

Workplace PossibilitiesSM

PRODUCTIVITY INSIGHT #5

Short-Term Disability: The Window Of Opportunity

Workplace Possibilities, by The Standard

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Standard Insurance Company



Introduction

This fifth installment in Standard Insurance Company's series on workplace productivity and its relationship to health, absence and disability focuses on short term disability (STD) and opportunities for health management interventions that can help employees return to work.

Throughout our Productivity Insight series, we have explored the need and potential for employers and their brokers/advisors to expand the benefits discussion beyond an exclusive focus on the costs of health care. We have also demonstrated that the costs of health-related lost productivity (consisting of absenteeism and presenteeism) well exceed the costs of poor employee health (consisting of health care and pharmacy costs).¹

Employers will continue to experience the costs of health-related lost productivity (HRLP), regardless of whether they offer employer-sponsored health insurance to employees. However, they can take steps to create a workplace that supports employee productivity, helps keep employees at work and ultimately reduces costs. Taking advantage of the window of opportunity presented by short-term disability is a key step towards this goal.

Defining Short-Term Disability

Many employers and their benefits advisors understand the value of offering short term disability insurance, but may not be aware of the potential to also offer health management interventions during this crucial period in an employee's work life. In general, the term STD can be applied to both insured and uninsured absences. For example, STD can refer to:

1. A period of up to six months of work absence during which an employee is paid income replacement benefits by:
 - a. A group disability carrier
 - b. Third-party administrator
 - c. The employer

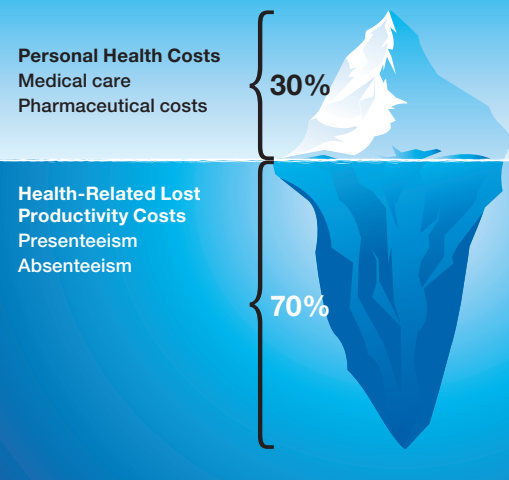
This period may or may not include a concurrent term of job protection, e.g., Family Medical Leave Act (FMLA), mandated state leave, etc.

2. A period of up to six months of work absence during which an employee receives no income replacement benefits but is protected from losing his or her job.

- 1 Loeppke R, Taitel M, Haufle V, Parry T, Kessler RC, Jinnett K, "Health and Productivity as a Business Strategy: A Multi-Employer Study," *Journal of Occupational and Environmental Medicine*, 2009, 51(4): pp. 423.
- 2 Giesel, Jerry, "Employment-based health insurance coverage in decline: Analysis," *Business Insurance*, April 11, 2013, <http://www.businessinsurance.com/article/20130411/NEWS03/130419970> (Accessed May 21, 2013).
- 3 Loeppke R, et al., pp. 423.

Over the last 10 years, there has been a 10 percent drop in the number of non-elderly adults eligible to participate in employer-sponsored health plans.²

Full Cost Of Poor Health To Employers



Source: Loeppke R, Taitel M, Haufle V, Parry T, Kessler RC, Jinnett K, "Health and Productivity as a Business Strategy: A Multi-Employer Study," *Journal of Occupational Environmental Medicine*, 2009, 51(4):411-428, pp. 140-152.

"... on average, for every 1 dollar of medical plus pharmacy costs there are 2.3 dollars of health-related productivity costs in absenteeism and presenteeism."³

The Role Of Health Management Programs

Many employers offer one or more health management programs whose purpose is typically to improve the health of employees, reduce absences and lower the medical and pharmaceutical costs paid by their insurance plans. They fall into three major categories:

- **Employee assistance programs (EAPs)** offer employees and their families access to mental health and/or financial and counseling services, and may include other support
- **Disease management programs** target specific medical conditions for identification, treatment and management, including chronic conditions
- **Wellness programs** focus on improving the health of the general employee population through programs such as health risk assessments, biometric screening, weight loss, smoking cessation, fitness, nutrition, etc.

Many absence and disability management professionals believe that health management programs are most accepted by employees either before an absence caused by a medical condition occurs, or just after it is first diagnosed and the employee is unable to work. This time frame may coincide with or precede a period of short-term disability. However, it can be difficult for employers to see high enough participation rates to support employees or to coordinate services effectively, often due to low awareness of programs among employees, which can vary by provider.

The On-Site Model Of Absence And Disability Management

One solution that can help employers maximize their investment in health management programs during an employee's struggle with a medical condition is to integrate the expertise of an on-site consultant. For example, The Standard's industry-leading program for managing absence and disability, called Workplace PossibilitiesSM, features the on-site model.

Benefits brokers and consultants work with the employer and The Standard to determine if the Workplace Possibilities program is a good fit for a particular workforce. As part of group Long Term Disability insurance plans offered by The Standard, the program places an absence and disability management consultant (a nurse or a vocational specialist) on site at the facilities of large employers (over 1000 lives). Working mostly during the times when an employee is covered by STD, in partnership with the employer's human resources team, the on-site consultant has three primary functions:

1. Help employees absent due to medical conditions return to work as soon as possible
2. Help employees struggling with medical conditions stay at work
3. Help both of these groups connect to the employer's specific and appropriate health management program(s)

Health Management Program Usage And The On-Site Model

Employers who use the on-site model of absence and disability management have another tool to increase usage of health management programs and, therefore, another way to help improve employee health and reduce medical costs.

Employees who are off work, or at work and struggling with medical conditions, can be in a “teachable moment.” They may be more likely to accept help and be more interested in participating in a health management program that could improve their medical condition.

While many medical conditions could benefit from the on-site model working in tandem with health management programs, we will focus on four:

- Musculoskeletal
- Mental disorders
- Cancer
- Circulatory/heart

Benchmarking Durations And Diagnoses

The Integrated Benefits Institute (IBI) has developed a benchmarking database for a number of absence and disability-related benefits, including STD. The Workplace Possibilities program also collects and maintains data about its own return-to-work and stay-at-work interventions.

The IBI benchmarking database (data year 2011) contains data provided by disability carriers (including The Standard) that reflects 467,244 STD claims from 38,951 employers. These employers represent a full range of STD absence and disability management programs from poorly managed to highly managed.

The Workplace Possibilities data for 2012 contains information from 106 employers with 727,000 employees covered by the program. Workplace Possibilities is an example of a highly managed absence and disability management program.

The chart below compares the average duration of disability across four conditions.

Average Duration Of Disability			
Condition	IBI Average Duration ⁴	Workplace Possibilities Average Duration ⁵	Difference
Musculoskeletal	79.30 days	61.70 days	-17.60 days
Mental disorders	79.09 days	59.55 days	-19.54 days
Cancer	78.86 days	70.51 days	-8.35 days
Circulatory/heart	70.94 days	61.88 days	-9.06 days

4 IBI's Health and Productivity Benchmarking, Short Term Disability, all employers, data year 2011.

5 Internal data from Workplace Possibilities.

On-Site Model Builds Trust, Helping Employees Stay At Work

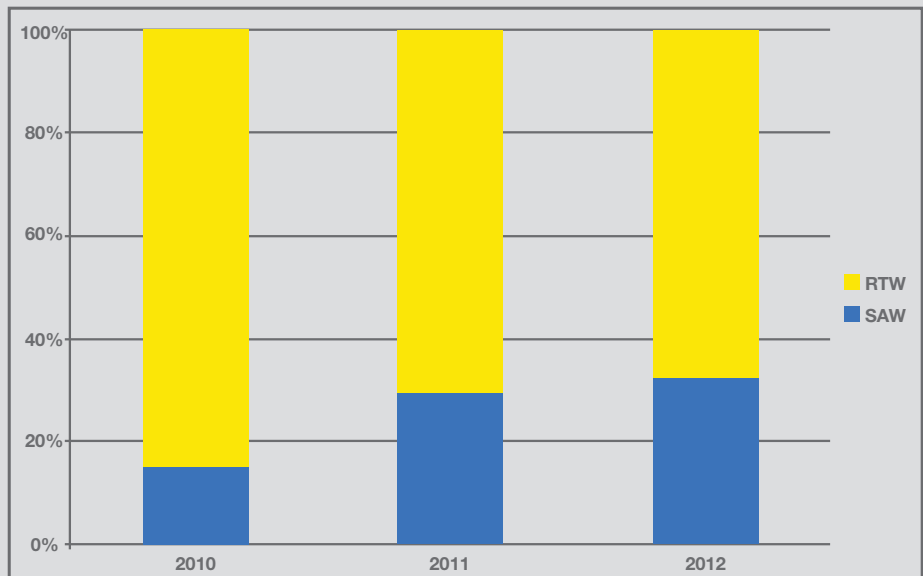
The effectiveness of the on-site consultant model results from the proximity of the consultant and his/her ability to gain the trust of employees. This ongoing relationship between the on-site consultant, the company and employees is the key to why the Workplace Possibilities program has been so successful in reducing the average STD durations of the above conditions, plus a host of other medical conditions. Many of these results have been accomplished through interventions focused on return-to-work (RTW) early in the STD period.

Stay-at-work (SAW) is another type of intervention available when an employer has an on-site program for absence and disability management. It occurs when an employee is willing to disclose the need for assistance while still at work. In The Standard's experience, this type of disclosure usually requires a level of trust from the employee to the on-site consultant, and is typically gained after the employee has seen how the on-site consultant has helped other employees, often starting with RTW interventions.

In other words, a company with a long-established on-site program for managing absence and disability can have noticeably more SAW disclosures and successes than a company that is new to the model.

Intervening Before An STD Absence Occurs

In the first three years since The Standard launched the Workplace Possibilities program, the number of stay-at-work interventions as a percentage of total interventions has increased steadily. In our experience, this has occurred because trust in the on-site consultant grows over time, making employees feel more comfortable about disclosing the need for assistance while still at work.



The three SAW interventions described below, based on actual solutions from the Workplace Possibilities program, illustrate how an on-site consultant can partner with the HR team to reduce absences:

- **Problem:** A call center employee with back pain was unable to remain in his chair for extended periods.
Solution: The on-site consultant conducted an ergonomic assessment and contacted the treating physician and the employee's supervisor. The end result was a new chair with ergonomic features that reduced the back pain and helped make the employee more productive, without the need for a disability absence.
- **Problem:** A sales manager had been missing work and performing below her usual level.
Solution: The employee's supervisor asked the on-site consultant to approach the employee to see if she needed any assistance. The on-site consultant connected the employee with the Employee Assistance Plan, which provided counseling and, over time, helped the employee to feel better, thus improving her work performance and reducing absences.
- **Problem:** An administrative assistant with scoliosis and heart disease was experiencing pain and fatigue at her workstation.
Solution: The on-site consultant conducted an ergonomic assessment and worked with HR to provide an adjustable keyboard tray, foot pedestals and a saddle seat for filing. The employee's pain and fatigue were reduced and she was able to be more productive, with no time lost from work due to disability.

Conclusion: Addressing Health-Related Lost Productivity Can Improve An Employer's Bottom Line

We have demonstrated that interventions can help employees stay at work or return to work, and that the on-site consultant model can help achieve reductions in health-related lost productivity. What's more, the trust employees develop in the on-site consultant can help increase successful results over time.

The Standard's Workplace Possibilities program has also shown that the on-site consultant model – with its focus on SAW and RTW interventions and capitalizing on established trust – can be effective in increasing employee participation in health management programs. By taking advantage of the window of opportunity during or prior to short term disability, employers may be able to realize benefits that the previous exclusive focus on health care costs attempted to achieve: healthier employees, higher productivity and improved profitability.



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 connect employees with their health management programs and identifies opportunities to keep at-risk employees on the job or help them return to work faster. In doing so, the program delivers rapid and measurable reductions in absence- and disability-related costs. For tips and tools HR professionals can use to help re-imagine the way they manage absence and disability, visit 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.

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Standard Insurance Company
1100 SW Sixth Avenue
Portland OR 97204

www.standard.com

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