Workplace Possibilities℠

The Standard®

For years, companies have struggled with three major problems concerning employee absence and productivity. For one, employers have trouble managing the several different types of absences, as well as disabilities. Second, many employers have solid programs in place for workers' compensation but not for short- and/or long-term disability. Third, they often lack the proper resources to improve employee health and productivity.

To solve these problems, the future of absence and disability management can be summed up in one word: **integration**. By combining several services and programs into one cohesive, proactive approach to improve productivity, employers can significantly reduce the duration, cost and impact of employee absence and disability.

In July 2010, the Integrated Benefits Institute (IBI) published a seminal paper that explored the relationships between the prevalence and impact of health and productivity practices on health and productivity outcomes.[1]

The health and productivity (H&P) outcomes that IBI focused on were:

- Reducing sick-day/disability absences
- Reducing medical/pharmacy costs
- Reducing health-related lost productivity
- Improving employee satisfaction
- Reducing presenteeism

IBI gave 450 employers a list of 26 health- and productivity management- (HPM) related practices, asked which ones they offered, then asked whether the practices had worsened, improved or had no effect on their H&P outcomes, or if they did not know if there was an effect.

The polled employers gave a number of these practices "positive impact" scores. Three of these positively rated employer practices are discussed in this white paper because they are three of the six "essential elements of an effective and efficient HPM program"[2] and are features of The Standard's Workplace Possibilities℠ program.

The three practices are:

1. Transitional return to work (RTW)
2. Nurse case management
3. On-site providers

Workplace Possibilities is an integrated approach to disability and absence management that leverages these positively rated practices and is already reducing average short-term disability (STD) duration, saving hard dollar costs and providing substantial return on investment for employers. To begin to understand how these practices can work together cohesively, it is important to first identify the problems standing in the way.

Problem No. 1: Managing Absence and Disability

For many years, employers have struggled with short-term employee absence and disability. These types of absences usually are addressed through income replacement and/or job protection plans, such as:

- STD
- Leaves of absence (LOA), which include the federal Family Medical Leave Act (FMLA), and state-mandated and company-sponsored leaves
- Sick leave
- Salary continuation
- Employee illness banks[3]

Employers generally would like to reduce the incidence and duration of absence and disability, and some turn to specialized vendors or carriers to administer their plans. A number of factors illustrate employers' desire to better manage these absence and disability periods:

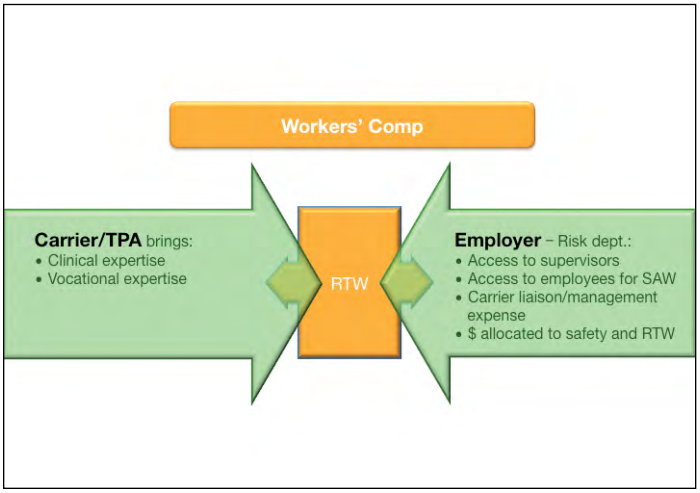
[1] *The Impact of Employer Health and Productivity Management Practices*, Integrated Benefits Institute (July 2010).
[2] *The Impact of Employer Health and Productivity Management Practices*, Integrated Benefits Institute (July 2010, p.12).
[3] In this paper, we will use "STD" to collectively refer to the non-occupational absence/disability programs above.

- STD average durations hover in the area of 48 to 94 days.[4]
- 53 percent of employers say they do not have a documented RTW program that intervenes for non-occupational absences.[5]
- Disability carriers sometimes do not use their medical and vocational staff on STD claims until they are about to roll over into long-term disability (LTD).
- Many employers experience the indirect costs of absence and disability through excessive overtime, use of replacement staff, staffing up and other effects.

On the other hand, many of the employers experiencing the above phenomena have been able to work together with their workers' compensation (WC) carriers and third-party administrators (TPAs) to control and reduce the duration of WC absences.

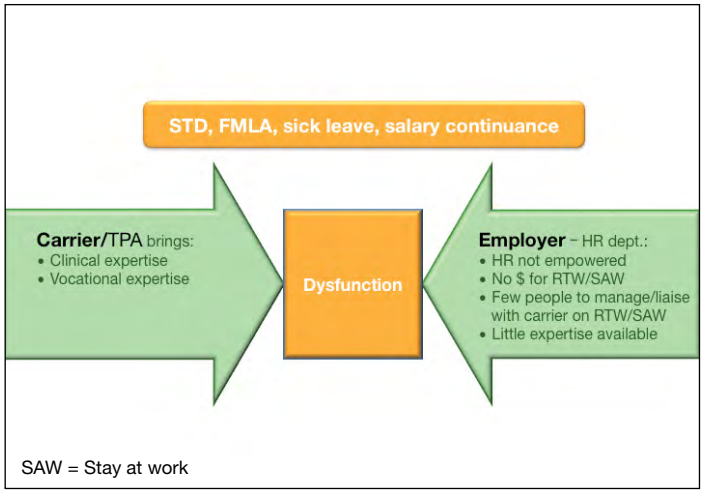
Problem No. 2: The RTW Program Dilemma

An effective RTW program is a key ingredient of a successful disability management program. The WC RTW process functions well for many employers, but those very same employers have nothing in place for STD. Therein lies the dilemma. Here's why:

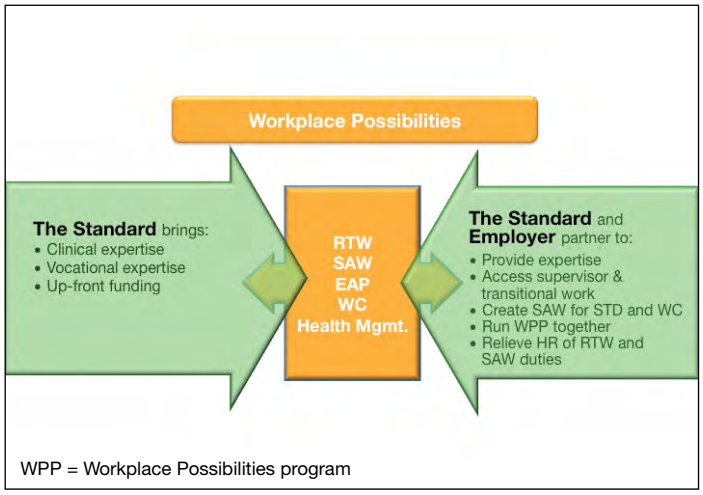


There are essentially two types of RTW programs in WC and STD:

- Carrier-based RTW programs. In both WC and STD, carriers have access to confidential medical information and medical and vocational expertise.
  - In WC, the carriers act quickly when an absence or disability occurs, usually in concert with an employer's own program, which helps WC claimants return to work.
  - In STD, carriers often act slowly or not at all when it comes to RTW.
- Employer-based RTW programs. These have quick access to supervisors who provide the RTW opportunities.
  - In WC, carriers have access to supervisors who provide the RTW opportunities and often have the financial clout of the risk department behind them. The risk department works in concert with the carrier's program.
  - In STD, employers rely more on the carrier's program (since almost half of employers say they do not have non-occupational RTW programs of their own). In STD situations, the carrier does not usually have good access to the supervisors, and HR is often reluctant to step in to convince supervisors to cooperate with the STD carrier's RTW program.



This demonstrates that no matter the kind of disability or absence, carrier- and employer-based RTW programs can work in concert for maximum effectiveness in reducing the cost and impact of absences and disability.



Problem No. 3: Improving Employee Health and Productivity

Since the inception of employer-sponsored health plans, employers have struggled with the need to improve employee health to control health costs and the underlying assumption

[4] Integrated Benefits Institute (IBI), *Health and Productivity Benchmarking, Short Term Disability Program, Calendar-Year Data: 2009, All Employers.* It should be noted that the 94 days benchmark is for STD plans with a one-day elimination period and maximum benefits duration of one year. This is an uncommon plan design that encourages longer durations.
[5] Mercer Absence and Disability Management Survey, 2010.

that this also would lead to improved productivity. Two developments underscore how the marketplace has responded to employer needs to improve health and productivity:

- The proliferation of health management vendors offering wellness, disease management, employee assistance plans (EAPs), smoking cessation and other health management services.
- The proliferation of consulting practices specializing in advising employers on how to structure, select and manage these health management vendors and programs.

Consultants and other authorities have extolled the potential of solving the absence/disability and health management problems together in an integrated manner often referred to as "integrated health and disability." However, employers, generally, have found it difficult to undertake such a seemingly huge task and resort only to addressing one or the other in isolation.

Research, innovations in absence/disability management and The Standard's Workplace Possibilities program now point the way to a solution that can address both issues.

Three HPM Practices for the Future of Absence and Disability Management

The three HPM practices reviewed in IBI's study are described below:

1. **Transitional RTW**
   Sometimes called modified duties, light duties or job accommodations. The term "transitional" is preferred because it communicates the temporary nature of the accommodations made to help an ill or injured employee recover at work.

   It is best practice for employers to offer transitional RTW to any ill or injured employee as long as the treating physician has provided restrictions within which the employee may function. It has been common practice for employers to offer transitional RTW to employees who have a WC claim. It is less common for employers to offer this service to employees who have become ill or injured due to causes not related to the workplace (non-occupational). This, again, is the RTW program dilemma. Transitional work can include modifications to the employee's:

   - Hours of work
   - Work location
   - Duties
   - Workstation

2. **Nurse case management**
   Some disability management experts as well as the polled employers in IBI's study consider it a positive HPM impact to have a nurse with RTW and adjudication experience manage absence and disability. Most carriers involve nurses in LTD, but it is less common to see carriers proactively involve nurses in STD. It is even less common to see employers use nurses to help case manage non-occupational absences and disability.

   Nurses have a unique status in disability management. Treating physicians and their staff are more willing to discuss employee medical information with a nurse than they are with a non-medical person, even though both will have an authorization signed by the employee. Employees also are more willing to discuss their medical situations with a nurse or other medical/vocational specialist (e.g., vocational rehabilitation specialist, occupational therapist) than they are with HR or a carrier-based claims examiner.

   Of the three positively rated practices discussed here, nurse case management was the only one rated to positively impact three of the important HPM outcomes: sick-day/disability absences, medical/pharmacy costs and health-related lost productivity.

3. **On-site providers**
   Employers are starting to see the value of having medical and pharmacological services available to their employees at the workplace. Employer-based, on-site medical clinics and pharmacies help employees receive treatment for conditions, some of which might result in an absence or disability. On-site occupational health medical providers have long been a feature of some worksites and often are attractive to employers who want to improve employee health and productivity, as well as to reduce time away from work.

Putting the Three Practices Together

In most workplaces, these practices are used individually or in a random manner but are often not connected to each other.

The Workplace Possibilities model — The Standard's proactive approach to helping keep employees at work and productive — brings these three practices together through the positioning of an on-site disability management professional in the workplace. This consultant is either a nurse or vocational specialist who becomes the "quarterback" for uniting the three practices into one holistic system that impacts health and productivity, and reduces the cost and impact of absence.

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The success of the Workplace Possibilities model demonstrates that operating the practices together creates a powerful synergistic effect. In fact, the program is able to reduce the

average duration of STD among those employees served by the on-site consultant, and saves the employer hard dollars in its self-insured or insured STD program. In 2010, Workplace Possibilities saved employers close to $1.7 million.[6] In the first two quarters of 2011, the program had already saved employers $1.4 million.[7]

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The Workplace Possibilities model adopts each of these three practices in a holistic and integrated delivery system that is highly customized for every client and is flexible enough to also:

- Prevent disability claims
- Connect employees to the EAP
- Connect employees to employer health management programs such as disease management, wellness, etc.
- Help the employer with ADA-required processes, including:
  - Assisting with the interactive process by facilitating communication among employee, employer and medical provider (when appropriate)
  - Documenting employer's efforts to provide reasonable accommodation

The on-site consultant executes the employer's own RTW program and more. He or she identifies employees with medical or mental conditions and finds accommodations that will help them stay at work. In addition, the on-site consultant helps HR deal with absence and disability by:

- Preventing disability claims (both STD and WC) by identifying employees struggling with a medical condition and assisting them to stay-at-work through interventions, some of which are described below
- Performing ergonomic evaluations
- Recommending and obtaining devices that adapt to employees' needs at the best price
- Consulting on accommodations for mental/psychiatric conditions
- Training supervisors to facilitate employees staying on the job or returning to work after a disability
- Identifying modified duties that fit within the employer's business flow that employees can perform safely in recovery
- Helping track all employees being accommodated or who are absent due to a disability

The Workplace Possibilities Model Unites the Three Practices

The Standard developed Workplace Possibilities in 2009 when a series of clients indicated the need for a more effective way to manage absence, disability and productivity in the workplace. The three practices were put into place and function together as follows in the Workplace Possibilities model:

1. **Transitional RTW**
   Obtaining transitional work for absent or disabled employees is effective in the Workplace Possibilities model because the on-site consultant:
   - Is embedded in the particular workplace culture
   - Has provided training to the supervisors
   - Often knows the supervisors
   - Speaks with the authority of HR, as he or she is often seen as a member of the HR team

The on-site consultant's professional credentials also facilitate contact with the employee's treating physician to obtain his or her buy-in for transitional RTW.

2. **Nurse case management**
   Close to 50 percent of the on-site consultants are, in fact, nurses.[8] The Standard interprets this practice more broadly to mean case management by a medical or vocational professional.

   The employers who rated this as a practice with high impact mostly experienced it with the medical professional interacting by phone. Having this person on-site, personally known to the staff and seen as an adjunct to HR, can make this practice even more powerful.

3. **On-site providers**
   Workplace Possibilities has taken the concept of an "on-site provider" up one more level. In addition to the medical and pharmacy providers, the employer now has a disability management expert; i.e., another on-site provider, to help employees stay at work and RTW.

   The Workplace Possibilities on-site consultant is responsible for assisting the employer who is faced with struggling or absent employees' work and health issues. The fact that the consultant is on-site adds to the effectiveness of this assistance.

Conclusion

The Workplace Possibilities program has evolved over two years to incorporate the three HPM practices identified in the IBI research paper. Workplace Possibilities has demonstrated that employers can achieve positive workplace impacts and

[6, 7] Based on internal Workplace Possibilities program data (August 2011). At the end of 2010, Workplace Possibilities had approximately 45 employer clients. By August 2011, the number of clients had grown to 80 with close to 500,000 lives covered.
[8] Based on internal Workplace Possibilities program data (August 2011).

hard dollar savings in STD through the prevention or direct reduction of disability duration for employees served by the program. These are direct costs, and the return on investment is substantial. By incorporating these three practices into the Workplace Possibilities program, The Standard has moved the management of absence and disability into a new and more effective paradigm.

Workplace Possibilities has demonstrated that employers can achieve positive workplace impacts and hard dollar savings in STD through the prevention or direct reduction of disability duration for employees served by the program.

About the Workplace Possibilities program

The Workplace Possibilities℠ program is a unique, proactive approach to helping employers prevent and manage disability in the workplace. A Workplace Possibilities℠ consultant helps identify opportunities to keep employees who may be at risk of a disability on the job and get those who go out on disability back to work sooner, the program helps employers realize rapid and measurable reductions in disability-related costs. For more information on tips and tools HR professionals can use to help re-imagine the way they manage disability, visit www.workplacepossibilities.com.

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