

THE INSURANCE INSIDER



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WORK FORCE MANAGEMENT: ACHIEVING BUSINESS OBJECTIVES THROUGH ABSENSE MANAGEMENT

Most employers understand the necessity of managing attendance, yet absenteeism continues to pose significant challenges and incur significant costs for employers. A number of obstacles stand in the way of attendance management; for instance:

1.) Absenteeism costs are often hidden or indirect, making it difficult to quantify the problem and prioritize a solu-

tion.

2.) Without understanding preventative absence avoidance strategies, many organizations may focus on reactive risk management, employing a number of independent attendance programs that are disjointed and removed from organizational goals.

3.) Commitment to attendance management improvements requires sponsorship from senior

leaders and decision makers. These challenges can be resolved with an attendance management strategy that is embedded in overarching corporate strategy with the following goals.

Operational efficiency

Financial management

Risk Prevention

Employee Management

“...Absenteeism costs are often hidden or indirect, making it difficult to quantify the problem and prioritize a solution...”



CLEARLY IDENTIFYING ATTENDANCE OBJECTIVES

An attendance strategy, like all Human Resources strategies, is most effective and most likely to be sponsored at the executive level when it supports the business goals articulated in a corporate strategy. The success of an attendance program relies on clearly identified attendance objectives, which are often more nuanced than simply containing direct cost. From these clearly identified objectives, a program can be designed, implemented, delivered and monitored to achieve results in alignment with objectives.

When developing attendance objectives, it is advisable for organizations to:

- Review existing attendance management tactics to identify challenges and areas for improvement relative to best practices.
- Consult and collaborate with business functions to ensure support for their strategic plans and objectives.
- Consider operational, administrative, procedural and financial efficiencies – all of which result in cost savings.
- Differentiate between program spending and investment in employee health and engagement. Improvements in these areas lead to significant indirect cost savings.
- Identify expected impact

and outcomes for all stakeholders (e.g., enhanced employee experience, reduced HR and people leader burden, allowing for greater focus on strategic initiatives, etc.).

- Develop specific objectives at each stage of absence, in addition to broader attendance goals such as cost containment. The table below demonstrates sample objectives at each stage of attendance.



“An attendance strategy, like all Human Resources strategies, is most effective and most likely to be sponsored at the executive level when it supports the business goals articulated in a corporate strategy...”

Sample objectives for various stages of attendance

At work	<ul style="list-style-type: none"> • Proactively identifying and supporting conditions that may lead to absence or disability 				
Casual or incidental absence	<ul style="list-style-type: none"> • Supporting managers to enforce absence policies • Assessing root cause of absence and providing effective support • Tracking absences and forecasting staffing levels 				
Absence leaves or non- occupational disability	<ul style="list-style-type: none"> • Supporting managers in the return to work process • Providing timely and effective return to work support and monitoring • Ensuring appropriate intervention for mental health and workplace factors 				
Occupational disability (Workers' Compensation)	<ul style="list-style-type: none"> • Preventing occupational injury • Providing streamlined and timely modified return to work and monitoring • Identifying cost relief and appeals opportunities 				
Long-term disability	<ul style="list-style-type: none"> • Reducing risk of entry to LTD • Mitigating legal risks associated with declined claims 				

EMPLOYEE ENGAGEMENT, ROOT CAUSES OF ABSENTEEISM & SUPPORT

A central, yet often overlooked objective of best practice attendance management is employee engagement. As many studies have shown, engaged employees are more productive, and high engagement is tied to business success. Yet many organizational attendance policies and practices may not effectively address the impor-

tant links between absenteeism and engagement:

1. Metrics: Low engagement can result in excessive absence. Absence statistics can therefore indicate level of engagement.

2. Root cause: Absenteeism not only can indicate poor employee health but

also can be symptomatic of workplace issues that are contributing to low engagement.

3. Support: The level of support and care offered to an employee during an absence can result in disengagement.

DEALING WITH ATTENDANCE MANAGEMENT: SUPPORTIVE/PROACTIVE VS. ADMINISTRATIVE/TRANSACTIONAL

Proactive/Supportive

A supportive approach to attendance management promotes accountability for absences and prevents further absence through proactive assessment and support while showcasing the employer's concern for wellbeing. Applying a supportive approach to absence, rather than a transactional one, can maximize engagement opportunities and help organizations recognize early indicators of an ineffective workplace. The sections that follow will provide further details on best practices in a proactive/supportive attendance strategy.

Administrative/Transactional

Organizations that apply an administrative approach to absence management either are unaware of its impact to engagement or are aware but lack the tools or sponsorship to incorporate supportive/proactive practices. With an administrative/transactional approach to absence, organizations miss opportunities to provide the employee with support before the underlying issue becomes complex and results in further absence or even disability.



“Organizations that apply an administrative approach to absence management either are unaware of its impact to engagement or are aware but lack the tools or sponsorship to incorporate supportive/proactive practices..”





ROOT CAUSES OF ABSENTEEISM:

Root causes of absence may be health issues that will increase downstream benefits costs or organizational issues that, left unresolved, will contribute to employee turnover, lowered productivity or other negative consequences.

Unscheduled absence can be symptomatic of workplace issues such as:

- Weak team morale (e.g., retention and engagement, management behaviour).
- Weak employee health promotion/wellness programs or weak promotion of these programs.
- Poor policy design (e.g., no time off to care for family members).
- Poorly designed or managed workloads, or role uncertainty.
- Workplace stress, conflict, bullying, etc.

TAKING A FULLY INTEGRATED APPROACH TO ATTENDANCE:

In defining attendance objectives, it may become evident that many attendance challenges are overarching, such as employee engagement. It may also become clear that

dealing with incidents or claims reactively and separately will not effectively address absence and disability drivers proactively. In fact, the largest gaps and cost savings opportunities are in the areas of preventing absences and addressing risks before they become more costly.

An effective attendance management strategy therefore identifies and addresses absence drivers throughout the

health and productivity continuum. This means that casual absences, intermittent or patterned absences and disability are managed in an integrated manner to optimize risk avoidance.

When unhealthy behaviour is identified early, it is far more likely that the behaviour can change – before the behaviour worsens or results in serious, chronic health conditions – and extended time away from work can be avoided. An integrated approach incorporates prevention, early intervention and recovery or return to work practices.

Such practices are aimed at assessing and

changing unhealthy behaviour to mitigate absences, whether it is related to physical, mental, social and workplace health – or any combination of issues.

“Root causes of absence may be health issues that will increase downstream benefits costs or organizational issues that, left unresolved, will contribute to employee turnover...”



IMPLEMENTING PREVENTATIVE STRATEGIES TO HELP EMPLOYEES STAY AT WORK:

Employee Assistance Programs and other health promotion strategies are effective ways to help identify and manage risks before they result in absenteeism. Examples of preventive interventions that promote physical, mental, social and workplace health can include:

- Alternative Dispute Resolution/Mediation for workplace conflicts.
- Disease Prevention and Management (e.g., health coaching).
- Ergonomics Programs.

- Health & Safety Training.
- Health Risk Appraisals/Health Risk Screening.
- Management Training and Executive Coaching.
- Pre-employment Medicals.
- Structured Performance Reviews.
- Wellness Initiatives and Education.



PREVENTION:

An effective attendance management strategy begins with promoting good health, with the recognition that the core components of good health (i.e., physical, mental, social and workplace health) are interconnected and contingent on changing unhealthy behaviour. Poor lifestyle choices (high-fat diets, insufficient exercise) and stressors related to the

workplace or family/social issues (e.g., child-rearing, elder care challenges) can be managed proactively through preventive programs that address health risks or root causes of absence, which might otherwise result in time away from work. Organizations that maintain a healthy and safe working environment for employees

minimize absenteeism and reduce the risk of workers' compensation claims while mitigating the risk of increased benefits costs such as drug utilization. Where individual and group lifestyle-related health initiatives are available, employees are more engaged, productive and committed to the organization.

“Every day of absence results in direct costs, lost productivity and revenue and difficult working conditions...”

EARLY INTERVENTION:

Every day of absence results in direct costs, lost productivity and revenue and difficult working conditions for managers and co-workers who have to cover workloads for the absent employee. Organizations can reduce these direct and indirect costs by intervening as early as possible to

address absence contributors. The earlier the employee receives guidance and support, the faster the employee can return to work. While much focus has been placed on effective intervention in the short-term disability stage to prevent longterm disability, employers are well advised to look at ways to

reduce the risk of entry to short-term disability.

EARLY INTERVENTION CONTINUED...

Casual absences are costly but often overlooked, which means that cost impacts and underlying health issues can go unnoticed and may lead to further absences. Again, while mechanisms to track casual absences and enforce absence policies fairly and consistently are important, offering early support to prevent prolonged absence is essential to an effective attendance management strategy. In other words, rather than focusing solely on obtaining medical documentation, addressing the root cause of absence can offer significant dividends. Such issues can range from simple fixes, such as an employee with unstable day care who may miss many days

while searching for other options, to complex chronic conditions, such as depression, where early support can help the employee gain resilience to stay at work. In addition, patterned or cyclical absences (e.g., four incidents in four months) are often difficult to identify if absences are not tracked formally. These types of absences are more likely to be symptomatic of underlying issues that may lead to prolonged absence leaves and/or short-term disability. There is a significant opportunity for organizations to realize cost savings and reduce downstream employee health risks by managing such absences through a structured intervention. The employee

may benefit from accommodation or facilitation for these issues, or the situation may present an important opportunity for addressing performance issues. Support for the root cause of absence, whether performance- or health-related, can therefore be offered before the condition becomes more complicated and more costly.

"Timely claim referral or reporting of incidents is critical to reduce unnecessary time loss or delays..."

OCCUPATIONAL AND NON-OCCUPATIONAL DISABILITY AND EARLY INTERVENTION

- Timely claim referral or reporting of incidents is critical to reduce unnecessary time loss or delays. People leaders, who are often responsible for claim referral, should be aware of the process and the cost implications of failing to refer in a timely fashion.
- Immediate outreach to ill or injured employees can improve return to work

outcomes by maintaining a connection to the workplace and reducing potential isolation or disconnection from purpose and productivity.

- Modified or progressive return to work planning can be set in motion before a claim is adjudicated, rather than postponing any action until receiving medical documentation.

- Proactive identification of modified work opportunities is also an important early intervention tactic that can significantly reduce delays and costs.

RECOVERY AND RETURN TO WORK PROGRAMS

Income replacement is just one component of support for injured or ill employees. The greatest cost impact can be seen where the injured or ill employees are provided with comprehensive return to work support. This not only serves to reduce claim duration but also can have a lasting effect on the employees' health and perception of their employer, both of which impact talent retention. Early, safe and *sustainable* return to work programs are critical to reduce time loss and claim costs. Progressive or modified return to work programs not only show economic benefit but also have

demonstrated therapeutic benefit to employees. In fact, on-the-job recovery is suggested by experts, where medically possible, as it can restore the employee's sense of purpose, productivity and connection to the workplace while reducing the potential of relapse. While such return to work programs are an essential part of workers' compensation claims, they may be less frequently implemented in traditional short-term disability case management models. Traditional models may focus mainly on adjudicating and administering the claim (i.e., obtaining medical

documentation to substantiate the "disability" claim). Progressive approaches to short-term disability, on the other hand, recognize the distinction between "disability" and impairment. That is, an injured or ill employee may still have functional abilities or be medically able to work and may benefit from on-the-job recovery or temporary accommodation.

"...Early, safe and sustainable return to work programs are critical to reduce time loss and claim costs..."

AN "ABILITY-FOCUSED" RETURN TO WORK PROGRAM WITH A DISABILITY MANAGEMENT PROFESSIONAL THROUGH AN EAP PLAN

- Return to work planning is guided by a disability management professional, who develops appropriate plans on a case-by-case basis, obtaining input from the injured or ill employee, the manager/employer and the treating physician.
- Medical information and information related to job duties/work environment are reviewed to assess what

the employee can do in light of his/her functional abilities and any available modified work opportunities.

- Non-medical factors are taken into account, as these issues can be barriers to sustainable return to work (e.g., personal/social and workplace factors that may be contributing to the absence).
- Return to work support and planning begins as

early as possible, not only to reduce claim duration but also to prevent the employee from feeling disconnected from the workplace or feeling inappropriately "disabled".

ESTABLISHING CLEAR POLICIES, PROCEDURES, ROLES & RESPONSIBILITIES

Sound policies are the foundation of effective attendance management. Policies ensure that all employee attendance matters are treated fairly and consistently in alignment with legislative guidelines. However, policies need to be backed by clear procedures that enable effective participation in attendance management processes. Clarity is directly linked to compliance. When policies and procedures are clear, the result is more

effective enforcement of policies and compliance to procedures. One of the reasons well-designed programs fail is that they are inconsistently understood and applied. A well-executed attendance management strategy clearly communicates roles, responsibilities and protocols not only to gain efficiencies but also to demonstrate the transparency and accountability of all stakeholders. In particular, attendance policies and procedures

must ensure that medical confidentiality is emphasized. Employee perception of privacy and confidentiality is especially important when multiple individuals are working on a "file". When rigour in this area is applied, the risk of corporate liability exposure is reduced.



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