

Taking Charge of Health-Related Lost Productivity

The instability of health care in the United States leaves many employers juggling important decisions. For instance, employers need to determine what immediate changes are needed as a result of rising health care costs, not to mention how health care changes affect current and future employee benefits.

Some employers are taking action now. One example is by shifting the responsibility of benefit choices onto employees. As for the rising cost of health care plans, many employers are now increasing their attention to employee health and how it affects organizational profitability.

Given the amount of attention dedicated to employee health, many employers would be surprised to hear that the costs they typically worry about – medical and pharmaceutical – only contribute to 30% of the total cost of poor employee health.

The other 70% can be attributed to health-related lost productivity – the decline of productivity due to absenteeism and presenteeism, according to a study published in the *Journal of Environmental Medicine*.

The advice of an effective broker partner can help employers see how the 70% is hurting their company's bottom line. Brokers can help employers visualize the significance of this issue

using the iceberg concept. Like an iceberg, medical and pharmaceutical costs (30%) are above

the water, visible to everyone. The submerged portion represents the 70% of costs that can't be seen, but require more attention.

Brokers can also advise their clients about the following programs and solutions to help them prevent or lessen health-related lost productivity:

1. Employee assistance programs (EAPs) – EAPs are intended to help employees deal with personal issues that may be hurting their work performance as well as their health and well-being. EAPs often provide counseling services for the employee and family members.
2. Disease management – Disease management targets medical conditions that are prevalent in a workforce. It helps people take more responsibility for educating themselves on their chronic issues in order to take better care of themselves and avoid exacerbating their condition.
3. Wellness and health promotion – This combination is designed to improve the health of all employees by targeting broad health-related goals, such as smoking cessation, weight loss, and nutrition.

When these three pieces are combined with a program that manages absence and disability, employers can help employees deal with chronic issues, stay on the job and be productive, or return to work sooner. An absence and disability management program that uses an on-site consultant pulls all of these pieces together for a stronger approach.

For example, by introducing an ergonomic intervention, an on-site consultant can help an employee who has a chronic condition stay on the job and remain productive. For back pain, it might be a special ergonomic chair. For someone who is dealing with high-stress or anxiety, it might be a flexible, more accommodating schedule that allows them to heal properly and seek the help they need while continuing to work.

The on-site consultant, typically a nurse or vocational manager, puts all of these pieces together and takes the burden of absence and disability from the HR team. By identifying a program that uses an on-site consultant, brokers can help their clients better manage or reduce issues, such as presentee-



ism or absenteeism, increase productivity, and boost employee morale.

The Cost Factor

As mentioned, absence and disability can be very costly to an organization, particularly the direct and indirect costs. Findings from various reports and surveys indicate that these costs are much higher than previously thought. Brokers must help employers understand the type of absences, the cost related to each, and how they impact their organization.

The total cost of all major absences, including direct and indirect costs, average 35% of an employer's base payroll.

Absences can be divided into categories:

- Planned – Scheduled and approved in advance (for example, PTO or vacation)
- Unplanned incidental – Up to five days where occurrence was not known (for example, being sick)
- Extended – Lasting more than one week, often unplanned, and due to disability (for example, Family Medical Leave Act or state equivalent).

Employers typically try to mitigate unplanned incidental and extended absences with programs that manage absence and disability. The Dept. of Labor estimates that 2% to 5% of an employer's workforce was absent on any given day in 2010. The direct and indirect impact of absence is significant, particularly the resulting cost.

Another report, by Kronos and Mercer, includes findings from its survey of 276 organizations from all industries, sizes and regions throughout the United States:

- Total costs of incidental, extended absences (short-term disability and FMLA) were 8.7% of payroll.
- Total costs of extended disability absences, alone, were 2.9% of payroll.

The Issues Behind Health-Related Lost Productivity

Absenteeism and presenteeism have been identified as major contributors to health-related lost productivity. Presenteeism is commonly referred to as the productivity loss caused by employees at work with medical conditions, either

physical or mental." The following are major causes of presenteeism:

- Behavioral health conditions are medical conditions clustered into categories of anxiety and mood disorders.
- Presenteeism-related arthritis can affect people of all ages and can cause discomfort, as well as decreased productivity.
- Allergies often can cause severe problems for employees at work, given the amount of exposure to

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sents people can endure. Therefore, they can affect productivity.

- Other conditions (for example, diabetes and obesity) have also been studied in detail as to how they affect productivity.

These issues will always exist, which is why it is important for employers to get a better handle on them. Brokers, again, can be a go-to for offering solutions, such as an EAP or an integrated absence and disability program, using the on-site model.

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health and well-being, as well as a company's long-term profitability. □

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The Standard's Workplace Possibilities program helps employers prevent and manage employee absence and disability. For information, visit www.workplacepossibilities.com.

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