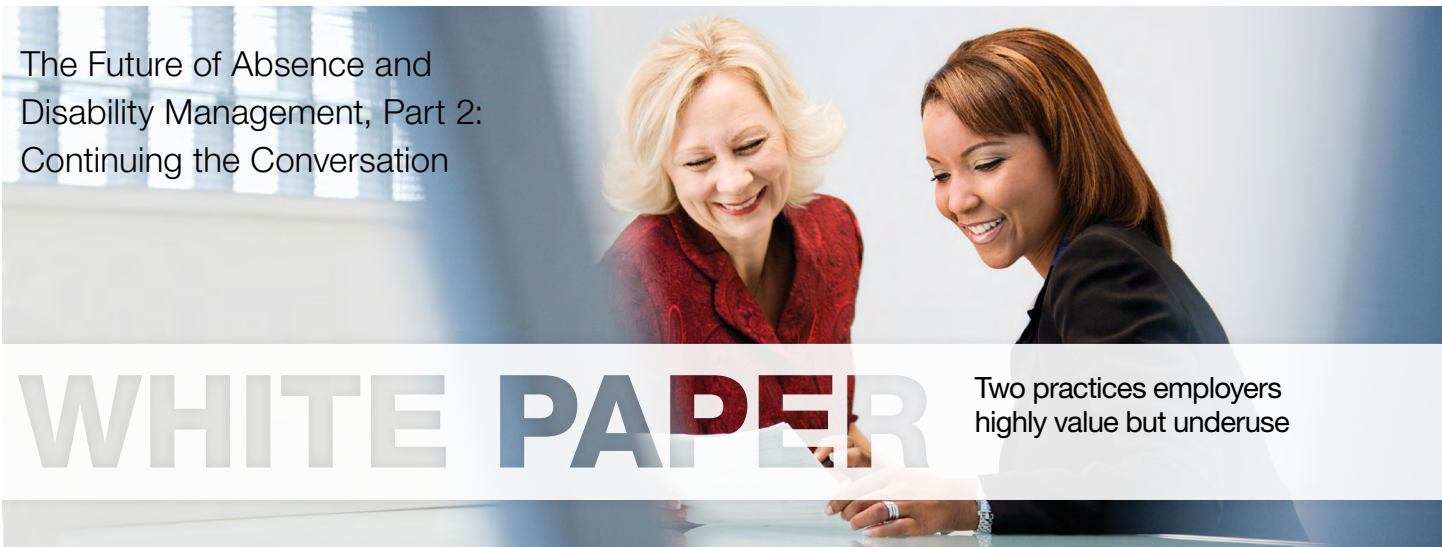


The Future of Absence and Disability Management, Part 2: Continuing the Conversation



# WHITE PAPER

Two practices employers highly value but underuse

In our first white paper, *The Future of Absence and Disability Management*, we addressed three major problems employers have routinely struggled with concerning employee absence and productivity: (1) managing different types of employee absence and disability, (2) establishing a return-to-work (RTW) program following short-term disability and (3) dealing with the lack of resources available to improve employee health and productivity.

To help solve these problems, we suggested the integration of three key health and productivity management (HPM) practices that employers rated positively in a 2009 Integrated Benefits Institute (IBI) survey:<sup>1</sup>

- Transitional RTW
- Nurse case management
- On-site providers

In this white paper, we will continue to explore major absence and disability management trends by addressing two more HPM practices positively rated by employers:

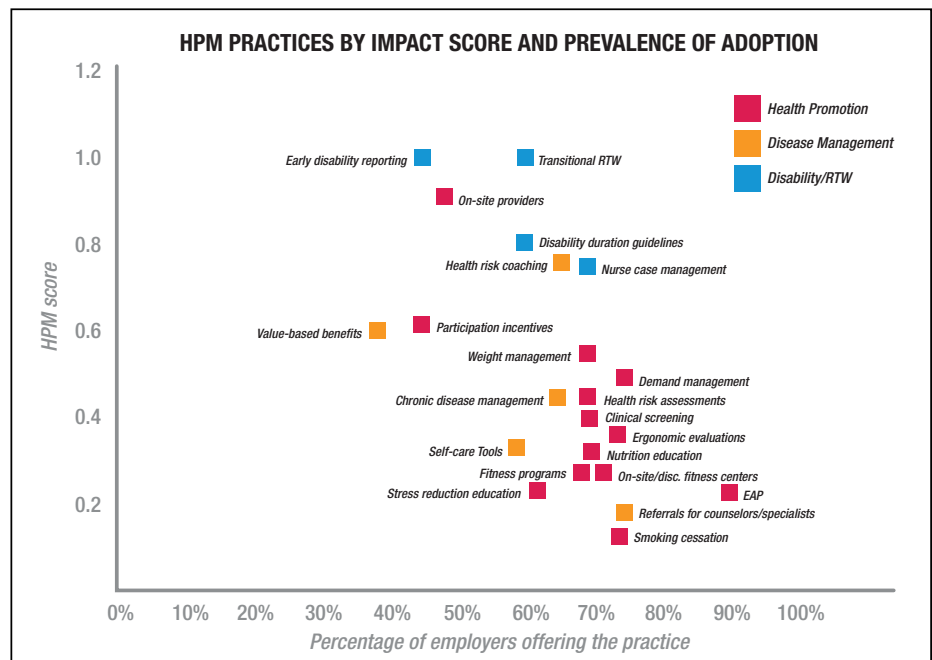
- Early disability reporting
- Disability duration guidelines

These two practices are among the top four most highly rated in the IBI survey. However, these practices also are found to be used less frequently than lower-rated practices.<sup>1</sup>

Ideally, those HPM practices that employers find to be the most effective in meeting their intended goals also would be the most widely used. The graph to the right demonstrates

that this is not the case. Highly effective practices — such as early disability reporting and disability duration guidelines — are not nearly as prevalent as many of the lower-rated practices.<sup>1</sup>

We will assert in this paper that employers should use, and benefits brokers and consultants should advocate for, HPM programs that incorporate these two practices. Additionally, we will demonstrate that Workplace Possibilities<sup>SM</sup> is a proven program offered by The Standard that helps to integrate all five of the above-mentioned practices.



The graph shows the 26 practices rated by employers in the IBI survey, in terms of their effectiveness (vertical axis: HPM Score) and prevalence (horizontal axis: percentage of employers offering the practice) among those surveyed employers.<sup>1</sup>

<sup>1</sup> *The Impact of Employer Health and Productivity Management Practices*. Integrated Benefits Institute. July 2010.

By doing so, the program helps to increase productivity and reduce the cost and impact of absence and disability in the workplace.

Workplace Possibilities is a proactive, integrated approach to managing absence and disability that leverages these positively rated practices and is already reducing average short-term disability (STD) duration for more than 80 clients, covering approximately 400,000 employees. The most prominent feature of the program is the deployment of an on-site consultant (a nurse or vocational expert) to conduct the interventions and apply the five practices, along with other activities.

## The IBI Survey

Before we focus on the two additional key practices introduced in this paper, let us first discuss the scope of the IBI employer survey. Conducted in the summer of 2009, IBI presented 450 employers with a list of 26 HPM-related practices and asked which of the practices they offered, and which three of their practices were the most important for managing their workforce's health and productivity. Employers were then asked whether their top three practices had worsened, improved or had no effect on their intended health and productivity (H&P) outcomes, or if they did not know if there was an effect. In July 2010, IBI published a research paper based on the survey. The paper explores the relationships between the prevalence of various HPM practices and how employers rated their impact on health and productivity outcomes.<sup>2</sup>

IBI divided the 26 HPM practices into three program types:

- Health promotion programs
- Disease management programs
- RTW programs

The 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

Although Workplace Possibilities does integrate with health promotion and disease management programs, for the purposes of this discussion, it would be classified as an RTW program, which has the highest perceived positive impact on H&P outcomes of the three program types.

In this white paper, we will focus on three of the H&P outcomes as they apply to early disability reporting and disability duration guidelines:

### Key Definitions:

- **HPM practices:** The strategies and practices that organizations use to manage medical costs, lost time and health-related productivity.<sup>3</sup>
- **Program types:** IBI divided the 26 HPM practices into three program types: health promotion, disease management and RTW.
- **Health and productivity (H&P) outcomes:** These are the effects produced by the HPM practices: reducing sick-day/disability absences, reducing medical/pharmacy costs, reducing health-related lost productivity, improving employee satisfaction and reducing presenteeism.

- Reducing sick-day/disability costs — has traditionally been an outcome of RTW programs.
- Reducing medical/pharmacy costs — has traditionally been seen as the scope of HPM programs.
- Reducing health-related lost productivity — has only recently been explored by organizations trying to understand the relationship between health and an efficient, profitable workplace.

## Understanding the two practices

Before we can discuss how these two practices can be integrated into health- and productivity management-related programs, we need to first define and understand each of the practices.

### 1. Early disability reporting

In the IBI study, employers rated early disability reporting (along with transitional RTW) as having the highest impact score in the IBI study.

Early disability reporting means knowing about an employee's absence or disability claim as soon as possible after it occurs. Early disability reporting can work together with transitional RTW to help shorten the duration of an absence or disability.

In my experience, many employers have encountered employee absences and disabilities that were reported to their carriers only after lengthy periods. Employees

<sup>2</sup> *The Impact of Employer Health and Productivity Management Practices*. Integrated Benefits Institute. July 2010.

<sup>3</sup> *The Impact of Employer Health and Productivity Management Practices*. Integrated Benefits Institute. July 2010:14.

sometimes submit their claim forms late, and supervisors sometimes do not report absence to HR in a timely way. This disability reporting lag increases the likelihood of extended absence and disability durations. Extended durations can lead an employee to slip into a “disability mindset,” which makes RTW more difficult. The disability mindset occurs when ill or injured employees become focused on their disabilities, instead of their abilities.<sup>4</sup>

Disability carriers become aware of a disability absence as soon as they receive the claim forms (electronically, on paper or by telephone) from the claimant and employer. A carrier with an effective RTW program will act on this information immediately. This action is known as early intervention, and it cannot occur without early disability reporting. Examples of early intervention include:

- Contacting the absent employee to gauge receptiveness to an early RTW
- Contacting the supervisor to negotiate transitional RTW
- Contacting the employee’s treating physician to obtain buy-in for the RTW plan
- Connecting the employee to the employer’s specific health management programs; e.g., employee assistance programs (EAPs), health promotion/wellness and disease management programs

The best scenario is for the employer and carrier to work together to reach out to the absent employee to determine transitional RTW options. In some instances, and always with the employee’s consent, the carrier will reach out to the treating physician to obtain buy-in for the RTW plan.

## 2. Disability duration guidelines

Employers rated disability duration guidelines as having the fourth-highest impact score.<sup>5</sup>

RTW programs need to have standardized methods of assessing their effectiveness. Disability duration guidelines provide a physiological basis for RTW expectations and provide expectancy figures for normal recovery from a medical condition, injury or procedure.<sup>6</sup> Benchmarking RTW efforts against disability duration guidelines permits an objective evaluation of an RTW program.

There are several sets of disability duration guidelines available for purchase and use by disability carriers. These disability duration guidelines use data from various sources to predict the anticipated duration of disability and take into consideration the following variables:

- a. Diagnosis
- b. Job demands (e.g., sedentary, light, medium or heavy)
- c. Employee’s age
- d. Comorbid conditions
- e. Occupational

- f. Nonoccupational
- g. Geography

Based on the high impact score given by employers and the wide adoption rate by disability carriers, the use of disability duration guidelines is considered a best practice in any program that manages absence and disability and/or is considered to be a RTW program.

## Employing HPM practices through Workplace Possibilities

The Workplace Possibilities model incorporates both early disability reporting and disability duration guidelines, along with other highly rated practices — such as transitional RTW, nurse case management and on-site providers — through the deployment of an on-site consultant.

The result is an innovative and dynamic system that has been demonstrated to reduce sick-day/disability costs, which is one of the five HPM outcomes studied in the IBI paper.<sup>7</sup>

IBI also found that RTW programs were reported to reduce health-related lost productivity more than other types of programs.<sup>8</sup>

## Early disability reporting

With the majority of Workplace Possibilities clients, The Standard administers the employer’s STD plan. The Workplace Possibilities home office staff informs the on-site consultant of an absence within days of learning about it. In situations where the on-site consultant will play a role in the RTW process, the consultant will **immediately contact the absent employee** to put the process in motion early in the employee’s absence, before a disability mindset can develop. After contacting the employee, the on-site consultant can discuss a transitional RTW plan with the employee’s supervisor. Then, when appropriate, the consultant also will communicate with the employee’s treating physician to obtain his or her buy-in for the transitional RTW plan.

By being at the employer’s workplace, the on-site disability management expert is able to quickly identify absent employees. The consultant’s connection to both the HR team and The Standard’s STD claim system enables immediate outreach to the absent employee. Early disability reporting and intervention can even occur before an absence or disability happens by identifying when an employee is struggling at work with a medical condition.

## Disability duration guidelines

Through Workplace Possibilities, the on-site consultant is backed up by more than 50 medical and vocational professionals in The Standard’s claim offices. These individuals analyze the absent employee’s diagnosis and use Presley Reed’s

<sup>4</sup> Benefitsworld.com. *Looking to Lower Your Cost on Group Benefits? Try adding Value! – Part 2*. Available at: <http://www.benefitsworld.com/group-benefits/looking-to-lower-your-cost-on-group-benefits-try-adding-value-part-2/>. Accessed February 13, 2012.

<sup>5</sup> *The Impact of Employer Health and Productivity Management Practices*. Integrated Benefits Institute. July 2010:6.

<sup>6</sup> MDGuidelines™. Available at: <http://www.mdguidelines.com/help-disability-duration-tables>. Accessed February 6, 2012.

<sup>7</sup> Based on internal Workplace Possibilities program data (2011).

<sup>8</sup> *More Than Health Promotion: How Employers Manage Health and Productivity*, Integrated Benefits Institute. January 2010:23.

*Medical Disability Advisor (MDA)*<sup>9</sup> to determine the anticipated duration of the absence, which is communicated to the on-site consultant. This communication provides the consultant with information to develop a customized RTW plan for that individual. In many cases, after “buy-in” from the employee, employer and the treating physician, the employee is able to return to work earlier than predicted by the MDA.

Overall, Workplace Possibilities has been very successful in reducing the anticipated duration of the absences in which on-site consultants have intervened. For employers participating in the program in 2011, Workplace Possibilities reduced short-term employee absences by an average of 39 days.<sup>10</sup>

In addition to the use of disability duration guidelines, Workplace Possibilities also helps to further track the progress of RTW programs by providing customized reporting to employers to help track key metrics, monitor results and share progress with senior leadership.

**In 2010, successful RTWs averaged 25 days below the MDA benchmarks by using Workplace Possibilities. In 2011, the program saved 81 employers more than \$4.7 million by reducing short-term employee absences by an average of 39 days.<sup>6</sup>**

## Conclusion

It is crucial that employers and their benefits brokers and/or consultants understand the positive impacts early disability reporting and disability duration guidelines can have, if executed proactively, in reducing sick-day/disability absences, medical/pharmacy costs and health-related lost productivity.

Workplace Possibilities provides the proactive approach employers need to successfully implement these two practices as well as transitional RTW, nurse case management and on-site providers. The on-site consultant works collaboratively with HR teams to identify opportunities to keep employees who may be at risk of absence and disability on the job and get those who go out on leave back to work faster. The program has evolved over the past three years to help reduce hard-dollar absence and disability-related costs for employers.

Other fundamental features of the program that help employers achieve their preferred outcomes include:

- A fast and structured implementation program
- Ergonomic evaluations

- Early RTW — usually in transitional work
- Stay-at-work (SAW) absence prevention
- Integration with the employer’s specific health promotion and disease management programs
- Assistance in complying with the Americans with Disabilities Act (ADA)<sup>11</sup>

**IBI survey analysis reveals that RTW programs are highly rated by employers for producing positive HPM outcomes. This may come as a surprise to brokers and consultants who have been focusing primarily on health promotion and disease management programs to produce HPM outcomes. The January 2010 IBI paper asserts that:**

*“... employers report more positive outcomes for RTW programs than for other types of programs. Employers report that RTW programs have reduced health-related absence nearly twice as often as they report reduced health-related absence for health promotion and disease management programs. For health-related lost productivity, employers report improvements for RTW programs 50% more than they do for other types of programs.”<sup>12</sup>*

We understand why there is an emphasis on employee health among organizations and that the development of health promotion and disease management programs is intended to improve employee health and productivity and to reduce employer costs. Consequently, employers and their benefits brokers and/or consultants need to consider RTW programs that proactively integrate the five HPM practices discussed here through Workplace Possibilities.

<sup>9</sup> MDGuidelines™. Available at: <http://www.mdguidelines.com/>. Accessed February 6, 2012.

<sup>10</sup> The Standard internal data (2011).

<sup>11</sup> Employers using The Standard’s Workplace Possibilities Program to assist them with ADA compliance remain solely responsible for such compliance. The Standard assumes no such responsibility.

<sup>12</sup> *More Than Health Promotion: How Employers Manage Health and Productivity*. Integrated Benefits Institute. January 2010:23.

## **About the Workplace Possibilities program**

*The Workplace Possibilities 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. The program delivers rapid and measurable reductions in absence- and disability-related costs while also improving the efficiency of the HR team and increasing employee satisfaction. For tips and tools HR professionals can use to help re-imagine the way they manage absence and disability, visit [www.workplacepossibilities.com](http://www.workplacepossibilities.com).*

## **About The Standard**

*The Standard is a leading provider of financial products and services, including group and individual disability insurance, group life, AD&D, dental and vision insurance, retirement plans products and services, individual annuities and investment advice. For more information about The Standard, visit [www.standard.com](http://www.standard.com).*

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