



Absence Management

Is it a challenge for you?

Part 1 of 3-Part Series

Employers of all sizes are facing the same struggles – rising health care costs and lost productivity due to absences and recent downturns in the economy. Small to mid size employers are further burdened due to fewer available resources and less time available to help them effectively manage workplace absences and promote a healthy workforce. CareWorks USA would like to share some of these challenges with you and offer information, resources and solutions to help you and your company. This newsletter is one in a three-part series where absence management challenges and solutions will be closely examined.

To gain a better understanding of how the Family Medical Leave Act (FMLA) affects employers, CareWorks USA's Disability Management Services recently conducted a survey of clients. Survey results reveal that the administration of FMLA remains to be a significant concern among employers.

In fact, one third of small to mid-size private and public employers who responded to the CareWorks USA survey were concerned with compliance and the amount of time it takes to manage their current FMLA program. More than 49% of employers reported having difficulties administering their FMLA program and 64% reported manual tracking as their record keeping means.

In addition to the manual record keeping and lack of education of managers and supervisors, many employers indicated the burden on human resources staff; and consistency issues posed significant challenges to effective and efficient administration of leaves. Others were concerned about compliance due to new federal regulations announced in January, 2009. Keeping up to date with regulation changes can pose both administrative and human capital strains on an organization. The most recent regulation changes that employers need to be concerned about are specifically related to the Military Provision Expansion signed by President Obama on October 27, 2009. While the DOL has not yet issued specific language relating to the new provision, the changes expand the definition of who qualifies for leave under the military provisions.

Employers expressed concern about absences in general, not just those related to FMLA. Workers' compensation and short term disability programs have been historically viewed as a "claims administration" process. Claims would be filed and the paperwork processed. There was little intervention from clinical professionals and the claim focus was on stopping the benefit to reduce costs for the employer. There was rarely discussion held with physicians, nurses and employers to help facilitate a safe and timely return to work for the employee.

The unstable state of our economy and increasing regulatory requirements are driving employers of all sizes to look closely at how all types of absences are being managed.

There can be a tremendous amount of overlap with federally mandated leave regulations, disability insurance programs and workers compensation; so integrating is a logical step for public entities these days. Outsourcing the administration of federal and state mandated Family and Medical Leave Act (FMLA) claims, sick leave and disability benefit programs; or the integration of all absence programs was once thought to be an effective strategy for primarily large private employers. Small and mid-size public and private employers are now realizing the benefits of outsourcing and benefit integration.

In fact, the CareWorks USA survey revealed that 82 percent of all respondents were unsatisfied with

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their current FMLA program and had considered outsourcing as an option.

There are many types and levels of outsourcing options available to employers. The options range from stand-alone administration of FMLA claims and state-specific programs, to integrated benefits delivery of FMLA, short-term and long term disability, workers' compensation, group health, employee assistance program, case management and rehabilitation. Integrated Disability Management programs should consist of a centralized intake, a strong claims management process, medical case management, a strong return to work policy and solid data reporting components. Some employers are finding ways through software applications or third party administration to achieve integrated disability management.

When considering if benefit integration and/or outsourcing are viable options, employers should ask themselves the following:

- What are your current absence rates?
- Are you in compliance with Federal and state leave laws?
- What processes are currently in place for leave reporting?
- How do you track your leaves?
- Are any of your benefits integrated already?
- Is the morale of your employees affected when other employees have excessive absences?
- Are you experiencing any difficulty with benefit abuse or misuse?
- Are you running FMLA concurrent with workers compensation, sick leave, STD and other leave benefits?
- What resources can be dedicated to absence management – both financial and human capital resources?
- Does your current process involve medical management of any sort?
- And finally, what goals would you hope to achieve with benefit integration and/or outsourcing?

While there are many other questions employers would want to ask, these questions provide a good basis to get employers thinking about options on how to improve their absence rates. The reasons to outsource can be many – cost savings, increased productivity, improved employee morale, better compliance and the list goes on. The key to knowing if outsourcing and benefit integration is right for your company starts with examining the current state of your absence rates and benefit programs. Benefit integration and outsourcing can be the catalysts to help employers achieve reduced absence rates, increased productivity, improved workforce stability and overall reduced costs associated with absences.

The second newsletter in our three part series, "What you don't know can hurt you," will examine common FMLA compliance mistakes that can land your company in court and how you can avoid them.

CareWorks USA

Located in Columbus, Ohio, CareWorks USA's Disability Management Solutions is part of the CareWorks Family of Companies. CareWorks USA DMS provides integrated disability management services for employers of all sizes. Our IDM services are designed to work stand alone or in conjunction with one another and include FMLA administration and tracking, state specific leave law administration, STD and LTD Medical Management and Administration, Sick leave administration, workers compensation medical management and administration and the administration of any type of employer sponsored leave programs. We have helped employers reduce costs associated with absences through proactive benefit management and integration of leave benefits. Our customers also experience increased productivity, improved employee morale and overall reduction in misuse of benefits as a result of implementing one or more of our IDM services.

For more information on CareWorks USA or for any general inquiry, please contact:

Ron Lucki

Director of Business Development

(614) 760-3510 | ron.lucki@careworks.com