

POLICY BRIEF

Stay-at-Work/Return-to-Work Programs and Policies



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Each year, millions of workers experience injuries or health conditions that disrupt their ability to remain in the workforce. According to the [U.S. Bureau of Labor Statistics](#), in 2024, 3.2% (or almost 4 million) workers were completely absent from their jobs due to illness, injury, or other reasons. Extended absences increase the risk of permanent workforce exit, which can have long-term effects on health, financial security, and employment prospects.

When employees leave the labor force, employers face turnover, training costs, and productivity losses. What's more, states experience reduced tax revenues, lower economic activity, and higher public benefit expenditures, as many of these individuals rely on disability or income support programs. Research sponsored by the [Social Security Administration](#) found that only about 5% of people who begin receiving Social Security Disability Insurance (SSDI) benefits ever return to sustained employment.

Stay-at-work/return-to-work (SAW/RTW) programs are designed to help employees continue working or reenter the workforce as soon as medically appropriate. By enacting policies that promote or strengthen SAW/RTW programs, policymakers can help employers retain experienced staff, reduce turnover costs, and preserve valuable institutional knowledge. Employees can protect their livelihoods, maintain financial stability, and avoid the disruptions of job loss. At the same time, states and communities gain from a more reliable labor force, stronger local businesses, and a healthier economy overall. To that end, states may want to consider the following policy options that support and expand SAW/RTW practices:

- **State Temporary Disability Insurance (TDI):** Establish a state TDI program that provides partial wage replacement to employees who are unable to work.
- **Reasonable Accommodation Policy Resources:** Offer clear guidance to employers to help them understand their legal responsibilities on reasonable accommodations.
- **Preferred Worker Programs (PWP):** Introduce a PWP that offers benefits to employers who hire injured workers with permanent restrictions.
- **Centralized Accommodation Funds:** Create a fund that employers can access to cover expenses such as assistive technology, equipment, or worksite modifications.
- **Medical Provider Engagement in SAW/RTW:** Equip physicians with tools and guidance on occupational health best practices.
- **State Support for Employer RTW Programs:** Establish a state fund that provides wage subsidies or tax credits to offset employer costs for RTW programs.
- **Vocational Rehabilitation (VR) Retention Services:** Deliver job retention supports through VR programs and RTW coordinators.

SAW/RTW at the State Level

By facilitating timely and safe reentry into the workplace, state SAW/RTW policies and programs benefit all stakeholders. Employees maintain income and work connections; employers retain experienced staff and reduce absence-related costs; and states help sustain economic activity while limiting reliance on public benefits. For workplace leave and accommodation management professionals and policymakers, SAW/RTW programs matter because they support employee recovery, help employers manage compliance and costs, and ease pressure on state benefit systems.

State Temporary Disability Insurance (TDI)

States can establish TDI to provide partial wage replacement to employees who are unable to work due to a non-work-related illness or injury. These programs can provide critical financial support during recovery, reduce long-term disability claims, and promote sustained employment outcomes for individuals recovering from illness or injury.

TDI is typically provided through state-administered insurance programs (e.g., California, New Jersey, New York, Rhode Island, and Hawaii), or through employer-provided disability insurance plans.



Examples in Action:



The [California State Disability Insurance \(SDI\) program](#) provides short-term Disability Insurance and Paid Family Leave wage replacement benefits to eligible workers who need time off. More than 18 million California workers are covered under SDI.



[Hawaii's Temporary Disability Insurance](#) provides partial wage replacement to eligible private-sector workers unable to work due to non-job-related illness or injury. Funded by employee payroll contributions and administered by employers or insurers, TDI also supports part-time or reduced schedule returns by covering the gap between reduced earnings and pre-disability wages, up to the benefit cap.



In [New Jersey, Temporary Disability Insurance](#) provides cash benefits to workers who must stop working due to a physical or mental health condition or another disability unrelated to their employment. A healthcare provider certifies the duration of recovery, with benefits available for up to 26 weeks. Most employers in New Jersey are required to provide TDI for their employees.



In [New York, the Disability Benefits Law \(2016\)](#) provides weekly cash benefits to replace, in part, wages lost due to injuries or illnesses that do not arise out of or in the course of employment (WCL §204). Medical care remains the responsibility of the employee.



[Rhode Island's Temporary Disability Insurance](#) provides weekly benefits to workers unable to work due to non-job-related illness or injury. A partial return-to-work option allows claimants to keep up to 20% of their weekly benefit without reduction, for up to eight weeks—extendable to 12 weeks with medical documentation. This structure enables employees to ease back into the workforce while maintaining financial stability. In addition, [Rhode Island HB 6066 \(2025\)](#) expands Temporary Caregiver Insurance and TDI by increasing the wage reimbursement rate to 85% of average weekly wages, raising the payroll contribution cap to the federal Social Security level; extending caregiver benefits to include siblings, grandchildren, and other care recipients; and creating an opt-in option for gig workers and sole proprietors.



[Washington, D.C. PR25-0882 \(2025\)](#) amends existing law to prevent the reduction of private-market short-term disability benefits for District workers who also receive benefits from the Universal Paid Leave (UPL) program. This change ensures that employees can rely on both UPL and private short-term disability insurance, which many employers offer as part of their compensation packages.

Reasonable Accommodation Policy Resources

States can strengthen SAW/RTW outcomes by providing clear guidance to employers on reasonable accommodation policies. Resources such as toolkits, policy models, and step-by-step instructions help businesses understand their legal responsibilities, navigate the interactive process, and implement accommodations effectively and remain compliant. For employers, these resources reduce uncertainty, lower compliance risks, and provide practical strategies for managing workplace leave and accommodation cases more efficiently.

Examples in Action: //



The [Minnesota Department of Human Rights \(MDHR\)](#) provides detailed employer guidance on reasonable accommodations under the state's Human Rights Act. Guidance defines what constitutes a reasonable accommodation, explains the interactive process, and clarifies the limits of undue hardship for employers. MDHR also offers examples of specific accommodations that may apply in different workplace contexts. In addition, Minnesota's Department of Human Services (DHS) publishes a stand-alone policy model that employers can adapt to their own practices, helping them establish consistent procedures for handling requests.



The [Oregon Bureau of Labor & Industries \(BOLI\)](#) provides a Disability Accommodation Toolkit to help employers comply with state and federal disability rights requirements. The toolkit offers step-by-step guidance, FAQs, and ready-to-use templates that walk employers through the accommodation process, from receiving an employee's request to documenting the interactive dialogue and implementing a solution. A companion web page explains how Oregon law aligns with the ADA and links to additional state and federal resources.

Which Federal Laws Apply?

Employers seeking SAW or early RTW alternatives must understand:



The Family and Medical Leave Act (FMLA) is a leave entitlement statute. Eligible employees have the right to take FMLA leave even if they are able to continue working with effective accommodation. Employers cannot require employees to accept workplace accommodation in lieu of FMLA leave, but employers may discuss options, and employees may accept an alternative arrangement provided they do so voluntarily.



Under the **Americans with Disabilities Act (ADA)**, employers may offer a workplace accommodation instead of leave as an accommodation if the alternative accommodation is effective and does not interfere with employees' medical care or recovery.



Workers' compensation laws provide wage replacement for temporary or permanent disability as defined by the applicable state statute as well as medical treatment, VR, time off, or light-duty work to employees injured at work.

Preferred Worker Programs (PWP)

A PWP is a state program designed to assist workers who have been injured, have permanent medical restrictions, and are unable to return to their previous employment. Employers who hire a preferred worker for an approved job can be eligible for state benefits which may include premium discounts, wage reimbursement, and expense reimbursements among other benefits.



Examples in Action:



New Jersey AB 2617 (2020) requires employers to give hiring preference to employees who have reached maximum medical improvement (MMI) following a work-related injury. The law is intended to support workers who, although they may no longer be able to perform their original duties, are medically stable and capable of rejoining the workforce.



North Dakota's Preferred Worker Program offers incentives to employers who hire or rehire injured workers unable to return to their previous jobs. Benefits include wage reimbursements—up to 50% for 26 weeks, or 75% for 52 weeks in cases of catastrophic injury—plus a three-year premium exemption and protection from new claim costs if the worker is re-injured. The program also covers expenses for worksite modifications, ergonomic assessments, and necessary equipment to support transitional roles.



Oregon's Preferred Worker Program provides incentives to employers who hire injured workers with permanent restrictions. Benefits include 50% wage reimbursement for up to 183 days, a three-year workers' compensation premium exemption, coverage for equipment, training, and relocation costs, and protection from claim costs if the worker is re-injured during the exemption period. Employers must maintain active workers' compensation coverage to participate.



Washington's Preferred Worker Program enables employers to hire workers with permanent injury-related restrictions. Once a worker is certified as a "preferred worker," employers become eligible for wage reimbursements, claim protections, premium relief, and support for equipment and clothing needs. For claims dated before January 1, 2025, wage reimbursement is 50% of base wages for up to 66 working days (maximum \$10,000); for injuries on or after January 1, 2025, this increases to 50% of wages for up to 120 days (maximum \$25,000). Additional benefits include up to \$5,000 for tools or equipment, \$1,000 for clothing, and a continuous employment incentive of up to \$25,000. Employers also receive claim cost protection and premium relief for up to 36 months.

Centralized Accommodation Funds

States can encourage broader adoption of workplace accommodations by establishing centralized funds that private-sector employers can access. These centralized accommodation funds help reduce financial barriers that might otherwise delay or prevent needed accommodations for employees. By covering expenses such as assistive technology (AT), equipment, or worksite modifications, centralized funds make it easier to implement accommodations that allow employees to stay at work or return more quickly after an illness or injury.

Examples in Action:



[Minnesota's Department of Employment and Economic Development Employer Reasonable Accommodation Fund \(ERAF\)](#) established in 2023, created a two-year pilot program for the reasonable accommodation fund for employers. It is a central fund that small to mid-sized Minnesota employers can utilize to request reimbursement for expenses related to providing reasonable accommodations for job applicants and employees with disabilities. The ERAF's purpose is to encourage employment of people with disabilities by reducing any perceived or real financial barriers. In addition to processing reimbursements, an ERAF Coordinator is available for technical assistance and consultation at no cost to employers.



[Vermont's Assistive Technology Program](#), overseen by the state's VR agency, provides significant support for employers and employees seeking workplace accommodations. While it does not operate as a formal reimbursement fund, the program offers loan and reuse services for AT allowing employers to borrow or receive help purchasing devices and systems that enable employees with disabilities to work effectively. It also offers demonstration centers statewide where employers can test equipment before acquisition and access expert guidance on identifying and implementing AT solutions.



Medical Provider Engagement in SAW/RTW

Effective SAW/RTW programs rely on meaningful collaboration with healthcare providers to ensure that recovery plans are practical, safe, and aligned with workplace needs. By equipping physicians with tools and guidance on occupational health best practices, states can ensure that treatment plans align with workplace accommodations, transitional duty options, and applicable leave policies. This coordination helps employees safely resume work while maintaining compliance with workplace leave and accommodation requirements, supports employers in managing claims and workforce continuity, and reduces the likelihood of prolonged absences or long-term disability.

Examples in Action: //



The [Georgia FOCUS Safety, Care, and Recovery Program](#) partners with physicians to ensure that transitional or alternative work assignments are appropriate for employees recovering from injury or illness. By coordinating directly with medical providers, the program helps align workplace duties with a worker's documented medical limitations, supporting safe reintegration into the job while promoting recovery. This approach not only protects employee health but also enables employers to retain experienced staff through modified work opportunities.



[Washington State's Centers of Occupational Health and Education \(COHE\)](#) are designed to support SAW and RTW outcomes for employees with work-related health conditions. COHE-affiliated providers are trained to use occupational health best practices, such as developing clear activity prescriptions, communicating with employers about medical restrictions, and recommending transitional or modified duty when appropriate. By coordinating care between workers, providers, and employers, the program helps employees resume safe and productive work as quickly as possible while reducing the risk of long-term disability. This structured approach ensures that medical treatment actively supports job retention and reintegration rather than prolonged absence from the workplace.



State Support for Employer RTW Programs

Employers are often hesitant to bring employees back to work when temporary limitations may affect productivity or increase costs. State subsidies and supports help offset expenses related to accommodations, workplace modifications, and job restructuring, making it financially feasible to offer transitional or modified work opportunities. Common approaches include wage subsidies, reimbursements, tax credits or loans for job accommodations, grants to develop transitional work plans, and insurance premium discounts for employers that design and implement approved RTW programs. These supports not only reduce employer costs but also help employees maintain employment and their associated benefits while recovering.

Examples in Action:



[Montana's Return-to-Work Program](#) provides direct financial assistance to employers who modify workplaces to accommodate injured workers. Employers may receive up to \$2,000 to offset the cost of workplace modifications, such as adaptive equipment or changes to workspaces, ensuring that employees recovering from injury can return to safe and productive work. This support reduces employer costs while promoting job retention for workers with disabilities or temporary limitations.



[Ohio](#) offers a two-pronged approach to incentivize transitional work. Employers may apply for transitional work grants, which provide funding to develop customized RTW programs, including policies, procedures, and training. In addition, businesses that implement an approved transitional work program and successfully return injured employees to work are eligible for a bonus payment.



The [Oregon Employer-at-Injury Program](#) offers state-funded incentives to help businesses bring injured workers back on the job through transitional or light-duty roles. Administered by insurers, the program provides a wage subsidy covering 50% of gross wages for up to 66 workdays, plus reimbursements for worksite modifications (up to \$5,000), training or tuition (\$1,000), and clothing (\$400). Participation doesn't affect claim costs or premiums, and insurers assist employers in setting up the program.



Under [Texas' Return-to-Work Reimbursement Program](#) employers may be eligible for reimbursement or an advance to cover costs associated with workplace modifications that enable employees to return to modified or alternative work following an injury.



[Utah HB 333 \(2022\)](#) created a grant program for business entities that implement innovative employee RTW initiatives. The grants are intended to encourage creative and effective strategies that go beyond traditional accommodations, expanding opportunities for workers recovering from injury or illness to remain employed. This program allows employers to design solutions that fit the unique needs of their workforce.



[Washington's Stay-at-Work Program](#), administered by the Washington Department of Labor & Industries (L&I), provides financial incentives to employers who bring injured employees back to light-duty or transitional work. Under [HB 2127 \(2023\)](#), the program expanded its benefits so that employers can now be reimbursed for 50% of an employee's base wages, up to \$10,000 for claims before January 1, 2025 (66 workdays) or up to \$25,000 for claims on or after that date (120 workdays). Employers are also eligible for reimbursement of expenses related to tools, training, clothing, and equipment—with limits of \$2,500 for tools, \$1,000 for training, and \$400 for clothing for pre-2025 claims, and higher caps applying to newer claims.

Vocational Rehabilitation (VR) Retention Services

Title I of the Rehabilitation Act of 1973, as amended by the Workforce Innovation and Opportunity Act (WIOA) and the implementing regulations ([34 CFR 361.36\(a\)\(3\)\(v\)](#)), allows state VR agencies to provide job retention services to individuals with disabilities. These services can include on-site job evaluations, identification of accommodations, workplace modifications, job analyses to distinguish essential from marginal functions, employee training as well as collaboration with employers on modified schedules and transitional work options.

Complementing these services, RTW coordinators play a key role in guiding injured or ill employees through recovery and helping them return to work safely and effectively. Acting as the primary workplace contact under VR, RTW coordinators develop individualized RTW plans, facilitate communication between employers and medical providers, identify appropriate job modifications, and monitor progress to ensure that any RTW arrangements are both safe and sustainable.

Examples in Action:



[Alabama's Retaining a Valued Employee \(RAVE\) Program](#), operated by Vocational Rehabilitation Services, helps employers retain workers whose performance is affected by illness, injury, or disability—whether work-related or not. A team of specialists, including a VR counselor, Business Relations Consultant, and Rehabilitation Engineer, provides on-site assessments, accommodations, and case management to support stay-at-work and return-to-work outcomes.



[Alaska SB 147 \(2024\)](#) revises the state's reemployment benefits law. If an injured worker cannot return within 90 days, the administrator may order an eligibility evaluation within 60 days. To qualify, the worker must request the evaluation and provide physician certification of permanent limitations. Reemployment plans must aim for a living wage and use state training resources, with total costs capped at \$22,150 (adjusted every five years), including up to \$4,000 for job modifications or relocation. The bill also creates a Stay-at-Work (SAW) program offering up to \$3,000 to employers for retention or return-to-work supports, and requires cost reporting to the Alaska Department of Labor.



[The Arkansas Rehabilitation Services \(ARS\) agency's SAW/RTW program](#) supports employers who accommodate employees with health problems. Its services include vocational counseling, job site assessments, help developing SAW/RTW plans, and general ergonomics assessments. An accommodation specialist evaluates the worker's functional limitations and collaborates with the employer and employee to provide modifications to workstations, assistive technology, and other adjustments.



[Connecticut Aging and Disability Services](#) offers training and resources to employers at no cost and in some instances provides trainee wage reimbursement and other financial incentives for employers to train their employees for alternative work. For workers who must transition to new employment after illness or injury, the [Workers' Rehabilitation Program](#) offers vocational assistance including job search assistance and vocational counseling.



[Delaware](#) has established a RTW program for its state employees and appointed a RTW coordinator within Delaware's Statewide Benefits Office who is tasked with helping state workers stay at work or return to work after illness or injury.

Conclusion

State policymakers play a pivotal role in strengthening SAW/RTW systems to support both workers and employers. By enacting targeted policies—such as wage subsidies, centralized accommodation funds, preferred worker programs, and coordinated VR services—states can reduce long-term disability claims, ease pressure on public benefit systems, and promote workforce retention. These strategies help employers manage compliance and costs while enabling employees to recover and remain connected to work.



Policymakers can also improve outcomes by engaging medical providers, streamlining benefit procedures, and offering clear guidance on reasonable accommodations. Together, these efforts build more resilient, recovery-ready workplaces and ensure that state workplace leave and accommodation management systems are responsive to real-world needs. SAW/RTW is not just a compliance strategy—it is a workforce investment. With thoughtful leadership, states can modernize their approach and deliver measurable impact for workers, businesses, and the broader economy.

About DMEC

This document was developed by DMEC, the only national nonprofit association dedicated to advancing effective leave and accommodation management. DMEC serves more than 20,000 professionals representing 1,400+ employers nationwide—from private companies to government agencies—who manage millions of leave and accommodation cases annually.

This brief is part of the DMEC Policy Blueprint, the first national, nonpartisan policy initiative grounded in the real-world experience of employers navigating workplace leave and accommodation management. The Blueprint identifies four priority areas where policymakers can lead with impact: Inter-State Leave Coordination, Artificial Intelligence, Mental Health, and Stay-at-Work/Return-to-Work. It is not a legislative agenda, but a collaborative resource designed to equip legislators, regulators, and administrators with field-tested strategies to modernize systems, reduce complexity, and strengthen workforce participation.

DMEC is a mission-driven organization that values partnership. We invite you to work with us to shape the future of leave and accommodation management. To get started, create a free policymaker account at dmec.org/dmec-state-policy or contact us at partners@dmec.org.

This brief does not indicate DMEC's endorsement of any specific policies and practices established by states. This document is intended to proactively educate state policymakers on issues relevant to workplace leave and accommodation management which may impact their employers and constituents.

