of 5.7 compared to a 3.1 score for those making little to no effort.

Guardian Absence Management Activity Index Score
By Degree of Effort

Major effort	**5.7**
Minor effort	**4.1**
Little/No effort	**3.1**
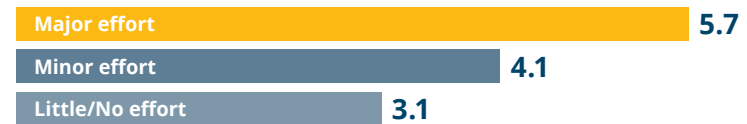
Consistent with the positive trend on the Index average, a greater proportion of employers (38%) also achieved a "highly advanced" status in 2016 compared to 22% in 2014 — a significant shift in the past two years.

Similarly, fewer employers are categorized as "not advanced" in their absence management activities — just over one-third vs. nearly half in 2014.

Level of Absence Management Advancement

	High	Moderate	Not Advanced
2016	38%	25%	37%
2014	22%	29%	49%
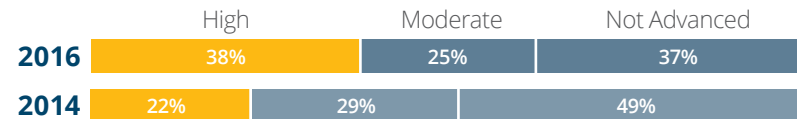
Efforts to increase absence management activity intensified across all employer segments, especially among medium-size firms

Large companies (1,000 or more employees) continue to be more advanced in their absence management activity compared to smaller firms. But the slower, steadier progress of small and medium-size employers ramped up considerably in 2016.

Medium-size firms (250-999 employees) experienced the most significant improvement compared to two years ago (a 23% increase in the Index average). Meanwhile, smaller firms (50-249 employees) also made impressive strides with a 16% improvement in their Index score — equal to the gains of large companies.

Guardian Absence Management Activity Index Score
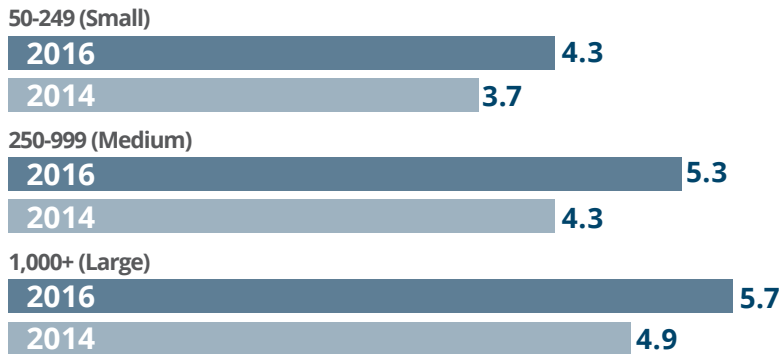*Average Scores by Number of Employees*

50-249 (Small)

2016	4.3
2014	3.7

250-999 (Medium)

2016	5.3
2014	4.3

1,000+ (Large)

2016	5.7
2014	4.9

Small and medium-size companies experienced the greatest gains in terms of the proportion achieving the "highly advanced" status. Just 19% of smaller firms met the highly advanced criteria in 2014; that figure nearly doubled to 34% in 2016 — a 79% increase.

6 in 10 large employers are highly advanced in their absence management practices — up from 47% two years ago.

Increase in Highly Advanced Employers (2016 vs. 2014)
By Number of Employees

50-249
+79%

250-999
+61%

1,000+
+28%
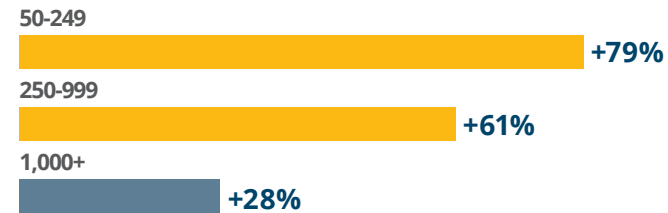
All businesses, regardless of size, report similar levels of activity on one of the five best practices: having a formal **return-to-work policy**. Roughly 7 in 10 employers indicate that they actively seek the safe return of employees to productive work following a disability leave.

Absence management sophistication varies by industry and geographic spread of employees

Success in leave administration depends greatly on a company's culture, senior leadership support, and the degree of concerted effort put forth. Yet, for certain types of companies, the need to focus on absence management practices is linked more to their industry and organizational structure.

Companies with employee populations that are more geographically dispersed, and thereby subject to more state and local regulations, have higher Index scores and are more highly advanced than others.

- In particular, companies that operate in five or more states score a 5.1 on the Index and 50% of them are highly advanced, compared to those that have employees in just one state (4.2 Index score and 34% are highly advanced)

Absence Management Activity/Advancement
By Number of States with Employees

	One	Two to Four	Five or More
Index score	**4.2**	**4.7**	**5.1**
% Highly advanced	**34%**	**40%**	**50%**

And firms with highly educated or professional employees tend to be more advanced in their absence management activity and have certain expectations of how leave requests should be handled.

- The finance/insurance, education, and professional/technical sectors are somewhat ahead of others; they achieve slightly higher scores on the Index and higher levels of advancement
- Healthcare, perhaps more than any other industry, has made considerable progress in the past two years to improve productivity and manage rising benefits costs while addressing workforce wellness

Industries with the Highest Activity/Advancement

Industry	% Highly Advanced	Index Score
Finance/Insurance	**52%**	**4.9**
Education	**49%**	**4.8**
Professional/Technical	**44%**	**4.8**
Healthcare	**35%**	**4.5**
Manufacturing	**37%**	**4.4**
Retail/Wholesale	**28%**	**4.2**
Services	**36%**	**4.2**

Progress is being made across the board

The level of employer activity in applying each of the five best practices increased in 2016 compared to two years ago. Improved results on each practice points not only to the importance of making continual adjustments, but the impact of doing so through streamlined processes, increased use of technology, and enhanced communication.

Five Best Practices	2014	2016	Percent Increase	
Full RTW Program	62%	71%	+17%	Employers recognize that a **return-to-work** program is no longer an option. Ongoing clarification of the ADA and growing scrutiny from the Equal Employment Opportunity Commission (EEOC) and the Department of Labor (DOL) signal that employer processes must be buttoned up. In fact, 71% of employers (vs. 62% in 2014) are actively seeking ways to return employees to work.
Reporting Capability	55%	60%	+9%	**Comprehensive claims/absence data reporting** has become a requirement for a well-run program. It is encouraging that more than half of employers indicate they can produce or obtain a broad range of reports.
Health Management Referrals	44%	54%	+23%	As employers strive to improve communication across their various benefits programs, the level of **health management referrals** is increasing (54% in 2016 vs. 44% in 2014).
Centralized Intake	23%*	32%**	+39%	Some employers have expanded their use of a **centralized portal** (phone or online) beyond STD and FMLA leaves to include ADA leave, workers' compensation, or other leave types.
Same Resource for STD & FMLA Leaves	28%	40%	+43%	4 in 10 employers are using the **same department or vendor to administer both STD and FMLA leaves** (up from 28% in 2014). Doing so makes for a better and more efficient overall experience — for the employee and employer.

*23% for STD or FMLA; 12% STD, FMLA, and Leave of Absence (LOA); **32% for STD or FMLA; 15% STD, FMLA, and LOA.*

Return-to-work programs are gaining traction and contribute to improved 2016 Index scores

7 in 10 companies surveyed (up from 6 in 10 in 2014) are focusing on ways to actively return employees to work when they are out on disability.

- Firms that are highly advanced in their absence management practices are the most likely to be applying an RTW program (89%)
- An "active" approach is key; employers that are passive or reactive in their methods likely have separate policies or have no policy at all

Active Return-to-Work Program
By Level of Advancement

Highly advanced	89%
Moderately advanced	70%
Not advanced	52%
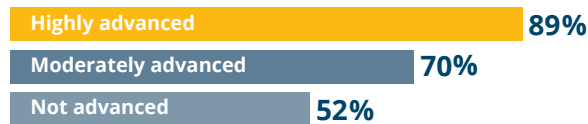
And nearly 3 in 4 firms that actively seek ways to safely return employees to work apply their RTW program to disability and workers' compensation leaves.

Active Return-to-Work Program
By Leave Type

Both disability & workers' compensation	73%
Workers' compensation only	15%
Disability only	12%
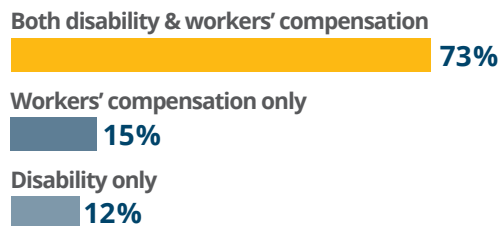
In 2016, employers are more likely to have incorporated a formal written policy and nurse case management as part of their RTW process.

- Not surprisingly, firms that use the same external vendor for their STD and FMLA administration have a more sophisticated RTW process, including a written RTW policy (91%), and use nurse case managers (59%)

Active Return-to-Work Program
2016 vs. 2014

Have a written RTW policy

2016	75%
2014	66%

Use nurse case management

2016	42%
2014	31%

Companies in the manufacturing sector are more likely than others to actively seek ways to return employees to work and to apply their RTW program to both disability and workers' compensation.

2

Compliance Concerns Drive Outsourcing and Integration Trend

As marketplace capabilities mature, employers have more options to maintain compliance

"In order to continue to provide a strong focus on compassion, consistency, compliance, and efficiency during this period of significant growth for our system, we recently made the decision to use dedicated and expert outside resources to administer our leave of absence program."

Nicole McKernan
Employee Services Director — HR Shared Services
Adventist Health System

Employers are increasingly concerned about being in compliance with evolving FMLA, ADA, and disability-related regulations

Given the recent acceleration of change in disability and leave regulations, many employers are having difficulty keeping pace with the new requirements as well as with amendments to existing laws. And many firms are trying to determine what additional corporate leave policies they must adopt to remain competitive with peer companies.

U.S. businesses are still struggling with many of the same compliance challenges they faced in 2014, but apparently to an even greater extent. For example, the three most difficult areas related to managing **disability leaves** are: coordinating different types of absences (e.g., disability and FMLA, disability, and vacation time); ensuring fitness for duty before returning employees to work; and applying the Americans with Disabilities Act (ADA) and Amendments Act (ADAAA) to their process. More employers rate each of these as challenging in 2016.
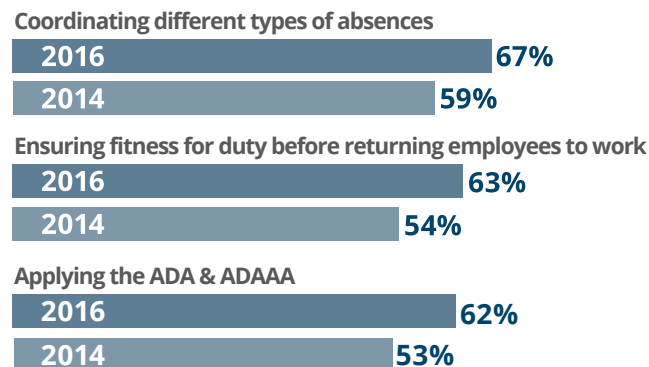
As for managing **FMLA leaves**, the most challenging areas for employers include: interpreting federal and state laws; keeping track of intermittent FMLA leaves; and transferring employees to alternative positions. And each of these areas is rated as challenging by more employers in 2016.

The overlap of employer challenges in managing disability and FMLA leaves — particularly with establishing return-to-work policies and applying ADA — signals just how important it is for companies to adopt a more integrated approach. Doing so can help streamline the process, alleviate confusion, and ultimately ensure tighter compliance.

Top Challenges in Managing Disability Leaves

Coordinating different types of absences
- 2016: 67%
- 2014: 59%

Ensuring fitness for duty before returning employees to work
- 2016: 63%
- 2014: 54%

Applying the ADA & ADAAA
- 2016: 62%
- 2014: 53%

Top Challenges in Managing FMLA Leaves

Interpreting federal & state leave laws
- 2016: 68%
- 2014: 58%

Keeping track of intermittent FMLA leaves
- 2016: 66%
- 2014: 61%

Transferring employees to alternate positions
- 2016: 65%
- 2014: 52%
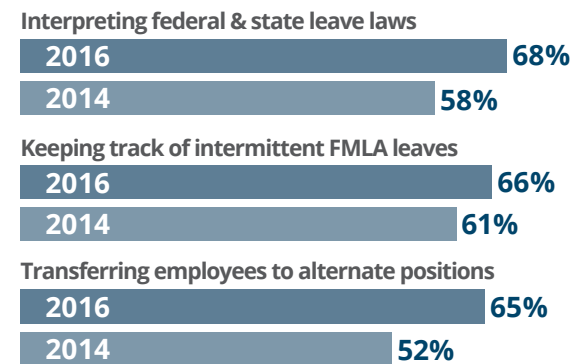
Companies with at least 250 employees report greater difficulty managing disability and FMLA leaves compared to smaller firms. Of course, the larger the company, the more leave laws that may apply, the more locations and job possibilities to review, and the more stakeholders typically are involved in the process.

The proliferation of state/local leave laws and variations in corporate policies add further complexity

New and amended leave laws can result in confusion or "gray areas" for employers to navigate. Furthermore, they often expand the number of leave types companies are required to manage. And more employers are scrambling to establish their own policies and determine how best to administer various leave policies. Companies consider a number of issues, including how different absences interact, whether time taken should run concurrently, and the ways employee pay should be applied.

In 2016, **paid parental leave*** is offered by about one-third (34%) of employers surveyed and the propensity to do so increases with employer size and advancement level. The likelihood of offering paid parental leave is even greater among highly advanced employers outsourcing STD and FMLA administration to the same vendor (62%).

Employers Offering Paid Parental Leave

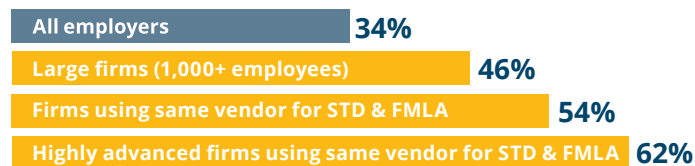|	
All employers	34%
Large firms (1,000+ employees)	46%
Firms using same vendor for STD & FMLA	54%
Highly advanced firms using same vendor for STD & FMLA	62%

With the continued momentum of **statutory paid leave** and rumblings that a single leave mandate may be in our future, employers of all industries and size segments (and the vendors that serve them) will be compelled to strengthen their absence management practices — from their use of technology and outsourcing to appropriately applying state and local leave laws.

Nearly two-thirds of employers track **ADA leave as an accommodation** and increasingly so with employer size and advancement level.

Employers Tracking ADA Leave Accommodations

All employers	65%
Large firms (1,000+ employees)	75%
Highly advanced firms	73%

Of note, companies in the professional, high-tech, and healthcare sectors are more likely to offer paid parental leave, while finance/insurance companies are more likely to accommodate ADA leaves.

Sick leave is now a paid benefit for a vast majority of employers (87%), but to an even greater extent among highly advanced firms and those using the same vendor for STD and FMLA administration.

Employers Offering Paid Sick Leave

All employers	87%
Highly advanced firms	95%
Firms using same vendor for STD & FMLA	98%

These trends suggest that more and more employers will offer additional leave types and benefits as they move up the Guardian Absence Management Activity Index℠ and will be expecting their outsourced STD and FMLA administration vendors to manage those benefits on their behalf in the near future if they aren't doing so already.

The study did not clarify whether paid parental leave is a separate policy or assumed to be part of disability or other existing leave types; however, the results suggest interest is high and expected to increase.

Outsourcing STD and FMLA administration continues to rise as more employers leverage external resources and capabilities

1 in 3 employers outsource both their STD and FMLA administration, twice as many as two years ago (16%). And most of those companies outsourcing their STD and FMLA administration use a single vendor to handle both leave types — more than double the 2014 level (28% vs. 12%). Notably, companies in the healthcare and services industries are even more likely to outsource STD and FMLA administration to the same vendor.

STD & FMLA Administration Models

2014: 18%, 12%, 4%, 66%

2016: 14%, 2.9%, 5%, 52%

- 🟧 Both external, same vendor
- ⬜ Both external, different vendors
- 🟦 STD external, FMLA internal
- 🟦 Both internal
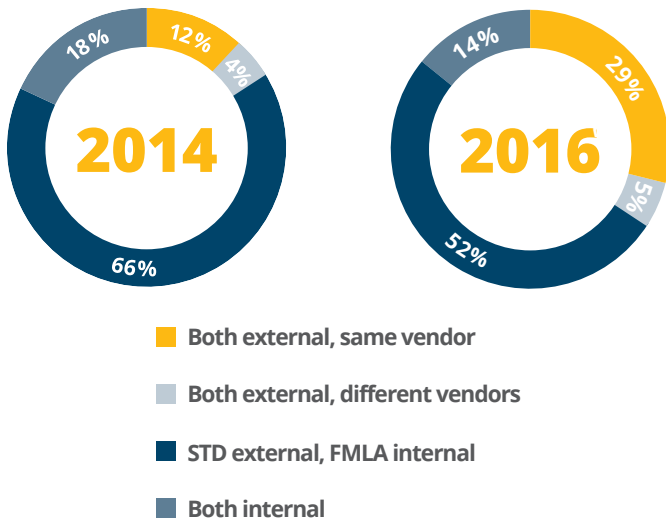
Employers are using insurance carriers more often as their vendor when outsourcing STD and FMLA administration. The sharp increase is mainly attributable to a greater share of small and medium-size firms leveraging the Family and Medical Leave services of their STD carrier.

Type of Vendor Used for STD & FMLA Administration

Insurance company
2016 — 70%
2014 — 43%

Third-party administrator
2016 — 27%
2014 — 47%

Some other vendor
— 3%
2014 — 10%
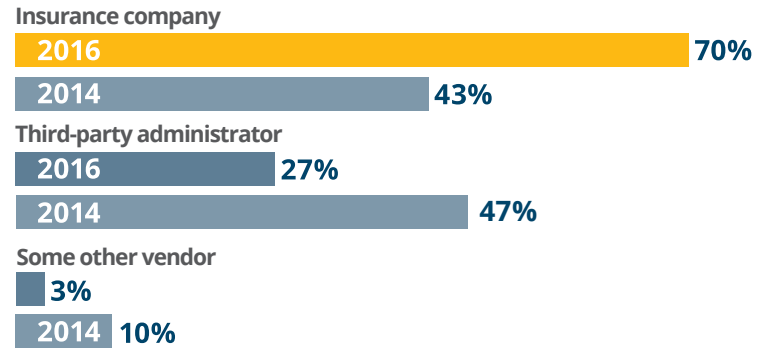
Using external resources to support a company's leave administration is no longer limited to the largest employers as it was in years past. Increasingly, vendors are making their services available to companies with as few as 50 employees, and these smaller firms appear to be welcoming the help.

- 1 in 3 medium-size businesses (250-999 employees) — three times as many as two years ago — now outsource STD and FMLA administration to the same external vendor

Use Same Vendor for STD & FMLA Administration
By Number of Employees

50-249
2016 — 26%
2014 — 11%

250-999
2016 — 36%
2014 — 12%

1,000+
2016 — 34%
2014 — 26%
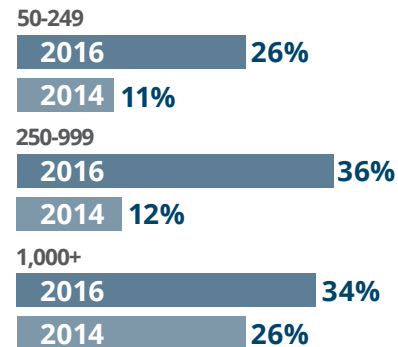
Using the same external vendor for STD and FMLA administration yields more positive results

Employers that outsource STD and FMLA management to the same external vendor are addressing not only their compliance concerns, but the overall effectiveness of their leave administration process (e.g., a single claim manager to handle both STD and FMLA claims).

STD/FMLA Claims Management in Single Vendor Model

70%

Claims Manager

30%

■ Same claims manager

■ Two different claims managers
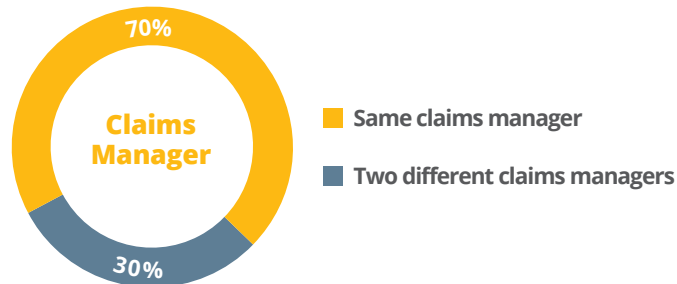
A clear and positive correlation exists between using the same resource for STD and FMLA administration and an employer's Index score and level of advancement. Those using a single external resource for STD and FMLA administration have significantly higher Index scores and advancement levels compared to those using different external resources.

Effectiveness of STD & FMLA Administration Models

	Both External, Different Vendors	Both External, Same Vendor
Index score	2.8	5.9
% Highly advanced	14%	65%

Making **ADA accommodations** and managing **intermittent FMLA leaves** are among the most challenging aspects of leave administration. When different departments or vendors handle these complex processes, only about 4 in 10 employers feel they are very effective. This is compared to about 5 in 10 that feel they are effective when the management of STD and FMLA leaves is through the same external vendor.

Regarding the **intake process**, employers report an integrated and outsourced approach for STD and FMLA leaves is more effective (+15%) than when different departments or vendors are involved. The same is true for **initial notification packets**, which are sent to claimants to inform them of their rights and responsibilities in taking a leave (+22%).

Effectiveness of Various Processes by STD & FMLA Administration Model
Employers Rating "Very Effective"

Intermittent leave
| Same external vendor | 53% |
| Not the same dept./vendor | 38% |

Initial notification packet
| Same external vendor | 66% |
| Not the same dept./vendor | 51% |

ADA accommodations
| Same external vendor | 48% |
| Not the same dept./vendor | 39% |

Intake of claim or leave
| Same external vendor | 66% |
| Not the same dept./vendor | 56% |

Centralized administration is on the rise and expanding to other leave types beyond STD and FMLA

Managing STD and FMLA leaves together — even if the resources are internal — is a step in the right direction for most companies. In 2016, an increasing number of employers report using the same internal department or external vendor to administer both STD and FMLA leaves (40% vs. 28% in 2014).

More employers are integrating additional leaves with their STD and FMLA administration. In 2016, roughly 3 in 10 employers use the same STD/FMLA leave resource to handle their long term disability (LTD), workers' compensation or paid time off (PTO) leaves.

Use Same Resource (Internal or External)

STD & FMLA
- 2016: 40%
- 2014: 28%

Leave Types Managed by Same STD/FMLA Resource

LTD
- 2016: 32%
- 2014: 23%

Workers' compensation
- 2016: 30%
- 2014: 21%

Sick/Vacation leave or PTO
- 2016: 30%
- 2014: 18%

Leave as an ADA accommodation
- 2016: 17%
- 2014: 13%

Highly advanced companies that use the same resource for their STD and FMLA administration are more likely than other firms to also integrate their LTD, workers' compensation, PTO, and parental leave benefits.

Leave Types Centralized with STD/FMLA Resource
By Level of Employer Advancement

LTD
- Highly advanced: 44%
- Not advanced: 32%

Workers' compensation
- Highly advanced: 54%
- Not advanced: 22%

Sick/Vacation leave or PTO
- Highly advanced: 64%
- Not advanced: 21%

Parental leave
- Highly advanced: 65%
- Not advanced: 18%

Of note:

- Smaller firms are more likely than larger companies to achieve centralization of their STD, FMLA, and ADA administration, mainly because they have fewer locations to coordinate and often fewer departments or divisions that need to be considered
- Companies in the professional, high-tech, and manufacturing sectors are more likely to take a centralized approach to leave administration

Employers that still use in-house resources are migrating to a co-sourcing model for needed expertise or technology

Wider availability of vendor technology also is important to employers that continue to rely on internal resources to administer their leave management programs.

While a majority of employers use their own in-house systems to handle at least some aspects of STD and FMLA administration, increasingly they are purchasing or leasing external systems to complement or enhance their in-house capabilities, particularly for managing FMLA leaves. Notably, at least 1 in 6 firms continue to use a manual paper process.

Leave Administration Processes
Among Employers Who Handle Leave Administration In-House

	Internally Developed Systems	Externally Developed Systems	No Systems, Paper Files Only
STD/Salary continuance	56%	21%	17%
FMLA leaves	61%	23%	21%
Sick/Vacation or PTO	64%	25%	16%
Leave as an accommodation	60%	18%	19%

Employers that co-source to gain access to certain vendor capabilities increasingly use software-as-a-service (SaaS) based systems. In 2016, 20% of employers handling administration in-house use SaaS-based systems vs. 10% in 2014, and twice as many medium-size companies (500-999 employees) use SaaS compared to the average.

Use of SaaS Software for Leave Administration
Among Employers Who Handle Leave Administration In-House
By Number of Employees

50-99	12%
100-499	26%
500-999	40%
1,000-4,999	30%
5,000+	16%
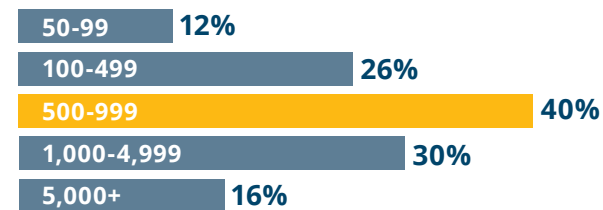
But more employers recognize the value of centralizing and using a single source for managing their STD and FMLA leaves. Among firms not using a single resource for STD and FMLA administration, just over half — and 74% of large firms — express interest in having a single team manage all absences through one common process.

Interest in Single Process to Manage All Absences
Employers Very or Somewhat Interested
By Number of Employees

50-249	50%
250-999	65%
1,000+	74%

3 Managing Absence in a Culture of Workforce Health and Productivity

A healthy workforce is a productive workforce

"As our absence program has matured, we have been able to continually step back and consider how to link our health management efforts with our STD, FMLA, and other leave programs. For example, actually having a health coach engage with every STD claimant to see how they might be helpful in managing that individual's condition or situation."

Jennifer Young
Director, Benefits
Waste Management, Inc.

Health management programs are more common among firms focused on improving absenteeism and productivity

Businesses are beginning to analyze their absence and health data so they can develop more effective strategies to address long-term workforce wellness and productivity. So it is not surprising to find more employers are expanding their health management programs and incorporating them into STD and FMLA administration efforts.

A majority of companies surveyed offer wellness programs and EAPs, while fewer include health risk appraisals (43%) and disease management referrals (32%), but interest is growing.

- Companies in the financial services/insurance industry are more likely to offer EAP and wellness as part of their employee benefits offering
- Use of health management programs is higher among employers using the same vendor for their STD and FMLA leave programs, and those that are highly advanced in their absence management activities

Use of Health Management Programs
By Level of Absence Management Advancement & Centralization

Health Management Program	Highly Advanced	Same Vendor STD & FMLA	Total
Wellness	90%	74%	62%
EAP	71%	64%	58%
Health risk appraisal	70%	58%	43%
Disease management	61%	47%	32%

And the larger the employer, the more likely the company is to provide health management programs, particularly EAPs and wellness programs.

Use of Health Management Programs
By Number of Employees

Health Management Program	50-249	250-999	1,000+
EAP	54%	74%	78%
Disease management	29%	47%	50%
Health risk appraisal	41%	52%	58%
Wellness	58%	76%	86%

Employers that place high importance on reducing absenteeism and improving productivity are more likely than others to have health management programs in place. They also tend to have a more comprehensive return-to-work program and greater reporting capabilities.

Use of Health Management Programs
By Level of Absence Management Effort

Health Management Program	Major	Minor	None
EAP	59%	57%	57%
Disease management	38%	29%	31%
Health risk appraisal	54%	38%	36%
Wellness	72%	58%	51%

Health management is increasingly part of the STD and FMLA leave management process

In 2016, more companies say their disability or FMLA leave process already includes employee referrals to health management programs (54% vs. 42% in 2014). That is even more true of firms that have a highly advanced absence management approach (89%) or outsource their STD and FMLA administration to the same vendor (76%).

Employers Including Health Management Referrals in Disability/FMLA Process

Highly advanced	89%
Same vendor for STD & FMLA	76%
Total	54%

Larger companies with at least 250 employees also are more likely to include employee referrals to health management programs as part of their disability or FMLA process. Referral programs typically support conditions such as asthma, diabetes, hypertension, and depression.

Employers Including Health Management Referrals in Disability/FMLA Process
By Number of Employees

Number of employees

50-249	51%
250-999	67%
1,000+	68%
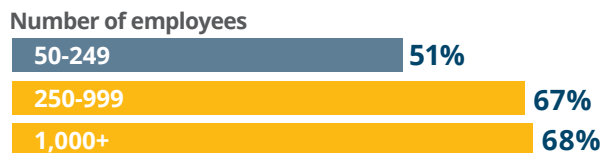
Referrals are generally made by providing the employee with information about or the phone number for a relevant program(s). Warm transfers are used infrequently but are expected to increase.

Health Management Referral Methods

Employee is told about relevant program(s)

2016	61%
2014	50%

Employee is given phone numbers for relevant program(s)

2016	34%
2014	44%

A warm transfer is made

2016	4%
2014	<1%

As employers continue to collaborate with vendors on making these connections, additional methods are likely to emerge, especially with the increased possibilities that digital and mobile technology can offer.

The fastest growing wellness program features support work/life balance, stress reduction, and convenience

A comprehensive wellness program often contains as many as six to eight components and sometimes even more. Among the most common elements of a wellness program are health risk assessments, biometric screenings, and pregnancy resources.

Wellness features with the most significant growth in the past two years are:
- Onsite health centers (+130%)
- Concierge and work-life services (+80%)

Prevalence of Wellness Program Features

Wellness assessments
| 2016 | 88% |
| 2014 | 75% |

Biometric screenings
| 2016 | 58% |
| 2014 | 48% |

Pregnancy resources
| 2016 | 51% |
| 2014 | 42% |

Personalized health coaching
| 2016 | 46% |
| 2014 | 37% |

Elder care support
| 2016 | 30% |
| 2014 | 24% |

Onsite health centers
| 2016 | 30% |
| 2014 | 13% |

Concierge/Work-life services
| 2016 | 27% |
| 2014 | 15% |
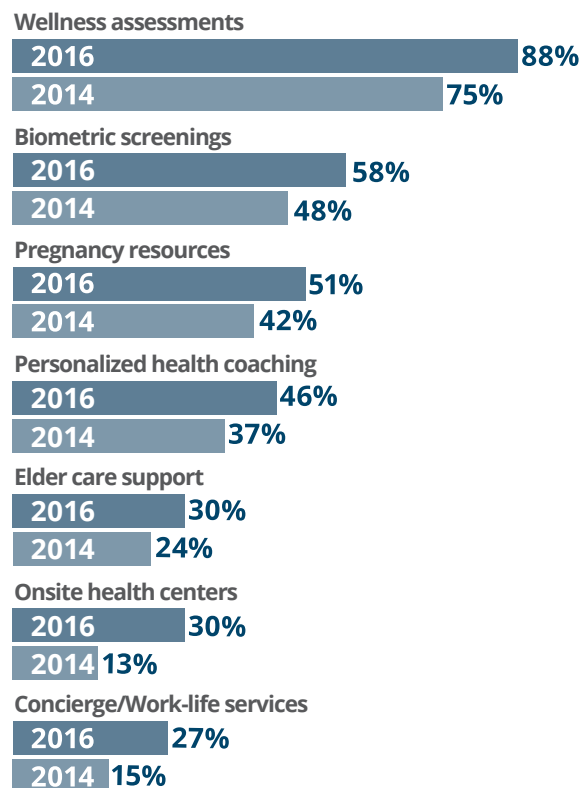
Many companies that currently do not offer a wellness program are evaluating their options and plan to offer one in the next two years. Half say they expect to offer a wellness program, up considerably from just 34% two years ago.

- Nearly 9 in 10 employers that are highly advanced in their absence management approach or outsource their STD and FMLA administration to the same external vendor plan to add a wellness program

Employers Planning to Add a Wellness Program in Next Two Years

All employers
| 2016 | 50% |
| 2014 | 34% |

By level of advancement & centralization
| Highly advanced | 87% |
| Same vendor for STD & FMLA | 87% |
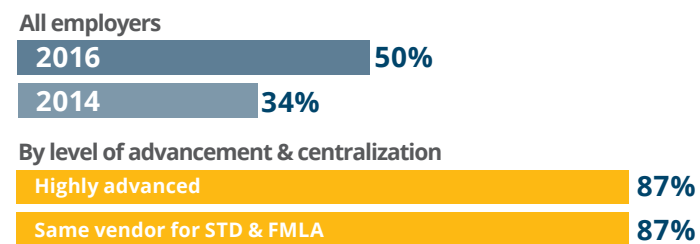
Larger companies (250+ employees) are more likely than smaller firms to be considering the addition of a wellness program. More than 6 in 10 expect to add a wellness offering in the next two years.

Employers Planning to Add a Wellness Program in Next Two Years
By Number of Employees

50-249	48%
250-999	63%
1,000+	68%

Employers are placing greater emphasis on wellness program incentives and discounts to encourage participation

The Guardian Absence Management Activity Index℠ shows a positive correlation between offering a wellness and prevention program and improved absence outcomes. However, the impact of the wellness program is much greater when monetary incentives or discounts are provided for employees who participate in them.

In 2016, 70% of employers offer employee incentives and discounts as part of their wellness programs, up from 64% two years ago.

- The more advanced a company is with its absence management efforts, the more likely it is to offer incentives or discounts for employees to participate in any activities of the wellness program; specifically, among the most highly advanced employers, 86% offer wellness incentives and discounts

Use of Wellness Incentives & Discounts

2016	70%
2014	64%

Wellness programs are prevalent among employers of all sizes, though larger companies (over 250 employees) are somewhat more likely to offer incentives and discounts to employees.

Use of Wellness Incentives & Discounts
*Among Employers Offering a Wellness Program
By Number of Employees*

50-249	69%
250-999	75%
1,000+	76%

Employers that have a wellness program have a much higher Index score in 2016 than in the past (4.8 vs. 4.2 and 4.1 in prior years). They also have a higher Index score than the average for all employers (4.4).

Absence Management Activity Index Score
Among Employers Offering a Wellness Program

2016	4.8
2014	4.2
2012	4.1

4 Employer Efforts Are Paying Off

Advancements in absence management practices are yielding positive outcomes

"When we first started managing absence, we knew the actions we were taking were helping, but we could only give anecdotal explanations. Now the reports we receive make it clear and allow us to look at our progress from a number of different angles."

Margie Negron
Manager — FMLA/Disability
Memorial Sloan Kettering Cancer Center

Progress is most noteworthy on reducing direct costs and increasing return-to-work rates

Based on self-reported results, 6 in 10 employers achieved their goals for:
· Enhanced productivity
· Improved employee experience
· Reduced lost time

Results in 2016 are much improved over 2014, with double-digit increases on most of the outcome measures. More employers experienced progress on **reducing direct costs** associated with managing employee absences — up 19 points from 2014 levels. The only outcome that recorded less than double-digit improvement was **decreasing overall absenteeism** — a challenging and overarching goal for many companies.

Notably, employers that are highly advanced in their absence management approach and those that outsource their STD and FMLA administration to the same external vendor consistently report the highest level of positive outcomes.

Specific Outcomes Achieved
By Level of Advancement & Centralization

Enhance productivity
Highly advanced — 83%
Same vendor for STD & FMLA — 79%

Improve employee experience
Highly advanced — 82%
Same vendor for STD & FMLA — 76%

Reduce lost time
Highly advanced — 80%
Same vendor for STD & FMLA — 69%

Decrease overall absenteeism
Highly advanced — 74%
Same vendor for STD & FMLA — 63%

Reduce direct costs
Highly advanced — 74%
Same vendor for STD & FMLA — 73%

Increase RTW rates
Highly advanced — 74%
Same vendor for STD & FMLA — 70%

Specific Outcomes Achieved

Enhance productivity
2016 — 63%
2014 — 52%

Improve employee experience
2016 — 63%
2014 — 51%

Reduce lost time
2016 — 61%
2014 — 50%

Decrease overall absenteeism
2016 — 58%
2014 — 50%

Reduce direct costs
2016 — 57%
2014 — 38%

Increase RTW rates
2016 — 55%
2014 — 41%

Increased effort towards absence management goals helped more employers achieve success in 2016

About 9 in 10 employers are making at least some effort to reduce absenteeism and its effects on their organizations, and 32% report that they are investing considerable time and effort (up from 22% in 2014). It appears those efforts are paying off.

Level of Effort Toward Improving Absenteeism

	Major	Minor	None
2016	32%	55%	13%
2014	22%	60%	18%
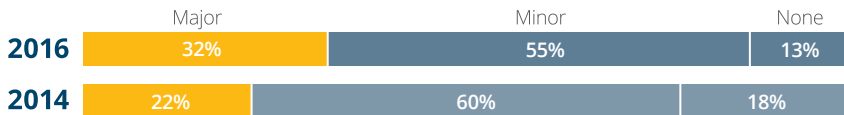
In 2016, nearly 3 in 10 employers indicate that they are achieving all six of the outcomes measured in the study (compared to just 19% in 2014). Fewer report not achieving any outcomes and a majority are having success on three to five outcomes.

Number of Positive Outcomes Achieved

	0	1	2	3	4	5	6
2016	18%	5%	6%	14%	14%	14%	29%
2014	28%		8%	10%	12%	12%	11%	19%
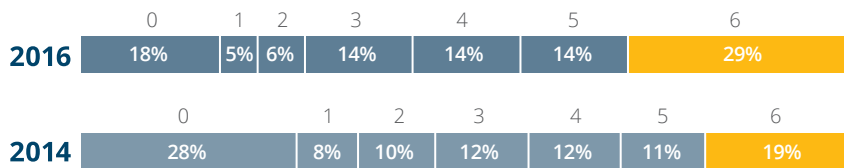
The significant progress is fairly even across employer size segments, but is well above average for employers with highly advanced absence management practices and those that outsource STD and FMLA administration to the same vendor.

Number of Positive Outcomes Achieved

	0	2	3	4	5	6
Highly advanced	4%	5%	11%	16%	17%	46%

None achieved one (1) positive outcome.

	0	1	2	3	4	5	6
Same vendor	4%	3%	8%	17%	16%	17%	36%
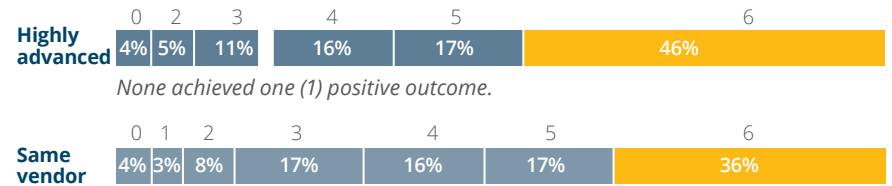
Notably, companies in the manufacturing industry are more likely to achieve the highest number of outcomes.

Employee engagement remains a high-priority success measure but ROI is gaining attention

When asked to name the most important measure of success for reducing absenteeism at their organization, nearly half of employers cite employee engagement. This has remained steady over time (44% in 2016 vs. 48% in 2014) and is by far the top mention among all employers surveyed, regardless of size or advancement level.

However, a notable change in 2016 is the significant increase in employers rating **return on investment** (ROI) as important (16% in 2016 vs. 8% in 2014).

Importance of Outcome Measures

Increase levels of employee engagement
2016	44%
2014	48%

Reduce volume of replacement workers needed
2016	18%
2014	17%

Prove ROI
2016	16%
2014	8%

Achieve targeted metrics or outcomes
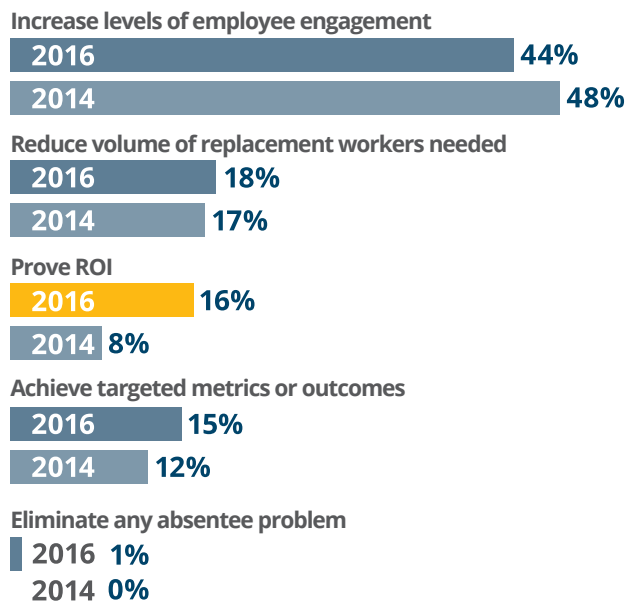|	
2016	15%
2014	12%

Eliminate any absentee problem
2016	1%
2014	0%

Comparatively, companies in the service sector are more likely to focus on employee engagement and reduction of replacement workers, while those in healthcare put more weight on ROI.

Reducing costs and providing an improved employee experience are the two top benefits companies have derived from their absence management efforts to date.

There appears to be a shift in 2016 toward greater emphasis on cost-related success measures. The percentage of employers mentioning **reduced costs** and **improved outcomes** increased sharply from 2014.

Key Benefits of Company Efforts To Date

Reduced costs
2016	42%
2014	32%

Easier or better employee experience
2016	41%
2014	39%

Improved outcomes
2016	35%
2014	26%

Better tracking or reporting
2016	35%
2014	33%

Improved compliance
2016	33%
2014	26%

Consistent administration
2016	31%
2014	36%

Easier administration for the organization
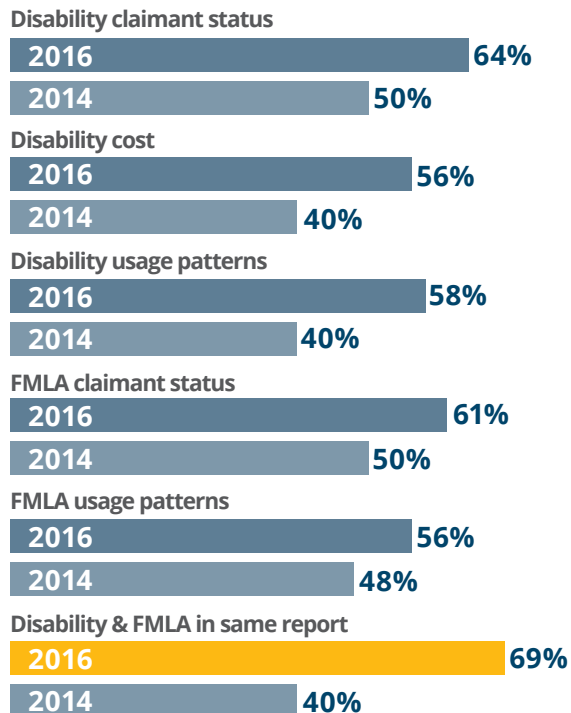|	
2016	29%
2014	27%

A wider range of available support tools helps employers better track their progress

Combating the old adage that you can't manage what you don't measure, the industry has come a long way in providing tools that are helpful to employers in understanding their experience, particularly for companies that are:

- Larger (1,000+ employees)
- More highly advanced
- Outsourcing STD and FMLA administration to the same vendor

Between 2014 and 2016, usage of reports that include both disability and FMLA leave patterns in the same report rose sharply (69% in 2016 vs. 40% in 2014).

Employer Report Usage

Disability claimant status

2016	64%
2014	50%

Disability cost

2016	56%
2014	40%

Disability usage patterns

2016	58%
2014	40%

FMLA claimant status

2016	61%
2014	50%

FMLA usage patterns

2016	56%
2014	48%

Disability & FMLA in same report

2016	69%
2014	40%

Access to a self-service reporting capability improved greatly since 2014, and more employers are now able to run reports pertaining to disability/FMLA on their own instead of having to wait for information to be delivered to them.

Self-Service Portal Access

2016	71%
2014	54%

They are also submitting data to outsourced partners, either directly in a formatted file or through another benefit partner (52%-54% in 2016 vs. 37%-45% in 2014), so they can get a broader picture of what is happening with their population.

Methods for Submitting Data to Vendors

Directly in a formatted file (e.g., Excel, flat file, etc.)

2016	54%
2014	37%
1,000+	67%
Highly advanced	72%
Same vendor for STD & FMLA	82%
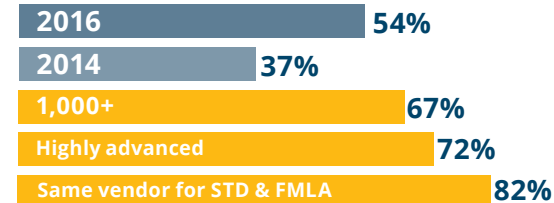
Through another benefit partner (e.g., payroll provider, benefit administrator)

2016	52%
2014	45%
1,000+	53%
Highly advanced	70%
Same vendor for STD & FMLA	67%
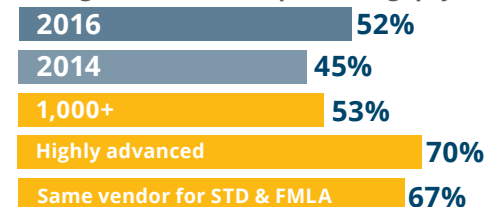
The growth in availability and usage of these capabilities is likely due to an increase in outsourcing and the corresponding access to data and information that vendor technology enables.

5 Making the Business Case for Absence Management

Successful programs begin with getting senior leadership onboard

"We have an established process in place to present recommendations to senior leadership and obtain executive approval. Our recommendations need to align with the company's initiatives, foster our desired culture, and provide a return on investment. Executive approval will set expectations and the results required to succeed. A key factor to our success is selecting a 'champion' from senior leadership who can provide awareness and influence throughout our organization."
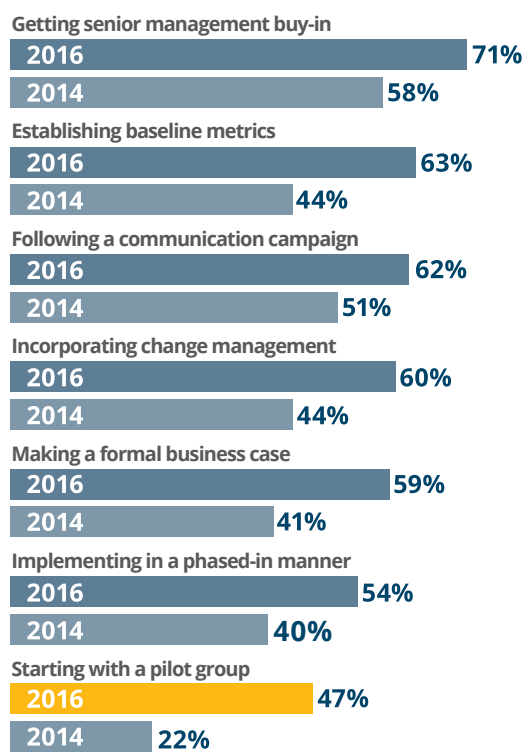
Kerry Daley
Absence Program Manager
Robert Half

Lower costs, tighter compliance, and improved employee experience are key points in securing senior leadership support for change

Of course, securing the buy-in of senior management is one of the most critical first steps and the No. 1 key to launching a successful program. Establishing baseline metrics and following an established communication plan also are important to an employer's success

And using **pilot groups** when launching a new program is becoming an increasingly popular option (up 114% since 2014).
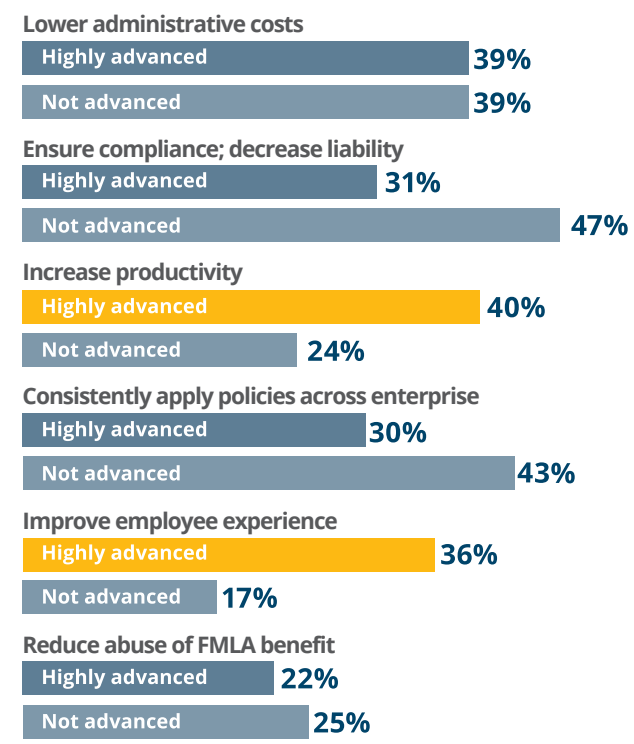
Lowering administrative costs and ensuring compliance are generally at the top of the list of key factors for most companies. But firms with the most advanced absence management programs tend to place greater weight on improving the **employee experience** and **increasing productivity**.

Smaller firms (50-249 employees) place higher importance on lowering administrative costs, increased productivity, and compliance when making their case for change. Larger companies (1,000+ employees) prioritize regulatory compliance/decreased liability and reduced abuse of FMLA as key to their recommendation.

Keys to Absence Management Success
Very or Somewhat Effective

Getting senior management buy-in
- 2016: 71%
- 2014: 58%

Establishing baseline metrics
- 2016: 63%
- 2014: 44%

Following a communication campaign
- 2016: 62%
- 2014: 51%

Incorporating change management
- 2016: 60%
- 2014: 44%

Making a formal business case
- 2016: 59%
- 2014: 41%

Implementing in a phased-in manner
- 2016: 54%
- 2014: 40%

Starting with a pilot group
- 2016: 47%
- 2014: 22%

Top Selling Points for Change/Outsourcing
By Level of Advancement

Lower administrative costs
- Highly advanced: 39%
- Not advanced: 39%

Ensure compliance; decrease liability
- Highly advanced: 31%
- Not advanced: 47%

Increase productivity
- Highly advanced: 40%
- Not advanced: 24%

Consistently apply policies across enterprise
- Highly advanced: 30%
- Not advanced: 43%

Improve employee experience
- Highly advanced: 36%
- Not advanced: 17%

Reduce abuse of FMLA benefit
- Highly advanced: 22%
- Not advanced: 25%

Involving the right people with the right information sets the stage for better decision-making

The functional areas and senior leaders who must be represented in a company's decision to establish or change its absence management strategy varies depending on organizational culture and structure. But such decisions typically involve human resources and the CEO or president; beyond that, a variety of stakeholders may need to be involved.
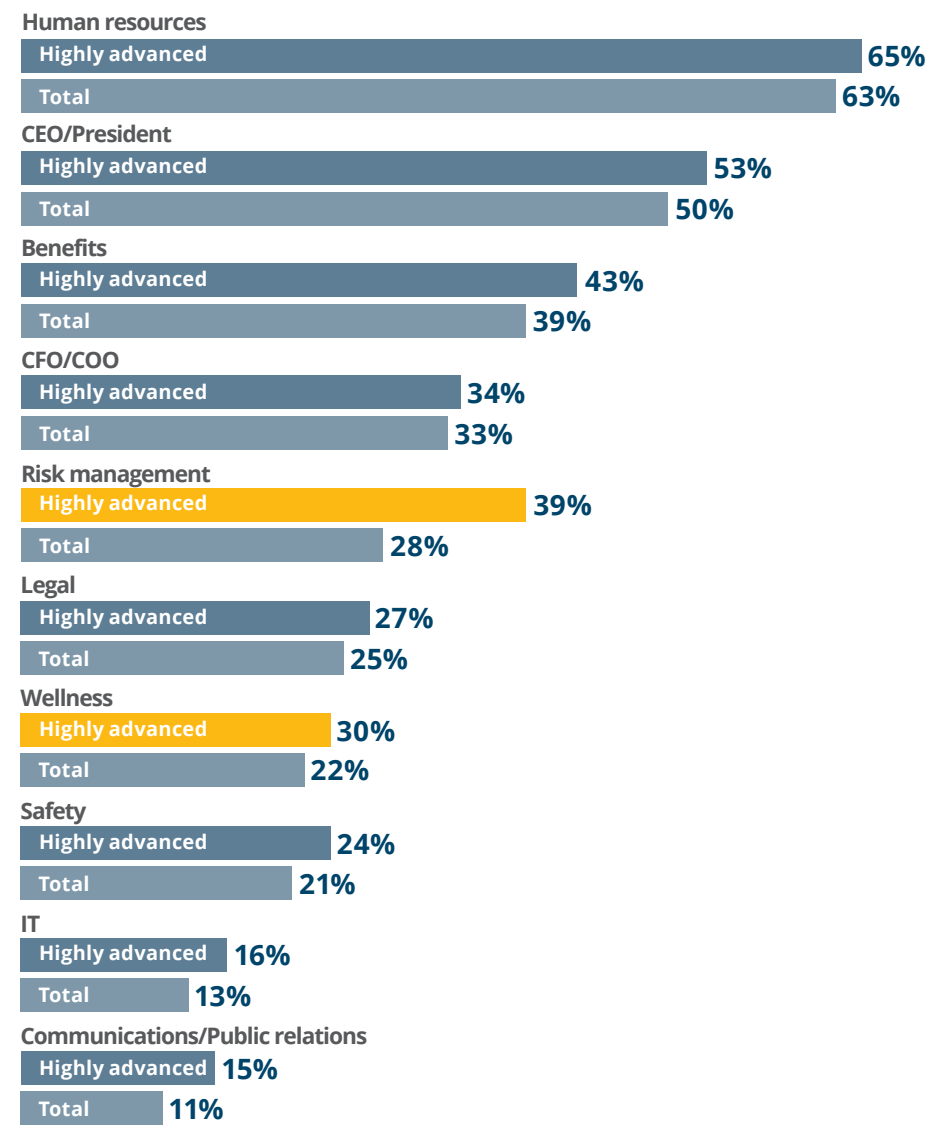
CEOs and presidents tend to be more involved in decision-making in companies with fewer than 1,000 employees. **Human resources**, the **employee benefits team**, and **IT** tend to be more involved the larger the company.

Naturally, larger companies and those with highly advanced absence management capabilities tend to involve more functional areas in the decision. Advanced companies are more likely than other firms to feel it is important to include **risk management** and **wellness** in the decision process.

Stakeholders Involved in the Change Decision
By Number of Employees

	50-249	250-999	1,000+
Human resources	61%	70%	77%
CEO/President	50%	49%	39%
Benefits	38%	41%	52%
Information technology (IT)	12%	15%	20%

Stakeholders Involved in the Change Decision

Human resources
| Highly advanced | 65% |
| Total | 63% |

CEO/President
| Highly advanced | 53% |
| Total | 50% |

Benefits
| Highly advanced | 43% |
| Total | 39% |

CFO/COO
| Highly advanced | 34% |
| Total | 33% |

Risk management
| Highly advanced | 39% |
| Total | 28% |

Legal
| Highly advanced | 27% |
| Total | 25% |

Wellness
| Highly advanced | 30% |
| Total | 22% |

Safety
| Highly advanced | 24% |
| Total | 21% |

IT
| Highly advanced | 16% |
| Total | 13% |

Communications/Public relations
| Highly advanced | 15% |
| Total | 11% |

Understanding current internal costs/ processes and the need to access data/reporting are important factors in the decision to outsource

Employers considering outsourcing all or part of their leave administration generally want to review their company's current policies, processes, and costs. For some firms, this information is not readily available or does not exist; consequently, obtaining access to such data and reporting tools can be an important factor in their decision to outsource.
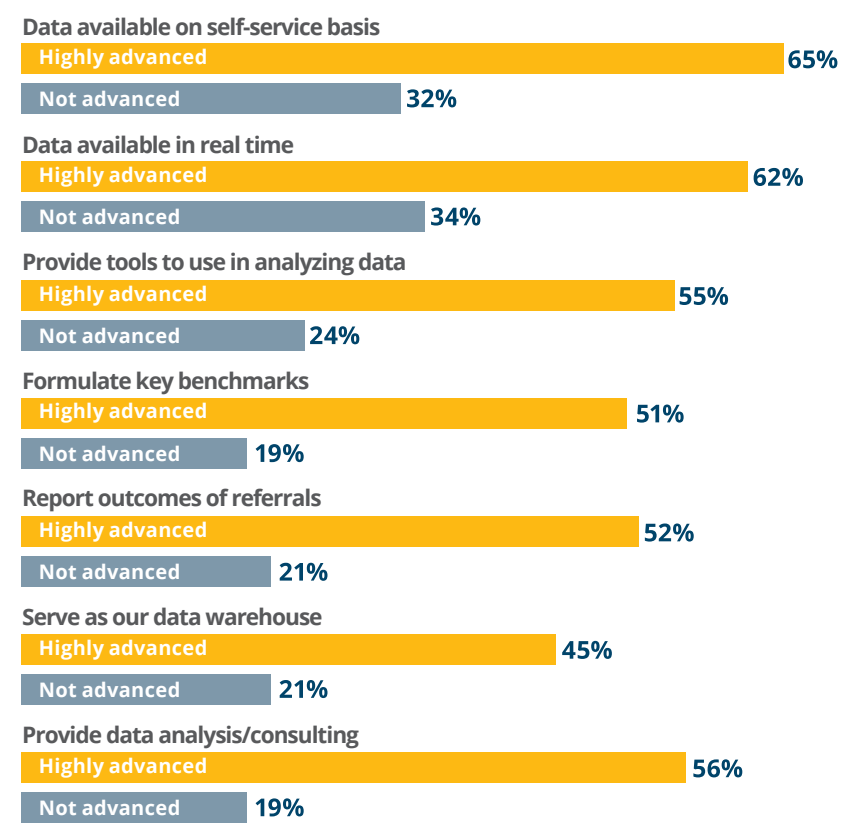
Key internal decision-makers often want to better understand the estimated internal costs and processes for leave administration when considering outsourcing solutions.

Other information of interest to senior leaders includes: estimated costs of external administration, concerns with the current process, historical claim/ leave experience, and results of internal claim/leave audits (if available).

Data and reporting are of much greater importance to highly advanced companies; two-thirds cite easier access to data and reporting as a major consideration in their decision to outsource.

The Decision to Outsource STD & FMLA Administration
Information Considered "Most Important"

Estimated costs of internal administration
- Highly advanced: 36%
- Not advanced: 41%

Understanding of current process
- Highly advanced: 32%
- Not advanced: 39%

Estimated costs of external administration
- Highly advanced: 27%
- Not advanced: 17%

Concerns with current process
- Highly advanced: 23%
- Not advanced: 28%

Historical claim/leave experience
- Highly advanced: 25%
- Not advanced: 27%

Results of internal claim/leave audits
- Highly advanced: 24%
- Not advanced: 15%

The Decision to Outsource STD & FMLA Administration
Services Considered "Very Important"

Data available on self-service basis
- Highly advanced: 65%
- Not advanced: 32%

Data available in real time
- Highly advanced: 62%
- Not advanced: 34%

Provide tools to use in analyzing data
- Highly advanced: 55%
- Not advanced: 24%

Formulate key benchmarks
- Highly advanced: 51%
- Not advanced: 19%

Report outcomes of referrals
- Highly advanced: 52%
- Not advanced: 21%

Serve as our data warehouse
- Highly advanced: 45%
- Not advanced: 21%

Provide data analysis/consulting
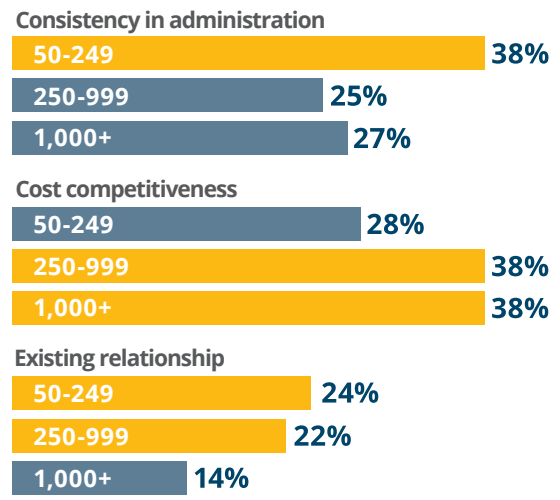- Highly advanced: 56%
- Not advanced: 19%

Reporting capabilities and consistency in administration are among the key considerations in selecting outsourcing vendors

In general, the market places high value on a vendor's ability to bring **consistency** across the organization (especially for smaller and less advanced employers) and the **cost competitiveness** of their proposal (particularly if they are larger and highly advanced).
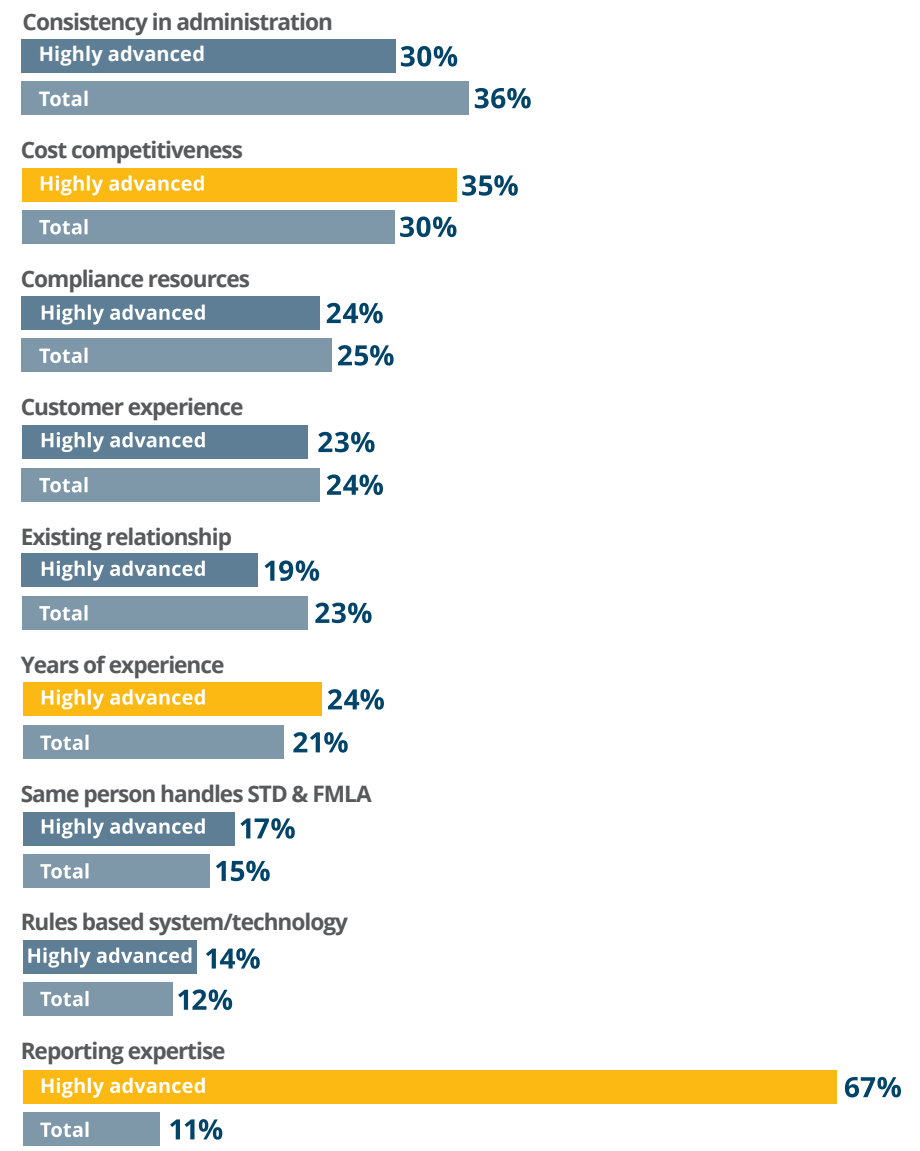
Companies that are smaller and less advanced **consider existing relationships** to be more important compared to other firms.

Key Criteria for Vendor Selection
By Number of Employees

Consistency in administration
- 50-249: **38%**
- 250-999: **25%**
- 1,000+: **27%**

Cost competitiveness
- 50-249: **28%**
- 250-999: **38%**
- 1,000+: **38%**

Existing relationship
- 50-249: **24%**
- 250-999: **22%**
- 1,000+: **14%**

When evaluating potential vendor partners, highly advanced companies also tend to give greater priority to **reporting capabilities and expertise** and **years of experience**.

Key Criteria for Vendor Selection

Consistency in administration
- Highly advanced: **30%**
- Total: **36%**

Cost competitiveness
- Highly advanced: **35%**
- Total: **30%**

Compliance resources
- Highly advanced: **24%**
- Total: **25%**

Customer experience
- Highly advanced: **23%**
- Total: **24%**

Existing relationship
- Highly advanced: **19%**
- Total: **23%**

Years of experience
- Highly advanced: **24%**
- Total: **21%**

Same person handles STD & FMLA
- Highly advanced: **17%**
- Total: **15%**

Rules based system/technology
- Highly advanced: **14%**
- Total: **12%**

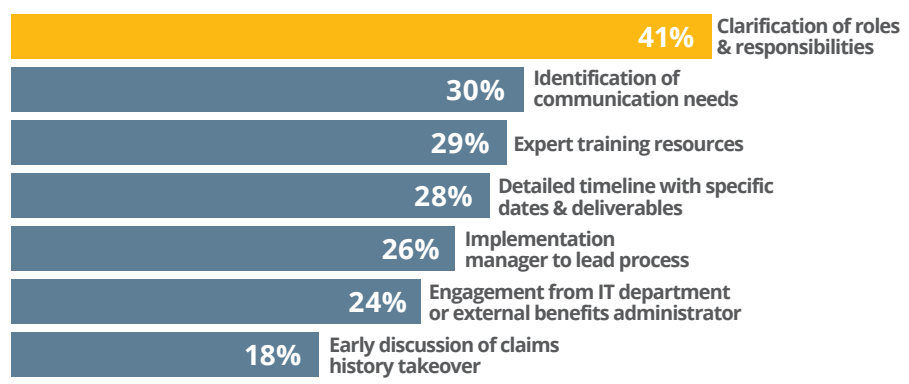**Reporting expertise**
- Highly advanced: **67%**
- Total: **11%**

Implementation planning is key and requires role clarification and sufficient lead time

The most critical step to ensuring a successful implementation when outsourcing STD and FMLA administration, regardless of company size, is to **clarify the roles and responsibilities** of all parties involved in the process.

- While this is true for the largest employers because of the number of internal and external stakeholders involved, it also applies for small firms, since they are more likely to be outsourcing for the first time

Other implementation best practices include: clarification of **communication needs**, ensuring there are expert **resources for training**, and that a **detailed timeline** with specific dates and deliverables will be followed (especially for the large and highly advanced).
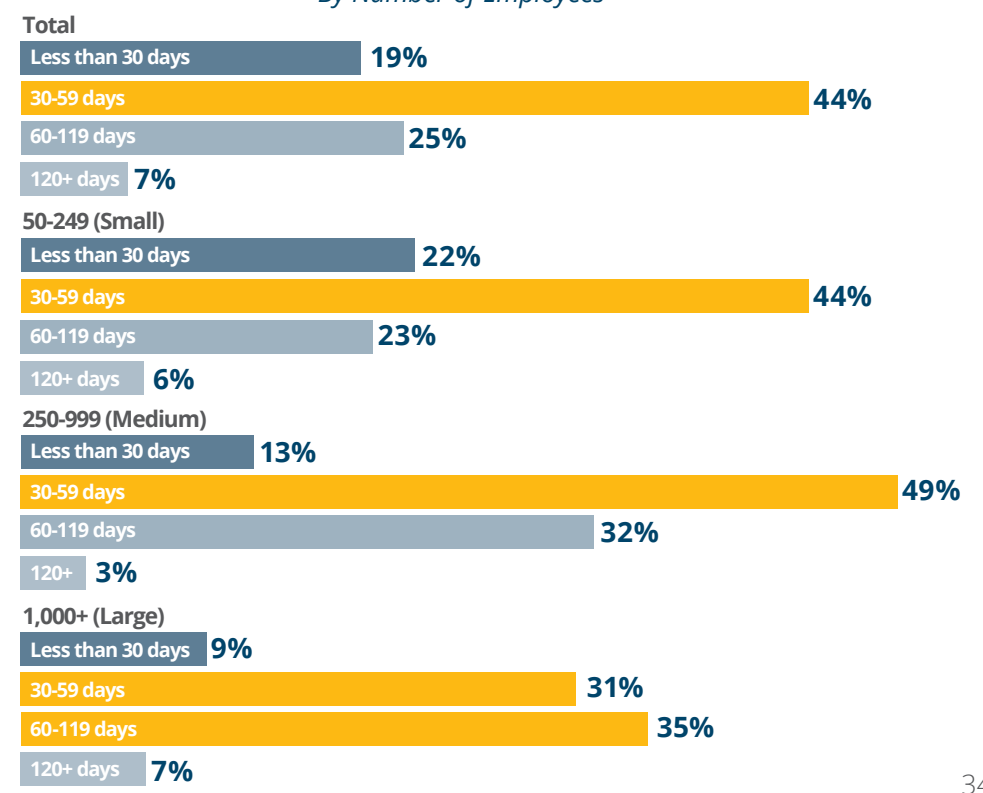
Allowing adequate lead time is essential not only for a successful launch but to avoid potential pitfalls post-implementation. Sufficient time is needed for developing and executing an internal communication strategy and training, testing systems and file feeds/electronic data interchange, and for handling claims history, when appropriate.

Most employers report taking between 30 and 120 days to implement their outsourced STD and FMLA leave program, but that varies by employer size. Smaller and less advanced firms are closer to 30 days, while 60 days is average for medium-size firms.

Larger (1,000+) employers typically take longer, or between 60 and 120 days, because their programs are more complex and span across multiple departments and/or locations.

Implementation Best Practices
Steps to Ensure Success When Outsourcing STD & FMLA

- 41% Clarification of roles & responsibilities
- 30% Identification of communication needs
- 29% Expert training resources
- 28% Detailed timeline with specific dates & deliverables
- 26% Implementation manager to lead process
- 24% Engagement from IT department or external benefits administrator
- 18% Early discussion of claims history takeover

Time Required to Implement Outsourced Solution
By Number of Employees

Total
- Less than 30 days 19%
- 30-59 days 44%
- 60-119 days 25%
- 120+ days 7%

50-249 (Small)
- Less than 30 days 22%
- 30-59 days 44%
- 60-119 days 23%
- 120+ days 6%

250-999 (Medium)
- Less than 30 days 13%
- 30-59 days 49%
- 60-119 days 32%
- 120+ 3%

1,000+ (Large)
- Less than 30 days 9%
- 30-59 days 31%
- 60-119 days 35%
- 120+ days 7%

Benefiting from What We've Learned

Beginning in 2012, Guardian conducted three 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 who 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 the model are critical to maintaining momentum and achieving a company's absence management goals. Applying a continuous improvement approach, with regular monitoring and periodic assessments, helps to ensure longer-term success.

The Five Best Practices	Getting Started on a Proven Path	Continuous Improvement
2012	2014	2016
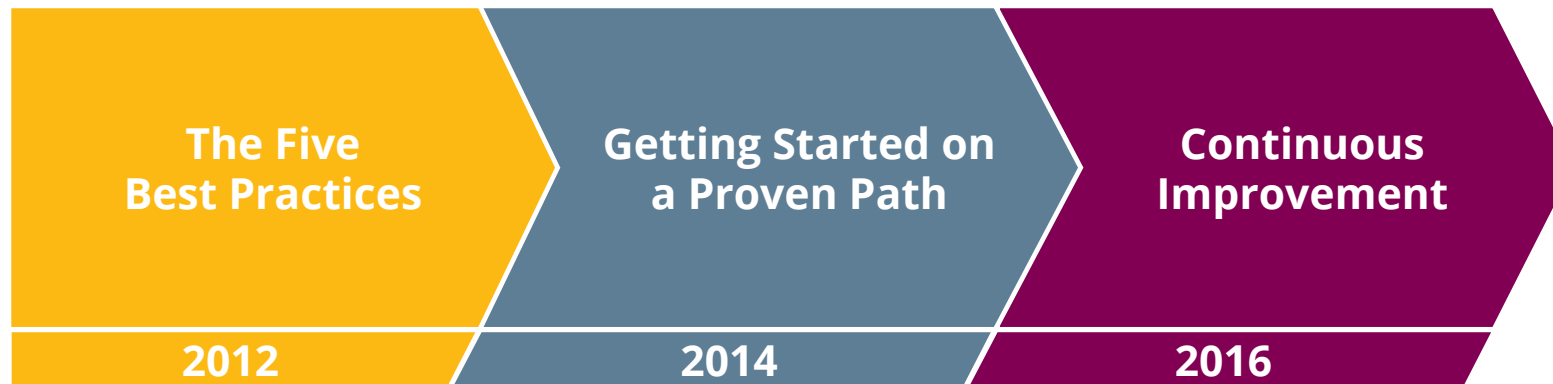
Regardless of whether your company is just getting started or already has a mature absence management program in place, insights from the Guardian Absence Management Activity Index and Study can assist in gauging your current status relative to the marketplace and in identifying potential opportunities and next steps for continuous improvement.

The Guardian Absence Management Activity Index: Scoring Method

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 ofthe 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 leaves and additional benefit programs
· Written RTW policy · An interactive process (where the employee, HR, manager, case manager, and/or physician talk about possibilities) · Transitional RTW plans · Guidelines for the duration of disability based on diagnosis · Nurse case management · Offering accommodations to facilitate return to work On the index, $1/6$ point is given for each of the six components of the employer's return-to-work program. · 71% of employers report actively seeking ways to return employees to work	· Disability usage patterns · Disability claimant status · Disability cost · FMLA leave usage patterns · FMLA leave claimant status On the index, $1/5$ point is given for each of the five reports that the employer can produce or obtain. · The percentage of employers who can produce or obtain any given report ranges from 56% to 64%	Health management programs may include employee assistance programs (EAP), disease management, or wellness. On the index, 1 point is given if referrals are made, while 0 points are given if no referrals are made. · 54% make health management referrals	A central portal should include reporting for at least STD and FMLA leaves and possibly include other leaves of absence such as sick/vacation leave or paid time off (PTO). On the index, 0 points are given if no central portal exists; $1/2$ point is given if STD and FMLA leave absence reporting are through a common portal; 1 point is given if STD, FMLA, and PTO leaves are all reported through the same portal. · 32% of employers use a common portal for STD and FMLA leaves · 15% overall have a central portal for STD, FMLA, and other leaves of absence	On the index, $1/13$ point is given for each of 13 benefits [e.g., FMLA leaves, long term disability (LTD), EAP], which are administered by the same department or vendor that administers STD. · 40% of employers report using the same department or vendor to administer both STD and FMLA leaves

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 both disability and FMLA information
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.	On the index, 1 point is given if any incentives or discounts are offered, while 0 points are given if not.	On the index, 1 point is given if integrated STD/FMLA leave reports can be produced, 0 points are given if not.

Tier 3 Activities (Supporting)

Offering a disease management program	Centralizing administration of STD, FMLA, or both within an organization
On the index, 1 point is given if a disease management program is offered, 0 points are given if not.	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.

Research Design

Background

The third wave of the Guardian Absence Management Activity Index℠ and Study was conducted in the second quarter of 2016. 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 1,000 individuals working for employers ranging in size from 50 employees to 5,000 or more were surveyed. A threshold number of respondents was included in each category to allow analysis of the results by organization size.

Participants spanned various industries and geographic regions. They work for companies that have at least 50 full-time/benefits-eligible employees that offer medical and some form of disability benefits. They are involved in their company handling of disability and FMLA leaves and are familiar with their company's philosophy for employee absence.

Employer size	Number of respondents
50-99	216
100-249	218
250-499	142
500-999	141
1,000-4,999	141
5,000+	142

Industry	Number of respondents
Education	119
Finance/Insurance	85
Healthcare	88
Manufacturing	144
Professional/ Scientific/Technical	95
Retail & Wholesale	74
Services	59
All other	336

Number of states	Number of respondents
One	596
Two to four	233
Five or more	171

Region	Number of respondents
Northeast	301
Southeast	405
Midwest	314
West	277