



2019 DMEC Employer Leave Management Survey **EXECUTIVE SUMMARY**

ABOUT THE SURVEY

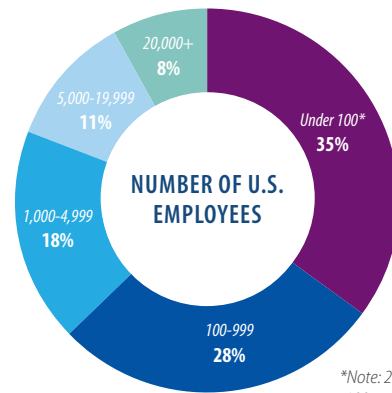
For nine years the Disability Management Employer Coalition (DMEC) and Spring Consulting Group (Spring) have partnered to conduct annual research on employer leave management. Our national survey tracks employer methods for administering both regulatory and non-regulatory leaves. It also offers a detailed view of employer preferences and strategies for managing and overcoming the many challenges of the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), and overall leave administration.

This year's survey was released at the 2019 DMEC Annual Conference, featured over 80 questions, and used a similar online format as 2018. It was completed by 873 employers who collectively represent all organizational sizes, U.S. states, and a broad range of industries.

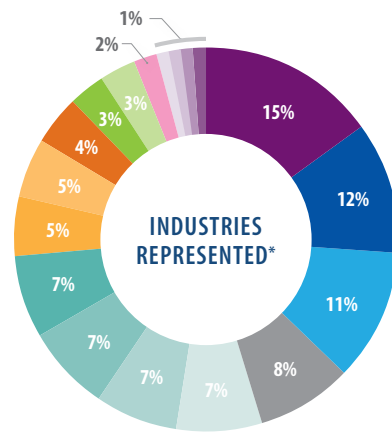
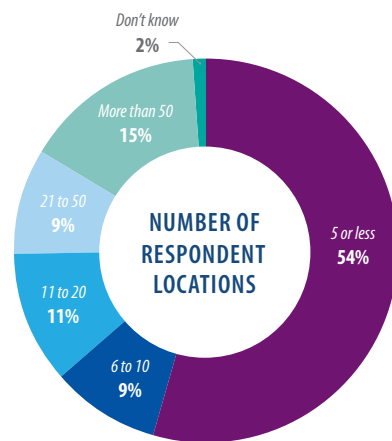
This year's report highlights trends and employer perspectives on regulatory leaves (e.g., FMLA, ADA), non-regulatory leaves (e.g., vacation, personal leave) and state paid leave programs. It also reviews practical application of return to work (RTW), accommodations, administrative processes, systems used to manage leave, and staffing for insourced and outsourced programs. It organizes responses into useful size segments and comments on differences by industry where notable.

The 2019 data is weighted to represent the size distribution of U.S. companies and to compare it to prior years. Percentages shown in the charts are weighted (unless otherwise noted with an asterisk) and represent employers with 50 or more employees, while the "n" represents the actual number of responses.

We hope the results provide meaningful and actionable information to the absence management industry and assist with both strategic decision-making and tactical application at all levels of employer organizations.



*Note: 28% of the under 100 segment has less than 50 employees.



- Healthcare
- Other
- Manufacturing
- Non-Profit
- Retail & Wholesale
- Finance/Insurance
- Education
- Government
- Professional/Scientific/Technical
- Services
- Construction
- Utilities/Energy
- Transportation/Warehousing
- Real Estate
- Agriculture/Forestry/Fishing/Hunting
- Information Management
- Telecommunications
- Association

EXECUTIVE SUMMARY

The patchwork of leave laws that employers are subject to continues to grow and become more complex. States continue to pass paid family and medical leave laws as the anticipation of a federal decision persists. Jurisdictions expand their reach for paid sick leave. Regulatory bodies frequently update guidance under the federal FMLA and ADA. The leave management service community continues to expand and develop solutions to support outsourcing, insourcing, or a combination approach through cosourcing. As a result, employers continue to raise their sophistication levels and enjoy a broad range of options in how they administer their programs. This is not only with respect to processes they employ, but also technology they use to support their efforts.

OUTSOURCING SPECIFICS

Since 2014, outsourcing of federal FMLA has increased at an average annual rate of 4%. That is 41% for large (1,000+) employers (up from 35% in 2014) and 27% for small (50+) employers (up from 21% in 2014), and particularly for those in the finance/insurance, transportation/warehousing, and utilities/energy sectors. Mid- to large-size employers (100+) tend to outsource short-term disability (STD) to the same vendor as leave, while smaller employers (under 100) more commonly outsource workers' compensation (WC) to the same vendor. Most employers who outsource require between one (1) to three (3) internal staff members (most of which are designated) to support their leave administration efforts. Over 70% of respondents consider their programs to be cosourced. Employers with 100+ employees and those in the finance/insurance, retail/wholesale, healthcare, and manufacturing industries cosource more so than others, especially for disability, FMLA, and paid state family and medical leaves.

INSOURCING SPECIFICS

The majority of those that insource have one (1) to three (3) staff members involved in handling leave with slightly over half (54%) dedicated to leave management activities; the number of total internal staff increases with employer size. Over 70% of those that insource (compared to 79% in 2018) are confident that they are in compliance with all aspects of leave. The use of technology for insourced programs also increases with employer size. While manual methods are still used by most small employers (50-99) to manage the federal FMLA, the prevalence of manual methods is decreasing, and more employers of all sizes are turning to externally purchased/leased systems. When it comes to functionality, the ability to determine eligibility and run standard reports continue to be the most common. Similar to prior years, larger employers tend to use technology with more robust capabilities. Payroll systems are most often used by smaller employers while larger employers tend to use specific leave management software to administer leaves. Over half of small employers (under 100) use their payroll system to track leaves, while mid-sized employers (100-4,999) use HRIS systems, and larger employers (up to 43%) use leave management software.

PAID LEAVE

When it comes to paid sick leave, companies are just as likely to incorporate it into an existing PTO policy as they are to have a separate policy, though mid-sized employers (1,000-19,999) tend to have a separate policy more so than other size segments. Companies that offer a company-sponsored paid parental and/or paid family care leave most typically make it available to all their employees. Similar to last year, most companies manage these paid leaves internally, with the propensity to outsource increasing with employer size (1,000+). With new paid leave laws being introduced, more companies are conforming to state administration as opposed to offering a private/voluntary plan. As more paid leave regulations are passed, employers are being more generous than the laws require or relying on external counsel to ensure proper compliance.

THE ADA AND RETURN TO WORK

The majority of respondents are confident in their company's ADA administration due to having a formal policy in place, involving legal resources, and providing training. About 8% overall, and up to 16% for larger size employers, are partnering with their vendor to manage ADA leave. This is up from 6% overall and up to 12% for larger employers in 2017, and 3% in 2014. Specific to the interactive process, the vendor's role is most often to prompt the employer to begin the interactive process and to provide supporting communications for the employer to share with the employee. Employer confidence in their ADA administration also stems from having a formal workplace accommodation policy in place, which a third of respondents do, with many including it as part of their formal RTW program.

OTHER PRACTICES

New this year, the survey uncovered that slightly less than half (44%) of respondents use a standard form to gather ADA information. Also, about a third of respondents only terminate an employee after the interactive process has been completed. When an employee is out on leave, 38% grant that employee full system access, while 25% give limited access, and 37% provide no access at all. Premiums for benefits continuing while an employee is on leave are most commonly handled by HR/benefits and payroll departments, with some respondents arranging to have their leave management carrier or third-party administrator (TPA) take this on. Some integration with HRIS/HCM/payroll systems is taking place and leave planning or advocacy support is evolving. Many indicate that technology will have an impact on the future of leave management, primarily to automate and streamline the process.



The Disability Management Employer Coalition (DMEC) is the only association dedicated to providing focused education, knowledge, and networking for absence and disability professionals. Through its education programs, DMEC delivers trusted strategies, tools, and resources to minimize lost work time, improve workforce productivity, and maintain legally compliant absence and disability programs.



Focused Education for Absence and Disability Professionals

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