

TRENDS IN INTEGRATED DISABILITY AND ABSENCE MANAGEMENT

During the first quarter of 2010, The Hartford participated in a survey conducted by Spring Consulting designed to identify market trends in benefits integration. Responding to the survey were 104 employers ranging in size from 100 employees to more than 10,000 employees that already had some level of integration in place.¹

Benefits programs considered for integration were categorized for purposes of the survey into two “tracks”:

- **Absence Management:** Short-term Disability (STD), Long-term Disability (LTD), Family Medical Leave (FML), Sick Leave, and Workers’ Compensation.
- **Health Management:** Group Health, Disease Management, Nurse Care Line, Wellness Programs, HRA, and EAPs.

This report summary will focus on the findings associated with the Absence Management track.

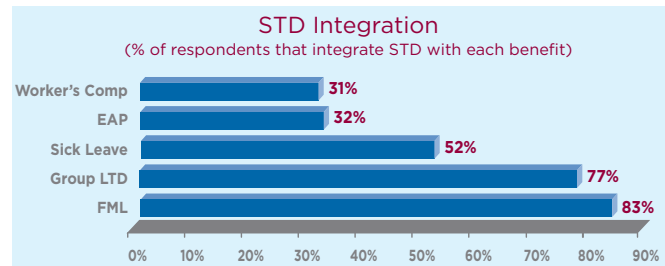
Improved consistency, time savings, and strong returns with integration.

Key findings are summarized below:

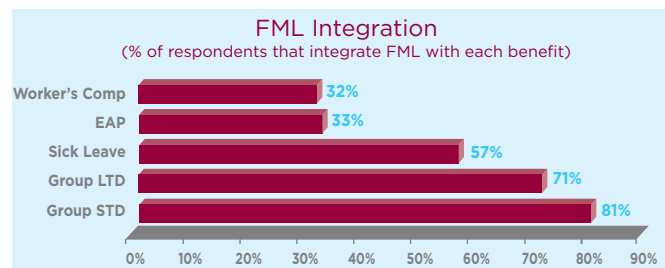
- More than half of the respondents currently integrating benefits plan to increase the amount of integration over their current programs.
- Advantages of integration include improved tracking/reporting of claims activity, consistent administration, and a better employee experience.
- Many of those with integrated programs achieved (and documented) savings in lost time, direct costs, and return-to-work (RTW) rates of 11 percent or more.

How benefits are bundled: a graphic analysis.

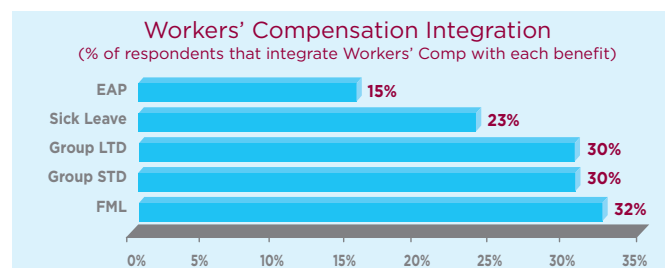
At least three-quarters of employers who offer integrated STD bundle it with FML and/or LTD. Workers’ Compensation is integrated by 31 percent of respondents.



The study also revealed that Workers’ Compensation integration is more prevalent than it has been in previous years. Employer respondents are beginning to recognize the importance of coordinating occupational-related absence with FML and non-occupational absences.



FML is often integrated with Group STD and LTD, followed to a lesser degree by Sick Leave. Only one-third of employers integrate FML with Workers’ Compensation.



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Almost 40 percent of respondents integrate Workers' Compensation, and the study showed that it is most often bundled with FML, STD, and LTD. As noted below, larger employers with years of integration experience are typically the ones that integrate Workers' Compensation with other benefits.

Common characteristics of 40 employers that integrate Workers' Compensation with other benefits include:

- Large employers (10,000+ lives).
- Have been integrating benefits programs for five or more years.
- Are more likely self-insured for STD and Workers' Compensation.
- Look for a better employee experience with case management.
- Are driven by reducing costs and RTW rates and can more strongly state savings of 6 to 10 percent in both areas.

A good employee experience is as critical as efficiency.

Employers integrate their benefits for administrative ease and to create efficiencies; 46 percent of respondents said they integrated to streamline the administration of their programs, as well as bring about efficiency and natural connections between benefits.

In addition, employers integrated their programs to improve case management and overall employee experience — an outgrowth of integration that had not been a primary consideration in the past. Benefits integration has begun to demonstrate advantages beyond bottom line cost savings. This year, in particular, the drive to improve employee experience was markedly higher on employers' lists than it had been in previous surveys.

Great expectations: from increased RTW rates to less stress.

The survey found that employers set expectations for their integrated programs, which included increased RTW rates, reduced direct costs of disability or workers' compensation, decreased absences, and improved productivity. A majority of respondents (80 percent) ranked *increased RTW rates* as their primary goal.

Three-quarters of the survey respondents listed *improved productivity* and/or *reduced absenteeism* as goals for their integrated programs. Productivity and employee absence has become a major concern for employers of all sizes, especially as workforces have been reduced and resources stretched to cover missing staff.

Also of note is the prominence of *increased employee satisfaction* (75 percent) as a corporate goal for integration. It appears from these findings that employers recognize the impact that employee satisfaction has on overall productivity. The Hartford's own research has shown that employees are less effective on the job when they are stressed or worried.

In The Hartford's 2010 Benefit Landscape Study, almost three-quarters of workers reported at least moderate levels of stress, with 70 percent citing some type of work issue as a result. These work issues included taking longer to complete assignments or not completing them at all, missing work, and having less patience with coworkers. But those respondents who were satisfied with their benefits were the least likely to report high levels of stress.²

Doing the hard work of increasing RTW.

Seventy respondents identified that their integrated programs included RTW elements. Employers identified the most prevalent RTW elements used across both their Disability and Workers' Compensation programs.

Return-to-Work Program	Both Disability and Workers' Comp
Transitional RTW	80%
Nurse case management	70%
Internal coordinator	76%
Duration guidelines	67%
A written RTW policy	57%
RTW education	57%
Stay-at-work protocols	39%
RTW incentives	29%
Administrative charge-backs to encourage RTW	21%

Looking ahead to more integrated benefits.

Sixty-four percent of respondents said they plan to increase the amount of integration, especially incorporating more processes, systems, and data, with more than half of the employers saying they will be adding benefit programs.

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¹ All data presented in this overview is from Spring Consulting Group, LLC, Integrated Disability, Absence and Health Management Employer Survey 2009/2010, unless otherwise cited.

² The Hartford, 2010 Benefit Landscape Study, April 2010.