A New View on Absence: Thinking Like an Employee to Reduce Leaves

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American Red Cross
Agenda

- Setting the Context
- The Business Problem
- Strategic Intervention
- Outcomes
- Next Steps
- Advice for Employers
- Questions?
American Red Cross

- Over 22,000 employees located in the United States
- Provide care to those in need through five key service areas:
  - Disaster Relief
  - Lifesaving Blood
  - Health & Safety Services
  - Support of Military Family
  - International
American Red Cross Cont’d

- Serve all 50 states plus Guam, Mariana Islands, Puerto Rico, Samoa
- Approximately 70% of the staff are on the biomedical (blood) side of the business
  - 33% of which is unionized
  - Includes 3 call centers
Health and Absence Team

- Coordinate disability leaves which are a mix of state leaves, union plans and TPA
- Manage all leaves of absence administered by single TPA
- Advise managers and human resources professionals how to legally navigate workplace accommodations and leave of absence escalations
- Monitor and report leave trends proactively by location, job title, etc.
- Manage workplace accommodation requests
American Red Cross Partnership

• In April, 2012, American Red Cross transitioned their leave management from local/internal Human Resource Professionals to Aon Hewitt
• Primary goals:
  • Standardize processes and assure consistency
  • Strong interest in using Analytics to drive strategies and process
The Business Problem

American Red Cross
Leaves of Absence

- American Red Cross Leave of Absence (LOA) program encompasses:
  - FMLA (both concurrent and standalone FMLA)
  - Union leaves
  - Personal leave
  - Non-FMLA company plan

- Primary driver of lost time is FMLA
External Benchmarks: Total Incidence Rate

- American Red Cross trended below industry peers for overall FMLA incidence rate for the first two years of the program.
- With the inclusion of the additional leave types, the trend remained below the external benchmark.
External Benchmarks: Intermittent Incidence Rate

- Year 1 following the outsourcing of leaves:
  - American Red Cross trended well below benchmark for the incidence rate of intermittent leaves
- Year 2:
  - Increase for both FMLA and Total LOA intermittent incidence rates

![Annualized Incidence Rate (Intermittent Only)]
External Benchmarks:
Lost Workdays per Leave

- First 2 Years:
  - Average number of workdays lost per leave trended well below the external benchmark for both FML and Total LOA

Lost Workdays per Leave (Total)

- American Red Cross (2012): 16.4
- American Red Cross (2013): 16.5
- IBI (2013, Health Services): 25.4

FML
Total LOA

American Red Cross
IBI (2013, Health Services)
Internal Benchmarks: Total Incidence Rate

- Although American Red Cross trended well compared to external benchmarks, internal comparisons revealed large variations in Total LOA incidence rates.
- Data Note: Internal benchmarks represent pay groups with > 500 employees.

Annualized Incidence Rate (2013: Total LOA)

1LF trends 3 times higher than the company average.
Likewise, an analysis of the Intermittent incidence rates reveal large variations across pay groups.

Within 1LF, 47% of the total LOA were intermittent leaves as compared to 35% for the overall organization.
Internal Benchmark: Lost Workdays per LOA

- The 1LF average number of days lost per LOA was lower than the company average and lower than most of the peer groups.
- Continuous leaves for 1LF were 4 days shorter than the company average, and intermittent leaves were 1 day shorter than average.

![Lost Workdays per Leave (2013: Total LOA)]
Internal Benchmark: Lost Workdays per 100

- Despite lost workdays per LOA lower than the company average, high incidence rates place 1LF as a pay group with the highest loss.
- Conclusion: The 1LF absences are characterized by high volumes of short duration leaves, and present a significant opportunity for focus.
Strategic Intervention

American Red Cross
Key Functions of 1LF

- The 1LF pay group is located in the Pacific Northwest (Oregon, Washington)
- 1LF is biomedical dedicated to blood collection, blood processing and blood manufacturing
- Heavy utilization of state leaves (OFLA)
- No leave time within union contract
Demographic Profile of 1LF

- As of January, 2016 there were 492 employees
- 64% female
- Average age = 47
- Work state
  - 81% Oregon
  - 19% Washington
- 41% Unionized employees, split as follows:
  - 75% Teamsters
  - 25% Oregon Nurses Association
Understanding the Root Cause

- Determined that employee scheduling practices were a key driver of low morale, high absenteeism and high turnover due to a lack of work/life balance
- Employees were scheduled five days a week, including weekends, with schedule changes from week to week and non-consecutive days off
- Scheduling had “always been done this way” and was the easiest way for the business to staff appropriately to meet work demands
  - Sales was scheduling blood drives based on whatever day the business desired
Rolling Out the New Policy

- Management proposed a scheduling policy change during the May, 2012 contract negotiations with Teamsters
- The union accepted the proposal in October, 2012 and played an active role in rolling out the new policy
- Mid-2013 the new policy came into play, with more consistency applied in 2014

“The employer will make a reasonable effort to ensure two consecutive days off from work”
The Hurdles

- The union had to trust the company because the contract language read that the company would “do their best”
- Staff scheduling became more manual
- Sales had to change the way that they scheduled blood drives
Overcoming the Hurdles

- The union placed their trust in the contract language. End result: Improved employee morale
- Scheduling team workload reduced because:
  - Fewer number of callouts
  - Fewer last minute changes to shift assignments
- Sales began scheduling blood drives based on staff availability instead of based on the business desire
The Outcomes

American Red Cross
Total LOA Incidence Rate Declines

- In comparison to the total annualized incidence rate prior to the intervention, incidence rates dropped 13% and 19% respectively.

- Data notes:
  - Represents 1LF pay group only
  - 2015 is annualized based on data through Q3
Intermittent Incidence Rate Declines

- In comparison to the total annualized incidence rate prior to the intervention, incidence rates dropped 10% and 8% respectively.
- Data note: 2015 represents through Q3.
Lost Workdays per 100 Declines

- In comparison to the total annualized incidence rate prior to the intervention, incidence rates dropped 19% and 34% respectively.
- Data note: 2015 represents through Q3.
Total Impact

- Although there was a 7% reduction in covered lives between 2013 and 2015, the impact of this intervention resulted in:
  - 38% reduction in full time equivalents (FTE) lost due to Total LOA

<table>
<thead>
<tr>
<th></th>
<th>Covered Lives</th>
<th>Total LWD</th>
<th>Lost FTE</th>
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<tbody>
<tr>
<td>2013</td>
<td>580</td>
<td>6,195</td>
<td>25.8</td>
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<tr>
<td>2014</td>
<td>552</td>
<td>4,755</td>
<td>19.8</td>
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<tr>
<td>2015</td>
<td>538</td>
<td>3,816</td>
<td>15.9</td>
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## 1LF Total Savings

<table>
<thead>
<tr>
<th>Metric</th>
<th>2013 – 2015 Change</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1LF</td>
</tr>
<tr>
<td>Covered Lives</td>
<td>-7%</td>
</tr>
<tr>
<td>LOA Volume</td>
<td>-25%</td>
</tr>
<tr>
<td>Incidence Rate</td>
<td>-19%</td>
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<tr>
<td>Lost Workdays per LOA</td>
<td>-19%</td>
</tr>
<tr>
<td>Lost Workdays per 100</td>
<td>-34%</td>
</tr>
<tr>
<td>Lost Full Time Equivalents (FTE)</td>
<td>-38%</td>
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</tbody>
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Engagement Improvements

- Although there were no specific items on the engagement survey regarding work/life balance, overall engagement results favorably improved within 1LF between early 2014 and early 2015.
What’s Next

- Continue to analyze the leave data to identify other areas of opportunity
- Partner with local resources to identify the root cause driving LOA usage
- Utilize the success from this effort to help make the business case for change
Tips for Employers

- External benchmarks alone may not tell the whole story, use a combination of external and internal benchmarks to understand trends and drive strategy.

- **Partnerships among key stakeholders** will provide highest success in identifying root cause and developing solutions (e.g., union, local leadership, HR).

- Most of all, **use common sense** and think about what you personally might want or need and implement this for employees!
Questions?

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