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Think Integration: The Future Of Absence And Disability Management

When it comes to managing absence and disability in the workplace, many employers share a common history of struggling with this task. Employers regularly find themselves facing three problems:

1. Managing and administering different types of absences and disability claims.
2. Providing return to work options to employees absent or disabled in non-workers' compensation claims.
3. Lacking the proper resources and programs to improve employee health and productivity.

Industry trends also indicate that workplace absence issues contribute to employers' long-standing challenges. For example, absenteeism is one of the most prevalent workplace problems facing employers today.¹

A study by the U.S. Department of Labor estimates that 2 to 5 percent of an employer's work force was absent on any given day in 2010.² The direct and indirect impact of employee absences can be costly to the bottom line and productivity.

These trends, while daunting for employers, represent a significant opportunity for brokers to help their clients. **By taking steps to understand the problems employers are up against, brokers can identify the programs and services that can be used to combat these problems.** In addition, brokers can come to the table with an integrated solution that combines several services and programs into one cohesive, proactive approach to help employers maintain productivity, reduce the cost and

duration of absences and disability, and increase employee satisfaction.

Understand the Barriers

Taking time to understand the barriers will enable brokers to cut through the clutter and find the best program to meet their clients' needs.

Here's a closer look at three problems employers face when it comes to absence and disability management:

Problem #1: Managing Absence and Disability. Short term employee absence and disability can pose a serious productivity challenge, especially when these types of absences become persistent. Short term absences and disabilities are typically addressed through income replacement and job protection plans such as short term disability, sick leave, salary continuation and leaves of absence (LOAs).

Employers are interested in reducing the incidence and duration of these absence and disability periods because they can become very costly to productivity and, ultimately, the bottom line. For example:

- Short term disability average durations hover in the area of 48 to 94 days.³ (It should be noted that the 94 days benchmark is for short term disability plans with a one-day elimination period and maximum benefits duration of one year. This is an uncommon plan design that encourages longer durations.)

- Many employers experience the indirect costs of absence and disability through excessive overtime, use of replacement

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staff, staffing up and other effects.

Problem #2: The Return to Work Program Dilemma. An effective return to work program is a pivotal part of a good absence and disability management program. The problem is that while the workers' compensation return to work process functions well for employers, these same employers may not have anything in place for short term disability.

There are two general types of return to work programs used for workers' compensation and short term disability: carrier-based and employer-based. Historically, both types of programs have functioned more efficiently for workers' compensation than for short term disability.

For carrier-based programs in both workers' compensation and short term disability, carriers may be permitted to access confidential medical information and may have access to medical and vocational expertise. In workers' compensation, carriers act quickly when an absence or disability occurs, which helps claimants return to work. In short term disability, however, carriers are not typically taking the same steps to address returning to work.

For employer-based return to work programs, carriers have access to supervisors who provide return to work opportunities in workers' compensation. In short term disability, employers rely more on a carrier's program, which typically does not have the same access to supervisors and is usually not as proactive.

Problem #3: Improving Employee Health and Productivity. With the inception of employer-sponsored health plans, a new obstacle arises for employers. Companies have been challenged with the need to improve employee health to control costs and improve productivity.

Consultants and other experts have explored the potential for solving absence and disability and health management problems together in an integrated fashion, but have found it too difficult to undertake such a huge task.

Seek Solutions That Fit

One way to resolve these workplace issues is to seek a solution that integrates

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several services and programs aimed at keeping employees productive and on the job. The result is a powerful combination that can improve productivity and reduce the duration, cost and impact of employee absence and disability.

Recent studies conducted by the Integrated Benefits Institute (IBI) have shown that certain health and productivity management practices can have a positive effect on employee health and productivity. In 2010, IBI conducted a study among 450 employers and provided them with a list of 26 practices related to health and productivity management.

The following three practices were among those ranked by employers as having a “positive impact” on their workplace and are considered among the essential elements of an effective and efficient health and productivity management program.⁴

Practice 1: Transitional Return to Work. Sometimes known as modified duties, light duties or job accommodations, transitional work can include modifications to the employee's hours of work, work location, duties or workstation. Transitional return to work is intended to temporarily help an ill or injured employee recover at work, staying productive.

Practice 2: Nurse Case Management. Disability management experts, along with the surveyed employers, consider it beneficial to have a nurse with return to work and claims adjudication experience to manage absence and disability. Physicians and other medical staff are typically more willing to discuss employee medical information with a nurse than they are with a non-medical

professional. In addition, employees are more willing to discuss their own medical situations with a registered nurse than they are with a member of the human resources team or carrier-based claims examiner.

Practice 3: On-Site Providers. On-site occupational health medical providers have long been a feature of some work sites and often are attractive to employers who want to improve health and productivity as well as reduce time away from work. Use of an on-site disability management consultant has benefits that are parallel to those of on-site clinics and pharmacies.

Implement and Integrate

In most workplaces, the above three practices are used individually or in a random manner. However, brokers have an opportunity to recommend and help their clients procure an integrated absence and disability management (IADM) model that takes a proactive approach to keeping employees at work and productive, and unites the above three practices with the help of an on-site disability management professional.

A key to such a program is integration—integration between the insurance carrier and the human resources department, as well as between the affected employees, their physicians and their supervisors. This level of integration can be achieved by positioning an on-site disability management professional in the workplace. This on-site consultant can become the advocate, or quarterback, for bringing together the three practices into one holistic system.

In a transitional return to work program,
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an on-site consultant plays a key role in obtaining job modifications or accommodations for absent or disabled employees. Being on-site and not exclusively relying on telephone contact enables such a consultant to more effectively seek opportunities to return to the workplace. This individual often becomes part of a company's workplace culture and, therefore, the human resources team. These consultants can also provide training to a company's supervisors, helping them better understand how to navigate through their return to work program.

An on-site consultant configuration can also incorporate nurse case management. For example, 50 percent of The Standard's workplace consultants are nurses. This group, which includes nurses or vocational specialists, is able to act as a trusted link between the human resources department, the employee and the doctor.

An integrated absence and disability management model using an on-site consultant utilizes the same concept that has benefited on-site medical providers. In addition to the medical and pharmacy providers, an employer can have a disability management expert (i.e., another on-site provider) to help employees stay at work and return to work.

Much of an on-site consultant's duties can revolve around helping the human resources team identify opportunities to keep employees who may be at risk of a disability on the job, or get those who go out on disability back to work sooner. To assist in this, a consultant may conduct stay at work activities that help struggling employees and prevent some absences and disability claims.

To accomplish this, they can perform ergonomic evaluations, recommend and obtain

devices that allow employees to work more comfortably, negotiate transitional work with supervisors, consult on accommodations for mental/psychiatric conditions, and help track employees being accommodated or who are absent due to a disability.

Above all, on-site consultants offer an integrated approach to managing health, absence and disability by connecting employees to specific health management programs when they need it most—just before or just after a disabling medical condition causes them to leave the workplace.

Such a program can reduce the average duration of short term disability among those employees served by the on-site consultant and can save employers hard-dollars in its self-insured or insured short term disability program.

Brokers can take this new-found knowl-

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edge and apply it to seeking an innovative absence and disability management program that introduces productivity and cost-saving solutions to their clients. It also will enhance brokers' practices by having options on their shelves that attract and retain customers, as well as solidify customer relationships. ☺

Footnotes:

1. "Employee Absenteeism and Attendance, 2012," available at www.hrhero.com/topics/absenteeism.html (accessed January 5, 2012).
2. "Household Data Annual Averages," U.S. Bureau of Labor Statistics, 2010. Available at <http://bls.gov/cps/cpsaat47.pdf> (accessed December 15, 2011).
3. "Health and Productivity Benchmarking, Short Term Disability Program, Calendar Year Data: 2009, All Employers," Integrated Benefits Institute (accessed on January 5, 2012).
4. "The Impact of Health and Productivity Management Practices," Integrated Benefits Institute, July 2010 (accessed on January 5, 2012).