

# The Street

## The Standard Helps Employers Focus On Total Cost Of Poor Employee Health

By [Business Wire](#) 06/14/12 - 05:01 PM EDT

Employers, brokers and consultants should carefully consider the total cost of poor employee health, not just the more identifiable medical and pharmaceutical costs, according to a new productivity insight paper titled [Productivity Insight #1 – Health-Related Lost Productivity: Causes and Solutions](#) from Standard Insurance Company (“The Standard”). The Productivity Insight focuses on the causes of and potential solutions for health-related lost productivity, which represents the decline in employee productivity due to absenteeism and presenteeism. Presenteeism is the productivity loss caused by employees at work with medical conditions, either physical or mental.

“Employers, brokers and consultants should picture the total cost of poor employee health as an iceberg,” said Michael Klachefsky, national practice leader, Workplace Possibilities<sup>SM</sup> for The Standard and author of the Productivity Insight series. “Medical and pharmaceutical costs lie ‘above the water’ and currently demand much of an organization’s attention, yet represent only 30 percent of the total cost of poor employee health. Health-related lost productivity costs lie beneath the surface and are not as easily identifiable. Yet these costs make up 70 percent of the total cost of poor employee health and can have a substantial impact on an organization’s profitability.<sup>1</sup>”

This paper, which is the first installment in a five-part series, examines the various aspects of health-related lost productivity and serves as an overview of the themes to be explored in future installments. Major takeaways from the series include:

- The total cost of incidental and extended employee absences, including both direct and indirect costs, amount to an estimated 8.7 percent of an employer’s base payroll.<sup>2</sup>
- Presenteeism is a major contributor to health-related lost productivity and can be caused by a number of different employee medical conditions, including mental health conditions, musculoskeletal conditions, arthritis, obesity and allergies.
- Behavioral health conditions, including depression, are a major cause of presenteeism and can directly affect an employee’s productivity.
- Short-term disability can provide the “teachable moment” to connect disabled or struggling employees with an employer’s health management programs in order to reduce health-related lost productivity.

## **Learn more at the SHRM Annual Conference**

The Standard will be attending the 64<sup>th</sup> Annual Society for Human Resource Management (SHRM) Conference & Exposition in Atlanta, on June 24 through June 27, 2012. Klachefsky and other representatives from The Standard will be on site to provide more information on how The Standard's Workplace Possibilities program effectively manages absence and disability in order to improve employee health and productivity, and thus reduce health-related lost productivity. To visit The Standard, see Booth 1130 in the Exposition Hall.

To download the Productivity Insight and to learn more about The Standard's Workplace Possibilities program, visit [workplacepossibilities.com/resources-white-papers](http://workplacepossibilities.com/resources-white-papers).

## **About the Workplace Possibilities program**

The Workplace Possibilities<sup>SM</sup> program is a unique, proactive approach to helping employers prevent and manage employee absence and disability. A Workplace Possibilities consultant helps to connect employees with their health management programs and identifies opportunities to keep at-risk employees on the job or return to work faster. By doing so, the program delivers rapid and measurable reductions in absence- and disability-related costs. For tips and tools HR professionals can use to help re-imagine the way they manage absence and disability, visit [workplacepossibilities.com](http://workplacepossibilities.com).

The Workplace Possibilities Program is available through The Standard's Group Disability Insurance. An on-site consultant is available for groups with 1,000 or more employees. This policy has exclusions, limitations, reduction of benefits and terms under which the policy may be continued in force or terminated.