Improving Workplace Productivity—

It Isn’t Just About Reducing Absence

by Kathy Harte, Kathleen Mahieu, David Mallett, Julie Norville and Sander VanderWerf

Employers must get more aggressive in their health and productivity strategies. A comprehensive strategy includes data analytics across health and lost-time programs, absence policies that meet today’s needs for both employer and employee, health and wellness programs targeting modifiable health behaviors, and absence program administration that is aligned to operational goals. This article targets key aspects of a comprehensive long-term health and productivity strategic vision. An organization can use these aspects independently to address immediate tactical issues while it develops its broader strategy. The target areas include a view from the perspective of data management, absence program design and management, employee health and wellness, and behavioral health.

The business pages of U.S. newspapers are replete with headlines measuring, forecasting and praising the continued productivity gains of the American workforce. Improvements in productivity are attributable to multiple factors, such as technology innovations, but the most important metric continues to be human labor (output per hour). Today more than ever, organizations and their managers are tasked to “do more with less” as businesses globally look to maximize their workforce output and increase productivity.

The parallel initiative to increasing productivity is reducing expense. For most organizations, salary is the single largest expense. Most payroll calculations include salary for days worked as well as the cost associated with sick time, personal leave, paid holidays, vacation and short-term disability or salary continuation. Periods of paid leave associated with sick time and short-term disability or salary continuation are times when the employee is not at work and not productive—when they are absent.

The ability to enhance workforce output and minimize loss due to absenteeism represents a tremendous advantage in the global economic environment. Many employers are plagued by the rising frequency and duration of leaves related to an employee’s poor health. There is a growing awareness that absent workers create a direct drain on profitability due to reduced productivity and increased expense. Table I illustrates how benefit costs of health and productivity direct cost programs add up as a percent of payroll.

Are there opportunities to mitigate the risk associated with absence? Can employers reasonably set a goal of reducing the frequency and duration of ab-
sures, or should the goal be to increase the organization’s productivity?

Both goals recognize the value of a workforce that is present. The latter also places value in a workforce that is both present and fully engaged. Employees’ productivity can be significantly influenced by their general health and well-being, their understanding and utilization of medical leave policies, and the relationship they have with their manager.

While less than 23% of employers participating in Aon Hewitt’s Annual Health Care Survey 2008 had a formal health and productivity strategy in place, 60% intended to develop one in the next five years.¹

A comprehensive health and productivity strategy encompasses several key tactical aspects that, when successfully linked, support an employer’s ability to influence workforce productivity. Included in the strategies are data analytics across health and lost-time programs, absence policies that meet today’s needs for both employer and employee, health and wellness programs targeting modifiable health behaviors, and absence program administration that is aligned to operational goals.

Though metrics continue to seem elusive to many employers, 69% of participants in Aon Hewitt’s Nuts and Bolts of Leaves of Absence 2008 survey identified that they have never calculated total time-off program costs, and 58% have never calculated time-off usage statistics.²

TABLE I
HEALTH AND PRODUCTIVITY DIRECT COST PROGRAMS AS A PERCENT OF PAYROLL

<table>
<thead>
<tr>
<th>Program</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical coverage</td>
<td>10.0%</td>
</tr>
<tr>
<td>Overtime</td>
<td>3.4%</td>
</tr>
<tr>
<td>Replacement workers</td>
<td>2.0%</td>
</tr>
<tr>
<td>Job accommodation</td>
<td>1.0%</td>
</tr>
<tr>
<td>Sick leave (not including paid time off)</td>
<td>1.0%</td>
</tr>
<tr>
<td>Short-term disability</td>
<td>1.0%</td>
</tr>
<tr>
<td>Workers’ compensation</td>
<td>1.0%</td>
</tr>
<tr>
<td>Health improvement programs</td>
<td>0.5%</td>
</tr>
<tr>
<td>Long-term disability</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Labor.

Comprehensive analytics are needed to evaluate, at a minimum, employee utilization trends and vendor performance. Many employers have some measure of the direct costs associated with individual health, disability and time-off programs. However, they are unable to measure the indirect cost of a lost workday or the relationship between health and absence.

Interest is growing in collecting and using worker lost-time data more holistically both to set strategic direction within absence programs and to guide the organization’s overall health and productivity strategy to:

- Examine the population health risk in context of the corporate agenda
- Utilize meaningful metrics to measure the effects on corporate health, including lost revenue impact
- Incorporate effective leave policies and associated administration
- Use metrics to calibrate continuous improvement initiatives to meet dynamic business needs

Metrics become the first and last parts of a four-part initiative: (1) Define the baseline. (2) Identify trends. (3) Initiate change. (4) Measure the impact.

Absence program design and management and employee health and wellness are among the strategies most frequently associated with impacting absence.

Employers are also challenged to design and administer leave-of-absence programs that support the employee’s need for time-off and disability coverage, along with the employer’s desire for a cost-competitive benefit that creates a fully productive workforce. A combination of plan designs and best-in-class administration that align with organizational goals and employee needs is key.

As employers become more aware of the multiple work-life balance issues affecting their employees’ lives, they are increasingly attempting to help employees address their poor physical and/or mental conditions.

An organization cannot be successful without employees who show up every day ready to give their full attention to their job. It is estimated that 4–10% of an employer’s workforce is not at work on any given day.³ A lost day from work is more than the salary and benefits paid for that day; a comprehensive evaluation recognizes the impact to the organization’s bottom line and profits. This untapped resource—employees who are absent who could be at work—can significantly contribute to the organization’s financial success. Reducing the benefit cost is a small part of this lost resource. The real potential is the increase in hours worked.

For this article, we have chosen to begin the discussion by targeting key aspects of a comprehensive long-term health and productivity strategic
performance, and enhance the quality of life for workers and their families, while at the same time reducing total health-related costs.

Integrating evidence-based, data-driven measurement and monitoring mechanisms is key to the success of these more comprehensive strategies. These evaluation approaches should help to define the goals and objectives for the program silos—but more importantly, also span across the total health and productivity management spectrum.

Measurement and evaluation will give employers the critical numbers they need to recognize year-over-year trends for effective management of integrated health and absence benefit designs, occupational health and safety programs, health improvement/wellness initiatives, and medical management programs. Identifying and tracking key metrics longitudinally helps a corporation to align programming with medical and productivity cost drivers and to document effective use of programming dollars.

The Pepsi Bottling Group (PBG) has embraced integrated measurement concepts. PBG wanted to predict how improvements to employees’ health risk profiles could potentially lower health- and productivity-related costs. The company analyzed experience across multiple benefit program areas and data types to determine the relationship between individual health risks and costs.

PBG’s analysis illustrates how health risk factors can influence direct medical costs and costs associated with productivity-related outcomes. PBG found that a large reduction in the prevalence of health risks could yield annual workers’ comp savings of $733,260, with 66% of those savings being realized from a reduction in weight risk and 15% from reduced stress. PBG also calculated annual short-term disability (STD) savings could amount to $344,190 for a large risk reduction, with most savings coming from reductions in weight and high blood glucose (20%). An additional $2.3 million in medical savings was also hypothesized for large risk reduction.

Research, analytics and measurement/monitoring approaches are much easier to accomplish when employers have access to health and productivity program data. Even in the absence of actual data, modeling can be applied to pinpoint actionable opportunities for employers. Such tools are extremely useful in helping make the business case for when to invest in more holistic health and productivity management strategies.

However, not only must some level of data and/or models be available and customizable, but there must also be effective analytic interpretation and use of those data resources.

**A VIEW FROM THE PERSPECTIVE OF DATA MANAGEMENT**

Although many employers are concerned about workforce health, their efforts to address this problem have tended to focus on medical costs without considering how health impacts workforce productivity. Historically, many employers have had little information about how disability, absenteeism and lost productivity affect their bottom line. After identifying major medical and pharmacy cost drivers, many employers have attempted to relieve their cost burden by implementing siloed approaches to health and productivity management versus thinking more holistically.

Forward-thinking employers implement comprehensive strategies that cross the organization’s various programs, policies and populations. The following statistics demonstrate the need for strategies to reduce health care expenditures, retain valuable employees and optimize employee productivity:

- Employers are spending an estimated $13,000 per employee per year in total direct and indirect health costs.¹
- Employers typically lose $3 of health-related productivity for every $1 spent on medical care or pharmacy.²
- Health-related problems reduce the effectiveness of the U.S. workforce by 5-10%.³
- A survey found that an estimated 18 million Americans aged 19 to 64 are not working because of health reasons.⁴
- Organizations willing to integrate benefit programs can achieve substantial savings, typically 15-35% of prior costs (Integrated Benefits Institute).
- The annual cost of occupational and nonoccupational injuries and illnesses represents 12-14% of total payroll costs.

Employers must understand the relationships that span their various benefit types and programs so that they can get more aggressive in health and productivity strategies. This will lower health risks, reduce the burden of illness, improve wellness and human performance, and enhance the quality of life for workers.
Four types of data, covering multiple years of experience, must be captured to design the initial baseline measurement set and for ongoing metric monitoring:

1. Traditional eligibility/enrollment, medical/behavioral health claims and prescription drug claims experience
2. Disparate absenteeism data points (disability, incidental paid and unpaid absence, family medical leave (FML) and workers’ compensation) to complete the picture of all lost-time experience
3. Participation data from health risk assessments, biometrics, lifestyle management, disease management and other health improvement programs
4. When and where available, summary plan design, corporate culture information (e.g., via surveys) and employee satisfaction. Benefit or provider satisfaction is also important information.

Capturing these data points allows the organization to build a health and productivity profile for every employee and/or cohort grouping.

Next, an organization should map out key metrics and views that will provide additional insight. Table II contains a list of sample metrics.

Determining the best method for presenting this information is difficult but critical for engaging stake-
**FIGURE 1**

**EXAMPLE OF PRESENTING HIGH-LEVEL ANALYTIC CONCEPTS AND SUBCOMPONENTS**

**HEALTH AND PRODUCTIVITY METRICS**

**AGGREGATE COST BY TYPE OF COVERAGE—EMPLOYEES ONLY**

<table>
<thead>
<tr>
<th>Benefits Paid as a % of TOTAL</th>
<th>Medical</th>
<th>Rx Drug</th>
<th>Short-Term Disability</th>
<th>Long-Term Disability</th>
<th>WC Wage/Med/Other</th>
<th>All Types of Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Benefits Paid (millions)</td>
<td>$352.4</td>
<td>$97.2</td>
<td>$40.6</td>
<td>$12.5</td>
<td>$27.8</td>
<td>$530.5</td>
</tr>
<tr>
<td>Benefits Paid per Active EE</td>
<td>$6,743</td>
<td>$1,861</td>
<td>$777</td>
<td>$239</td>
<td>$533</td>
<td>$10,156</td>
</tr>
<tr>
<td>Most Costly Condition and Benefits Paid</td>
<td>Neoplasms; Endcr, Metabolic, Immun; $74,774,642</td>
<td>Musculo, Cnctv Tissue; $2,811,011</td>
<td>Musculo, Cnctv Tissue; $87,524</td>
<td>Injury and Poisoning; $8,476,598</td>
<td>Neoplasms; $77,950,572</td>
<td></td>
</tr>
<tr>
<td>Second Most Costly Condition and Benefits Paid</td>
<td>Circulatory System; $44,431,373</td>
<td>Infectious and Parasitic Dis; $14,882,989</td>
<td>Injury and Poisoning; $2,630,490</td>
<td>Injury and Poisoning; $64,088</td>
<td>Musculo, Cnctv Tissue; $416,141</td>
<td>Musculo, Cnctv Tissue; $52,427,854</td>
</tr>
<tr>
<td>Third Most Costly Condition and Benefits Paid</td>
<td>Muskulo, Cnctv Tissue; $44,341,354</td>
<td>Mental Disorders; $9,460,181</td>
<td>Pregnancy, Childbirth, Puerp; $1,266,470</td>
<td>Neoplasms; $59,091</td>
<td>Skin and Subcutaneous</td>
<td>Circulatory System; $51,286,128</td>
</tr>
</tbody>
</table>

**BENEFITS PAID AS % OF TOTAL BY TYPE OF COVERAGE**

Total Benefits Paid: $472,473,088

- Medical: 66.4%
- Rx Drug: 18.3%
- Short-Term Disability: 7.7%
- Long-Term Disability: 15.2%
- WC Wage/Med/Other: 84.8%
FIGURE 2
EXAMPLE OF CLUSTERING SIMILAR ANALYTIC CONCEPTS INTO FEWER VIEWS WITH RELATED THEMES OF COST AND UTILIZATION METRICS

Number of New Cases Incurred by Quarter and Type of Coverage

- STD
- LTD
- WC Lost Time
- WC Med Only

Average Disability Durations (Business Days Lost)

- Short-Term Disability

Average Case Duration—Closed Cases Only

Expected Duration

Number of Cases per 100 Active EEs

- STD
- LTD
- WC Lost Time
- WC Med Only

Disability Claim Recurrence Rates

- STD
- LTD
- WC Lost Time
- WC Med Only
holders throughout the organization. The ideal method is to:
- Present the high-level analytic concepts first, and then show the subcomponents (see Figure 1).
- Cluster similar analytic concepts into fewer views with related themes of cost and utilization metrics (see Figure 2).
- Start isolating and comparing metrics for key population slices. Compare work locations and/or business units in order to develop a road map to tactical/tailored interventions. Concentrate on the work groups driving most of the adverse experience and highlight the parts of the organization demonstrating favorable experience (see Figure 3).

Further drill-down measurement should identify the population of employees driving the majority of lost work time experience. The metrics should uncover the similar traits of the high-user group, for example:
- Age and tenure
- Work location and job function
- Underlying clinical conditions, risk status, etc.

From the resulting profile of the high-user group, the employer can target appropriate intervention programs, such as:
- Education of appropriate field management responsible for absence discipline
- Ergonomic or disease management programs targeted to the underlying clinical condition
- Job qualification recertification directed to the appropriate job function
- Identification of characteristics needed to tailor absence management programs.

Assuredly, these measurement and monitoring steps will provide organizations with a framework for capturing actionable information in order to minimize preventable costs and promote productivity—from an overall view throughout the business, as well as down to finer population cuts. This approach can help employers:
- Promote personal health management, organizational resiliency and safety
- Prevent and manage risk, such as personal stress and work stress
- Intervene effectively to restore and foster capability and prevent further risk.

In summary, the value of implementing a total health and productivity model is that healthy-at-work, optimally functional employees consume fewer benefits and are more productive. The integration of disability, absence and lost productivity data, together with the more traditional group health and prescription drug data, can augment an employer’s analytic scope and increase cost-saving opportunities.
Absence isn’t just about a day away from work. Many employee absences are tied directly to a medical event in an employee’s life. Those events trigger available benefits and collectively impact benefit cost and workplace productivity. Medical events can range from a sick day for a “mental health day” to a chronic illness or catastrophic medical event. Results may span from one unscheduled lost day of work to an extended period of time away from work ending in reduced capacity.

Being able to evaluate the condition and guide the employee during the period of absence is an integral aspect of any employer’s health and productivity strategy. That involves both design and administration. While 97% of employers surveyed have formal policies, only 26% believe they are followed. Three-fourths of employers report they do not have a formal absence management strategy.9

Employers often provide paid-leave-of-absence programs to deal with expected employee absences and to respond to competitive pressure or regulatory requirements (FMLA). The result is a number of leave programs that may overlap. More often than not, these programs no longer support the needs of the organization or its employees as originally intended. Paid-leave-of-absence programs may be typed as sick time, personal, vacation, medical leave, short- and long-term disability plans, maternity and paternity. Often, the options are endless. What determines which paid-leave policies an employer offers may be its ability to fund the benefits (as mentioned, the actual cost is often elusive or not measured), perceived employee value, and the competitive benefit package needed to attract and retain employees.

Employers must also comply with mandated paid medical leave coverages such as workers’ compensation, statutory disability (New Jersey, New York, California, Rhode Island, Hawaii and Puerto Rico) and paid family medical leave (California and New Jersey), and unpaid leave regulations such as the Family and Medical Leave Act (FMLA).

Statutory FML regulations—whose complexity increases as more and more states enact further legislation—also apply. This makes for a complex mix, with frequent overlaps and instances of concurrency for a single lost-time medical event. For example, bronchitis can become pneumonia, which can become chronic obstructive pulmonary disease (COPD). In this linear, progressive condition example, the employee most likely accesses sick time, STD, FMLA/state leaves and perhaps even long-term disability (LTD). If the employee smokes or has asthma, COPD can advance much more quickly and ensure LTD probability along with high-dollar medical and pharmacy costs.

Here are a few surprising statistics from the Council for Disability Awareness:

• Three in ten workers will become disabled before they retire.
• A typical 35-year-old female office worker has a 24% chance of becoming disabled for three or more months during her career.
• A typical 35-year-old male office worker has a 21% chance of becoming disabled for three or more months during his career.
• Risk factors that increase the probability of disability include excess body weight, anxiety or depression, tobacco use and chronic conditions such as diabetes, high blood pressure and back pain.

Employers are reassessing their approach to leave-of-absence programs from a variety of perspectives: recruitment/retention, comparative practices, reduction of benefit cost, policy integration, return-to-work opportunities, administrative efficiency and workforce management. The greatest emphasis is on redesign of traditional sick time/incidental absence policies and STD plans. Of particular note is the need to address incidental unscheduled absences, which incur expensive worker replacement costs and are most disruptive to the ability to deliver services and products.

To address unscheduled absences, a common and effective design strategy is to develop a paid-time-off (PTO) program combining traditional sick, personal and vacation plans. A PTO plan helps employees manage the available PTO without having to “pretend” to be sick. Per the 17th Annual CCH Unscheduled Absence Survey of 2007, when sick time is included in a PTO plan, unscheduled absence can be reduced by 25% (for example, employer of 1,000, a savings of 1,250 days annually).10 PTO plans encourage employees to call in known absences ahead of time and not the day of, with the exception of actual real-time illness. When an employee calls in an unscheduled absence the day of the event, the employer must often resort to using costly replacement workers to fill the void. The cost of a full-replacement worker is typically 1½ times the wages of the absent worker.11

Collective analysis of these various programs can contribute to a more complete picture of workforce health and productivity.
It is important that employers understand the drivers of medical lost time. Predictive modeling of the types of medical events an employee population may experience, in terms of incidence and duration, are important factors to consider when designing an STD plan in combination with health plan predictive modeling. For example, a younger female workforce may experience a higher level of pregnancy claims, while an older male population may have more musculoskeletal claims. Part of the emphasis for benchmarking the baseline is recognizing manageable events.

An often-missed opportunity in the cycle of a chronic medical event is early and appropriate return to transitional duty work. Many employers understand their obligation to comply with the Americans with Disabilities Act (2009 revision to the ADA Amendments Act of 1992) but don’t link compliance with an opportunity to increase worker productivity and decrease benefit costs.

A return-to-work (RTW) policy with financial incentives to return to work and clear language regarding the transitional RTW duty program can be a true asset to worker productivity. A successful RTW program must include clearly defined functional job de-
scriptions that specify physical and cognitive demands needed to perform essential job functions.

Predetermined positions and modifiable work schedules can make the reasonable accommodation process more efficient, while saving days away from work. Using a formal, consistent process, the RTW decision can be made more quickly. By understanding STD, FMLA and workers’ compensation expected claim durations, along with predetermined availability of transitional duty job positions and work schedules, an employer can accurately determine the length of time needed to accommodate employees for the transitional duty policy.

Designing leave-of-absence programs is only half the battle. The other key component is best-in-class administration. While outsourcing STD has become quite common, employers are also outsourcing FML and other ancillary leave programs. Outsourcing removes the burden of day-to-day oversight and tracking of leave-of-absence programs to a third party, but vendors still require oversight to ensure the program is performing as intended and the vendor is employing a level of management consistent with the organization’s culture. Establishing a relationship with a vendor requires a detailed description of program administrative requirements and assessment that the vendor is able to deliver; a cultural fit as to the expected employee experience; and a commitment to a technology platform that interfaces with HRIS and payroll systems, that delivers real-time access to current claim status, and Web reporting tools that support data analytics.

In summary, employers are challenged to design and administer absence programs that support the employee’s need for time-off plans and disability coverages, along with the employer’s desire for a cost-competitive benefit that creates a fully productive workforce. A combination of plan designs and best-in-class administration that aligns with organizational goals and employee needs is key.

**A VIEW FROM THE PERSPECTIVE OF EMPLOYEE HEALTH AND WELLNESS**

Employers increasingly recognize the role of employee health in organizational productivity and engagement. There is a growing but still limited body of literature that demonstrates a strong association between employee poor health and employee productivity loss.12

According to Aon Hewitt survey results of 593 employer respondents, employers are increasingly focused on employee productivity as a main organizational concern.13 However, research on productivity loss has focused primarily on the prevalence of chronic conditions rather than on modifiable health risks. According to the Centers for Disease Control (CDC), four modifiable health risk behaviors—lack of physical activity, poor nutrition, tobacco use and excessive alcohol consumption—are responsible for much of the illness, suffering and early death related to chronic diseases.14

We know that more than half of all Americans suffer from a chronic illness such as cancer, cardiac conditions, hypertension, stroke-related conditions, diabetes, mental health conditions or respiratory diseases. Chronic illness costs the economy over $1 trillion annually, according to an October 2007 Milken Institute study (Figure 4).15 Although treatment advances have led to higher quality of life and lower mortality rates, the number of those with chronic conditions continues to rise.16

Yet the study makes a bold prediction: By making reasonable improvements in preventing and managing chronic disease, we can actually avoid 40.2 million chronic condition cases in 2023. The improvements would reduce the future economic costs in the United States by 27% or $1.1 trillion by that same year, with the bulk of savings coming from gains in productivity and reduced treatment spending.

We know that of those with chronic conditions, at least half have multiple conditions. Our population is also aging, and we know our risk for developing diseases rises as we age.

In addition to the seven chronic conditions outlined in the Milken study, research also tells us that other conditions significantly contribute to our health care economic burden and decreased productivity in the workplace. Osteoarthritis increases annual per capita absenteeism costs by $469 for female workers and by $520 for male workers. This is equivalent to approximately three lost workdays. The aggregate annual absenteeism costs are $10.3 billion (women = $5.5 billion; men = $4.8 billion). The aggregate annual absenteeism costs of osteoarthritis are quite substantial as measured by the probability of absenteeism, days missed from work and their dollar values, compared with other major chronic diseases.17

The cost of obesity among U.S. full-time employees is estimated to be $73.1 billion, according to a study published in October 2010 by a Duke University obesity researcher.18 The study findings revealed that collectively, the per capita costs of obesity are as high as $16,900 for obese women with a body mass index (BMI) over 40 (roughly 100 pounds overweight) and $15,500 for obese men in the same BMI class. Presenteeism makes up the largest share of those costs. The authors found that presenteeism ac-
counted for as much as 56% of the total cost of obesity for women and 68% for men. Even among those in the normal weight range, the value of lost productivity due to health problems far exceeded the medical costs.19

Our health care reduction focus has been primarily on managing costs associated with chronic conditions and not necessarily on preventing them in the first place. The old adage “an ounce of prevention is worth a pound of cure” is one embraced by many researchers including Dr. Dee Edington of the Health Management Research Center at the University of Michigan:

The data demonstrates that the current waiting for sickness strategy is unsustainable in terms of the health status of Americans and in the rapidly escalating health care costs without any improvement in quality outcomes. The positive news is that the data demonstrate that changes in health status correlate with changes in costs; however, corporate and individual wellness strategies have proven to be of limited effectiveness in improving overall health status, improving productivity, and lowering healthcare costs.20

Based on Edington’s work, we have seen a renewed emphasis on wellness programs that are intended to keep the healthy and those at risk from becoming sick(er). Such programs include smoking cessation, weight management, physical activity, stress management and nutrition. It is clear that providing easy-to-use vehicles for employees and their families to stay healthy will impact their future health outcomes, including cost, and their ability to be productive in the workplace.

The ongoing challenge becomes engagement and ultimately behavior change. If an organization employs all the tools available to it as noted (senior leadership support, marketing and incentives), it will likely see improvement in overall health, health care costs and productivity. One study in the American Journal of Health Promotion suggests that positive worker health can lead to improved quality of goods and services, greater creativity and innovation, enhanced resilience and increased intellectual capacity.21 That is the ultimate in gaining an organizational edge that leads to success.

A VIEW FROM THE PERSPECTIVE OF EMPLOYEES’ MENTAL HEALTH

Absence and productivity levels are influenced by many factors, all of which have been heightened due to the current global, economic and workplace environments. There is greater instability both economically and environmentally around the world, contin-

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ued financial strain within families, and strong emphasis on increased output and productivity among the workforce. All of these factors lead to more pressure for employees to be at work, work longer hours and deliver higher performance levels.

As a result, employees are experiencing higher stress levels and less downtime to rejuvenate. A 2010 survey by ComPsych showed that 68% of workers report having high levels of stress with extreme fatigue and/or feeling out of control—an increase from 65% in 2009.\(^2\) The survey further notes that employee stress levels are driven primarily by workload, people issues, job insecurity, and juggling work and personal life. Such high-stress levels lead to poorer overall health, more frequent unscheduled absences and greater potential for longer term absence.

Research over the past 20 years has shown that employee assistance programs (EAPs) play an important role in impacting productivity and absence. In 2007, a study by The Hartford showed that EAP utilization can significantly reduce unscheduled absence.\(^2\) Research by the U.S. Department of Health and Human Services found that employers with EAPs average 21% lower absenteeism rates and 14% higher productivity rates than those without EAPs.\(^2\)

As noted earlier, investment in wellness programs influences both medical costs and absenteeism. And wellness programs that focus on preventing illness and maintaining health can go a long way to creating an environment of high performance, lowering health care costs and reducing absence. Incorporating an EAP into an organization’s overall health and wellness program is only one approach to mitigating issues that influence stress levels. However, few employers consider EAPs to be a component of their wellness program (Figure 5).\(^2\)

According to the 2008 Employer’s Guide to Employee Assistance Programs, EAPs “deliver a variety of health and productivity services to improve organizational performance.”\(^2\) Studies have shown that individuals receiving assistance from the EAP report lower absence rates and higher rates of productivity. A 2001 study by Mark Attridge showed that when EAP services were provided, work loss was avoided in 60% of cases, and 72% of the people associated with these cases showed, on average, a 43% gain in work productivity.\(^2\) Because of their ability to impact employee performance, EAPs are an essential component of an effective productivity enhancement strategy.

However, merely offering an EAP does not mean an organization will benefit from all of the results EAPs can deliver. It takes a concerted effort within the organization to broadly expose the components that will have the greatest impact on absence and productivity.

### Prevention Through Enhanced Manager/Supervisor Training

Although EAPs are often thought of as a vehicle for proactively addressing workplace issues and improving organizational performance, few employers actually take advantage of the resources to support these areas and do not actively guide employees to these services. In addition to providing problem assessment and short-term counseling services, a core competency of EAPs is their expertise in supporting managers and supervisors with addressing workplace issues.

When an individual becomes overwhelmed with personal and/or work issues, the impact of that stress and strain in the workplace is usually first felt by his or her co-workers and manager. An employee who is struggling financially may be at risk for losing his home, may be experiencing relationship difficulties with his spouse and children, and may be relieving his stress by consuming too much alcohol in the evening. This is an employee who is quite likely to be preoccupied with all of these worries while at work, exemplifying a situation of presenteeism. This individual is at work, but is not really working to his full capacity.

It is often the employee’s manager or supervisor who observes the weakening of work performance or strained interpersonal relationships among co-workers. However, the manager may not feel comfortable addressing these issues with the employee until increased absence and tardiness and diminished work product become too disruptive to the workplace. Training that focuses on the skills managers need to identify, address, refer and support employees during difficult situations can play a major role in impacting absence and performance.

### Maximizing EAP Services Within an Absence Management Program

Encouraging the use of EAP services while an employee is on disability can play an important role in reducing disability days away from work and achieving earlier return to work. A study by The Hartford in 2007 showed that when employees on disability use the EAP, they return to work an average of 14.5 days sooner than those who do not use the EAP and are twice as likely to return to work than those who do not use the EAP.\(^2\) Within your own program, do you know which work locations have high, or low, EAP utilization? How does this coincide with absence and disability levels? Do you know how many
managers understand how EAPs can support overall health, using the services available, and maintaining visibility of the program are all important to achieving high program utilization.

**SUMMARY**

Tackling workforce productivity is not a “once and done” activity. Developing a strategy that aligns productivity enhancing programs (or absence reduction programs) with the organization’s mission and culture is the first step. Defining the priorities may correspond to a range of issues, such as regulatory compliance, employee behavior change, measurement of current state, relating high-cost medical conditions to absence rates or others.

The approach an employer takes may have multiple entry points. All options are geared to recognizing

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**FIGURE 5**

PERCENT OF EMPLOYERS REPORTING HOW THEIR EAP IS POSITIONED WITHIN THEIR ORGANIZATION

a few but essential goals: reducing absence, improving employee health and measuring of current state and improvements. The ultimate outcome should be to improve workforce effectiveness and productivity.

The ability to measure change is an aspect that spans all of the options presented; establishing the baseline and measuring the results over time is key.

What is most important at the formative stage is defining the strategy and the problems to be solved, then connecting the short-term tactical solutions with a longer term strategic vision. Essential is the requirement to monitor the overall performance in the context of the strategic plan. This is the point at which human resource personnel move from their historical position at the table as reactive cost centers to participate as generators of revenue. If more employees are at work today and fully engaged, then the organization’s bottom line will also be healthier. The health and productivity of the employee workforce has a direct relationship to the health and well-being of the organization.

Endnotes


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