Integrating disability, leave, workers’ compensation, health and other management initiatives into one complete program can result in lower costs and more efficient processes as well as higher productivity and employee satisfaction.
Putting It All Together:

Benefits Integration Boosts Health, Productivity

by Karen Trumbull English
With the ongoing transformation of the U.S. health care system, and as companies of all sizes and industries begin to recognize the impact of the Affordable Care Act, more attention is being placed on integrating disability and absence management programs with employer health plans. Addressing health, disability and absence along with employee assistance programs (EAPs) and behavioral health, wellness and population management forms a health and productivity management (HPM) platform that goes a long way to making a workplace healthier, happier, and more productive and efficient, while at the same time reducing overall cost.

What Are the Core Components of an Integrated Solution?

To understand the proper integration of health and productivity, it is important to define the core programs involved. Three main components comprise a fully integrated health and productivity solution:

1. Integrated disability management (IDM) brings together disability, Family and Medical Leave Act (FMLA) and other leave types (and ideally workers’ compensation) as a baseline. These programs are organized through coordinated plan and policy language, a single intake process, common case management and return-to-work (RTW) protocols, and integrated data, tracking and reporting of metrics and trends.

2. Total absence management (TAM) encompasses all of the disability management measures involved in an IDM program while tying in any type of reason an employee is away from work. Bringing other time-off programs together with disability and leave supports workforce planning and budgeting activities that are key to both employer productivity and employee engagement.

3. HPM is a fully integrated program that takes into account all that is included in IDM and TAM while also linking health, an EAP and behavioral health, wellness and population management (see the figure). HPM is the platform an employer should be working toward as it considers overall health and wellness of its population, enables true strategic planning for the business and positions human resources (HR) as a strong business partner.

Why Integrate Benefits?

As alluded to in the opening of this article, by implementing a comprehensive health and productivity program, an employer stands to benefit in a number of important ways:

- Better tracking and reporting
- Easier and more consistent administration across programs
- Improved regulatory compliance
- Enhanced employee experience and engagement
- Reduced costs and stronger productivity outcomes.

In addition, these programs give employers a mechanism to centralize the management of their programs so that management, supervisors and employees have one place for all administration. Whether this means an outsourced vendor or an internal “go-to” person for questions, centralized management promotes fair and equal treatment across the entire organization.

This treatment becomes essential as FMLA continues to be clarified; the number of state, municipal and county leave laws keeps increasing; the Americans with Disabilities Act Amendments Act (ADAAA) grows in complexity; health management initiatives become more prominent; and the importance of returning employees to work in a safe and productive manner is heightened.
It also happens to be crucial in maintaining and improving employee engagement. At a time when employees are being afforded more choice in their benefit plan structure—through consumer-driven health plans, exchanges as purchasing forums, voluntary options and the like—comprehensive programs provide a clear path forward.

How Does an Organization Get Started?
The type of deep integration required to realize these benefits is quite a deviation from what many are used to, and these programs do not come without effort. Although integration has become easier over time and the marketplace has matured to provide stronger options, employers may face a number of constraints as they embark on the path toward integration. Hurdles often include lack of internal resources and budget as well as the uncertainty of proper implementation steps.

Experienced consultants and brokers can help organizations through the process. The vendor community has matured significantly not only in its offerings, but also in the resources that are dedicated to implementation and account management. For organizations willing to expend the effort and plan it properly, the payoffs of an integrated health and productivity program are great.

While nearly every employer situation is different, some general steps are common among most integration projects:

- **Establish a philosophy.** The underlying philosophy will affect an employer’s early and continual decisions, and staff needs to be thinking comprehensively. Whether an employer is integrating to support safe and productive return to work (RTW) or to encourage employee health and wellness, this purpose should be stated early and often and remembered as the program evolves.

- **Set a long-term strategy.** Although a fully integrated HPM approach is best, implementing in phases often is more realistic. The program can start small and be expanded over time. Bringing together the components of IDM is most common, but how to proceed may depend on how much influence those developing the program have over other benefits and how much change an organization can handle at once.

- **Create a reflective model.** Outsourcing program management to an insurance company or third-party administrator is growing in popularity. However, some employers prefer to keep the management in-house or establish a cosourced structure. This will depend on what’s best for a company’s composition and culture and how staff and systems can be utilized best.

- **Gain senior management buy-in.** Because there are so many programs involved and resources across HR, legal, benefits, payroll and others need to be aligned, it’s important that senior management be committed and that a framework for change management be in place.

- **Make a formal business case.** Documenting the rationale for change and establishing a baseline of current costs will be important at the beginning. Employers that take this step have something to turn back to and measure their success over time.

More practical activities, which will depend on the organization’s overall strategy and which programs it decides to bring together initially, include aligning plan and policy design, determining the best funding structure, developing processes starting with intake and concluding with claim closure, and establishing the metrics the organization will track over time. For example, if IDM is the first step, this translates to:

- Analyzing short-term disability, long-term disability, FMLA and other leave policies for common language and RTW incentives, as well as linkages to health and other management programs

- Conducting a financial analysis to determine if insured, self-insured or a combination approach is most effective given the company’s claim experience and risk tolerance

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Spring Consulting has conducted research into trends in HPM among employers, employees and providers to take a periodic pulse of the industry and identify best practices and potential pitfalls throughout the integration process. Trends seen in the most recent health and productivity research are:

- Integration continues to increase. As the years go on, both employers and vendors are prepared to bring more and more programs together. For example, while IDM used to include only short- and long-term disability and FMLA, it now expands to other leaves of absence (i.e., military leave, jury duty, bereavement leave, company-specific leave, and state and municipal/county leaves) and ADAAA support.

- Options are available for all employer sizes. Integrated plan design across disability, health, workers’ compensation and process administration in the forms of outsourcing, cosourcing or technology tools used to be available only to very large firms but is now offered to companies with as few as 500 lives or even fewer.

- Health management programs are expanding. Most employers offer EAP and behavioral health, wellness and numerous other initiatives that easily can be incorporated into the disability and absence management process through referrals and outcome management.

- Regulatory activity is increasing program reach. Due to all the case activity and clarification provided by the Equal Employment Opportunity Commission, the Department of Labor and other agencies, ADAAA is prioritized as highly as FMLA, and paid sick leave laws are driving the need for a total absence management approach.

- Gaps are being filled with voluntary products. Where employers are not able to offer the desired levels or any disability coverage or, because of consumer-driven health plans, employees could benefit from having critical illness, accident or hospital indemnity coverage, employers are making them available on an employee-paid basis.

- Systems and automation are progressing. Technol-
ogy and connected devices are making their way into the health and productivity space, making it more user-friendly and administratively efficient, which can translate directly to a better employee experience.

What Outcomes Can an Organization Expect?
The type of outcomes an organization can achieve from integration will depend, of course, on how much change is made at once and will include but may not be limited to:

- Increased RTW rates
- Reduced direct costs of disability, workers’ compensation and/or health benefits
- Enhanced employee satisfaction
- Lower claim incidence rates
- Better advance scheduling of absences
- Decreased absenteeism
- Improved employee experience
- Higher employee health and productivity.

A Trend That Makes Sense
Whether it is a step-by-step process, or a complete overhaul of multiple programs at once, moving toward the integration of disability, leave, workers’ compensation, health and other management initiatives into one complete program is of great benefit to employers in this age of health care reform. In a time when health care costs and plan control are on the forefront of just about every employer’s mind, the cost reductions and process efficiencies, not to mention increases in productivity and employee satisfaction, make integration a very attractive option for employers of all sizes. 

Endnotes