Presenteeism is the loss in productivity when workers are on the job, but not performing at their best. With a staggering $150 billion in costs each year to U.S. businesses, human resources is looking at how to address this issue. One proven approach integrates health and productivity management. By defining and managing presenteeism, employers can have both a healthier workforce and a fiscally fit bottom line.

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Managing Presenteeism and Disability
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Wellness, health, productivity and absence management are all popular topics with human resources professionals struggling to manage expenses while protecting the health and productivity of their employees. Tighter budgets and a slowing economy have companies searching for ways to keep costs down in the face of ever-rising health care premiums. One component of increased costs that is often overlooked is presenteeism.

What Is Presenteeism?

Though presenteeism in the workplace has existed for many years, the term has only been recently defined. In 1994, Professor Cary Cooper, a psychologist specializing in organizational management, coined presenteeism to describe workers who remain on the job but who are not as productive as usual due to illness, stress or any other type of distraction.

In recent years, human resources experts have turned their attention toward refining the definition further in order to determine employee behaviors caused by presenteeism. According to the Health and Productivity Toolkit from the American College of Occupational and Environmental Medicine, manifestations of presenteeism can include:

- Additional time on tasks
- Decreased quality of work
- Impaired executive functions (i.e., initiative)
- Lowered capacity of peak performance
- Decreased quantity of work completed
- Impaired social functioning with co-workers
- Decreased motivation.

Though this list includes many manifestations of presenteeism, the list is not exhaustive, and certainly not every listed item applies to every situation. However, the list does demonstrate the various and vast ways that presenteeism can affect employee productivity.

The causes of presenteeism cover a broad spectrum—from health-related issues like allergies, depression, diabetes and even the common cold to non-health-related issues like financial troubles, family issues and workplace conditions.

Why Study Presenteeism?

Tracking and managing incidents of absenteeism, chronic absence from work, has long been a focus of employers. However, studies show that presenteeism actually accounts for more lost time. The Integrated Benefits Institute says that presenteeism is responsible for 74% of health-related lost time, while absenteeism accounts for only 26%.

One of the reasons employers have been more cognizant of absenteeism is that they can account for actual costs associated with sick pay, salary continuation, workers’ compensation, short- and long-term disability and family/medical leave. While absenteeism is important, researchers now say presenteeism can be more costly to businesses.

Estimates show that presenteeism costs U.S. businesses upwards of $150 billion each year—costs incurred from reduced production, poor customer service, lost sales opportunities, deferred projects and profit reductions. According to the Institute for Health and Productivity, presenteeism accounts for 60% of the total cost of employee illness. If left undressed, presenteeism may also lead to absenteeism.

Presenteeism Today, Disability Tomorrow

One of the main health-related causes of presenteeism is chronic illness, such as asthma, diabetes and arthritis. The impact of a chronic illness in the workplace goes beyond presenteeism—it often leads to disability. In fact, according to the U.S. Census Bureau in 2004, chronic conditions are the leading cause of disability. With today’s workforce growing older, more and more employees are prone to disabilities. With the link between health-related presenteeism and disability, researchers and companies have even more reason to examine presenteeism more closely.

Measuring Presenteeism

Even though presenteeism is costly to companies, it is very difficult to quantify. However, researchers are trying to find ways to measure the impact presenteeism has on workplace productivity. One way to do this is by using the concept of “value added.” This is a measure of how much value is added to a product or service by the employees present at work. It takes into account the amount of time that employees spend on tasks, their quality of work, and their productivity levels.

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Managing Presenteeism: Well Beyond a Wellness Program

Once an employer defines presenteeism within a business, health and productivity management come into play. It is increasingly well understood that managing health risks, chronic illnesses and disability reduces employees’ total health-related costs, such as direct medical expenditures, unnecessary absence from work and lost performance on the job.

The most common approach to dealing with presenteeism is health promotion using wellness programs. Many employers provide health fairs, screenings and health risk appraisals to assess the needs of employees.

Another, more far-reaching and more effective way to deal with presenteeism is to integrate the management of health risks, chronic illness, disability and presenteeism. In addition to a wellness program, this approach involves examining total benefits offerings and reconsidering policies and procedures, keeping in mind the causes—both health related and non-health related—of presenteeism.

An integrated approach should include a wellness program as one of its components, but it should also address education, company culture, employee assistance programs, benefit plan design, return-to-work (RTW) programs and even vendor relationships. Many believe that implementing this approach involves a large investment of time, money and resources. Perhaps this is why only 14% of employers are addressing presenteeism. Actually, there are various practical and cost-effective ways to manage presenteeism that reduce lost time and improve employee productivity. Indeed, even small changes will create improvements.

Educating the Workforce

Education may seem like an obvious topic, but Watson Wyatt recently noted in its Staying at Work study that only 19% of companies regularly engage in communication about disability, health and productivity management. This is despite evidence that employee education reduces costs.

Education is one of the easiest, least expensive and most important steps in addressing presenteeism. Even if a company does not have a wellness program, education should still take place. Employers should work to ensure employees are aware of the most common lifestyle factors and chronic conditions that contribute to illness and disability. In addition, employers should identify ways they can aid employees in leading healthy and productive lives.

Employers can use mailers, posters, intranet pages, flyers, newsletters, educational workshops and e-mails to keep employees informed. For example, an employer can display a poster that reminds employees to cover their mouths when they sneeze and to regularly wash their hands to prevent the spread of germs and illness. Or an employer can set up a “bike to work” program to engage their employees in healthy activities and encourage their employees to participate. These are just two examples of easy and cost-effective ways to educate the workforce and manage presenteeism.

Valuing Health and Productivity

Company culture is another factor to examine when addressing presenteeism. Does the company culture value health and productivity? Is the established attendance management program effective or detrimental to employee health and productivity?

A U.K. study looked at presenteeism and absenteeism in employees with chronic...
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health conditions versus employees without chronic health conditions. The study consisted of 1,474 employees with chronic health conditions and 3,790 employees without chronic health conditions. The employees were from four different organizations in both the public and private sectors. All of the companies had attendance management and RTW programs in place.

The study found that the companies’ absence management policies encouraged employees with chronic health conditions to return to work so they would not face disciplinary measures. The result: additional episodes of presenteeism. So, while the companies thought they were reducing costs by addressing absences, their policies simply shifted the problem from absenteeism to presenteeism.

When thinking about company policies, some questions to consider are:

- Do employees feel pressured to come to work when they are not feeling well?
- Do absence management policies lead to presenteeism?
- What is the general awareness of the prevalence of chronic health conditions in the workplace?
- What does the company do to ensure employees who have returned to work are not experiencing presenteeism?

Addressing Non-Health-Related Presenteeism

To help employers manage nonhealth and mental health presenteeism problems, companies should encourage utilization of employee assistance programs (EAPs). EAPs are confidential, nonthreatening resources that many companies get as an added benefit from their disability or health insurance carrier. EAPs offer employees a broad range of services, from implementing wellness programs to crisis management. In addition, EAPs can assist employees with a wide range of issues that could have an impact on their productivity and health, such as emotional stress, mental health conditions, marital or family problems, financial concerns or substance abuse issues.

Typically, EAP counselors provide employees with assessments, support and, if needed, referrals to additional resources and health professionals. It is imperative to respect the privacy of employees—managers and supervisors should not directly instruct employees to utilize an EAP. However, managers and supervisors should work to raise awareness about EAPs as a resource that can help resolve problems that may be interfering with job performance.

Do the Components Add Up?

Another key to addressing presenteeism is examining the overall design of the benefits portfolio. By regularly examining benefits plans and offerings, employers can make more appropriate and effective benefits investments.

In 2007, the Integrated Benefits Institute conducted a large study of rheumatoid arthritis patients. The study included more than 5,000 employees—41% male and 59% female—from all across the United States. As shown in Figure 2, the study found that 64% of the patients filled prescriptions for symptom-relieving drugs and 45% filled prescriptions for disease-modifying drugs, with purchase rates dropping off as the prescriptions increased in price.

One of the key findings was that more than half the workers with rheumatoid arthritis were not taking their drugs, mostly because they considered the out-of-pocket expenses too high. The result was an untreated chronic illness that contributed to presenteeism.

While it is still wise to share costs with employees through voluntary, supplemental or buy-up benefits options, employers that shift too much of the cost burden to employees may end up losing more than they save when the cost of lost productivity is added to the equation. This problem is especially relevant now, as employees are feeling the economic tug at the gas station and grocery store as well as at a doctor’s office.

Equally important during this current economic downturn is a company’s overall benefits package. Benefits offerings are extremely valuable to employees during times of economic hardships—they allow employers to demonstrate their commitment to their employees. Offering robust benefits packages also helps to retain talent, attract new employees and demonstrate goodwill.

A Positive Disability Outcome

As previously noted, the risk of disability is increasing due to the aging of the workforce. Rising disability claims could pose a growing challenge as labor shortages put more pressure on employers to keep as many people at work as they can. A comprehensive health and productivity management program can reduce incidences of

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disability, but it is never possible to completely eradicate disability. Companies should look at how to maximize their RTW programs. Helping disabled employees return to a productive role in the workplace and ensuring that employees who have returned maintain their productivity can result in significant savings for employers.

When working to help a disabled employee return to work, there are three key steps that an employer and a disability carrier should take. First, the carrier works with the employee and his or her physician to assess the employee’s readiness for beginning a transition back to work. Second, the carrier and employer develop a plan that will meet the employee’s needs and will be supported by his or her physician. This plan can include establishing time frames, making workspace accommodations and providing training if the employee returns to a new role. Finally, the carrier monitors the plan using set review points to ensure that the transition is proceeding smoothly and that there are no setbacks or snags.

**Use the Experts**

Today’s economy is impacting everyone’s budgets, so why invest more money without first taking advantage of existing resources? Exploring existing relationships with vendors and partners is another component of an integrated approach. Companies should look to current resources and partners to see how each can improve the overall workplace atmosphere.

Vendors and partners can help:

- Identify trends specific to an industry or business and offer trend analyses to help map a direction for health and productivity improvements.
- Provide information about the chronic conditions affecting employees.
- Compile data regarding health and productivity of the workplace.
- Offer counseling and employee assistance program services.
- Conduct education workshops.
- Build a wellness program.
- Conduct productivity surveys or health risk appraisals.
- Improve benefits design plans.
- Offer incentives to employees.
- Conduct worksite ergonomic assessments.
- Create an RTW program.
- Offer preventive or safety programming, such as safe driving instruction or workplace safety training.

The most important thing is to determine the capabilities of vendors and partners and work with them to make improvements. Vendors are eager to provide their expertise to help employers and can be valuable in identifying and recommending available external resources. What may be surprising is that many of these services and resources are available at no additional cost.

**Being Proactive Works**

Companies that openly value health and productivity will find that their employees will take action in addressing presenteeism on an individual level. For example, a 51-year-old administrative assistant suffering from multiple sclerosis worked for a company that valued employee health. Eventually, her chronic disease started to affect her mobility. She noticed a drop in her productivity, so she took her concerns to her employer. She requested a scooter to be used at home and the office—a request her employer deemed reasonable. The employee and employer then successfully reached out to the local Multiple Sclerosis Society chapter to secure funding for the scooter. The quick turnaround resulted in improved productivity and no absence. Employers that make health and productivity a priority and effectively communicate that to employees will successfully build a company culture where employees feel comfortable, safe and valued. These companies will see an increase in workforce productivity and overall satisfaction.

**Start With What Is Available**

With so many causes and manifestations of presenteeism, how to address the issue might seem overwhelming. The encouraging news is that employers starting with small efforts can and have seen huge results. Companies should begin by measuring the incidences of presenteeism in the workplace and determining appropriate available resources to manage them. Absence management policies, awareness of health conditions in the workplace and employee perspectives should all be considered. Employers need to also ensure that the overall design of the company’s benefits portfolio allows them to make more effective benefits investments. Educating the workforce and taking steps toward improving overall health will help employee accountability and reduce presenteeism as well as disability. Defining and managing presenteeism on any scale allows employers to see a healthier workforce and a healthier financial well-being.

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Jacqueline G. Willingham is vice president of benefits in the insurance services division at Standard Insurance Company. She is responsible for all claim operations for group and individual disability insurance, group life and dental products. Willingham has 22 years of experience developing and managing disability claim operations and other employee benefits functions. She has led numerous strategic projects and process improvement initiatives. A graduate of Willamette University in Salem, Oregon, she has served as a leader and member of numerous community organizations in Portland, Oregon and Chicago.