2020 DMEC Employer Leave Management Survey

EXECUTIVE SUMMARY

Spring℠
AN ALERA GROUP COMPANY

DMEC
Disability Management
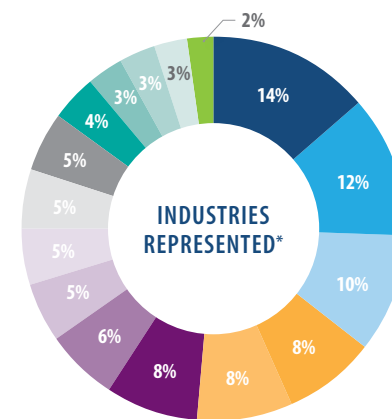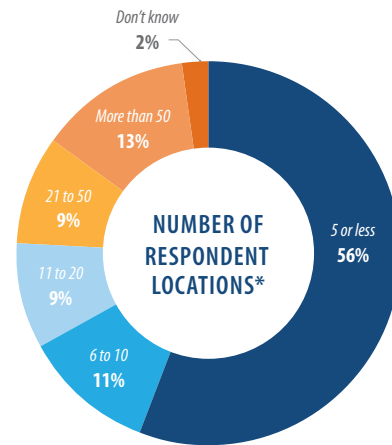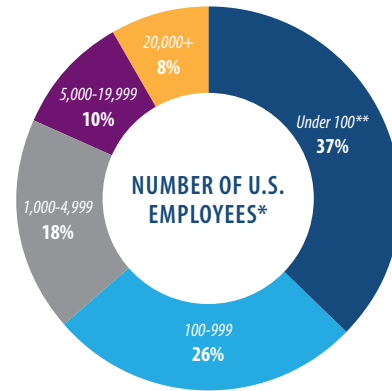Employer Coalition

ABOUT THE SURVEY

The Disability Management Employer Coalition (DMEC) and Spring Consulting Group (Spring) have partnered for the tenth year 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 administering leave under the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), and overall leave management.

This year's survey was released in the midst of the COVID-19 pandemic — opening at the 2020 DMEC Virtual Annual Conference and closing on Dec. 31, 2020. It featured over 80 questions, including new questions related to plan design, and used a similar online format as prior years. The survey was completed by 793 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, accommodations, administrative processes, systems used to manage leave, staffing for insourced and outsourced programs, and underlying plans in place. It organizes responses into useful size segments and comments on differences by industry where notable.

The 2020 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 for the absence management industry and assist with both strategic decision-making and tactical application at all levels of employer organizations.

NUMBER OF U.S. EMPLOYEES*

- Under 100** 37%
- 100-999 26%
- 1,000-4,999 18%
- 5,000-19,999 10%
- 20,000+ 8%

NUMBER OF RESPONDENT LOCATIONS*

- 5 or less 56%
- 6 to 10 11%
- 11 to 20 9%
- 21 to 50 9%
- More than 50 13%
- Don't know 2%

INDUSTRIES REPRESENTED*

- 14%
- 12%
- 10%
- 8%
- 8%
- 8%
- 6%
- 5%
- 5%
- 5%
- 5%
- 4%
- 3%
- 3%
- 3%
- 2%

- ■ Healthcare
- ■ Manufacturing
- ■ Non-Profit/Association
- ■ Professional/Scientific/Technical
- ■ Banking/Financial Services/Insurance
- ■ Education
- ■ Technology/Information Management
- ■ Retail & Wholesale
- ■ Construction/Architecture
- ■ Other
- ■ Government
- ■ Utilities/Energy
- ■ Food & Beverage/Hospitality
- ■ Services
- ■ Transportation/Warehousing
- ■ Real Estate

**Note: 31% of the less than 100 segment has less than 50 employees.
*Percentages are unweighted.

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Despite a challenging year brought on by the COVID-19 pandemic — which included the continual passage of state paid family and medical leave laws, implementation of the Families First Coronavirus Response Act (FFCRA), and constant clarification of how the ADA applies — the leave management community continues to rise to the occasion. Employers were able to lean into outsourcing, insourcing, or combination cosourcing approaches and continue to raise their sophistication levels through new or expanded policies that may or may not become permanent.

OUTSOURCING SPECIFICS

Since 2014, outsourcing of federal FMLA has increased at an average annual rate of 5%. That is 41% for large (1,000+) employers (up from 35% in 2014) and 28% for small (50+) employers (up from 21% in 2014), and particularly for those in the banking/financial services/insurance sectors. Most employers who outsource require between one (1) to three (3) internal staff members to support their leave administration efforts in a designated manner, meaning they are responsible for leave as well as other functions. Almost 65% of respondents consider their programs to be cosourced. Employers who cosource are primarily those with 100+ employees and those in the healthcare and manufacturing industries. Paid state family and medical leaves were the most commonly cosourced leave types.

INSOURCING

The majority of employers who insource also have one (1) to three (3) staff members involved in handling leave, with the number of total internal staff increasing with employer size. The use of technology for insourced programs also increases with employer size, with about 60% for 5,000+ and 80% for 20,000+ employers using technology to support leave management. 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. Over 60% of small employers (under 100 lives) use their payroll system to track leaves, while mid-sized employers (100-4,999) use HRIS systems, and larger employers use leave management software (up to 50%).

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 (100+) tend to have a separate policy more so than other size segments. Employers 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+ employees). With new paid leave laws being introduced, many companies already have, or anticipate having, to conform to state administration, while others seek to offer private or voluntary plans.

THE ADA AND RETURN TO WORK

About 9% overall, and up to 17% for larger size employers, are partnering with their vendor to manage ADA leave, which is consistent with 2019 results. Specific to the interactive process, the vendor's role is most often to provide supporting communications for the employer to share with the employee. Over a third of respondents have a formal return-to-work (RTW) program in place, and the prevalence of having one increases with employer size.

OTHER PRACTICES

Consistent across all company sizes, the majority say employees call their manager to report absences; using 800 numbers and web-based portals increases with employer size. When an employee is out on leave, 38% grant that employee full system access, while 25% give limited access and 37% no access at all. For benefit continuation when employees are on leave, human resources followed by payroll are the most involved in the process.

PLAN DESIGN BENCHMARKING

This year, the survey included questions about plan design for workers' compensation (WC), short-term disability (STD), long-term disability (LTD), time off, and other policies. The most common plan design for STD is no waiting period, an elimination period of seven (7) calendar days, a benefit duration of 13 weeks, and a benefit amount of 60% of salary. For LTD, a three-month waiting period and 90-day elimination period is most common, with benefits continuing until age 65 and a benefit amount of 60% of salary.
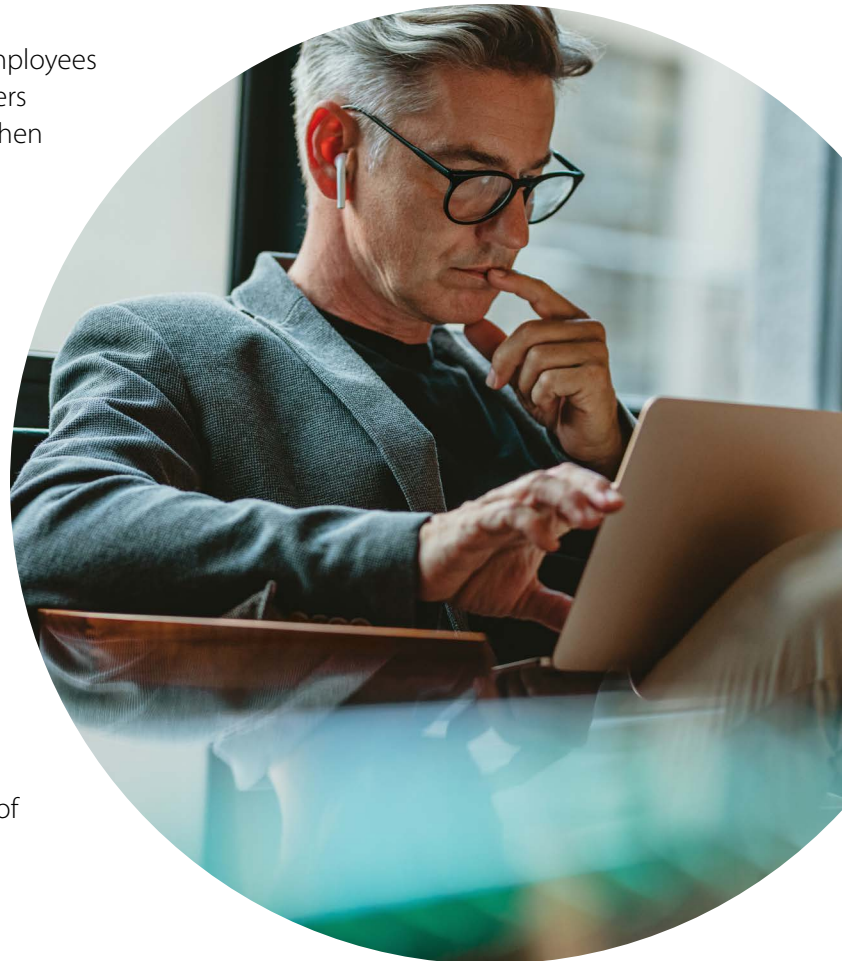
The Disability Management Employer Coalition (DMEC) is the only association dedicated to providing focused education, knowledge, and networking for absence and disability professionals. Through its education programs, DMEC delivers trusted strategies, tools, and resources to minimize lost work time, improve workforce productivity, and maintain legally compliant absence and disability programs.

DMEC
Disability Management
Employer Coalition

Focused Education for Absence and Disability Professionals

800.789.3632
www.dmec.org