



## Back on the job

### The value of return-to-work programs for group disability plans

According to one recent study, losing an employee typically costs the employer approximately 33% of the employee's base salary.<sup>1</sup>

An employee's time away from work due to a disabling illness or injury can have significant implications for an employer.

From a practical standpoint, prolonged absences lead to concerns over productivity, staffing, morale, organizational stress, workflow disruption and deteriorating product quality. But the larger issue is the direct and indirect financial cost of disability leaves. That's why many insurers embed "return-to-work" programs into their group disability plans.

Keeping employees at work and helping those on disability leave get back on the job as soon as possible is a win-win situation. Employees return to being productive and earning a salary; employers mitigate their expenses and enhance productivity. Return-to-work programs offered through group disability insurance carriers can help ensure this dual benefit scenario becomes the norm when **claims come into play**.

#### The cost of disability leave

Disability claims have far-reaching direct and indirect costs for employers. Direct costs include increased fees and/or premiums paid to the disability insurer, as well as sick pay and other expenses associated with employer-funded leave programs.

Generally speaking, the fees and/or premiums an insurance company charges go up when disability claims are higher than expected. These costs can be better contained when the duration of a disability is managed through an efficient return-to-work program.

Indirect costs are those incurred by employers when adjusting for an employee who is out on disability leave. These can include:

- **Overtime pay** for staff members picking up additional hours
- **Temporary employees** who fill the work gaps when regular employees are out
- **Productivity loss** due to delayed or canceled projects
- **Hiring and training** replacement employees

Hiring workers to fill in for absent employees may seem like a simple solution, but there

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are indirect costs. According to one recent study, losing an employee typically costs the employer approximately 33% of the employee's base salary. That includes administrative costs associated with replacing the employee, training costs and lost productivity.<sup>1</sup>

There is also the legal risk of fines and litigation for not accommodating an employee's return to work. The Department of Labor strongly enforces the Americans with Disabilities Act's (ADA) requirements for reasonably accommodating employees returning to work after a disability. "Reasonable accommodations" may include providing:

- Sit/stand workstations
- Periodic breaks
- Vision/sound enhancing equipment
- Lifting assistance
- Scooters to assist with mobility issues
- Temporary parking closer to the building

Because all of these factors can impact a company's bottom line, it's in everyone's interest to invest in a return-to-work program that helps keep employees actively at work while offering support to those on covered disability leave.

## Managing return-to-work opportunities

Return-to-work programs offered by group disability insurance carriers can usually start as soon as a claim is filed. As part of its claim review process, the insurance carrier gathers pertinent information about the employee, including medical data on the disabling condition—especially around the restrictions and limitations outlined by the treating provider—as well as the employee's education, training and prior work experience. To help with this information gathering process, the employer needs to provide a description of the position and details of the employee's general work environment.

Assuming this information supports a return-to-work opportunity, the insurance carrier will assign a case manager who begins to outline a plan. If the data indicates that an accommodation will be necessary for certain job assignments, the worksite, or the overall work schedule, the case manager may engage the services of a vocational specialist.

When appropriate, employers may be contacted about what type of accommodations can facilitate a return to work. The employer's capacity to take an employee back to work—and options to make it happen—will be discussed as well as any restrictions or limitations associated with the employee's health condition.

The case manager will analyze the employee's entire claim file, including medical and vocational data, to develop an appropriate and comprehensive return-to-work plan individualized for the employee. Once implemented, the case manager and/or vocational specialist will continue to monitor and manage the claim to ensure a successful outcome.

## Identifying return-to-work candidates

Many variables determine who makes a good return-to-work candidate and when the process should be started. Each claim must be reviewed on its individual merits. One obvious factor is the employee's health. Some conditions stabilize shortly after they occur, while others are more gradual. In some cases, planning for a return to work could begin even if the employee is not yet medically stable. In that case, the work plan is contingent on the employee's improving health.

The most successful returns occur when employees go back to work in their own

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**A comprehensive return-to-work plan requires information gathering and collaboration between the employee, their treating physician, the employer and the group disability insurance carrier.<sup>1</sup>**

occupation. Likewise, the benefits to the employer are greatest when the employee can return to a productive role as rapidly as their health condition permits.

Also significant is the employee's motivation to return to work. The importance and value of earning an income is a self-motivating factor for most people. An employer can facilitate this process by keeping the employee abreast of workplace happenings and expressing genuine interest in and support of their situation. Employees who get back on the job as close to the cessation of work as possible usually have a greater success rate, but later start dates can also be effective.

One final point to consider is that return-to-work plans do not have to be "all or nothing" situations. A plan could include a graduated work schedule, building from part-time to full-time over a specified period. During that stretch, the case manager will monitor and manage the claim until the employee demonstrates that a full return to work can be sustained.

### The price of returning to work

In many instances, the costs associated with an employee's return to work are nominal, and the carrier may even assist with funding a qualified worksite or job modification. Simple accommodations with minimal costs could include:

- Temporarily adjusting work schedules to allow for doctor's visits
- Providing larger monitors for ease of sight
- Relocating an employee's workstation
- Making ergonomic adjustments to a workstation

Some employers may be concerned that taking an employee back to work could lead to increased workers' compensation issues, but that's not necessarily the case. Conversely, not having that employee return to work can have both a financial cost and a negative effect on the company's ability to serve its customers.

### Partnering for success

Successful return-to-work programs are true partnerships between the employee, their employer and the group insurance carrier. Disability claims can be difficult and complicated experiences for affected parties, but many of those with disabling conditions can and do return to the workforce when given the opportunity.

A well-thought-out return-to-work program can help turn a potentially negative experience into a positive one for everyone involved.

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## For more information about return-to-work programs for disability plans, talk with your group benefits representative.

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<sup>1</sup> "2022 Retention Report: How Employers Caused the Great Resignation," Work Institute, accessed October 20, 2022, <https://info.workinstitute.com/hubfs/2022%20Retention%20Report/2022%20Retention%20Report%20-%20Work%20Institute.pdf>

The most successful return-to-work plans are when employees are returning to their own occupation. And the benefits to an employer are greatest when the employee can return to a productive role as soon as possible.



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