2021 DMEC Employer Leave Management Survey

WHITE PAPER

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AN ALERA GROUP COMPANY

DMEC
Disability Management Employer Coalition

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DMEC and Spring Consulting Group wish to thank not only the employers that responded to the survey, but also the members of the DMEC Executive Advisory Board (EAB) and the Employer Advisory Council (EAC) who contribute to and continue to support our survey efforts.

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ABOUT THE SURVEY

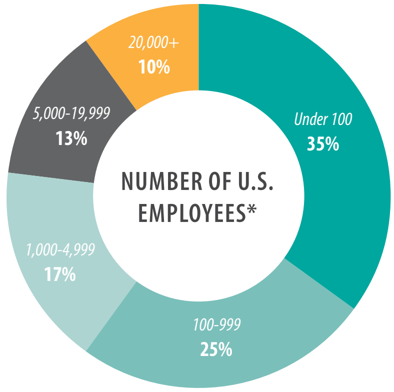
The Disability Management Employer Coalition (DMEC) and Spring Consulting Group, an Alera Group Company (Spring) have partnered for the eleventh year to conduct annual research about employer leave management practices. Our national survey tracks employer methods for administering both regulatory and non-regulatory leaves and offers a detailed view of employer preferences and strategies for administering leave under the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), other state or local laws, and company-specific directives. This is the second year we have collected data to provide plan and policy benchmarking to support employer program design.

This year's survey was released during the second year of the COVID-19 pandemic at the 2021 DMEC Virtual Annual Conference and closed on Dec. 31, 2021. It featured over 80 questions, including additional questions related to plan and policy design, and used a similar online format as prior years. The survey was completed by 703 employers who collectively represent all organizational sizes, U.S. states, and a broad range of industries.

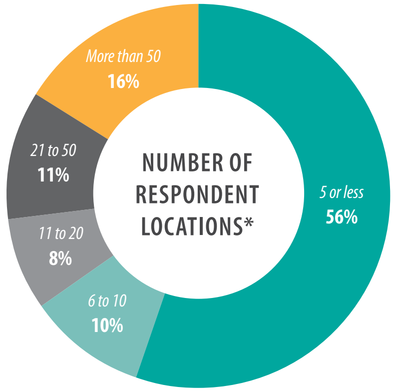
This year's report highlights trends and employer perspectives on regulatory leaves (e.g., FMLA, ADA), non-regulatory leaves (e.g., vacation, personal leave), and approaches to paid leave programs. It reviews practical application of insourced and outsourced programs, systems used to manage leave, return to work (RTW) and accommodations, and day-to-day leave management processes. It also offers benchmarks for employers to compare their programs against other like organizations and organizes responses into useful size segments and industry differences where notable.

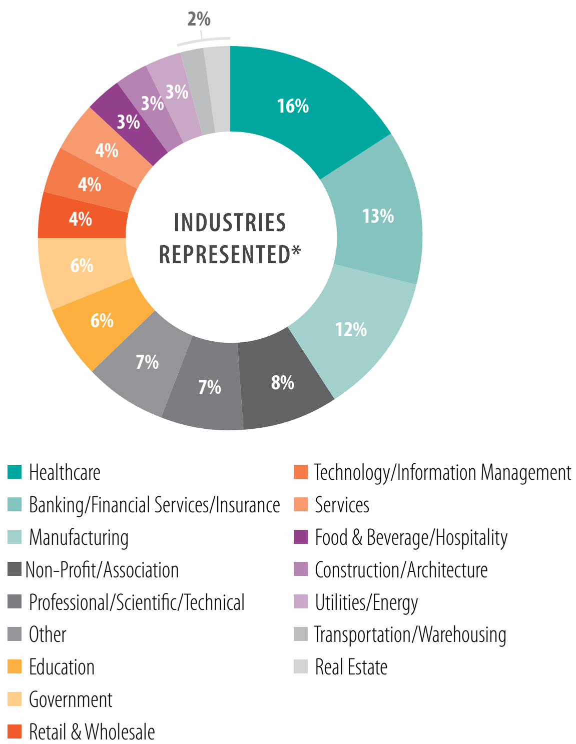
The 2021 data is weighted to represent the size distribution of U.S. companies and to compare it to prior years. Percentages shown in the charts are weighted (unless otherwise noted with an asterisk) and represent employers with 50 or more employees, while the "n" represents the actual number of responses.

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 respondents have less than 50 employees.





*Percentages are unweighted

EXECUTIVE SUMMARY

A second year of ongoing pandemic challenges and anticipation of a national paid family and medical leave law that did not come to fruition has required the leave management community to continue to strengthen their programs. Employers were able to lean into outsourcing, insourcing, or cosourcing approaches, while an increasing number of states passed paid family and medical leave laws. Organizations were able to bolster their leave management systems and shape their plans and policies to best serve their workforces.

OUTSOURCING SPECIFICS

Since 2014, outsourcing of federal FMLA has increased at an average annual rate of 5%. Outsourcing FMLA among large (1,000+) employers is 46% (up from 35% in 2014) and 30% for small (50+) employers (up from 21% in 2014), and particularly for those in the banking/financial services/insurance sector. Most employers who outsource require between two to six internal staff members to support their leave administration efforts in a designated manner — meaning they are responsible for leave as well as other functions. More employers outsource paid leave and caregiver leave than in past years and fewer (just under half) of respondents consider their programs to be cosourced. When asked what activities they wished could be outsourced, employers most often mentioned payroll activities followed by the ADA and state-specific leave administration.

INSOURCING SPECIFICS

Interestingly, the organizations who insource also have two to six staff members involved, but to manage leave themselves, with the number of total internal staff increasing with employer size. The use of systems for insourced programs also increases with employer size, with about 80% of 5,000+ employers (up from 60% in 2020) using technology to support leave management. Over 50% of small employers (under 100) use their payroll system to track leaves, while mid-size employers (100-4,999) use HRIS systems, and larger employers use leave management software (up to 50%). When it comes to functionality, the ability to run standard reports continues to be the most common. Similar to prior years, larger employers tend to use technology with more robust capabilities.

PAID LEAVE

Employers that offer a company-sponsored paid parental and/or paid family care leave most typically make it available to all employees. Similar to last year, most companies manage these paid leaves internally, with the propensity to outsource increasing with employer size (1,000+). With the number of new paid leave laws continuing to increase, many companies already have or anticipate conforming to state administration, though private/voluntary plans are growing in popularity. The larger the employer, the more their approach depends on factors such as compliance, ease of administration, and employee experience.

THE ADA AND RETURN TO WORK

About 15% overall, and up to 21% for larger employers, are partnering with a vendor to manage ADA leave, which is an increase from 9% overall and 17% for larger employers in 2020. 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 through the usage of 800 numbers. Web-based portals increase with employer size. With many seeing an increase in mental health related leave requests, about four in 10 employers link a mental health program or benefits to their leave process. For benefit continuation when employees are on leave, human resources followed by payroll are the most involved in the process. Despite the challenges involved, almost all employers feel they have been keeping up with the volume of COVID-19 regulations very effectively (41%) or effectively (55%).

PLAN DESIGN BENCHMARKING

For the second 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, and added specifics about the FMLA. The most common plan design for STD is a one-month waiting period, an elimination period of seven 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 Social Security Normal Retirement Age (SSNRA) and a benefit amount of 60% of salary.

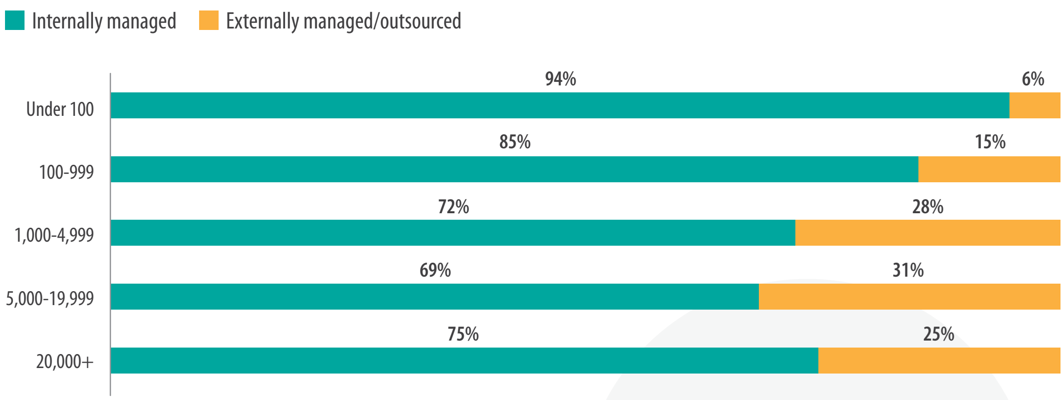
SURVEY RESULTS AND DISCUSSION

HOW LEAVE IS MANAGED

When it comes to how leave is handled, employers offering (or being subject to) various leave types and their certainty of approach increases with size, particularly when it comes to regulatory leaves (e.g., federal FMLA, state family and medical, Uniformed Services Employment and Reemployment Rights Act (USERRA), state military, jury duty, municipal/county, and other state mandates) versus non-regulatory or company-specific leaves (non-FMLA qualifying, paid military, personal, bereavement, or other).

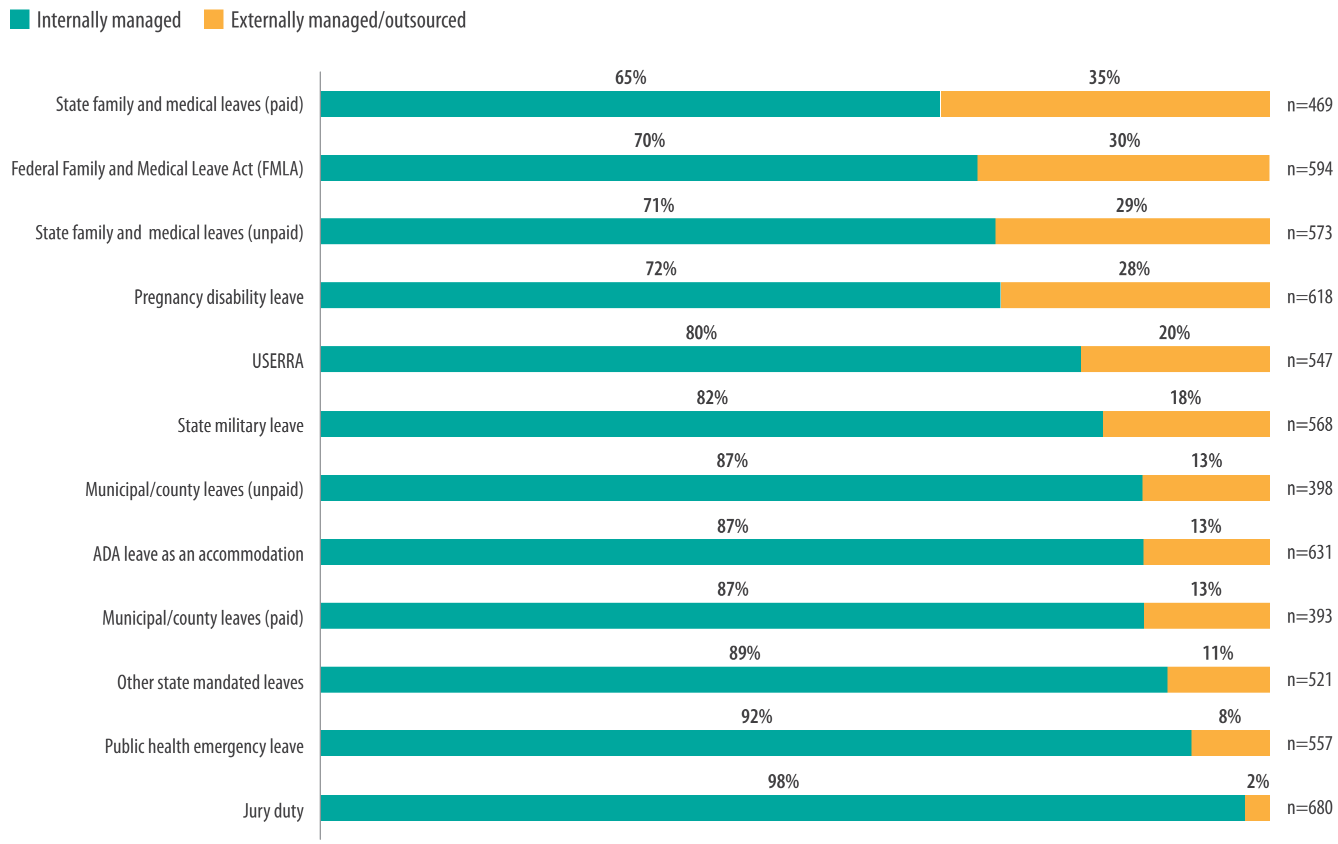
For all types of regulatory leave, the propensity to outsource increases with employer size, particularly for those with 1,000+ employees, which is consistent with prior years' results. Outsourcing rates have slightly increased over last year, except for those with 20,000 or more employees, which decreased by 3%. State family and medical leave and federal FMLA continue to be the most commonly outsourced regulatory leaves. Since 2019, the outsourcing of paid state family and medical leave is slightly more prevalent than unpaid state family and medical leave.

MANAGEMENT OF REGULATORY LEAVES BY SIZE*



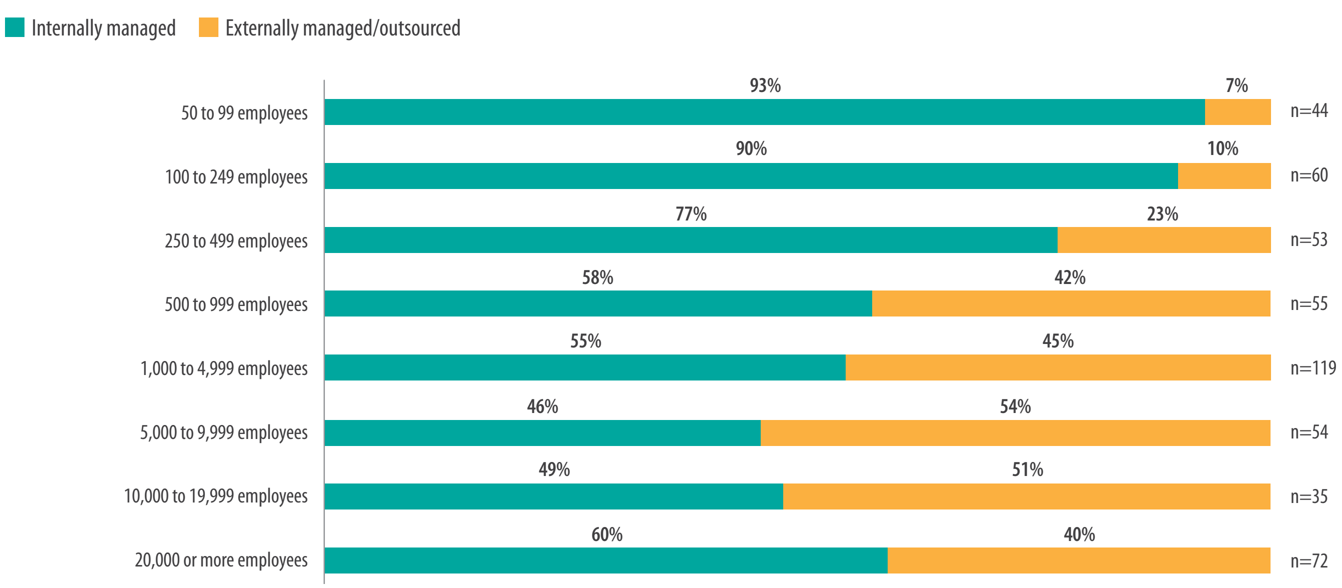
**Percentages are unweighted.*

MANAGEMENT OF REGULATORY LEAVES*



Percentages are unweighted.

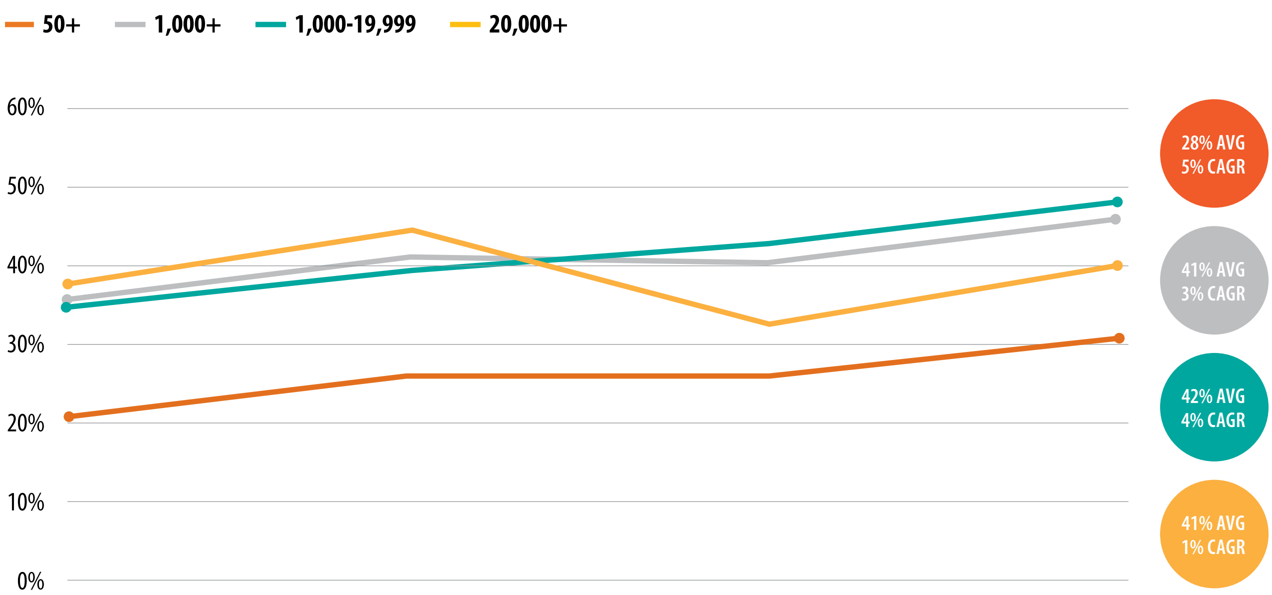
MANAGEMENT OF FEDERAL FMLA BY SIZE*



Percentages are unweighted.

As shown since 2014, outsourcing as a method to administer federal FMLA leave remains strong — though the growth rate appears to be stabilizing for the smallest and largest size segments. Over an eight-year period, the rate of FMLA outsourcing has averaged 28% and a 5% compound annual growth rate (CAGR) for employers with 50+ employees; averaged 41% and a 3% CAGR for employers with 1,000+ employees; averaged 42% and a 4% CAGR for employers with 1,000-19,999 employees; and averaged 41% and a 1% CAGR for employers with 20,000+ employees.

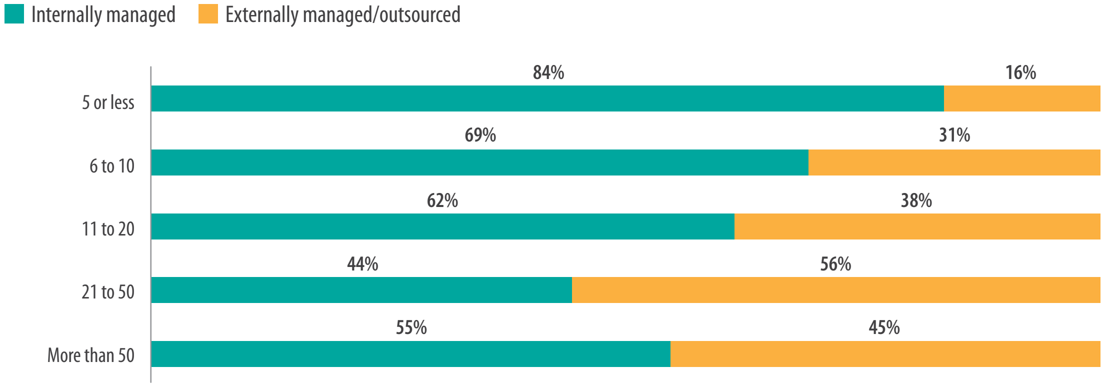
FEDERAL FMLA OUTSOURCING BY SIZE – 2014-2021



EMPLOYER SIZE	2014	2015	2017	2019	2020	2021
50+	21%	26%	26%	26%	30%	30%
1,000+	35%	36%	41%	40%	40%	46%
1,000-19,999	34%	35%	39%	43%	41%	48%
20,000+	38%	39%	45%	32%	45%	40%

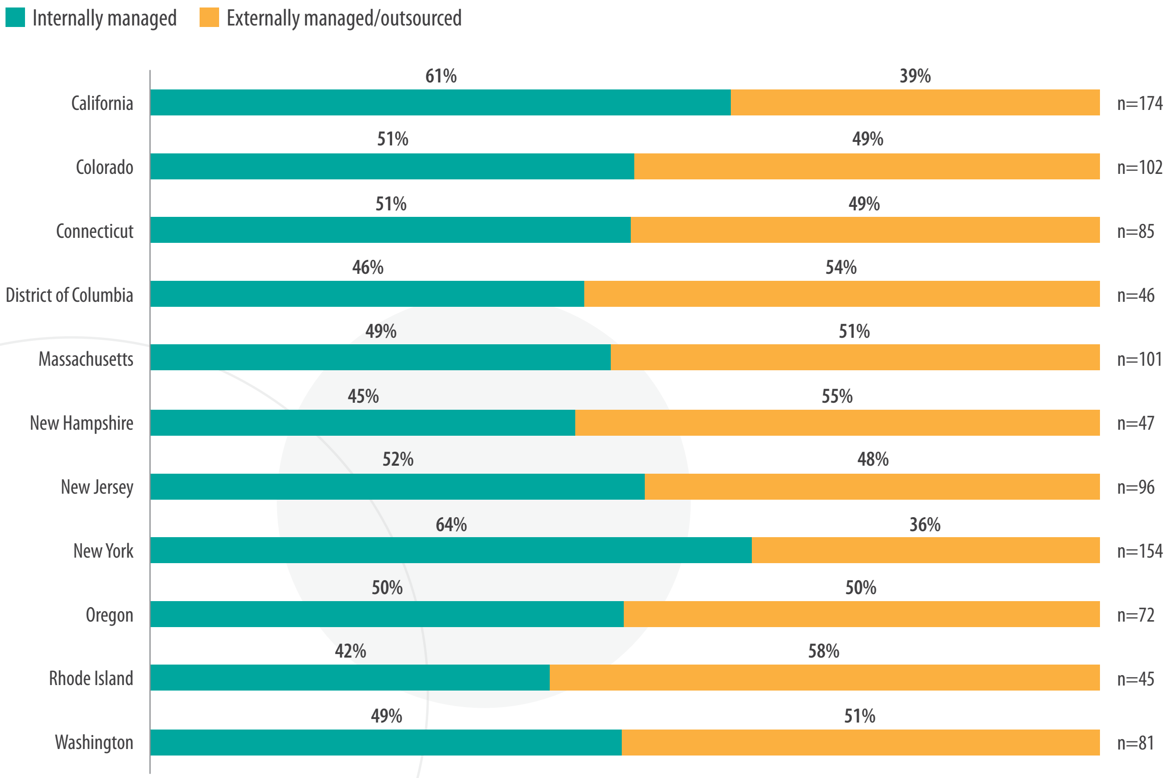
Since 2019, federal FMLA outsourcing rates are higher for companies with more than five locations, and especially for those with more than 20 locations. Organizations with employees in states that have statutory paid family and medical leave implemented — or are in the regulatory phase of doing so — have higher FMLA outsourcing rates, which have increased further over the last year.

MANAGEMENT OF FEDERAL FMLA BY NUMBER OF LOCATIONS*



Percentages are unweighted.

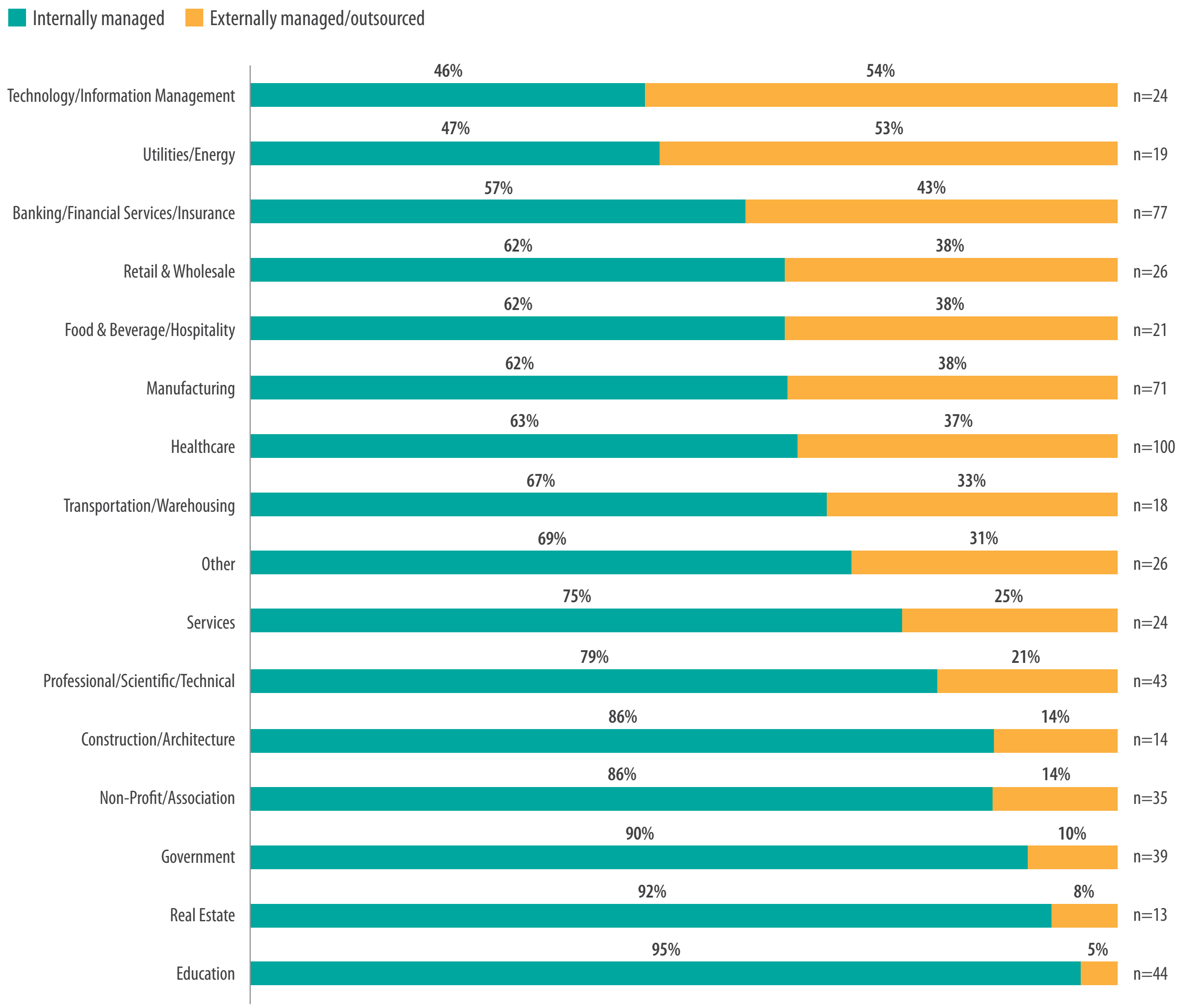
MANAGEMENT OF FEDERAL FMLA BY PAID FAMILY AND MEDICAL LEAVE STATES*



Percentages are unweighted.

When it comes to industry, the banking/financial services/insurance sector is consistently amongst the top FMLA outsourcers from year to year. Other prominent outsourcers in 2021 are those in the technology, information management, and utilities/energy industries.

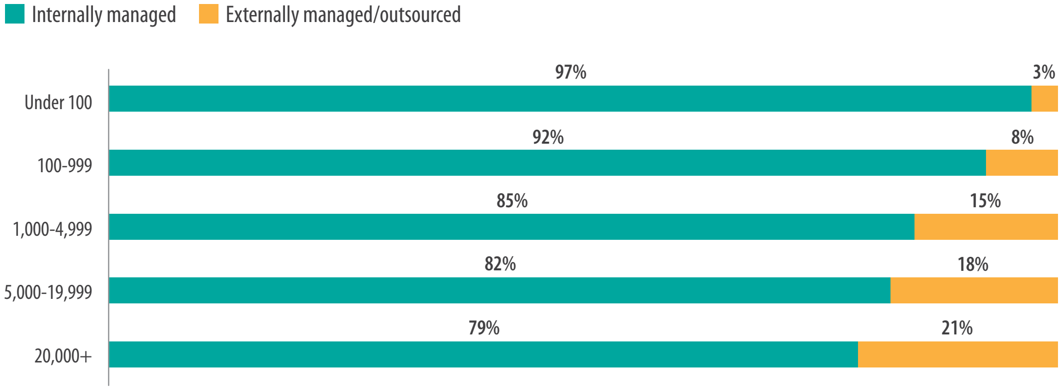
MANAGEMENT OF FEDERAL FMLA BY INDUSTRY*



**Percentages are unweighted.*

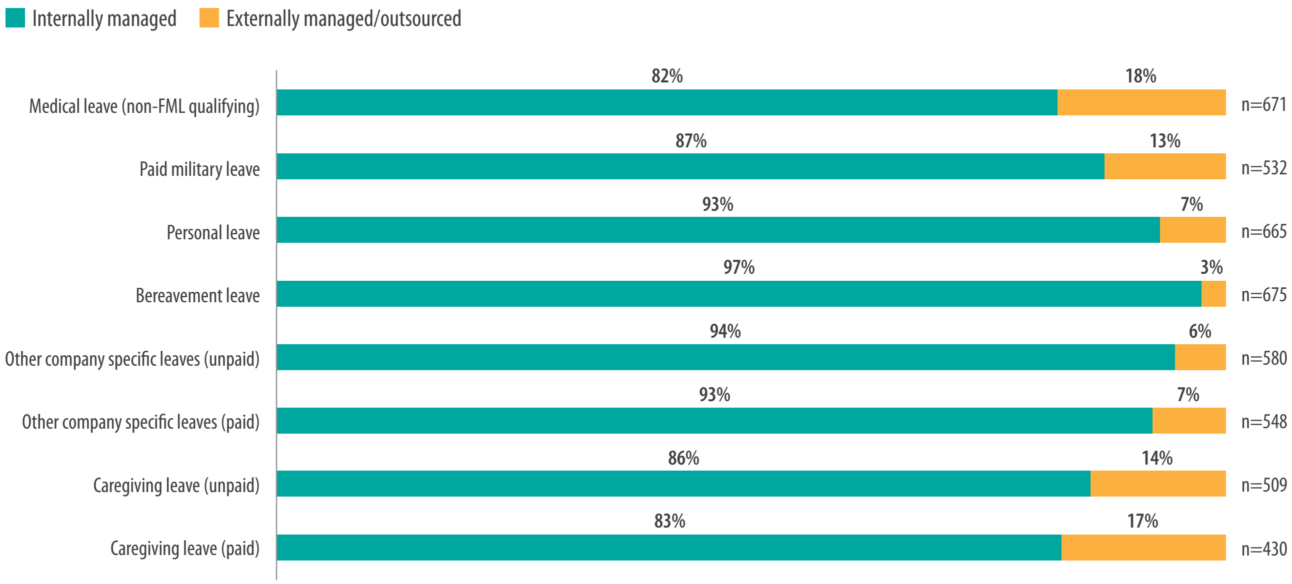
When it comes to management of non-regulatory or company-specific leaves (non-FMLA qualifying medical leave, paid military, personal, bereavement, caregiving, or other), most employers continue to manage them internally, with outsourcing increasing with company size. Compared to last year, there were slight increases in outsourcing non-regulatory leave for the under 5,000 size segment and for caregiver leave (paid or unpaid). The most common company-specific leaves offered by 2021 respondents include parental or family leave, paid time off/vacation, personal leave, and COVID-19 related leave.

MANAGEMENT OF NON-REGULATORY LEAVES BY SIZE*



Percentages are unweighted.

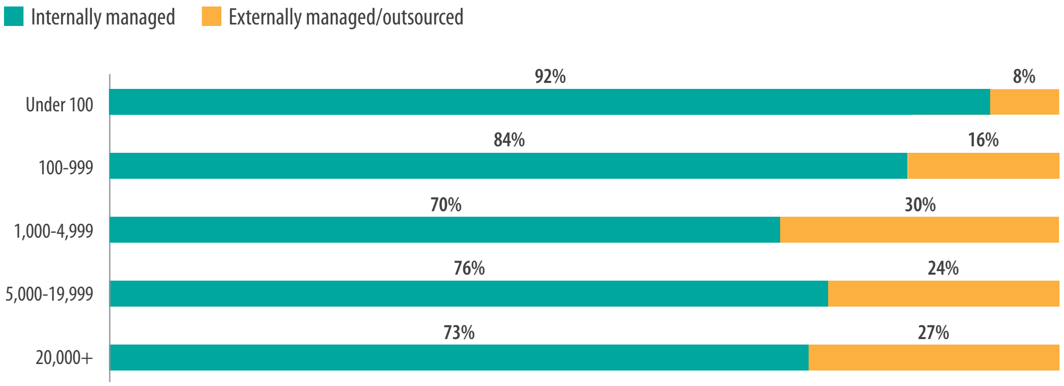
MANAGEMENT OF NON-REGULATORY LEAVES*



Percentages are unweighted.

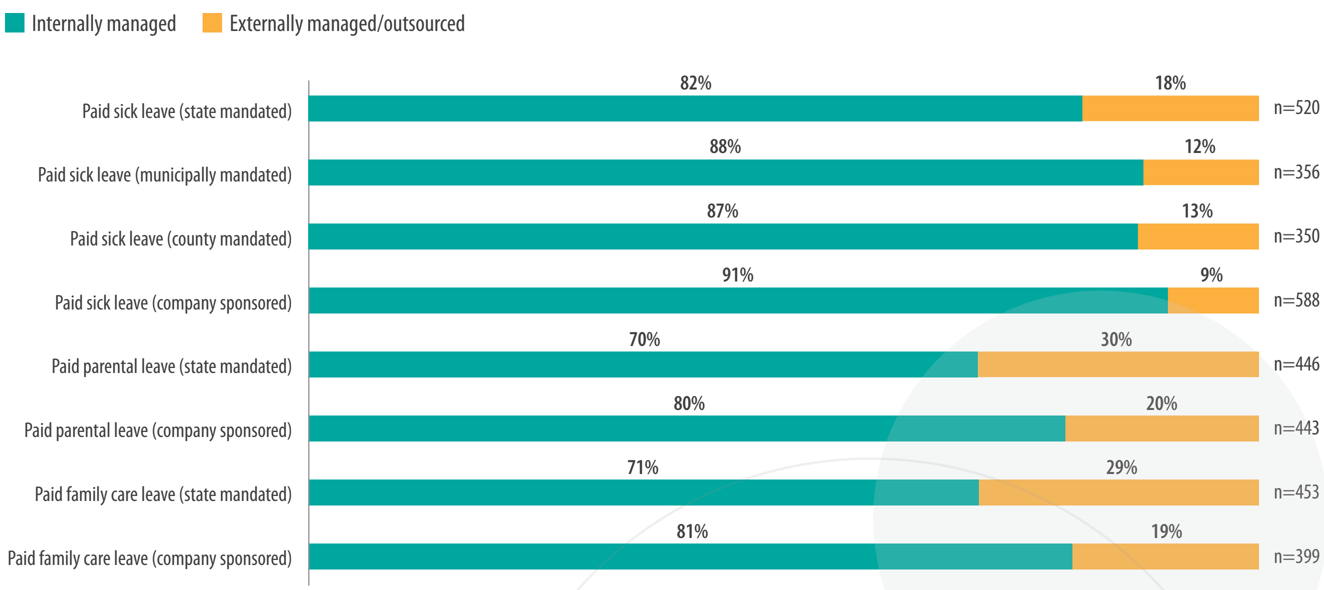
When it comes to management of paid leaves (state mandated or company sponsored), the majority continue to do so internally. The propensity to outsource increases with employer size, starting at 1,000 employees. This year, more mid-size employers (1,000-4,999) shifted to outsourcing paid leave (30% in 2021 versus 25% in 2020).

MANAGEMENT OF PAID LEAVE BY SIZE*



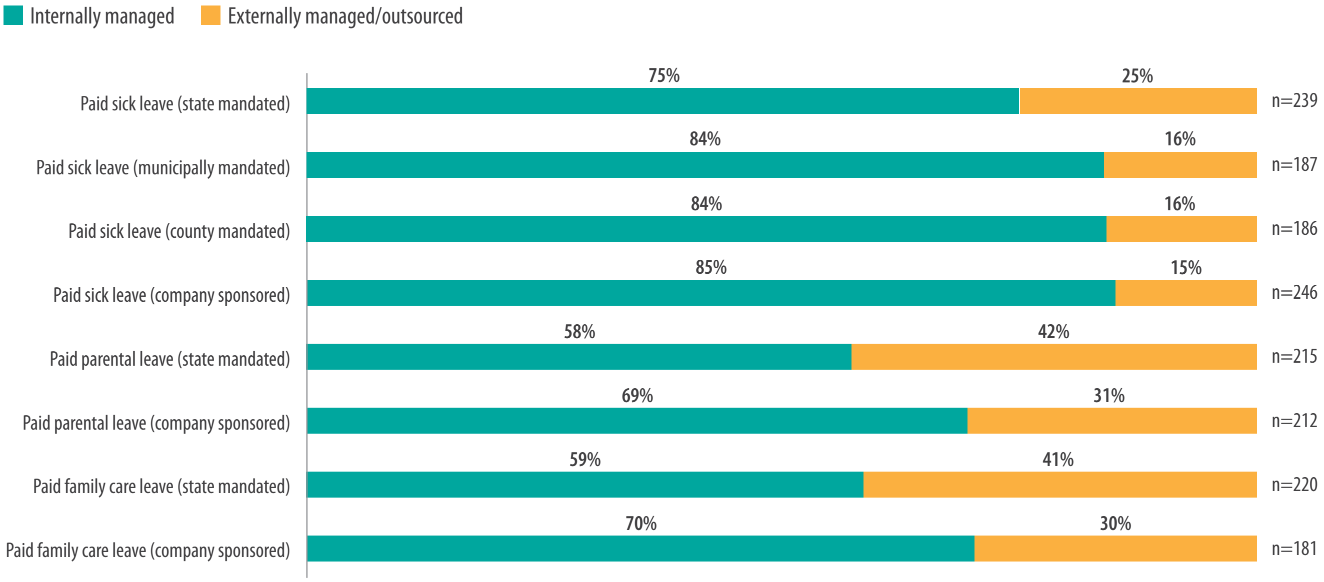
Percentages are unweighted.

MANAGEMENT OF PAID LEAVE*



Percentages are unweighted.

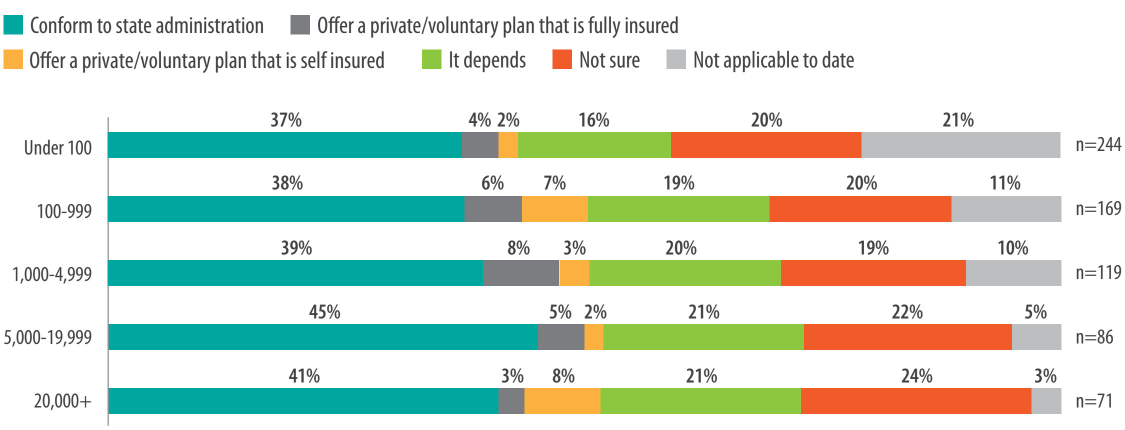
MANAGEMENT OF PAID LEAVE – 1,000+*



**Percentages are unweighted.*

As there is yet to be a federal paid leave program and new paid leave regulations continue to be introduced at the state level, the survey asked employers to describe the approach their company has taken or plans to take. More respondents, regardless of size, say they will conform or have conformed to state administration (33% compared to 47% in 2020) to continue to be in compliance and for ease of administration. Offering a private/voluntary plan that is self- or fully-insured increased from 6% in 2020 to 11% in 2021. The larger the employer, the more employers say their approach will depend on factors such as compliance (87%), ease of administration (60%), and employee experience (53%). Companies with less than 100 employees tend to say these regulations aren't applicable (21%).

CURRENT AND ANTICIPATED PAID LEAVE APPROACHES BY SIZE*



**Percentages are unweighted.*

The survey asked respondents how many leaves they experience on an annual basis. The table below summarizes the number of FMLA leaves reported by employer size, which is on average slightly higher than 2020.

EMPLOYER SIZE	AVERAGE FMLA LEAVE INCIDENCE†	NUMBER OF RESPONDENTS (N)
50-99	9%	33
100-249	8%	41
250-499	10%	38
500-999	12%	37
1,000-4,999	14%	80
5,000-9,999	14%	25
10,000-19,999	17%	18
20,000+	15%	29
Total	12%	301

† Incidence is based on number of leaves and number of employees reported by respondents.

OUTSOURCING SPECIFICS

A smaller percentage of those that outsource than reported in prior years (3% in 2021, 5% in 2020, and 9% in 2019) are considering taking leave management back in house, with the main reason for doing so being poor experiences with their current vendor.

The majority of respondents who outsource have two to six (39%) or one to three (35%) internal staff members involved in supporting leave administration (e.g., playing a liaison role with the vendor), more of which are designated, meaning they are responsible for leave as well as other functions. Jumbo employers (20,000+) tend to have more staff members involved, with 49% having four or more dedicated internal staff members. The number of leaves managed per internal staff member at any given time varies by employer but rises with employer size.

SUMMARY OF STAFFING FOR OUTSOURCED LEAVE MANAGEMENT PROGRAMS

	MOST COMMON NUMBER OF STAFF MEMBERS INVOLVED IN LEAVE ADMINISTRATION*		AVERAGE NUMBER OF LEAVE MANAGED PER INTERNAL STAFF MEMBER AT ANY GIVEN TIME*	
EMPLOYER SIZE	DEDICATED	DESIGNATED	AVERAGE	MEDIAN
Under 100	Less than 1	1-3	2	1
100-999	1-3	1-3	18	10
1,000-4,999	1-3	1-3	83	50
5,000-19,999	1-3	1-3	103	75
20,000+	1-3 or 4-6	1-3 or 4-6		

**Percentages are unweighted.*

Further staffing details for outsourced leave management programs by dedicated versus designated status and employer size are outlined below.

EMPLOYER SIZE	NUMBER OF DEDICATED STAFF MEMBERS INVOLVED IN LEAVE ADMINISTRATION*					NUMBER OF RESPONDENTS
	LESS THAN 1	1-3	4-6	7-9	10 OR MORE	
Under 100	55%	39%	0%	3%	0%	*32*
100-999	24%	70%	4%	0%	2%	*46*
1,000-4,999	17%	73%	4%	2%	4%	*52*
5,000-19,999	10%	68%	10%	5%	5%	*39*
20,000+	19%	33%	26%	4%	19%	*27*

**Percentages are unweighted.*

EMPLOYER SIZE	NUMBER OF DESIGNATED STAFF MEMBERS INVOLVED IN LEAVE ADMINISTRATION*					NUMBER OF RESPONDENTS
	LESS THAN 1	1-3	4-6	7-9	10 OR MORE	
Under 100	30%	64%	0%	0%	3%	*32*
100-999	32%	59%	7%	0%	2%	*44*
1,000-4,999	21%	72%	4%	2%	2%	*53*
5,000-19,999	9%	67%	9%	7%	5%	*42*
20,000+	20%	37%	23%	7%	13%	*30*

**Percentages are unweighted.*

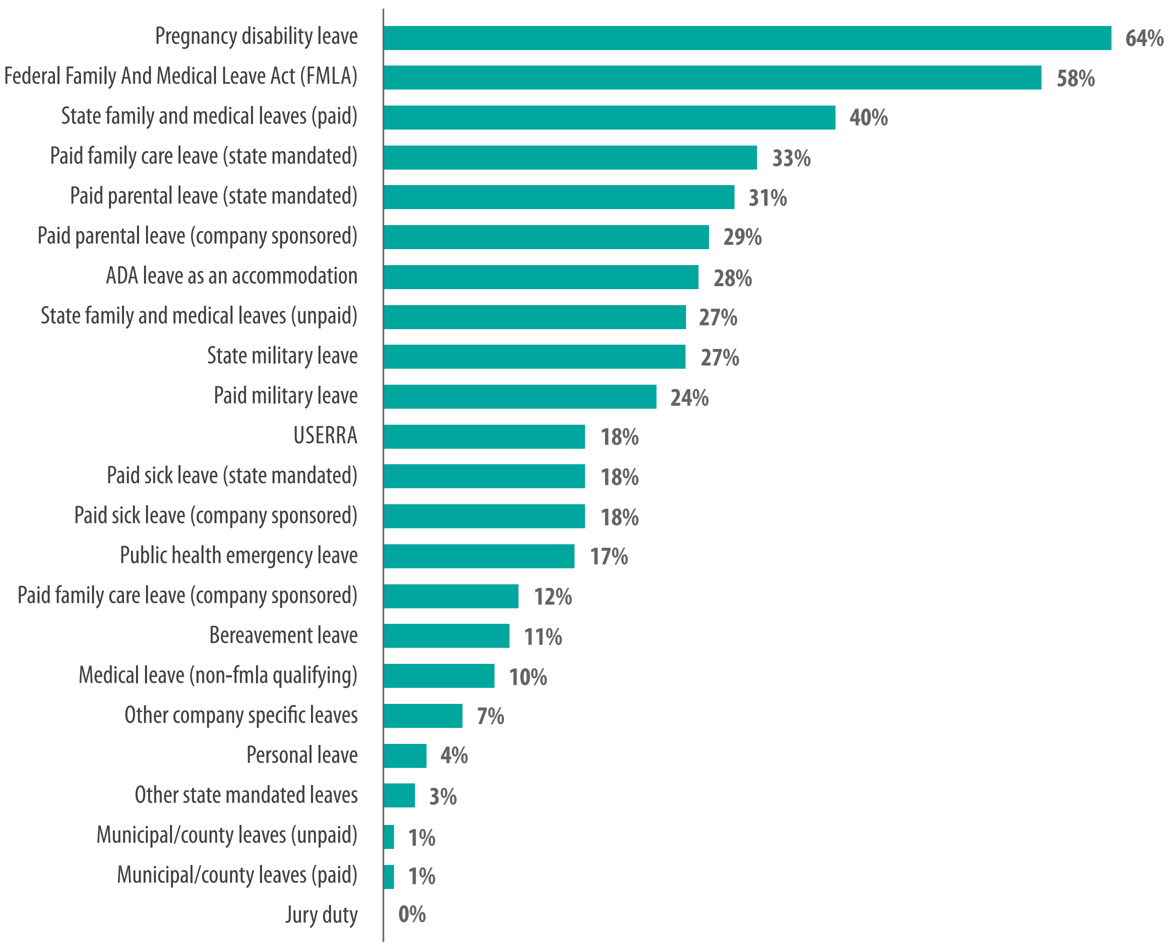
EMPLOYER SIZE	AVERAGE NUMBER OF LEAVES MANAGED PER INTERNAL STAFF MEMBER AT ANY GIVEN TIME*		NUMBER OF RESPONDENTS
	AVERAGE	MEDIAN	
Under 100	2	1	*31*
100-999	18	10	*43*
1,000-4,999	83	50	*48*
5,000+	103	75	*37*

**Percentages are unweighted.*

The key tasks for most internal staff responsible for leave administration include communications and payroll coordination followed by return to work/stay at work and intake. Internal staff members at small organizations (under 100) tend to be more involved with eligibility determination and mid-size employers (1,000-4,999) tend to be responsible for time coding more so than other size segments. Although the majority (78%) feel that they have enough staff resources to manage their outsourced program, 41% of employers with 1,000+ employees feel they do not.

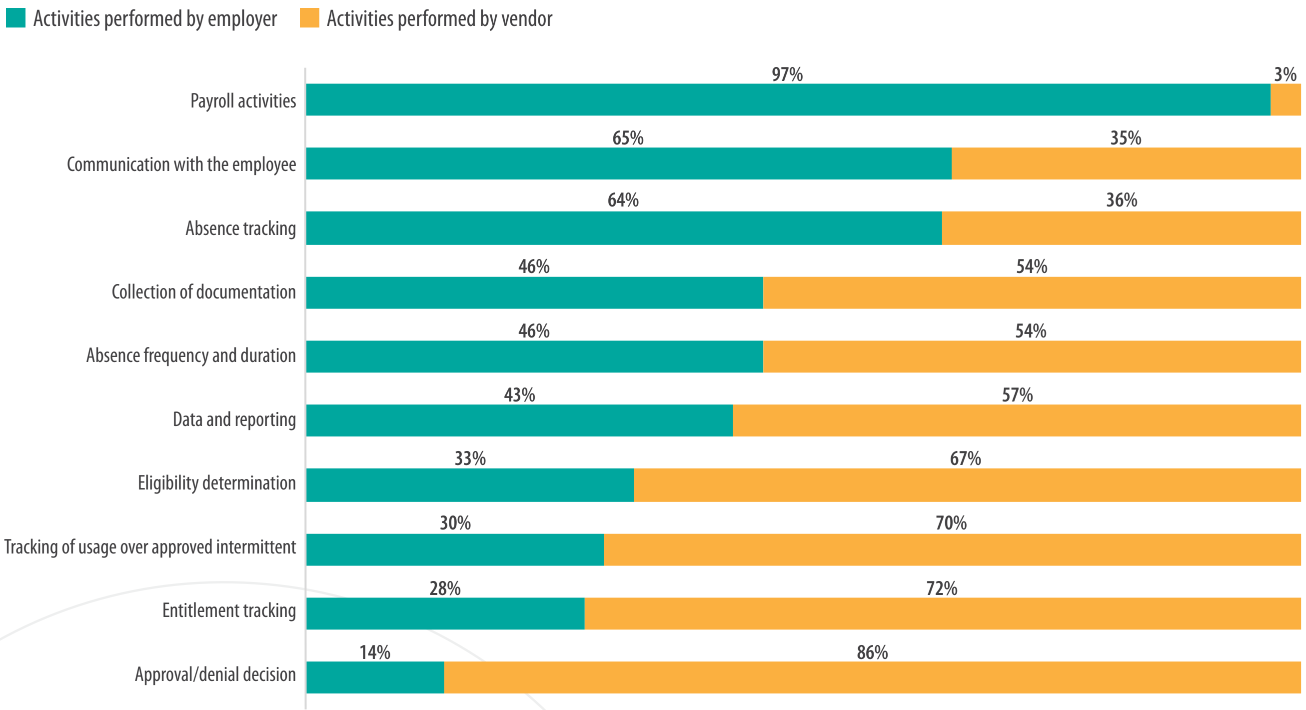
Within an outsourced approach, a decreasing number of employers (46% in 2021, 64% in 2020, 71% in 2019, and 82% in 2018) consider aspects of their leave management program to be "cosourced", meaning the vendor conducts some activities and their organization others. This decline in cosourcing could be due to the increasing complexity of leave management, as well as increasing vendor capabilities. Organizations with 1,000+ employees are more apt to consider their outsourced programs to be cosourced (up to 76%), as well as those in the healthcare industry. Cosourcing most often involves pregnancy disability leave and FMLA leave followed by state family and medical leaves (paid).

LEAVE TYPES CONSIDERED COSOURCED



The number one cosourced activity employers generally take on is payroll processing. This is followed by communication with the employee and absence tracking, while the vendor tends to handle the approval/denial decision, entitlement tracking, and tracking of usage over approved intermittent time. When asked what activities they wished could be outsourced, cosourced employers most often mentioned payroll followed by the ADA and state-specific leave administration.

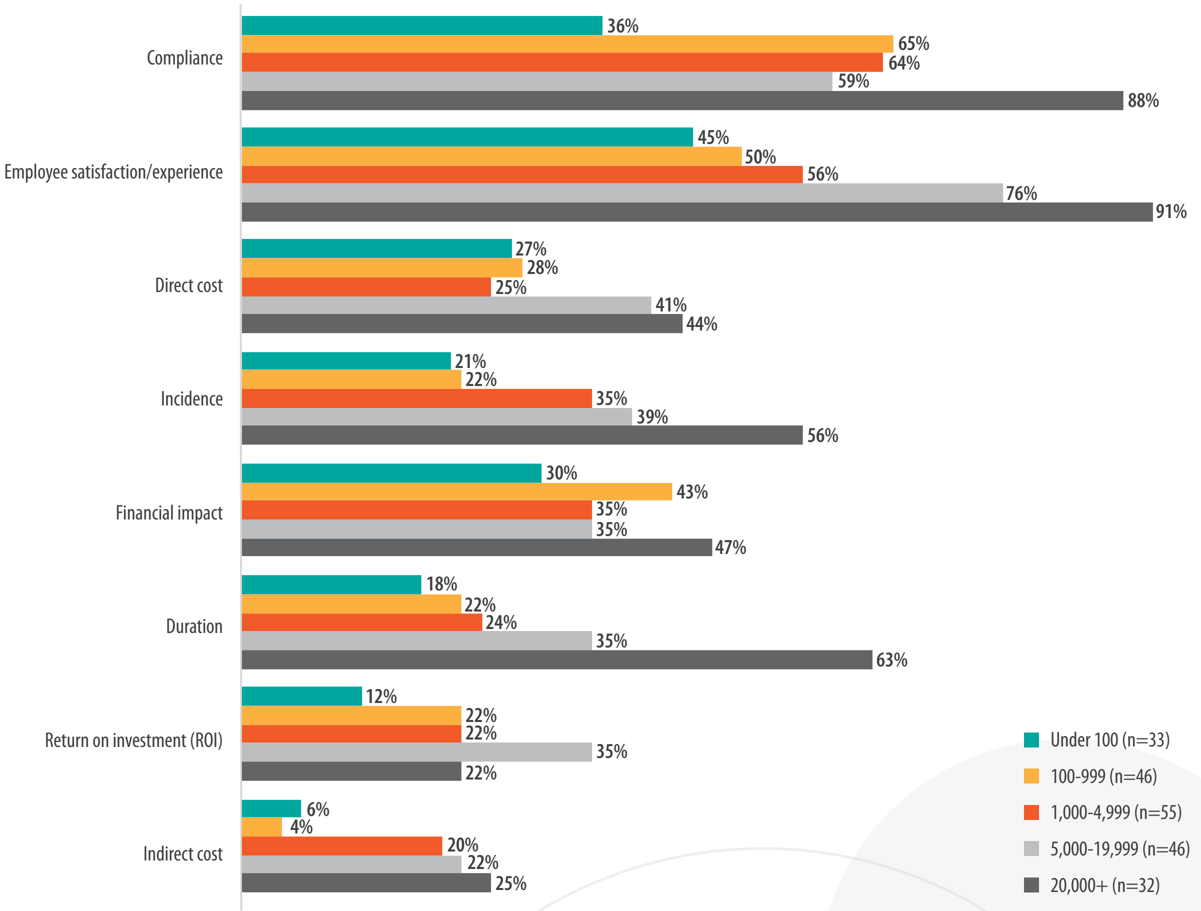
COSOURCED ACTIVITIES



New this year, the survey results show that half (53%) of employers are satisfied with the reporting packages they receive from their vendor partners with jumbo employers (20,000+) being moderately more satisfied (60%).

Almost half of those that outsource measure program performance on compliance, followed by employee satisfaction/experience and direct cost; very few measure performance based on indirect costs or return on investment (ROI). Compared to smaller organizations, jumbo employers (20,000+) tend to measure program performance on satisfaction/experience over compliance, followed by duration, and incidence. Although the majority of those that outsource (66%) indicate they and/or their vendor do not measure employee satisfaction/ experience, most 5,000+ employers do — typically by leveraging employee surveys after claim closure.

MEASURING OUTSOURCED PROGRAM PERFORMANCE BY SIZE*



**Percentages are unweighted.*

Employers were also asked if they have made any changes to their outsourced program in the past year. Although about half have made no changes, some have made adjustments such as changing vendors and adding additional leaves or services to the program (e.g., paid leaves).

INSOURCING SPECIFICS

In 2021, 62% of employers who insource leave management have a distinct department or team to manage leave for their company. This is especially true for employers with 1,000+ employees and those in the technology management/information, banking/financial services/insurance, and healthcare industries.

Similar to those that outsource, the majority (63%) of those that insource have two to six (42%) or one to three (34%) staff members involved in handling leave, slightly more of which are designated — meaning they are responsible for leave as well as other functions. Not surprisingly, larger employers have higher caseloads, and therefore tend to have more staff members dedicated to handling leave. The majority (85%) continue to feel that they have enough staff resources to manage their insourced program. Small employers continue to feel more strongly about this than larger organizations, with 91% of those under 100 saying they have enough staff, and 57% of those 20,000+ saying they don't have enough staff.

SUMMARY OF STAFFING FOR INSOURCED LEAVE MANAGEMENT PROGRAMS

	MOST COMMON NUMBER OF STAFF MEMBERS HANDING LEAVE*		AVERAGE NUMBER OF LEAVES MANAGED PER INTERNAL STAFF MEMBER AT ANY GIVEN TIME	
EMPLOYER SIZE	DEDICATED	DESIGNATED	AVERAGE	MEDIAN
Under 100	1-3	1-3	5	1
100-999	1-3	1-3	18	10
1,000-4,999	1-3	1-3	103	60
5,000-19,999	1-3	1-3	123	80
20,000+	10 or more	10 or more or 4-6	179	150

**Percentages are unweighted.*

Further staffing details for insourced leave management programs by dedicated versus designated status and employer size are outlined below.

	NUMBER OF DEDICATED STAFF MEMBERS HANDLING LEAVE*					NUMBER OF RESPONDENTS
EMPLOYER SIZE	LESS THAN 1	1 TO 3	4 TO 6	7 TO 9	10 OR MORE	
Under 100	41%	57%	2%	0%	0%	*221*
100-999	34%	62%	3%	0%	1%	*158*
1,000-4,999	24%	65%	6%	1%	3%	*113*
5,000-19,999	8%	62%	9%	3%	15%	*79*
20,000+	7%	20%	15%	15%	38%	*60*

**Percentages are unweighted.*

	NUMBER OF DESIGNATED STAFF MEMBERS HANDLING LEAVE*					NUMBER OF RESPONDENTS
EMPLOYER SIZE	LESS THAN 1	1 TO 3	4 TO 6	7 TO 9	10 OR MORE	
Under 100	20%	77%	2%	1%	0%	*213*
100-999	9%	87%	3%	0%	1%	*152*
1,000-4,999	9%	75%	8%	4%	2%	*106*
5,000-19,999	10%	56%	14%	1%	15%	*72*
20,000+	19%	13%	23%	10%	29%	*52*

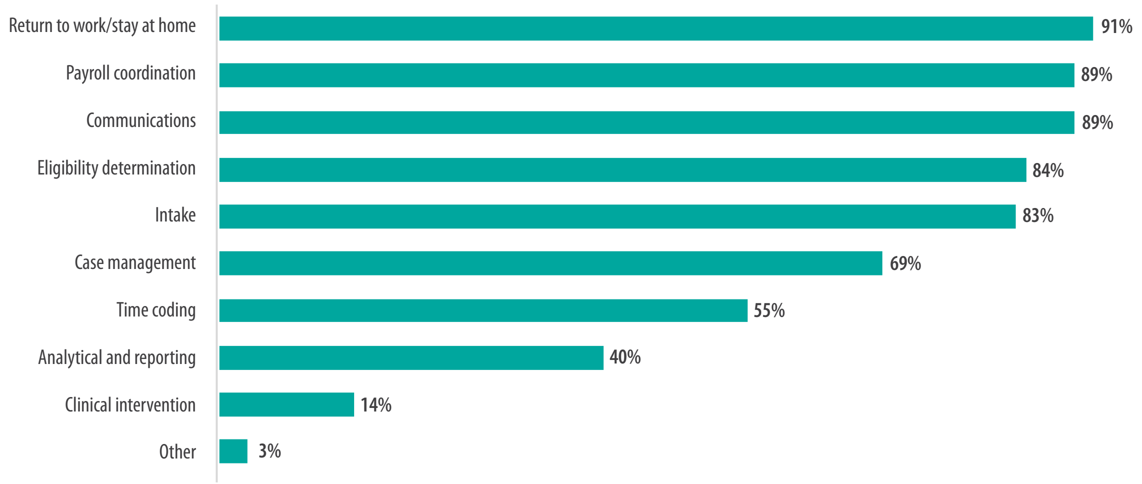
**Percentages are unweighted.*

	AVERAGE NUMBER OF LEAVES MANAGED PER INTERNAL STAFF MEMBER AT ANY GIVEN TIME*		NUMBER OF RESPONDENTS
EMPLOYER SIZE	AVERAGE	MEDIAN	
Under 100	5	1	*141*
100-999	18	10	*120*
1,000-4,999	103	60	*83*
5,000-19,999	123	80	*48*
20,000+	179	150	*42*

**Percentages are unweighted.*

The key tasks for internal leave management staff include return to work/stay at work, payroll coordination, and communications followed by eligibility determination and intake. Internal staff at larger organizations tend to be responsible for case management, clinical intervention, and analytics and reporting, and less involved in payroll activities.

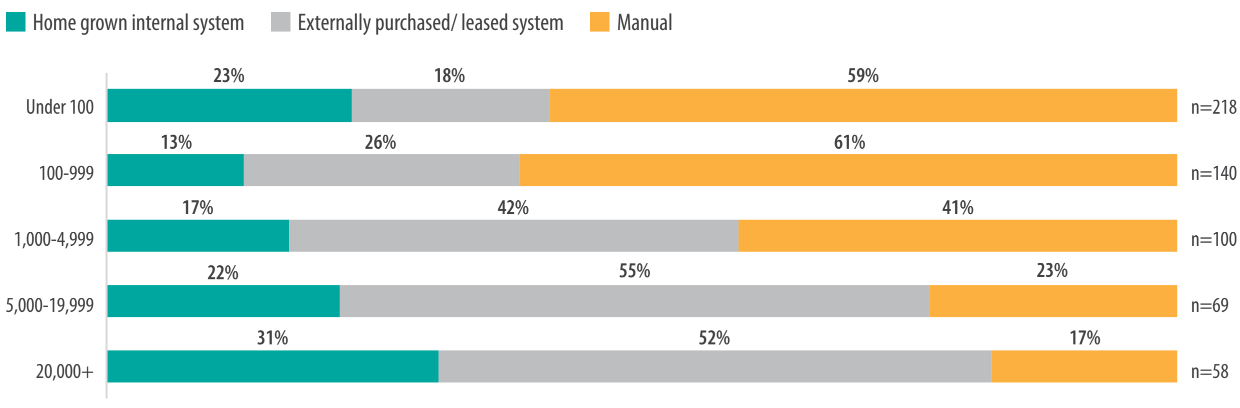
KEY RESPONSIBILITIES OF INTERNAL STAFF MEMBERS INVOLVED IN MANAGING LEAVE



Percentages are unweighted.

The use of technology to support internal leave management increases with employer size, with most 5,000+ employers using externally purchased/leased systems. This year, more employers in the 1,000-4,999 segment shifted to externally purchased/leased systems. On the other hand, despite the increasing availability of technology to support leave management, employers with less than 1,000 employees continue to rely on manual methods, and more so than in 2020. When asked why they manually track/manage leave, they cited low volume, lack of budget, or not having a system as the key reasons. Of those currently using manual methods to track leave, 20% are planning to invest in leave management technology in the near future, particularly those with 5,000+ employees (42%).

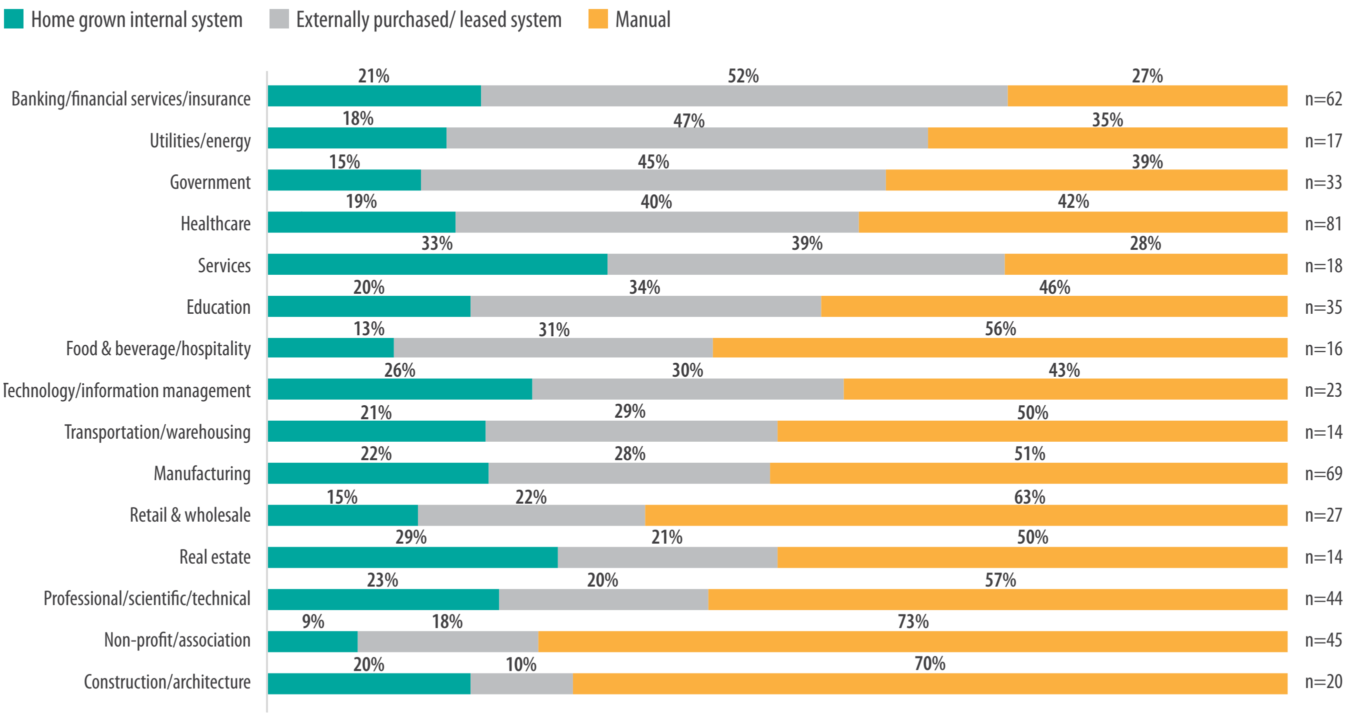
KEY RESPONSIBILITIES OF INTERNAL STAFF MEMBERS INVOLVED IN MANAGING LEAVE



Percentages are unweighted.

When it comes to industry, the banking/financial services/insurance sector is consistently amongst the top insourcers to use externally purchased/leased systems. Utilities/energy, government, and healthcare were other prominent industries in 2021.

TECHNOLOGY TO SUPPORT INSOURCED LEAVE MANAGEMENT BY INDUSTRY*

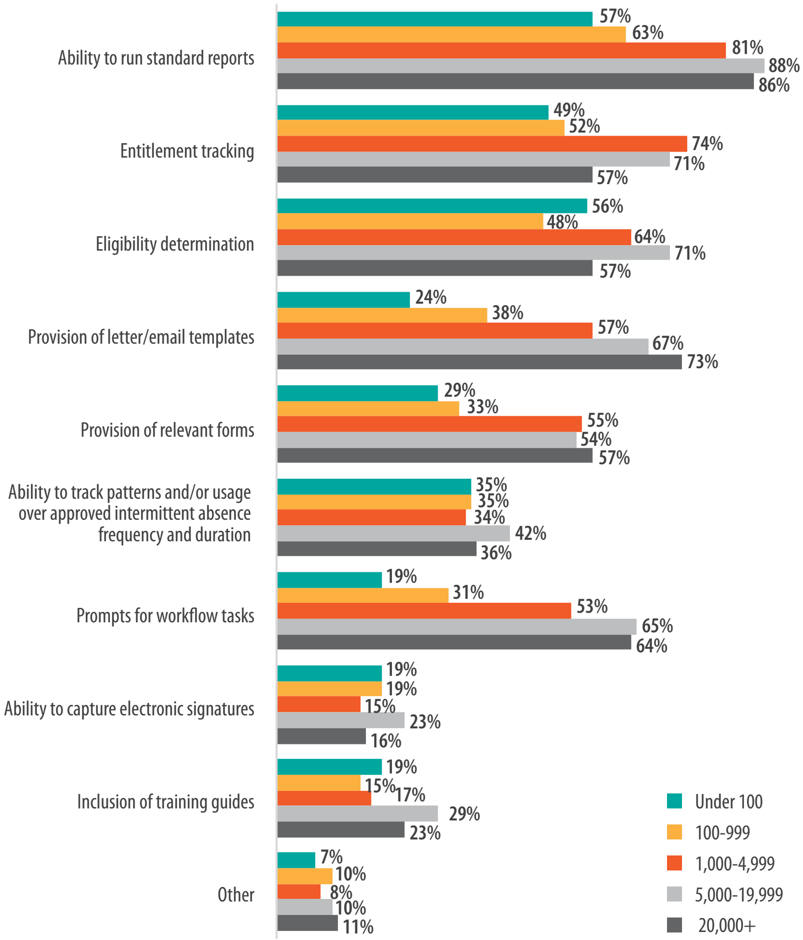


**Percentages are unweighted.*

The ability to run standard reports (70%) continues to be the most common function achieved by insourced employers through leave administration technology. The technology used by larger companies continues to have more robust capabilities, particularly prompts for workflow tasks and letter/email templates and forms. Similar to last year, almost half (48%) of those that insource indicate that the technology their organization uses offers compliance updates or support. A very small percentage of 2021 respondents (2%) use decision support tools like Leave Logic or Jellyvision.

Specific to reporting, over half of those that insource (52%) are satisfied with the reporting packages they are able to produce through their systems used to track/manage leave. Those with under 100 employees tend to be more satisfied than larger employers.

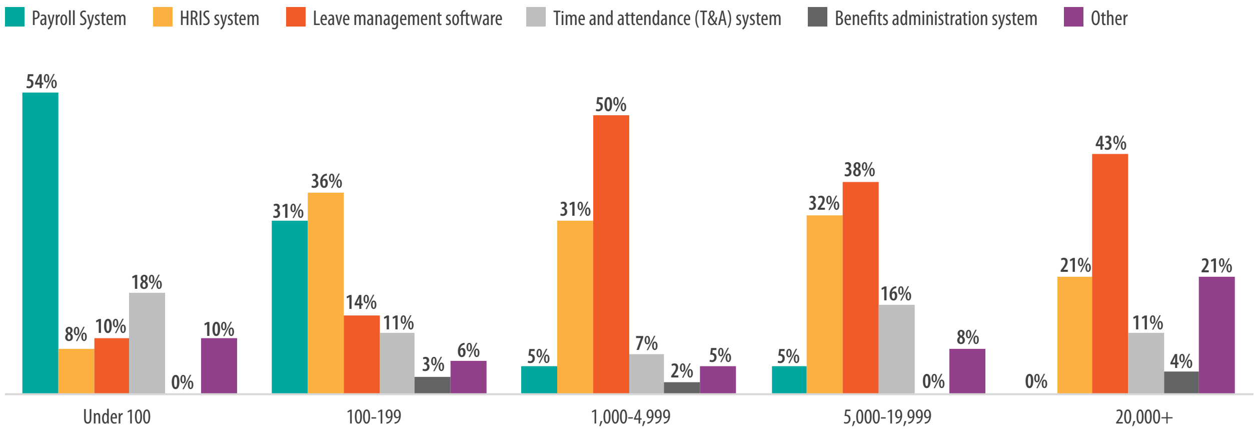
LEAVE TECHNOLOGY CAPABILITIES BY SIZE*



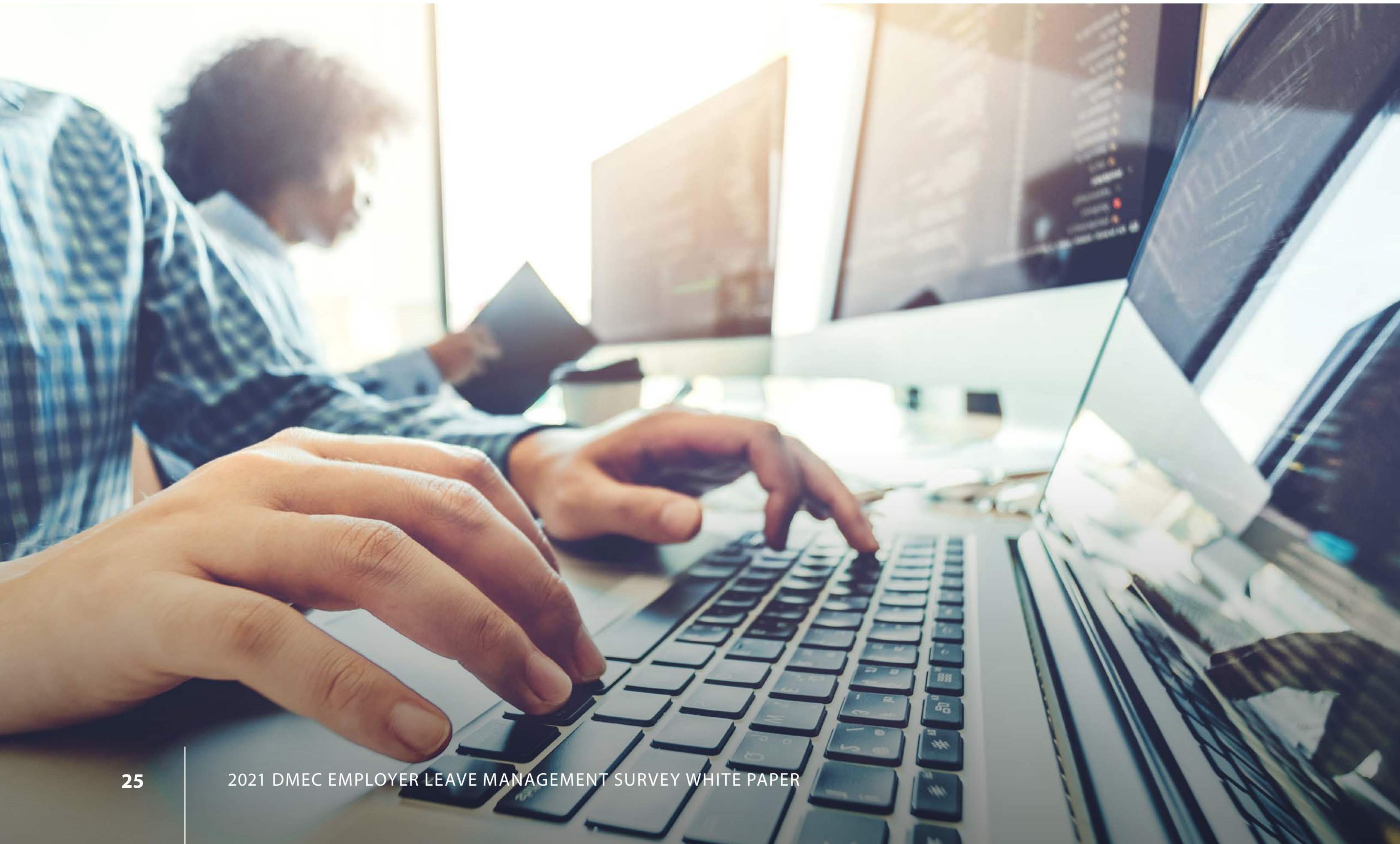
Percentages are unweighted.

Similar to last year, over half of small employers (under 100) use their payroll system to track leaves, while mid-size employers (100-999) use HRIS systems (36%) or payroll systems (31%), and large and jumbo-size employers (1,000 +) use leave management software (38%-43%). This year, the 1,000-4,999 segment increased its use of leave management software from 38% in 2020 to 50% in 2021.

TYPE OF SOFTWARE USED TO MANAGE LEAVES BY SIZE*

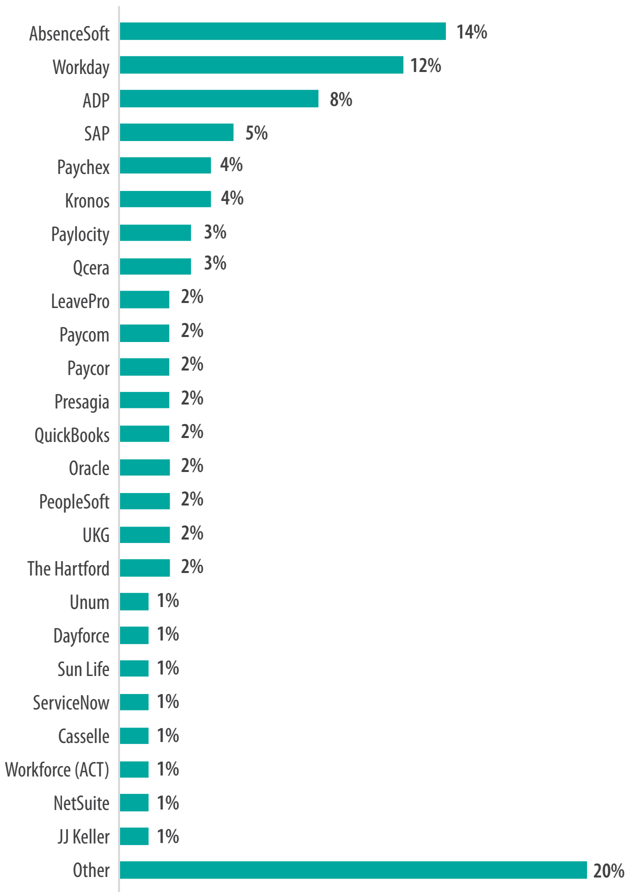


Percentages are unweighted.



According to 2021 respondents, the most common system/software used for leave is AbsenceSoft and Workday followed by ADP. Similar to prior years, ADP is most commonly used by smaller employers (under 1,000) while Workday is typically used by larger employers (1,000+).

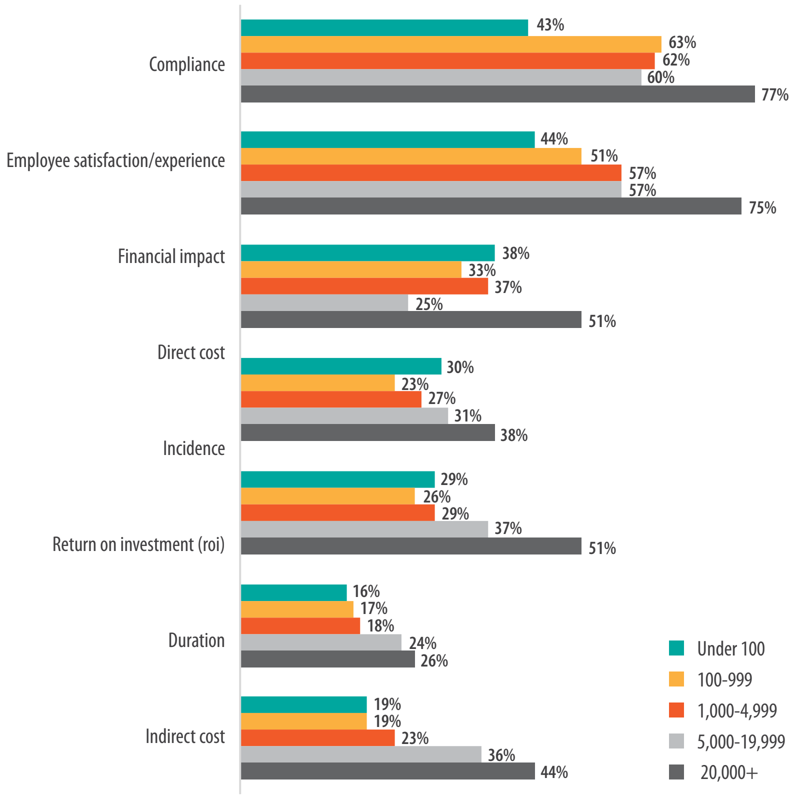
TYPE OF SOFTWARE USED TO MANAGE LEAVES BY SIZE*



**Percentages are unweighted. n=169.*

When it comes to measuring program performance, those that insource are similar to those that outsource in that most measure based on compliance (56%) and employee satisfaction/experience (50%), and that larger organizations (5,000+, but especially 20,000+) measure performance based on incidence and duration. Specific to employee satisfaction/experience, most insourcers do not measure it (74% do not measure compared to 66% of those that outsource), but larger insourcers (5,000+, but particularly 20,000+) are more likely to measure with an employee survey after close of a claim while small employers (under 100) tend to use a verbal survey during the leave.

MEASURING INSOURCED PROGRAM PERFORMANCE BY SIZE*



Percentages are unweighted.

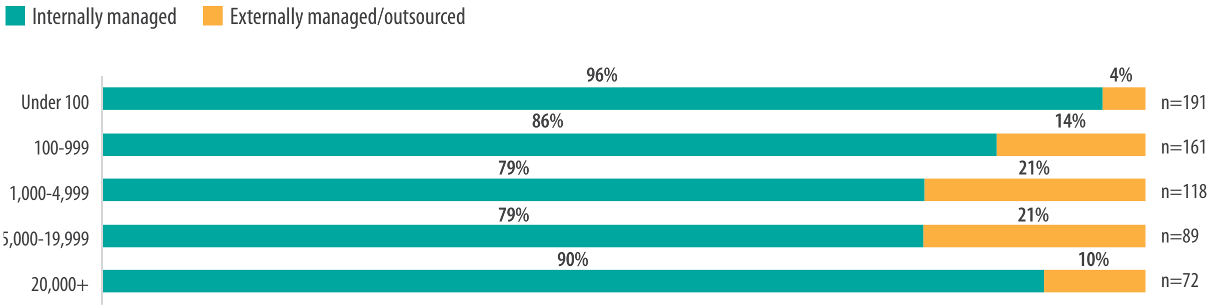
Consistent with 2020, about one in 10 employers who currently manage leave internally are considering outsourcing to an external vendor over the next two years. Larger companies (1,000-19,999) are more apt to consider outsourcing, while those under 100 are not considering it. Being able to manage more or all leaves continue to be the major reasons for considering such a move.

Employers were asked to describe any changes they have made to their insourced leave management program in the past year. While many did not make any changes, others made adjustments such as adding new leave types, updating policies and forms, or investing or upgrading software, while a few moved to outsourced or cosourced models.

ADA ACCOMMODATIONS AND RETURN TO WORK

Approximately 12% overall (up from 9% in 2020) and up to 21% of larger employers (1,000-19,999) are partnering with their vendors to outsource ADA leave in 2021.

MANAGEMENT OF ADA LEAVE AS AN ACCOMMODATION BY SIZE

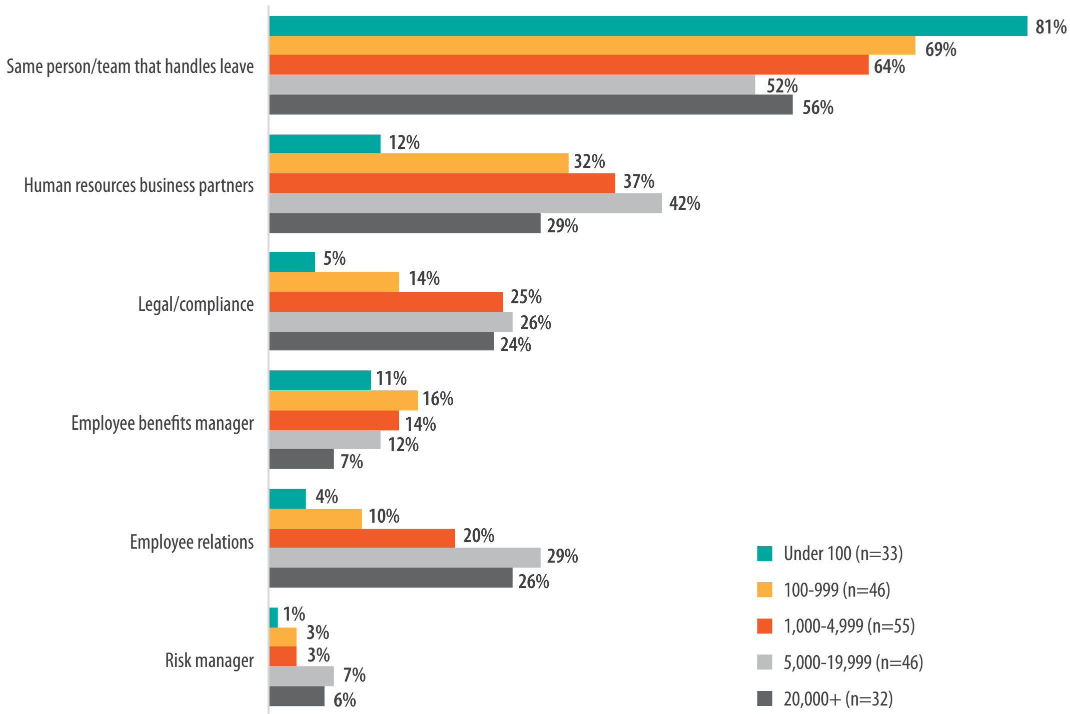


Percentages are unweighted.

Overall, and similar to last year, 15% of respondents, but especially those with 1,000-4,999 employees (30%) consider their ADA administration cosourced, meaning a vendor conducts some of the activities, and the employers conducts others. Specific to the interactive process and when cosourcing is involved, most employers say the vendor's role is to provide supporting communications for the employer to share with the employee (60% and especially small employers) and to prompt/remind the employer to start the interactive process (49% and particularly large employers).

Similar to prior years, the majority of respondents (77%) say the same internal person/team that handles leave also handles ADA accommodations. As employer size increases, human resources business partners (HRBPs), employee relations, and/or legal/compliance become more involved.

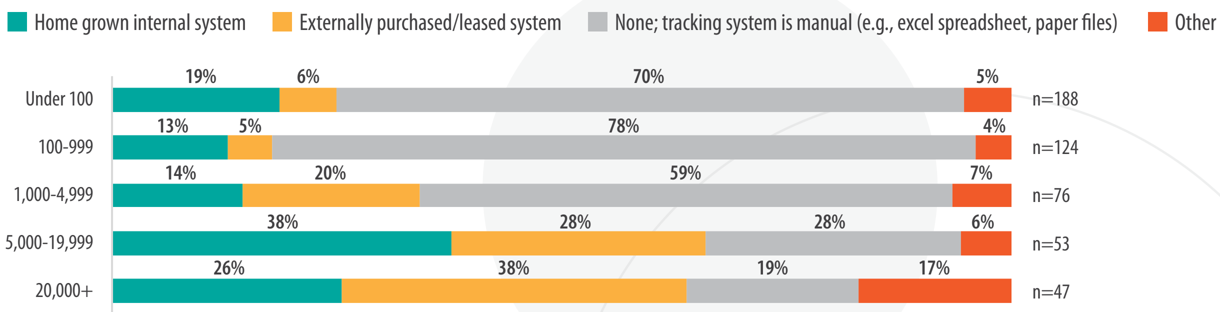
INTERNAL TEAM THAT HANDLES ADA ACCOMMODATIONS BY SIZE*



Percentages are unweighted.

New this year, 68% of employers, particularly those with under 1,000 employees, say they track ADA accommodations manually. Larger employers (5,000+) tend to use home grown internal systems or externally purchased/leased systems to track ADA accommodations. The main reason why organizations track ADA accommodations manually is due to low volume of accommodations, especially for those with under 1,000 employees (91%). Larger organizations (1,000+) use manual methods due to lack of budget for a system, preference, priority, or lack of senior leadership support for a system.

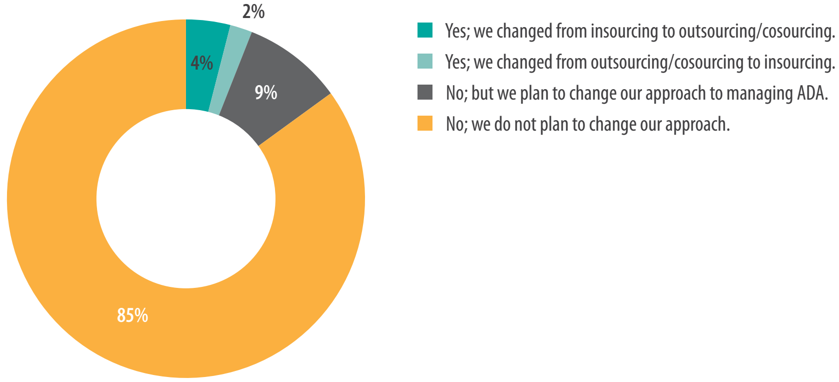
TECHNOLOGY TO SUPPORT ADA ACCOMMODATION BY SIZE*



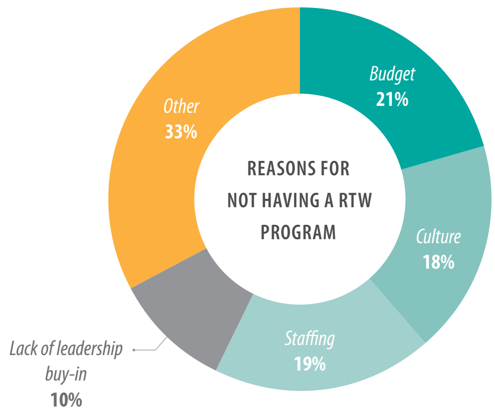
Percentages are unweighted.

Also new this year, the survey asked if respondents plan to change their approach to managing the ADA. 15% have changed or plan to change their approach. Those with less than 100 employees are more likely to have no plans to change whereas employers with 5,000+ employees have made a change in the past two years. In terms of how employers plan to change their approach, slightly more are planning to insource, 37% plan to outsource/cosource, and others plan to make adjustments such as investing in technology.

HAVE YOU CHANGED YOUR APPROACH, OR PLAN TO CHANGE YOUR APPROACH, TO MANAGING ADA?



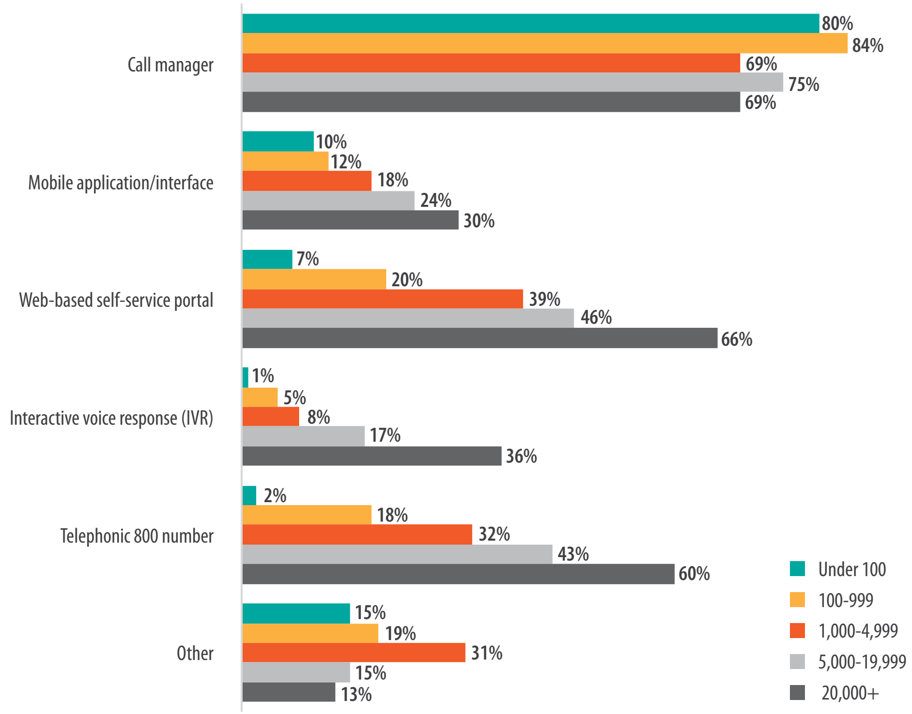
When it comes to a formal return-to-work (RTW) program, almost 45% of respondents have one in place. The propensity of having a formal RTW program increases with employer size, with over half (56%) of employers with 1,000+ employees having one. Reasons for not having a RTW program are less due to lack of leadership buy-in compared to 2020. They are primarily around budget and staffing (especially for smaller employers), but also include culture (especially for jumbo employers), the notion that their volume is too low, or a RTW program is not needed.



OTHER PRACTICES

Regardless of employer size, the majority of companies (77%) say their employees call their manager to report initial and ongoing absences; however, other methods have grown in popularity since last year. As employer size increases (1,000+), the use of web-based self-service portals and 800 phone numbers becomes more prevalent. Jumbo employers (20,000+) use web-based self-service portals for absence reporting at a significantly higher rate than smaller companies, though employers with 1,000-4,999 employees are using them more now than in the past (39% in 2021 compared to 24% in 2020). Other methods used include calling or emailing human resources.

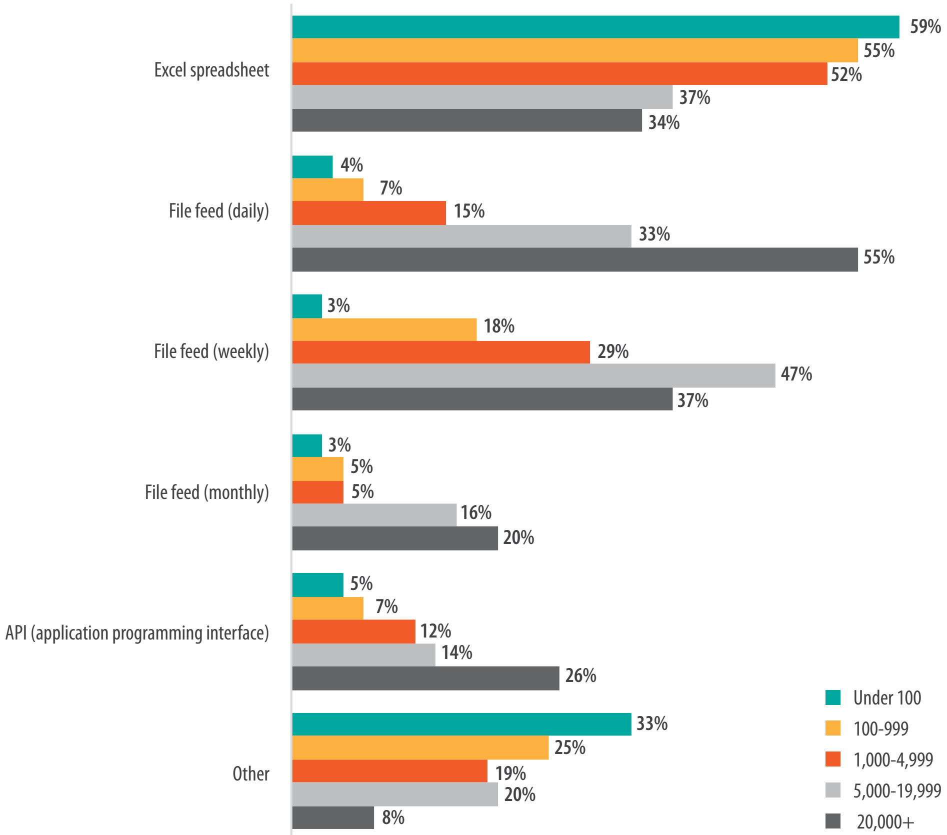
ABSENCE REPORTING BY SIZE*



Percentages are unweighted.

The survey asked employers about the ways they are able to exchange absence data with internal and/or external partners. The most common method continues to be Excel spreadsheets (59%), while the ability to share data through data feeds increases with size, starting at 5,000+ employees. Other methods primarily include email or through payroll system reports.

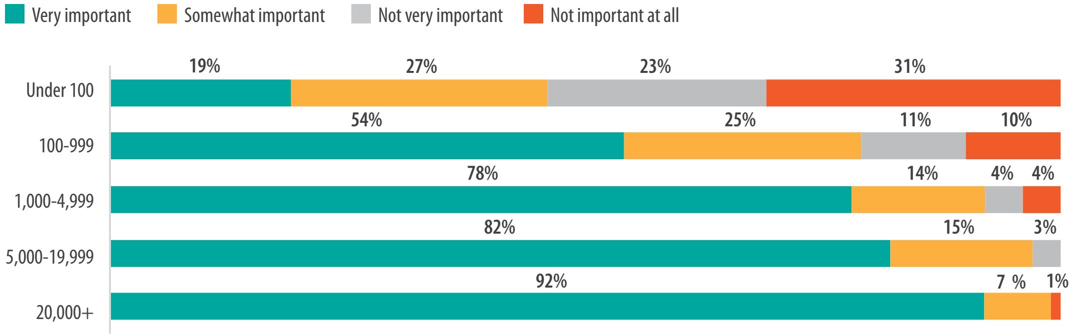
DATA EXCHANGE CAPABILITIES BY SIZE*



**Percentages are unweighted.*

Although many respondents say the systems they use are not integrated or only somewhat integrated, 42% say it's very important to have integration between systems, and 33% say it's somewhat important. Larger employers (1,000+) value integration between systems more so that smaller organizations.

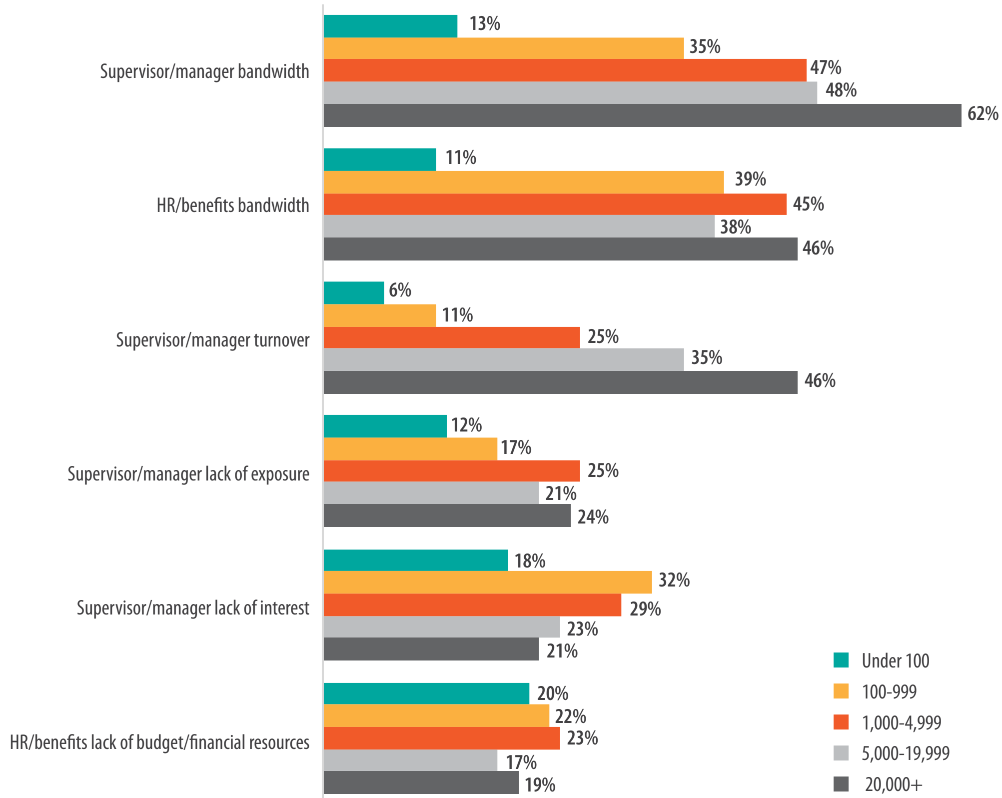
IMPORTANCE OF INTEGRATION BETWEEN SYSTEMS*



Percentages are unweighted.

Despite efforts to provide education, tools, and resources, the complexity of leave and absence management continues to confront employers, and present challenges to both those that insource and those that outsource. Training continues to be a challenge due to HR/benefits (28%) and supervisor/manager lack of bandwidth (27%) and interest (26%). Supervisor/manager bandwidth and turnover is more of challenge for larger companies (1,000+).

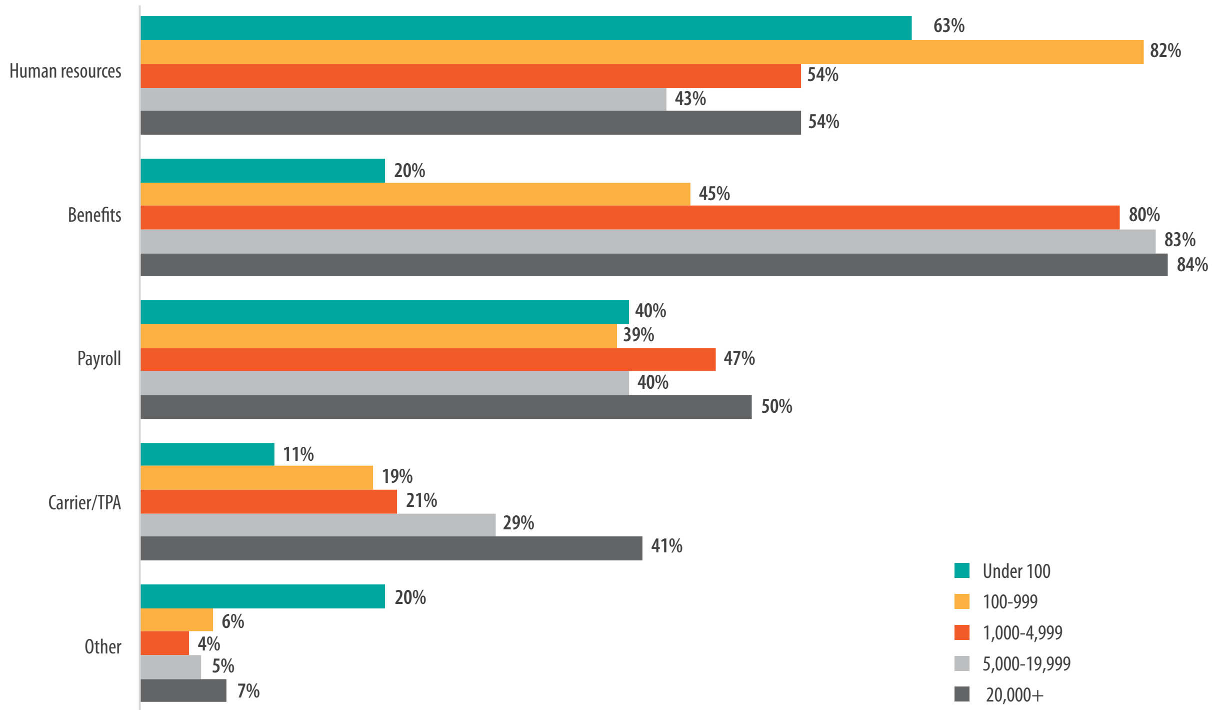
REASONS WHY TRAINING IS CHALLENGING BY SIZE*



Percentages are unweighted.

In terms of the medical benefit continuation process when employees are on leave, employers indicate that human resources is most involved (87%) followed by payroll (41%), which is consistent with prior year results. As employer size increases, the benefits department and carrier/TPA become more involved. Respondents indicate that the biggest challenges with benefit continuation are around cost, collecting missed premium payments, and communication.

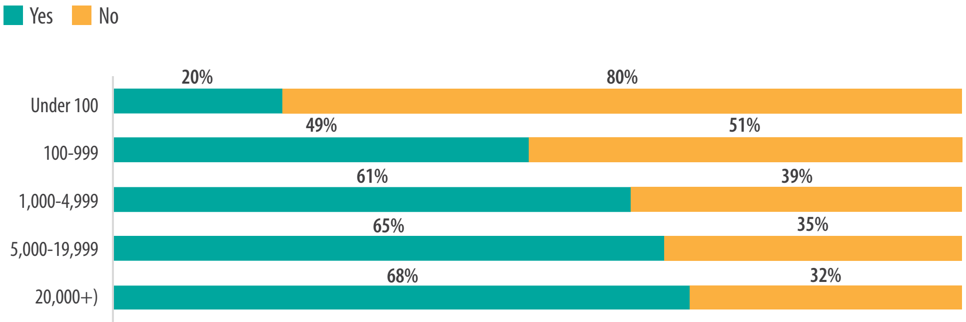
INVOLVEMENT IN THE MEDICAL BENEFIT CONTINUATION PROCESS BY SIZE*



Percentages are unweighted.

Since March 2020, a quarter of respondents have seen the volume of mental health related leave requests increase, specifically 80% of employers with 5,000+ employees have seen an increase. Over half of respondents in the healthcare and education industries also indicate an increase in mental health related leave requests, likely due to the notable impact the pandemic has on these particular sectors. As the need for mental health resources rises, many employers (especially those with over 1,000 employees) are starting to link mental health programs/benefits to the leave process — mainly through employee assistance programs (EAPs), wellness, and/or telehealth.

ARE MENTAL HEALTH PROGRAMS/BENEFITS LINKED TO THE LEAVE PROCESS?*

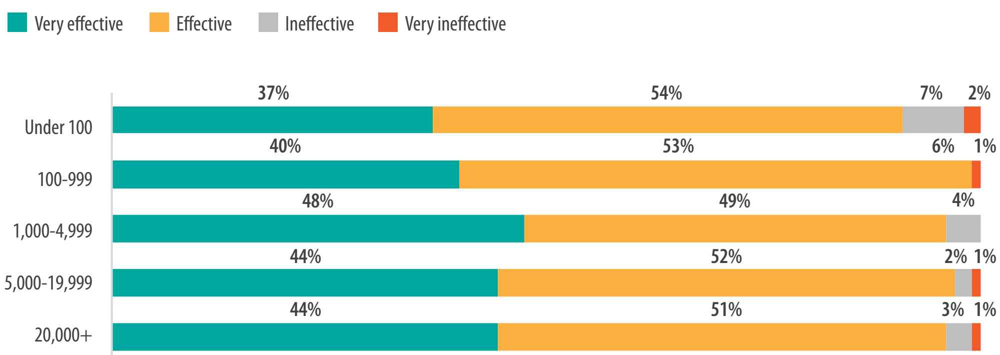


Percentages are unweighted.

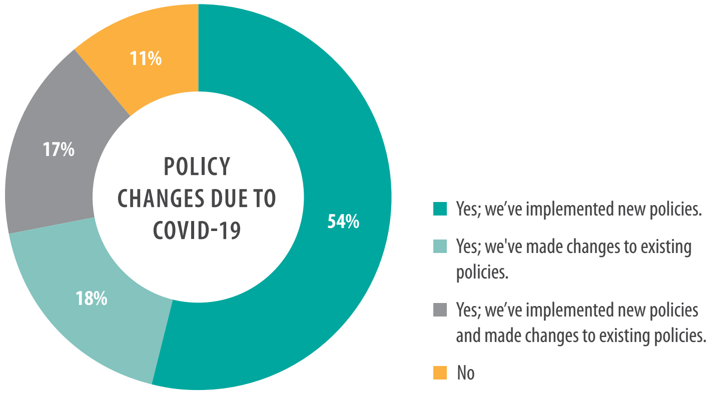
IMPACT OF COVID-19

While the pandemic brought new regulatory notice requirements that change often, almost all employers feel they have been keeping up with the volume of COVID-19 regulations very effectively (41%) or effectively (55%). The pandemic did, however, prompt almost nine in 10 employers to make changes to their policies, and over half to implement new policies. More jumbo size companies (20,000+) implemented new policies versus making adjustments to existing policies, while two in 10 small employers (under 100) made no policy changes at all. Some of the new polices or changes include additional paid time off for COVID-related absences, mandatory safety protocols (e.g., masks, social distancing, and/or vaccine requirements), and remote working.

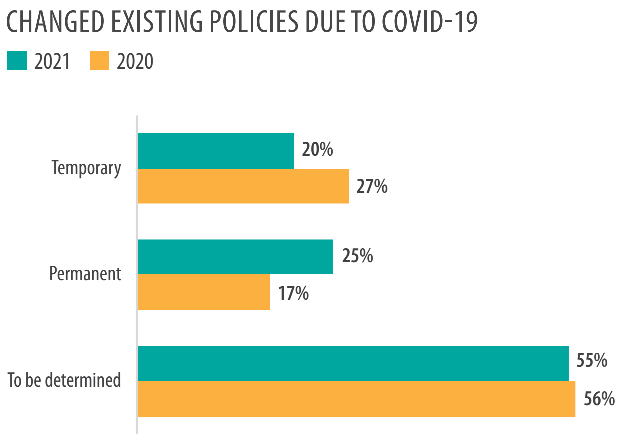
EFFECTIVENESS OF KEEPING UP WITH COVID-19 REGULATIONS*

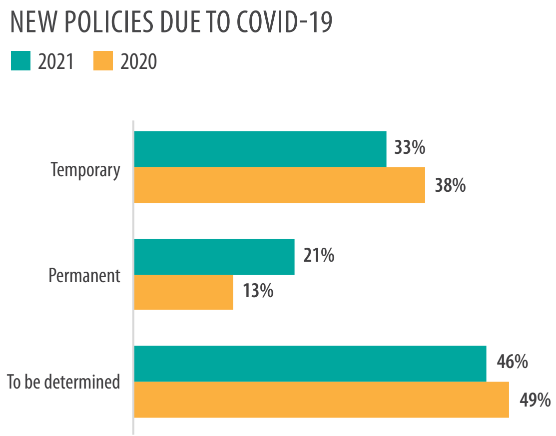


Percentages are unweighted.



As we approach two full years since the onset of the pandemic, organizations are taking a more strategic look at the changes they have made due to COVID-19. Although most companies (46%) are still determining whether these new policies or adjustments to current policies due to COVID-19 are temporary or will remain permanent, more companies have shifted to permanent changes compared to last year. According to respondents, they leveraged their internal teams (e.g., HR) and guidelines from government organizations to create new policies.





PLAN DESIGN BENCHMARKING

For the second year, the survey included plan design questions for WC, STD, LTD, and leave policies. New FMLA questions were added this year.

WORKERS' COMPENSATION

When it comes to workers' compensation (WC), the majority (68%) of employers have a fully-insured program. However, this differs by employer size as those with 1,000+ employees tend to self-insure (53%) versus fully insure (35%) their WC.

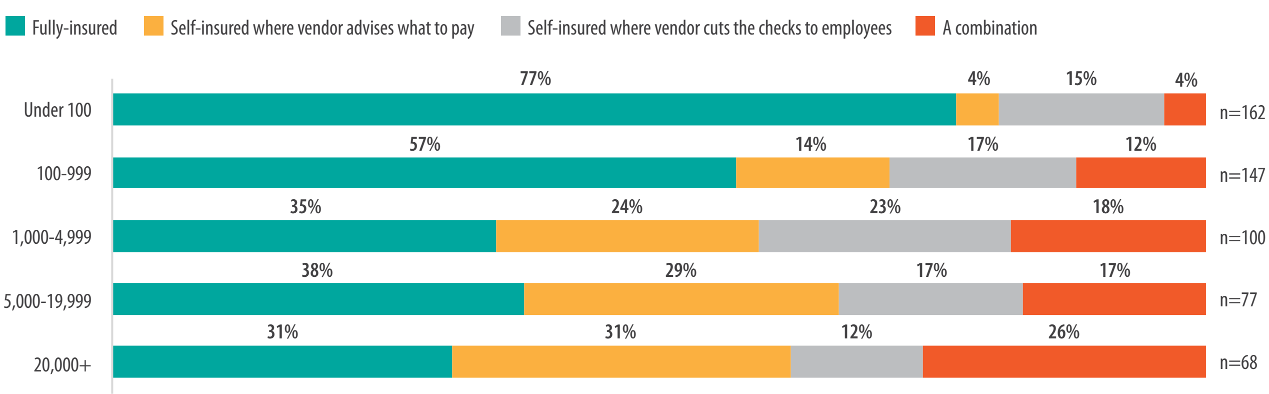
	WORKERS' COMPENSATION*	
	UNDER 1,000	1,000+
Fully insured through an insurance carrier	69%	35%
Self-insured through an insurance carrier	11%	18%
Self-insured through a third-party administrator (TPA)	7%	28%
Self-insured and self-administered	3%	7%
Managed through a state fund	6%	3%
Combination	4%	9%

**Percentages are unweighted.*

SHORT-TERM DISABILITY

In 2021, 80% of respondents offer short-term disability (STD). The majority (66%) fully insure their STD program. Similar to WC, STD is typically fully insured by smaller companies and self-insured as employer size increases. Six in 10 employers indicate their STD coverage is non-contributory (e.g., the employer pays the full cost of coverage). Of the remaining 40% that offer contributory STD, almost all report that the employee pays 100% of the cost of coverage.

SHORT-TERM DISABILITY BY SIZE*



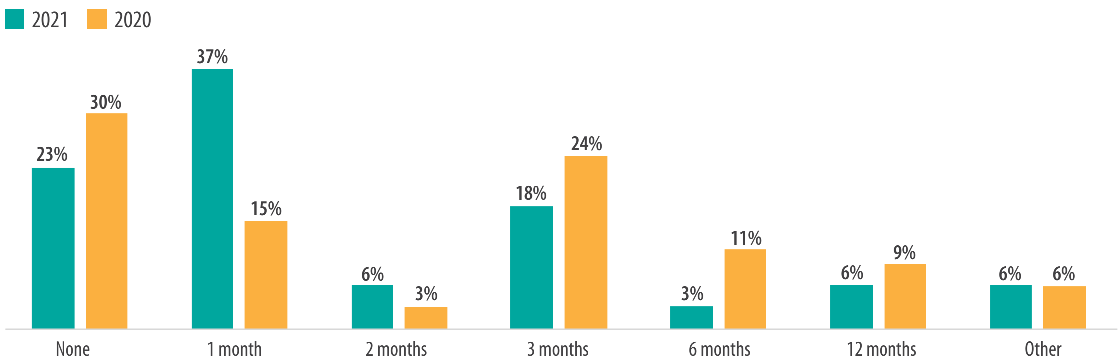
**Percentages are unweighted.*

When it comes to who is eligible for STD coverage, small employers (71% of those under 1,000) tend to offer it to full-time employees only, while larger companies (50% of those with 5,000+) offer STD to both full-time and part-time employees. Eight in 10 employers have STD programs that do not differ based on salary versus hourly employees, though jumbo size companies are more likely to have differences (26%) than smaller companies.

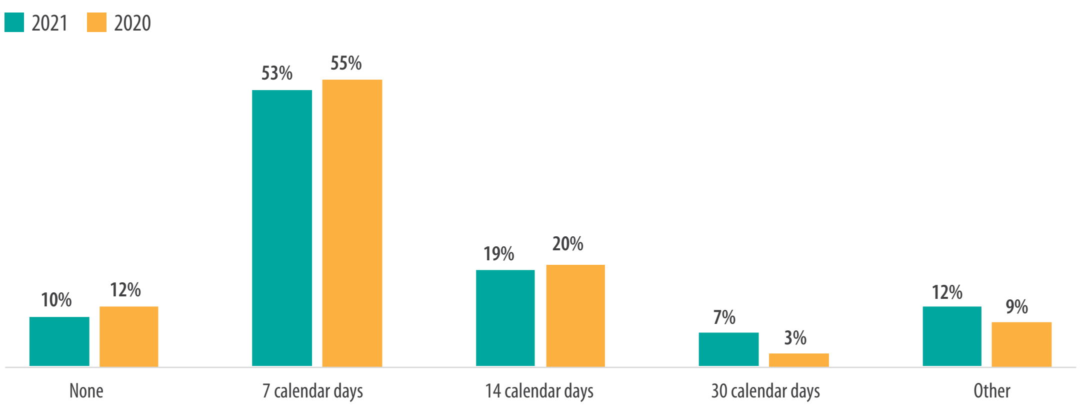
When it comes to STD plan design, the survey asked respondents to share their STD program's waiting period (length of time an employee must work for the employer before the employee is eligible for coverage), elimination period (the number of calendar days the employee must be disabled before benefits can begin), maximum benefit duration, and benefit amount. In 2021, a one-month waiting period is most common (37%), followed by no waiting period (23%), and a three-month waiting period (18%). No waiting period continues to be more common for jumbo companies (34%).

A seven-calendar day elimination period is most common among respondents, especially for those with 1,000+ employees. Although seven days is most common, smaller companies (under 1,000) tend to have 14-day elimination periods more often.

STD WAITING PERIOD

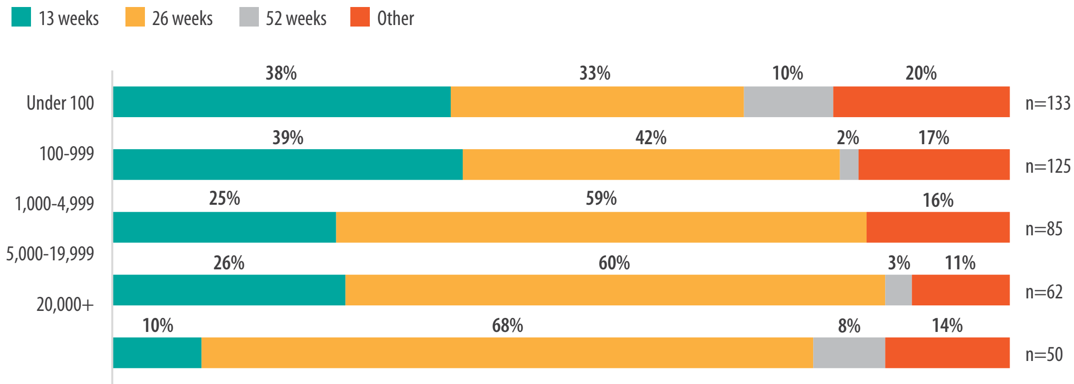


STD ELIMINATION PERIOD



The maximum benefit duration for STD is most commonly 13 weeks (48%), particularly for employers with less than 1,000 employees, followed by 26 weeks (33%) — primarily for employers with 1,000+ employees. Jumbo companies typically offer longer benefit periods, such as 26 and 52 weeks. Other benefit durations include 11 and 12 weeks, which are more common among small and mid-size companies (under 5,000).

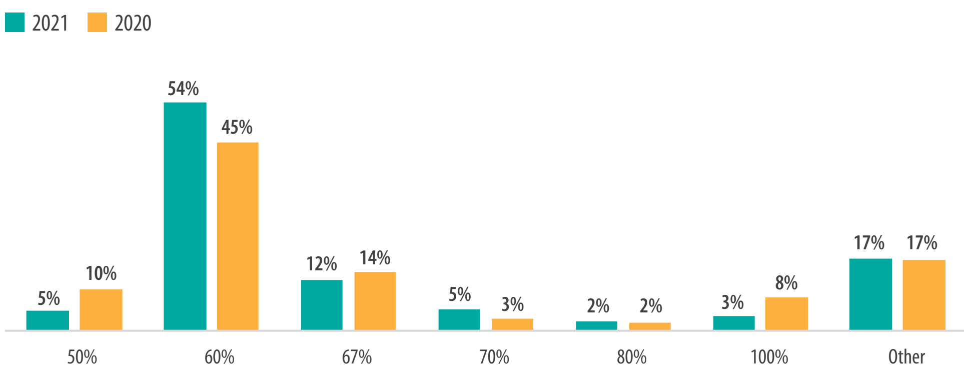
STD MAXIMUM BENEFIT DURATION BY SIZE*



Percentages are unweighted.

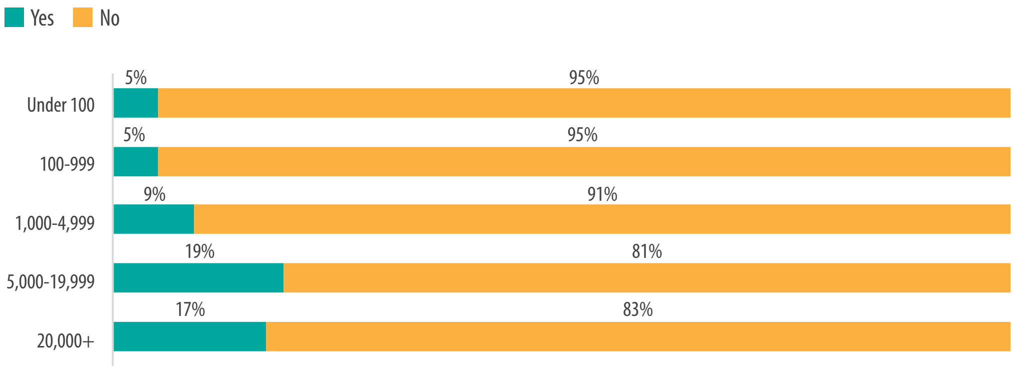
STD benefit amount of 60% of salary continues to be most common (53%), with 100% of salary being slightly more common among 5,000+ employers. Other benefit amounts mentioned by respondents were based on tenure or tiered based on length of leave.

STD BENEFIT AMOUNT (% OF SALARY)



In 2021, 3% of respondents include a buy-up option where the employee can elect to purchase an additional amount of coverage, especially companies with 5,000+ employees.

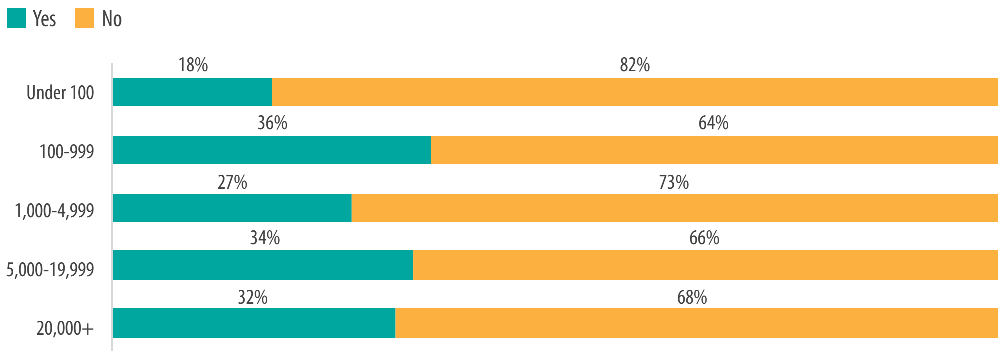
STD PROGRAM INCLUDES A BUY-UP*



Percentages are unweighted.

The survey also asked about certain STD policy provisions, which are included in about a third of respondents' STD policies. Pre-existing condition exclusion clauses are more common among 100+ size employers. A quarter of respondents, regardless of employer size, include bonuses, commissions, overtime pay, etc. in their STD policy earnings definitions, which is consistent with last year's results.

STD INCLUDES A PRE-EXISTING CONDITION EXCLUSION*

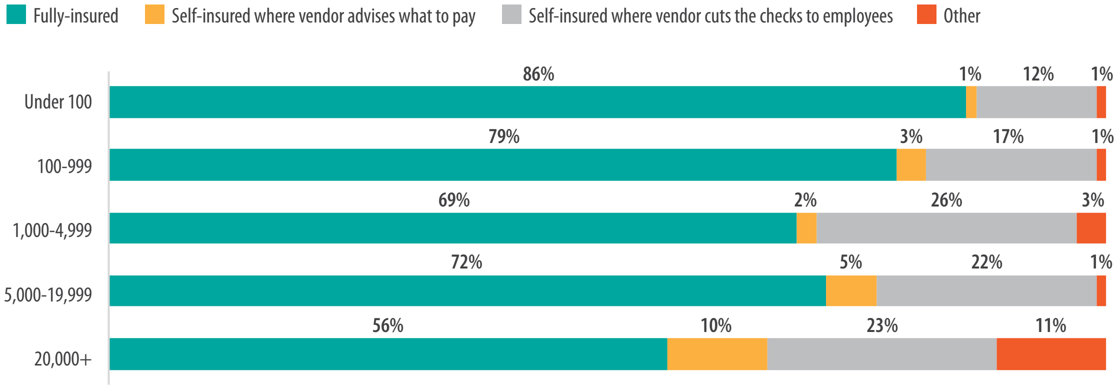


Percentages are unweighted.

LONG-TERM DISABILITY

Similar to STD, eight in 10 employers fully insure their long-term disability (LTD) program. Self-insured LTD plans become more common as employer size increases, especially for employers with 1,000+ employees. Also similar to STD, small employers (83% of those with less than 100) offer LTD to full-time employees only, while larger companies (50% of those 5,000+) offer LTD to both full-time and part-time employees. Although the majority of employers offer the same LTD plan to both salaried and hourly employees, a small percentage of employers (17%) do have different plans. Differences vary but can include variations in waiting periods.

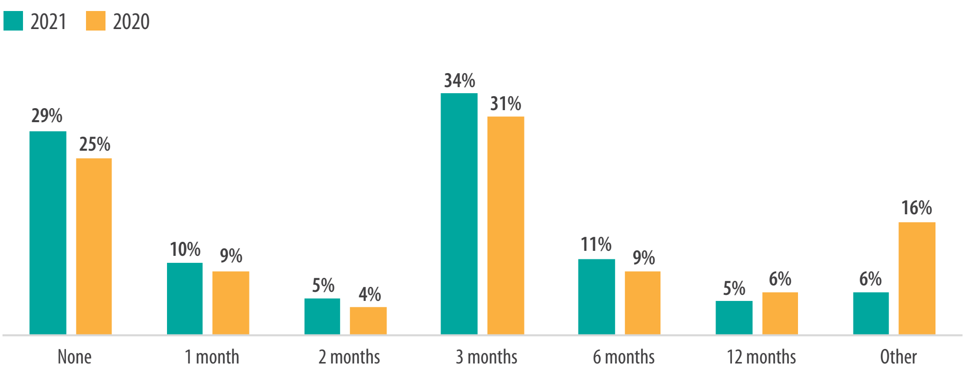
LTD PROGRAM BY SIZE*



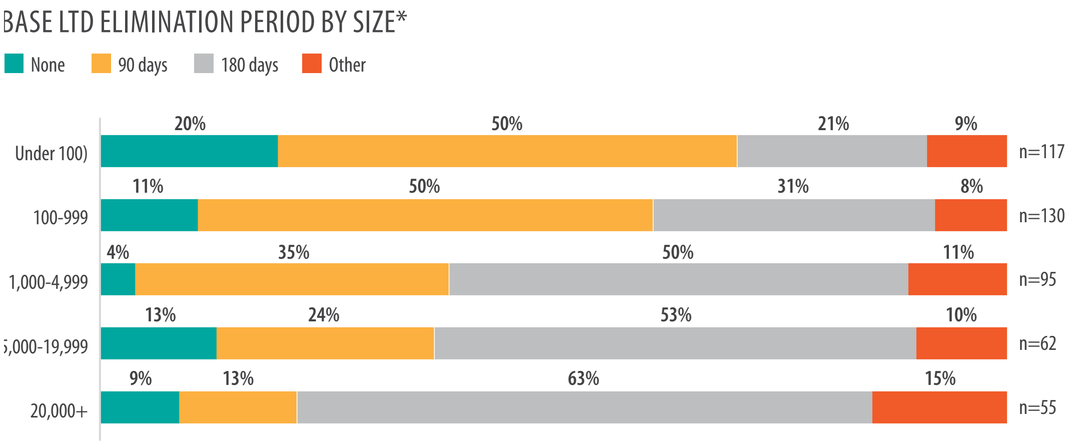
Percentages are unweighted.

The most common waiting period for base LTD plans are three months (34%) followed by no waiting period (29%). LTD plans offered by jumbo companies (20,000+) tend to have no waiting periods compared to smaller companies.

BASE LTD WAITING PERIOD

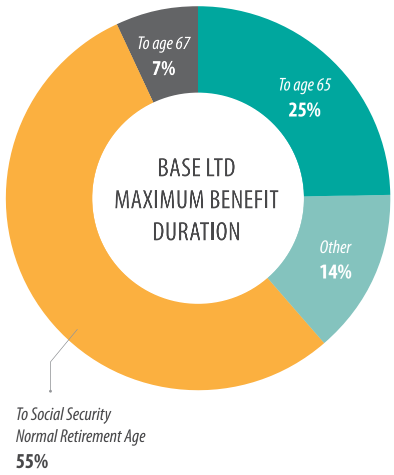


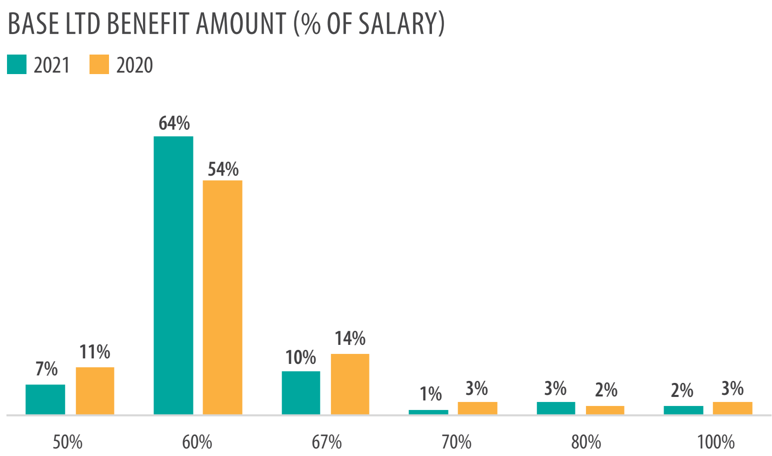
A 90-day elimination period for LTD is most common (53%) among respondents. As shown below, elimination periods increase with employer size. 20% of employers under 100 lives have no waiting period, while 64% of jumbo employers have a 180-day elimination period for LTD.



Percentages are unweighted.

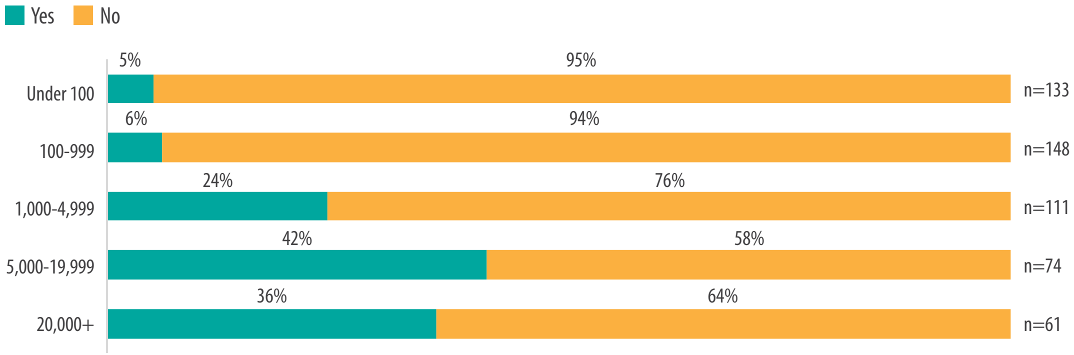
The maximum benefit period for base LTD is often to Social Security Normal Retirement Age (55%). When it comes to benefit amount for base LTD, 60% of salary continues to be most common (64%).





Like STD, about one in 10 employers offer an LTD buy-up option where employees can choose to purchase additional LTD coverage. LTD buy-up options are more prevalent for companies with 5,000+ employees.

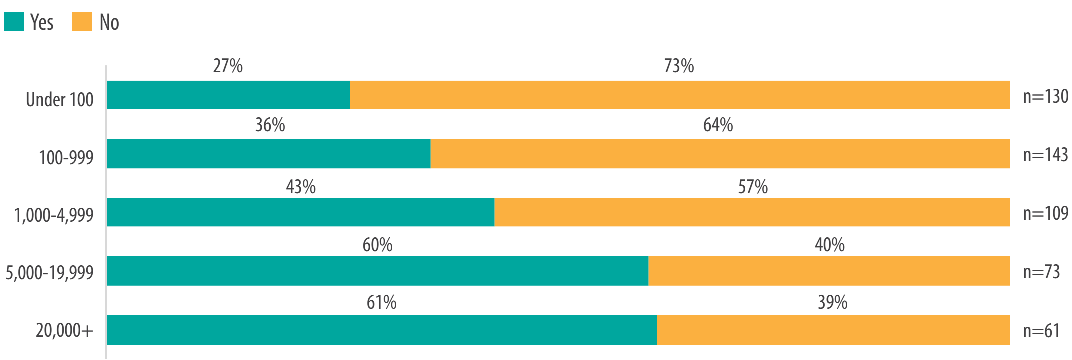
LTD PROGRAM INCLUDES BUY-UP BY SIZE*



Percentages are unweighted.

When it comes to pre-existing condition exclusion clauses, about a third (30%) of companies include them in their LTD policies, which is consistent with last year. The propensity to include these clauses is more common among 5,000+ size employers.

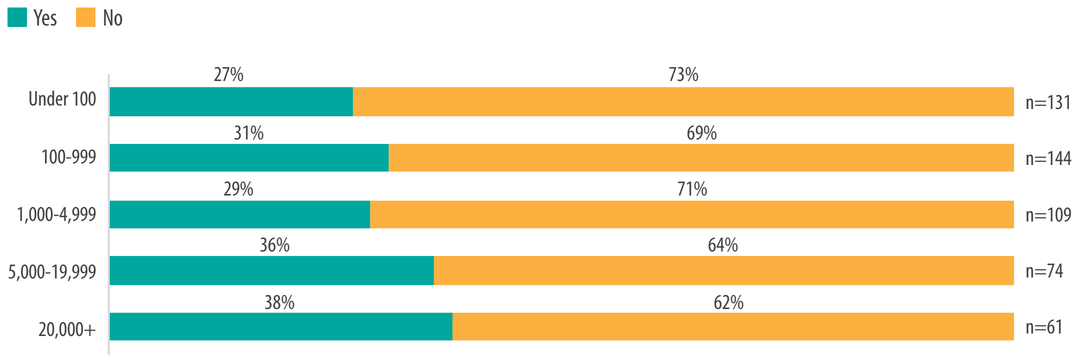
LTD INCLUDES PRE-EXISTING CONDITION EXCLUSION CLAUSE BY SIZE*



Percentages are unweighted.

About a third of employers include bonuses, commissions, overtime pay, etc. in their LTD earnings definition.

LTD EARNINGS DEFINITION INCLUDES BONUSES, COMMISSIONS, OVERTIME PAY, ETC. BY SIZE*

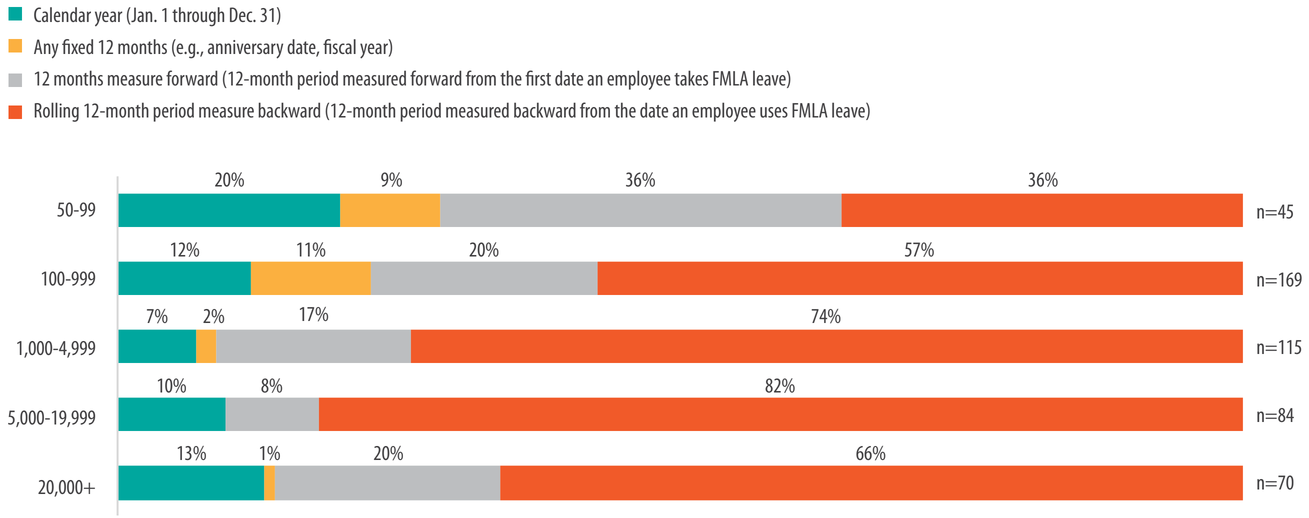


*Percentages are unweighted.

FMLA

For federal FMLA, a rolling 12-month period measured backward from the date an employee uses FMLA leave is the most common method to establish the 12-month period; however, this varies by employer size. The majority of 100+ size employers use a rolling backward 12-month period, while those with less than 100 employees are equally as likely to use 12 months measured forward (36%) or calendar year (20%.)

METHOD TO ESTABLISH THE 12-MONTH PERIOD FOR FMLA BY SIZE*

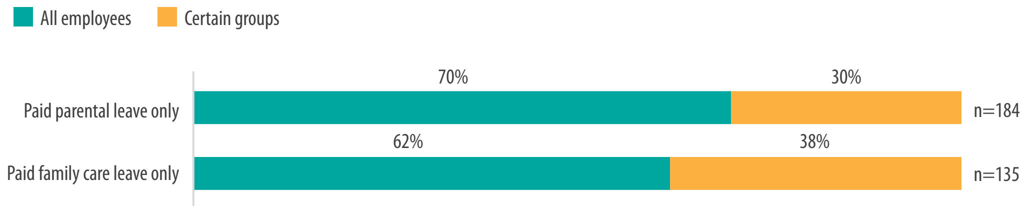


*Percentages are unweighted.

PAID LEAVE

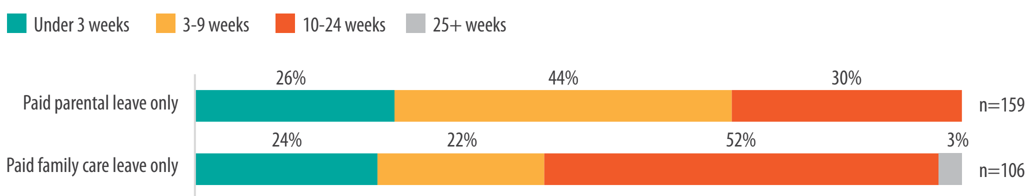
In 2021, over a third (34%) of respondents offered paid parental and/or paid family care leave. Most employers continue to offer their paid parental and/or paid family care leave program to all employees versus limiting it to certain groups of employees (e.g., full-time employees, non-union), but less so than in prior year years, particularly for paid family care leave.

PAID PARENTAL AND/OR PAID FAMILY CARE LEAVE ELIGIBILITY

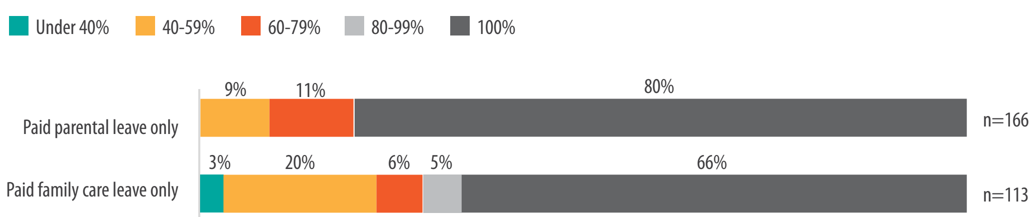


Leave duration most typically ranges from 10 to 24 weeks for paid family care leave (52%) and three to nine weeks for paid parental leave (44%). Like last year, very few employers offer a benefit period beyond 24 weeks. When it comes to the benefit amount, the most common continues to be 100% of pay, even more so than last year, especially for those offering paid parental leave only (80%). Up to 20% provide 40% to 59% of salary. About a third of respondents indicate their paid parental and paid family care leave policies do not have waiting periods (length of time an employee must work for the employer before the employee is eligible for coverage), though some respondents (14% to 17%) have waiting periods up to 90 days.

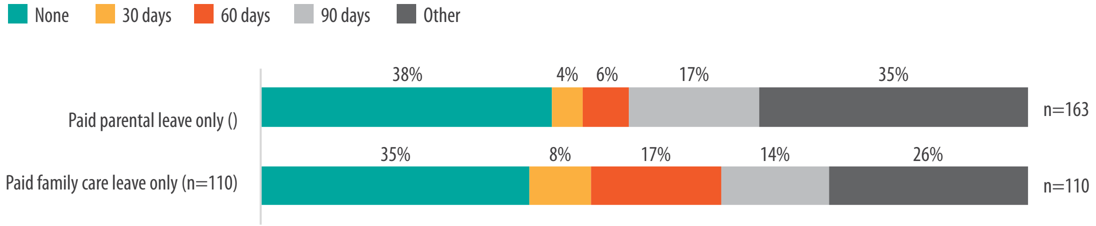
PAID PARENTAL AND/OR PAID FAMILY CARE LEAVE ELIGIBILITY



PAID PARENTAL AND/OR PAID FAMILY CARE LEAVE PERCENTAGE OF PAY



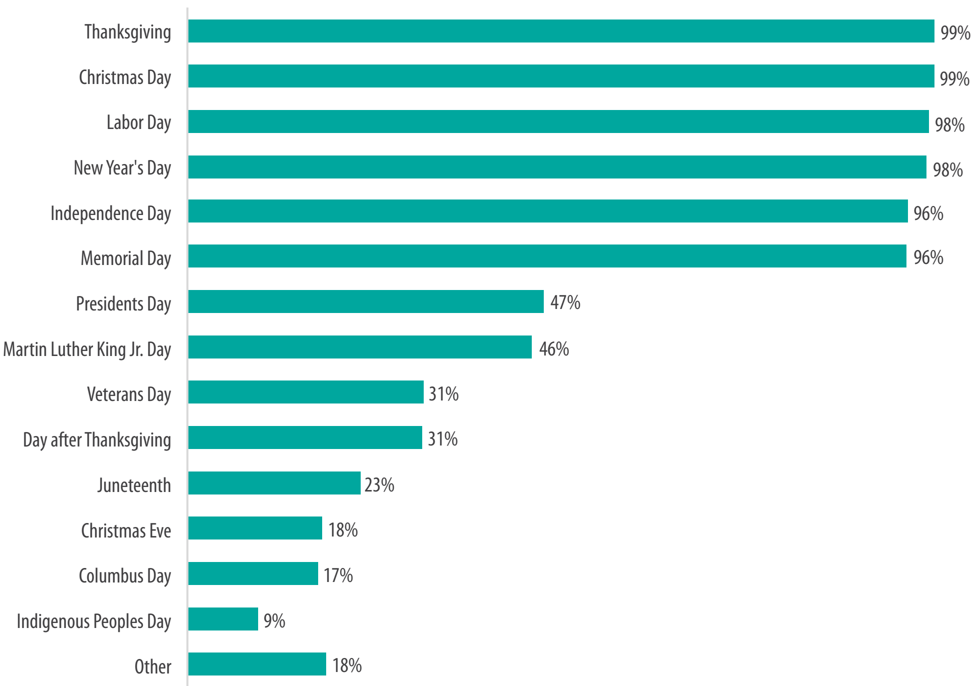
PAID PARENTAL AND/OR PAID FAMILY CARE LEAVE WAITING PERIOD



TIME OFF – PTO, SICK, VACATION, PERSONAL, BEREAVEMENT

New this year, the survey asked respondents which federal holidays they provide their employees as paid time off for regular employees. Thanksgiving, Christmas Day, Labor Day, New Year's Day, Independence Day, and Memorial Day are offered as paid holiday by almost all surveyed employers.

FEDERAL HOLIDAYS OFFERED†

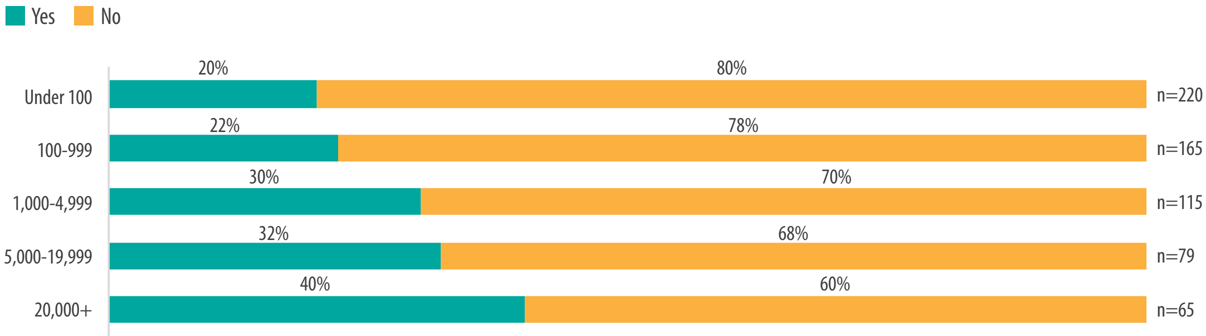


† Although the day after Thanksgiving and Christmas Eve are not federal holidays, many respondents indicated these as paid holidays.

About one in 10 respondents offer unlimited paid time off (PTO) to their employees. Prevalence of offering unlimited PTO varies by employer but is slightly more common for jumbo size companies (16%) and those in the technology/information management sector (36%).

Overall, the majority (73%) of companies do not offer a different number of time off days (PTO, sick, vacation, personal, etc.) for salaried versus hourly workers; however, it's more common among larger organizations to offer different PTO days.

DOES THE NUMBER OF TIME OFF DAYS DIFFER BY SALARIED VS. HOURLY EMPLOYEES?*



**Percentages are unweighted.*

As shown in the summary table below, the number of time off days often varies based on absence type as well as employees' years of service.

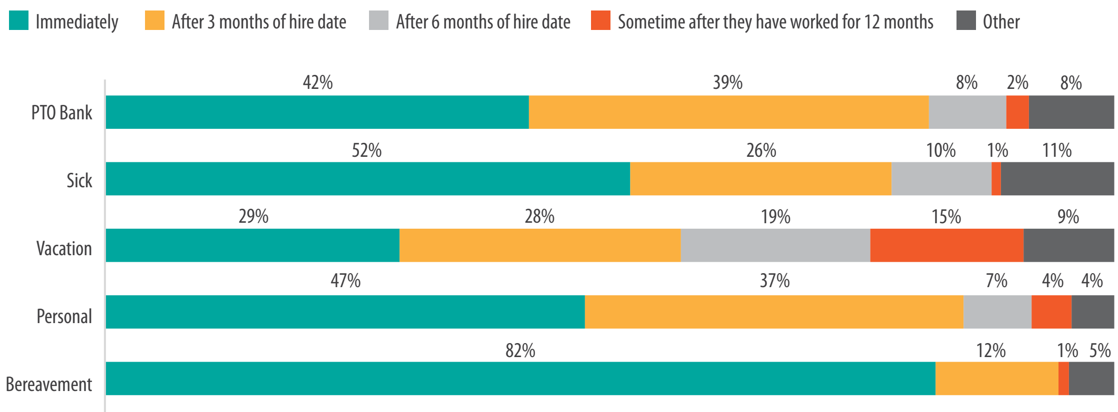
NUMBER OF TIME OFF DAYS

	NEW HIRE	1-5 YEARS	6-9 YEARS	10+ YEARS
PTO Bank	Average: 17 Most Common: 10	Average: 17 Most Common: 15	Average: 21 Most Common: 20	Average: 23 Most Common: 25
Sick	Average: 8 Most Common: 10	Average: 9 Most Common: 10	Average: 9 Most Common: 7	Average: 9 Most Common: 7
Vacation	Average: 15 Most Common: 15	Average: 15 Most Common: 15	Average: 18 Most Common: 15	Average: 20 Most Common: 20

On average, most companies give three personal days, regardless of employee tenure. Like last year, providing 10 holidays, and three days for bereavement is most common among respondents.

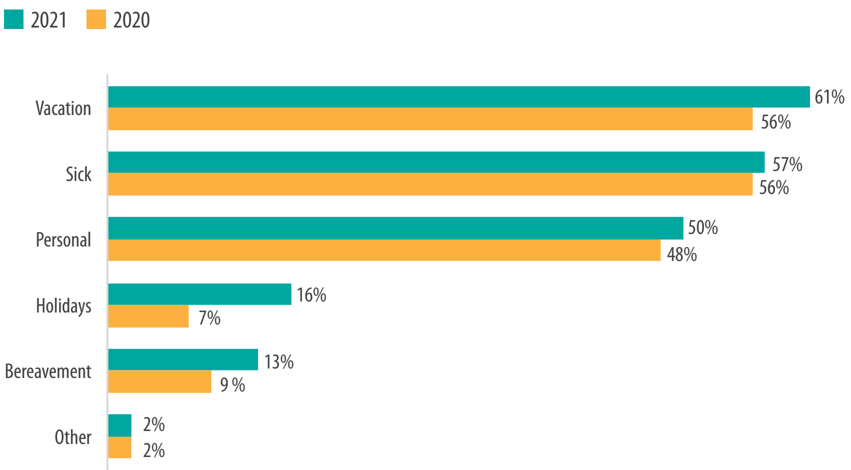
Most companies allow employees to take time off immediately after their hire date or after three months from their date of hire, though it differs slightly by absence type. For example, 82% allow employees to take bereavement leave immediately after their hire date, while almost 20% require employees to wait up to six months to take vacation leave.

WHEN NEW HIRES CAN TAKE TIME OFF



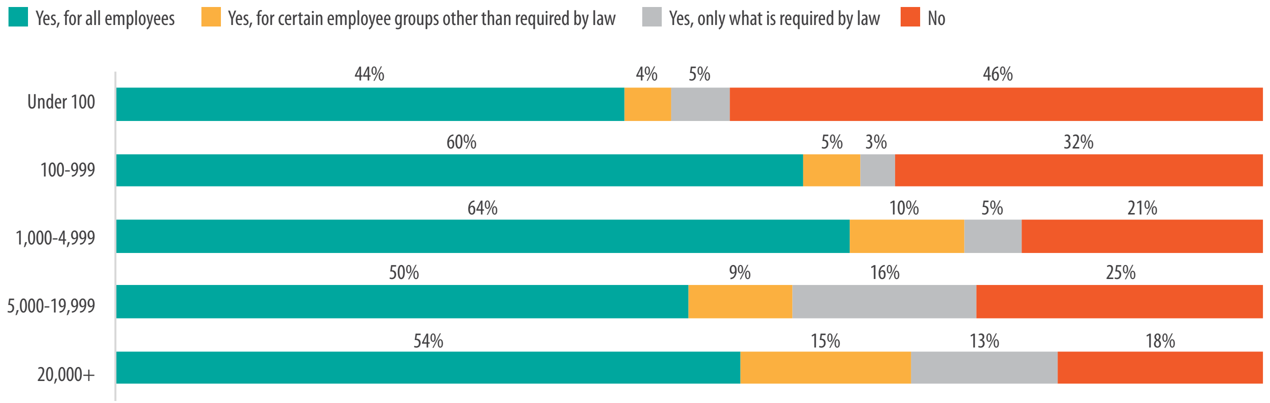
Of those that offer a PTO bank, sick and vacation are the most common absence types included, followed by personal leave, which is consistent with 2020 results. As employer size increases, the number of absence types included also tends to increase, especially for holiday and vacation. Small employers (under 100) include bereavement more frequently than other size employers.

ABSENCE TYPES INCLUDED IN PTO BANK



PTO days typically accrue gradually (68%) instead of being available all at once (32%), but this differs slightly by employer size. Small employers with less than 100 employees tend to let PTO days be available all at once while larger employers (1,000+) typically require PTO days to accrue over time. Unused PTO days are commonly allowed to roll over into the next year (70%), though small employers (under 100) are less likely to permit it when compared to larger employers.

UNUSED PTO DAYS ALLOWED TO ROLL OVER BY SIZE*

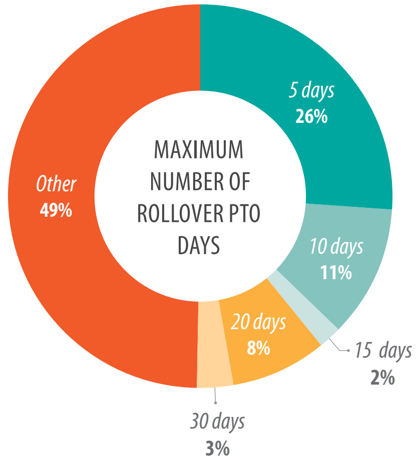


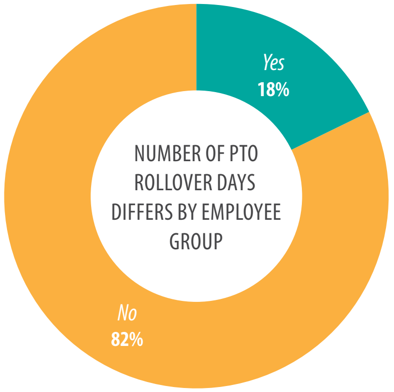
Percentages are unweighted.

The maximum number of PTO days that can be rolled over into the next year varies among employers. About a quarter (26%) allow five PTO days to roll over.

Overall, the number of PTO rollover days does not typically differ by employee group (82% in 2021 compared to 88% in 2020), though mid-size employers (1,000-19,999) vary it slightly more than other size employers.

A small number of employers (4% overall but up to 11% of 1,000+) offer extended illness banks (EIB). Of those that offer an EIB, 20% (compared to 10 % in 2020) are in the process of phasing them out or are considering doing so.

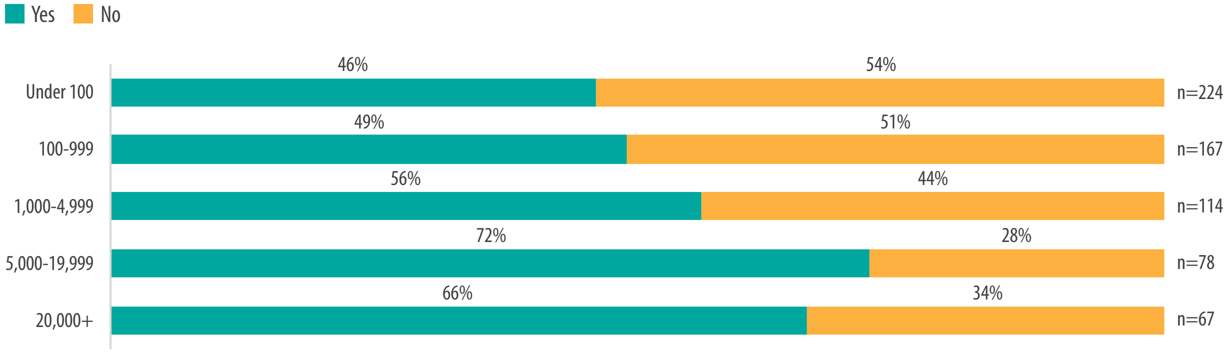




ATTENDANCE POLICIES

Almost six in 10 respondents (58% compared to 46% in 2020) have a formal attendance policy in place. Similar to last year, formal attendance policies are more prevalent as employer size increases, particularly 1,000+. A small but increasing percentage of companies (12% vs. 6% in 2020) vary their attendance policies by location, which is more prevalent among jumbo size companies (49%).

FORMAL ATTENDANCE POLICY BY SIZE*



**Percentages are unweighted.*

The most common plan design for attendance policies involving tardiness, absence with and without notice, and early departure are summarized below.

	TARDY	ABSENT WITH NOTICE (i.e., unscheduled absence)	ABSENT WITH NO NOTICE (i.e., "no show")	EARLY DEPARTURE
1st Offense	Verbal Warning	None Verbal Warning	Verbal Warning Written Warning Termination	Verbal Warning
2nd Offense	2nd Verbal Warning Written Warning	2nd Verbal Warning Written Warning	2nd Verbal Warning 2nd Written Warning Termination	2nd Verbal Warning 2nd Written Warning
3rd Offense	Final Verbal Warning Final Written Warning Suspension Termination	Final Verbal Warning Final Written Warning Suspension Termination	Final Verbal Warning Final Written Warning Suspension Termination	Final Verbal Warning Final Written Warning Suspension Termination

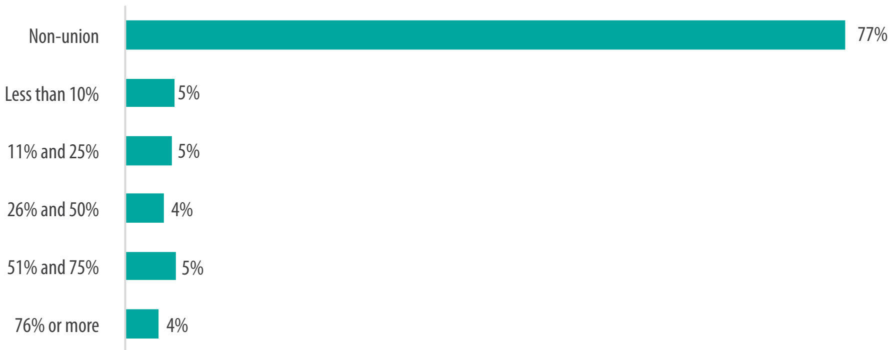
APPENDIX A

SURVEY DESIGN AND METHODS

Participants were recruited primarily from the DMEC membership, but also from an expanded population of employers who have integrated absence and disability management programs already in place or are at least thinking about it. As such, the 703 respondents represented a full range of employer sizes, industries, and geographic locations, with the majority of respondents working in the human resources (46%), employee benefits (17%), or leave/absence management (16%) functions of their respective organizations.

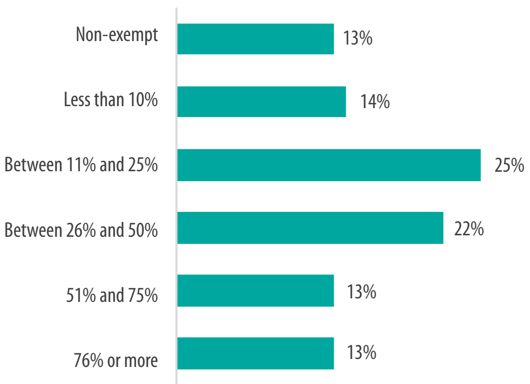
About a quarter of the respondents (23%) have union populations.

UNION/NON-UNION POPULATION



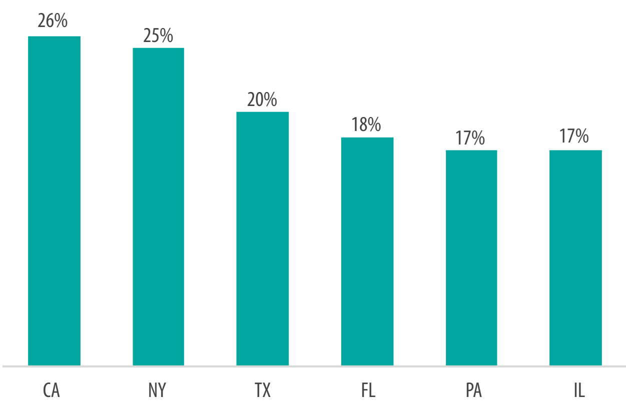
The majority have a population that is exempt, while 13% are non-exempt.

EXEMPT POPULATION

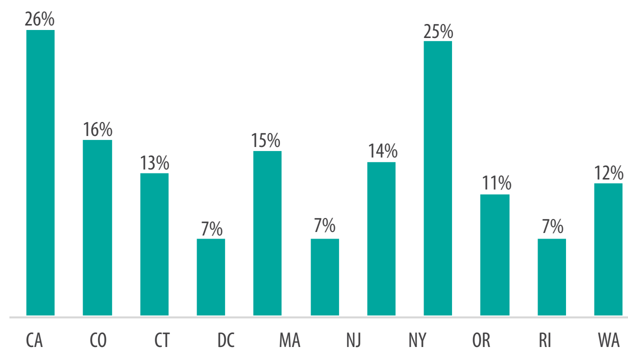


When asked what state(s) and/or U.S. territories the company is located in, California and New York were most commonly mentioned. Over half of the 2021 respondents have a location in at least one of the paid family and medical leave states/territories.

MOST COMMON STATES*



RESPONDENTS IN ACTIVE AND PENDING PFML STATES*



Percentages are unweighted.

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