A message from Jason Herr

I am constantly amazed at the resourcefulness of absence, disability, and leave management professionals. Their high degree of creativity in developing, designing, and managing absence programs is nothing short of amazing. Multiple dynamics—from changing regulatory requirements to business case considerations to risk mitigation efforts—combine to create the need for a highly customized, flexible approach to absence management.

Aon is proud to introduce 360° Absence Insight, a quarterly newsletter dedicated to sharing the thought leadership of our Absence Management team. These industry leaders possess a full spectrum of expertise across analytics, design, and delivery.

I invite you to spend a few minutes paging through this issue. Join us as we take a deep dive into the complex world of absence management.

If there are any future topics you’d like to see us cover, we’d love to hear from you. Email us at health@aonhewitt.com and let us know what subjects you’d like to see given the 360° treatment.

Enjoy!

Jason Herr
Executive Vice President
Assessing the Plan
by Tom Klett

The shift to external leave management should be accompanied by a thorough review of existing paid time-off plans.

Organizations are also moving from internal to external administration for employer-sponsored leaves (e.g. sick leave, PTO, etc.). This shift certainly makes sense, for example, in the case of the Family and Medical Leave Act (FMLA), when employees may use any earned or accrued paid time off to offset the unpaid requirement of FMLA.

At the same time, employers are tasked with the challenge of managing a workforce that encompasses more generations than ever before. This vast population presents an array of challenges, as each generation has its own unique needs and requirements. The needs of Millennials may be vastly different from those of Baby Boomers, for example, when it comes to paid time off. Millennials may need time off for the birth of a child, while Boomers may be caring for an elder parent as they themselves transition into retirement.

Unfortunately, many paid time off plans reflect the workforce of the past, rather than the present. These plans calculate benefits based on longevity of service and place little, if any, emphasis on individual contribution. In most cases, there is virtually no employee choice involved. Ironically, this comes at a time when employees are increasingly being given more choice and responsibility for a range of key benefits—from health care to retirement.

As employers make the decision to outsource the administration of their mandated and employer-sponsored leaves, they should seize the opportunity to evaluate their existing plans, many of which have not been reviewed or redesigned in quite some time. In addition to containing many unique quirks associated with their design (e.g. service schedule benefits that change depending on years of service), these long-neglected plans can have different eligibility periods or accruals which may make external administration unnecessarily difficult. Rather than carrying over an unusual accrual policy, for example, it may be a good time to consider a new, simpler-to-understand-and-administer method for accruing paid time off.

Potential changes to paid time off plans may prove valuable in providing the appropriate incentives for employees to manage their work/life balance, while minimizing needless complexity. Most importantly, organizations are able to ensure their paid time off plans still reflect their intent and meet the needs of their workforce now and in the future.
Anticipating Accommodations: Insights from the Interactive Process

by Crystal Fernalld, JD

Could a proactive ADA accommodation program help improve your workplace health?

At the heart of the Americans with Disabilities Act (ADA) lies the interactive process, a requirement that an employer work with employees to implement reasonable accommodations when necessary to allow them to perform the essential functions of their job.

In large part, this is accomplished by collecting self-reported data from the employee on the nature of their impairment and how it impacts their work time and overall performance. At times, an employer may consult with the employee’s physician to determine what kind of reasonable accommodation is available based on the specific impairment.

It is incumbent upon employers to ensure their corporate leave and disability programs are in compliance with this requirement. However, savvy employers are looking beyond mere compliance and identifying innovative ways their ADA program can actually improve the company’s overall health.

According to the EEOC, diabetes, back pain, and mental health are among the most common types of employee claims made under the ADA. When an employer is tracking and trending their accommodation data, they can use that information to deliver targeted resources to improve their employees’ health.

Take, for example, an employer whose data shows one division population has a higher incidence of back pain than other divisions. The most commonly provided accommodation for this request is an ergonomically correct chair. Instead of waiting for employees to present with similar requests, the employer could proactively offer ergonomically correct chairs to that division’s entire population or encourage them to take stretch breaks or participate in a free stretch class during lunch.

Even the most proactive approach may not effectively reduce the number of ADA-related absences. However, it empowers employers to anticipate accommodation requests by better identifying the future health needs of their employee population.
Going Global

by Tom Gergely

Multinationals require a highly structured absence management strategy.

Absence management is undergoing a renaissance of sorts, as the increase in complexities and linkages across and within programs has been met by an increase in insight and understanding around causal factors, targeted interventions and data.

As a result, most organizations have become more adept at managing absences, either on their own or through partnerships. The vast majority of progress has been within a domestic framework though, with virtually none taking place on the global stage.

For multinationals, the challenge of managing absence across countries is more than a little daunting. Most have taken steps to ensure not only that absence is administered, but that there’s plan harmonization and a common employee experience. Yet, few have gone so far as to establish a comprehensive global strategy or a fully-aligned approach to administration.

Unfortunately, the vendor and consulting community has done little to help drive the conversation, offering only limited support. However, recent advances in the ability to pull data across geographies, coupled with the ability of partner firms to provide informed analysis, has allowed the discussion and planning to move forward.

For multinationals to successfully address the challenges of absence on a global scale, they must first adopt an integrated strategy. This will enable them to fully optimize their ability to mitigate and manage absence cost and risk, while leveraging productivity and, ultimately, workforce health.

For large market, complex organizations, the successful articulation and execution of an integrated framework will require an outcome-based program design and alignment, reflecting all local compliance and regulatory requirements. These organizations must also engage in targeted and leveraged deployment across all areas of absence, aligned with linked program objectives and key performance indicators. Ideally, this should take place both pre- and post-absence event. Throughout the entire absence management process, they must endeavor to practice persuasive and fully-informed decision-making.

As vendors increase their global administrative capabilities, the most successful frameworks are likely to be: 1) a singular global strategy and approach with country specific execution (reflecting variable operations, size, acquisition legacy, and/or cultural diversity); 2) a singular global strategy with global execution and local coordination (reflecting more standardized operations and common experience across entity/cultural and corporate singularity); and 3) a U.S. strategy and execution with separate global strategy and execution (for dominant and complex U.S. operations that have limited commonality or alignment with global operations).

Multinational absence management possesses its own unique set of challenges. With the right level of stakeholder engagement and partnerships with global administration capabilities, effective and sustainable alignment across geographies can be achieved.
Balancing Act: Technology and Absence

by David Hummel and Butch Knowlton

Is the evolution in absence management technology driving efficiencies or disconnect?

Technology has transformed the world of absence management, enhancing programs and expediting case management through automated intakes, comprehensive data, and smart logic claim decision-making.

These advances help guide case management teams toward best practices, impact time management and enforce compliance. It’s no wonder the absence management industry has invested heavily in technology designed to help manage costs, workflow, data, and quality. Through technology, we gain the ability to make more informed absence and disability decisions.

In a world that thrives on the next generation of smartphones, tablets and apps, the case could be made that these enhancements go a long way toward satisfying employees’ ever-increasing demands for virtual solutions. However, there are legitimate concerns about the potential negative impact of these technological advances on the employee experience.

When an employee is dealing with something as significant as medical leave—related to their own illness or that of a family member—the human connection is invaluable. Studies have shown that face-to-face interactions provide a sense of comfort and well-being, something that is definitely welcome during a health crisis.

During such a stressful time, a case manager, nurse, or HR staffer becomes an extension of the employee’s support system, a critical connection that cannot be replaced by a disembodied voice on a cell phone, iPad, or computer screen.

Within the next couple of years, it’s plausible an employee could complete the entire absence process without ever speaking to a human case manager. While some might welcome this evolution, others may find that level of human disconnect unsettling, even off-putting. After all, health issues already have the unfortunate byproduct of isolation. We should be endeavoring to lessen that sense of aloneness, not intensifying it.

In the coming years, technology will play an ever-increasing role in the world of absence management. This presents a significant challenge for the absence industry, which is closely intertwined with health, wellness, and productivity. While it’s clear that today’s technological capabilities have the potential to greatly enhance our absence management programs, the question remains: To what extent should those technological solutions replace human interaction? How much of a trade-off are we making and at what cost?

In our quest to do things faster and more cost-effectively, are we ultimately creating a disconnect that adds to employees’ already significant stress and grief?

Employers and third-party absence management providers must decide how much of a role technology should play and how much human interaction should be retained as an essential component of the process. There is no simple answer, but one thing is clear: the subject is worthy of a substantial amount of debate and discussion, both within organizations and throughout the entire absence management industry.
Addressing the Aging Workforce
by Aon Risk Solutions

Using ageonomics to respond to massive shifts in workplace demographics.

It’s here: the dreaded demographic shift employers hoped would somehow go away. The massive, highly skilled Baby Boomer generation is rapidly reaching the ranks of senior citizen. Not far behind them, Generation Xers are becoming middle-aged. Not surprisingly, this trend is leading to some significant changes in the composition and health of the American workforce.

According to the U.S. Department of Labor (DOL), workers age 45 and older now make up 44 percent of the U.S. workforce. That’s an increase of 49 percent in the last decade. Those older than 55 account for 21 percent of workers.

This trend isn’t about to go away soon either. Future demographic estimates by the Center for Disease Control (CDC), based upon the trends of fertility rates and resulting dependency ratios, predict this issue will exist beyond 2050.

To gain a better understanding of the impacts of the aging worker phenomenon on the health care system and workers compensation market—specifically on cost drivers—Aon has spearheaded an initiative called Ageonomics.

By studying the issue in more detail, Aon consultants and analysts have gained a stronger understanding of the prevalence of aging in America, drilling down into the impact on workers compensation claim costs and the physiological impact of aging on the ability to perform work.

Aon’s Casualty Risk Consulting team has reviewed more than $3 billion in workers’ compensation claims since 2011 in an effort to identify the key cost drivers. What they found was a trend of significant increases in workforce claims in the 45+ age group. Injuries to this group tend to result in longer disability periods—up to 13 days longer—contributing to an average 50 percent higher costs. In part, this is due to the fact that nearly 40 percent of workers age 45 and older suffer from the impacts of obesity, which not only can impede the healing process after an injury, but can potentially increase the likelihood of suffering an injury in the first place.

Other causal factors including the many mental and physical changes that accompany the aging process. By the time a person reaches their 60s, they have lost as much as 20 percent of their spinal strength and general muscle mass. Decreases in eyesight, hearing, and cognitive changes (especially reaction time), combined with reduced balance and range of motion, also make people more susceptible to injury.

Best Practices for Addressing an Aging Workplace

Aging is inevitable, but by taking a proactive approach, organizations can gain a better understanding of its impact on their total cost of casualty risk. Companies should begin by leveraging their workers’ comp loss data and workforce demographics to get a better understanding of the cost drivers of claims. By gaining a better understanding of the drivers of risk, they will be better positioned to actively implement risk mitigation strategies (ergonomics, safety culture improvement, etc.) and ultimately create a sustainable safety and casualty program.

It is incumbent on Environment, Safety, and Health (EHS) staff, safety leaders, and risk managers to re-think the physical and cognitive demands of the workplace to better accommodate a large population of aging workers. The earlier they take action, the greater the likelihood of building a more adaptable workplace and driving down costs associated with injuries and lost time on the job.

Organizations should also consider modifying the claims process to improve post-loss response and management of these claims. Finally, they must work closely with Human Resources to create prescriptive wellness programs designed to improve the health and wellness of the aging worker.

The aging workforce is not a short-term issue. It will remain with us for decades to come. However, it is possible to take steps now that will help mitigate injuries, absences, and costs many years down the road.

For information on Aon’s Risk Solutions, please visit aon.com.
Analytics Insight: Dismantling the Disconnect

by Deborah Lebonar, PHD

Empowering HR business partners through data sharing and insights.

The day-to-day impact of absence is felt by literally every individual in the organization. From frontline workers expected to pick up the slack for a missing colleague to managers forced to scramble to reassign their duties, the effects of absence are widespread. As employers assess the impact of absence to overall profitability, however, it has become evident there is a disconnect between corporate HR and the HR business partners in the field. Consequently, these critical members of the HR team often don’t have access to the comprehensive data necessary to inform their local level decision-making.

Leading organizations are taking steps to address this disconnect and share the requisite data with their HR business partners in a compelling way.

Recognizing the insights that can be gained from studying the achievements of similar organizations and work groups, these savvy companies rely on comparative benchmarking—external and internal—to help them identify problem areas and possible solutions. When one organization discovered a particular work group’s behavioral health experience was far greater than a peer group’s experience, they embraced the opportunity for targeted interventions, including increased communications and referrals to the EAP.

Rather than relying on anecdotal information or a “gut feeling,” these best practice organizations rely on analytics to guide their decision-making. As one organization was considering a reduction in their employees’ benefit coverage, they took a look at the data, which projected a minimal financial savings would be gained from taking the action. Recognizing such a small savings wouldn’t be worth the potential negative impact on employee morale, they decided not to change their plan.

Oftentimes, simple two-way dialogue is all that’s necessary to provide valuable insights into factors that might be affecting absence patterns. For one company, an interactive discussion about the high pollen count in the environment of a manufacturing facility in the southern United States helped to identify the root cause behind high volumes of respiratory claims at that location. Another organization held a series of discussions about the key clinical drivers of disability absences within their location. As a result, the HR business partners were able to make and support a business case to their leadership about implementing local level wellness initiatives.

One important differentiator that sets these companies apart is their keen understanding that less can be more. Recognizing that nothing is gained from unnecessarily complicating the message, they use terms and metrics that are meaningful to the audience and straightforward enough to allow the message to be cascaded throughout the organization.

Deborah Lebonar, PHD, Aon Hewitt Leave, Absence Analytics, recently presented at the DMEC, Absence, Disability, RTW Conference on the importance of data and analytics in absence management. If you would like a copy of her presentation, please visit our Absence 360° website.
Key Contacts

Want more information or have a question? Be sure to follow up with your Delivery Group Manager. Visit the Absence 360° website at 360absence.com for additional resource and absence management updates.

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360º Absence Solutions
Aon Hewitt 360º Absence Solutions takes a full-spectrum approach that transforms absence through a uniquely comprehensive process. With Aon Hewitt, one strong partner can give you next-generation solutions for every type of absence. To learn more about Absence 360 Solutions, please contact your local Aon Hewitt Consultant, email health@aonhewitt.com, or visit 360absence.com.

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For more information on Aon Hewitt, please visit aonhewitt.com.

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