Employee Productivity: Absenteeism and Presenteeism

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Agenda

Defining absenteeism and presenteeism

The implications to employee productivity

A new way of thinking

Liz’s story

Action for employers

Summary
Learning Objectives

Learn about absenteeism and presenteeism

Understand the implications of how absenteeism and presenteeism impact employee productivity and the bottom line

Gain more insights into what drives these “productivity zappers”
Definitions

To be on the same page, here are the dictionary definitions:

- **Absenteeism**: “a tendency to be away from work or school without a good reason: the practice or habit of being absent from work or school.”

- **Presenteeism**: “the practice of coming to work despite illness, injury, anxiety, etc., often resulting in reduced productivity.”

Source: Dictionary.com
Lost productivity

Child care issues, a sick child, or an adult who needs care
Lost productivity

Family and financial issues can cause stress resulting in lower productivity.
Lost productivity

Not feeling 100% - or even 80% well - but still going to work impacts productivity.

Healthy employees take up to 40% fewer sick days per year.
What are the financial implications of lost productivity for an employer?

Direct and indirect costs

Impact to colleagues

Lost revenue opportunities

Barrier to growth and expansion

*Optimizing employees’ health enhances their productivity*
What are the national financial implications of lost productivity?

✓ **Poor health** costs the U.S. economy **$576B a year.**

✓ Of that, **$227B is lost productivity** because of **absenteeism and presenteeism.**

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Looking past the obvious to see the real risk

4 sick days
per year on average

57.5 days at work
but not productive

$150 billion
lost to absenteeism

Why invest in workers’ health?

Employers can save an average of $3 for every $1 they invest in improving their workers’ health.

This can result in opportunities for companies to increase profits and wages while they improve workers’ health.
An absence costs an employer in two ways

**Wage expenses**
- Daily wages and benefits
- Paid at 100% (e.g. sick day) OR some fraction (e.g. STD)

**Opportunity costs**
- Lost revenue opportunities
- Overstaffing strategies
- Temporary replacements
- Co-workers’ overtime
- Impact to customer service
- Delayed deliveries
- Long wait times in a call center (and possibly high abandon rates impacting satisfaction)
- Loss of product knowledge and expertise
- Loss of management expertise in running a team
- Impact to patient care in medical settings
The value of investment: Costs that impact a company’s bottom line

- Medical: 39%
- Lost productivity performance: 24%
- Lost productivity absence: 11%
- Wage replacements: 18%
- Pharmacy: 8%

A closer look at the total cost of health

Estimating productivity loss and gain:
Where we have been and what the future holds
Looking over past two years (2012/2013), 9,898 employees completed two surveys at least 6 months apart. Of these respondents:

- 13% (1,238) of employees with low risks had no change in number of risk over the two year period.
- 8% (836) of employees who took a sequential HRA had high risk reduced their risk from 5 health risks to 4 or less risks.
- 14% (1,371) of employees who took a sequential Work Limitation Questionnaire reported an improvement in their job productivity.
- 8% (767) of employees had improved absenteeism scores.

*Based on Aetna survey*
Focus on modifiable health risks

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Creating a productive workforce

What’s the future of productivity?

- Technology solutions
- Tracking and trending --- information!
- Understanding your industry and the specific implications to your employee productivity
Creating a productive workforce

Identify your company’s employees’ productivity “zappers”: “something that kills or destroys the productivity or performance of an employer’s workplace”

- Down, but not out
- Behavioral health
- Stress at home
- Workplace distractions such as media, gossip, etc.
- Financial and medical issues
- Low employee morale (for various reasons)
The Future of productivity

TeleDoc and productivity – Liz’s story
Creating a more productive culture

Employers can help drive productivity improvement in their workforce by making worker productivity part of their benefits strategy.

Some examples include:

• Measure the employee’s functional capacity against the essential job functions

• Early behavioral health intervention

• Implement income replace contracts that reward employee engagement in their return to health

• Address ADA related issues up front

• Assess work-fitness after employees return from STD or LTD

• Train your supervisors and managers on how to recognize common workplace physical and mental conditions in their workforce
The wellbeing connection

The relationship between wellbeing and physical health runs in both directions:
- Serious health problems can lower wellbeing, and
- Higher wellbeing results in healthier and faster recovery from illness

Employers can impact an employee’s social connectedness, job satisfaction, financial security, physical health, and emotional health.

Employees with higher levels of wellbeing are healthier, more productive, and higher performers.

For employers looking to implement wellbeing programs ---Evaluate what is important to the organization’s culture, prioritize programs that will yield the largest impact, then expand programs to encompass broader issues of wellbeing.

National Business Group on Health: "Moving from wellness to wellbeing – 7th annual employer sponsored health and wellbeing survey 3/16"
What is Aetna Doing Differently

Novel Performance Guarantee for Presenteeism*

• Two components to our PG
  - Telehealth usage after 1-yr of implementation
  - Healthability (commitment to no deterioration in performance)*

*Requires a combination of programs and products and Aetna actuarial evaluation & approval
Improving Employee Productivity – Management Practices

1. Design economic incentives so employees at all levels of an organization can benefit from them – encourages commitment

2. Provide meaningful feedback in a constructive manner on a regular basis

3. Respect employees as individuals in addition to the job they do – encourages “going the extra mile”

4. Be sure that management at all levels of an organization receives adequate training—start early in the manager’s career

5. Provide support for employees when it’s genuinely needed – builds goodwill and loyalty

6. Don’t be emotionally stingy – recognition is often a more powerful motivator than money

7. Ensure senior leadership models behavior that makes the rank-and-file proud to be part of the team -- it energizes employees when leaders “walk the talk”

Summary

Productivity matters

What’s good for the employee can be good for the bottom line

Make productivity an element of your business strategy

Employee health is a worthwhile investment
Contact Us

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