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Employers Use Technology and Outsourcing to Ease Leave Management

'CO-SOURCING' TASKS WITH VENDORS HELPS TO LESSEN ADMINISTRATIVE BURDENS

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While the legal requirements to provide employees with paid or unpaid leave for family and medical issues become more complex, the leave-management tools and services available to employers continue to expand.
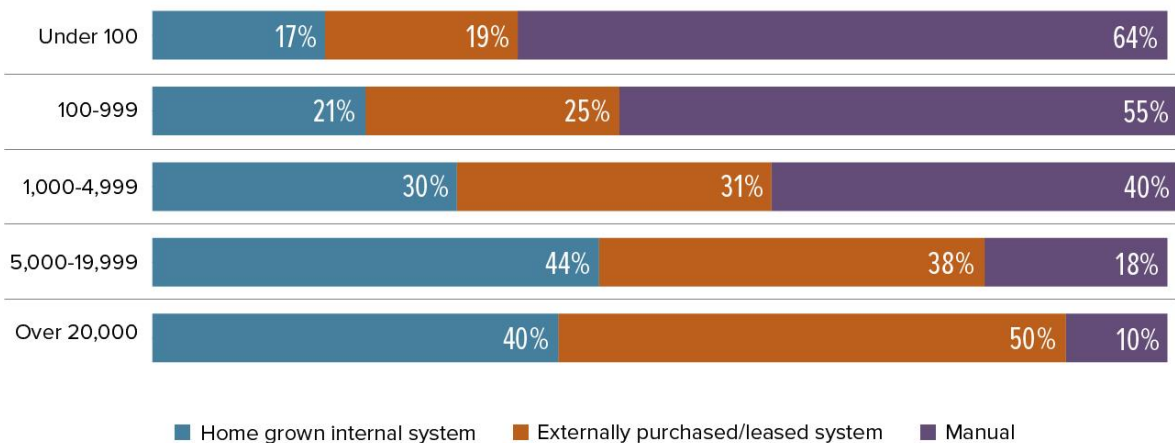
Employers with the budget to do so are outsourcing—often to a single vendor—leave-management tasks for the federal Family and Medical Leave Act (FMLA) and Americans with Disabilities Act (ADA), and state and local leave ordinances, according to recently released findings from a survey of 1,203 employers conducted in 2017. Employers with the resources to manage leave internally are increasingly using technology to assist them.

Challenges continue to exist, especially in managing intermittent leave and the ADA, such as relying on managers and supervisors for leave enforcement and training them in the first place, the survey showed.

The 2017 DMEC Employer Leave Management Survey was sponsored by the San Diego-based Disability Management Employer Coalition (DMEC), a not-for-profit organization that provides education, resources and networking for absence- and disability-management professionals, and by Boston-based Spring Consulting Group, an advisory firm. Employers of all sizes were polled.

Using Technology to Manage FMLA Leave

The use of technology to internally manage—instead of outsource—leave taken under the federal Family and Medical Leave Act (FMLA) increases with employer size. Although over half of employers with fewer than 1,000 employees still rely on manual methods, larger companies are more likely to use home-grown or externally purchased/leased systems.

Employer size	Home grown internal system	Externally purchased/leased system	Manual
Under 100	17%	19%	64%
100-999	21%	25%	55%
1,000-4,999	30%	31%	40%
5,000-19,999	44%	38%	18%
Over 20,000	40%	50%	10%

■ Home grown internal system ■ Externally purchased/leased system ■ Manual

Source: Disability Management Employer Coalition.

How Leave Is Managed

Most employers have programs in place to manage employee leave, and as employer size increases, so does leave-management outsourcing, the survey showed.

Large employers had an average 40 percent outsourcing rate versus smaller employers at 27 percent. For smaller employers, "we see their rate of outsourcing increasing but at a slower rate than the larger firms," said Karen English, a partner at Spring Consulting Group. "They not only outsource disability and FMLA to the same vendor, but they're more likely to bundle workers' compensation, group health, the employee assistance program and wellness with their leave program."

Employers also are moving toward integrating management of different leave types, "including sick leave taken prior to disability [leave] coming into play," said DMEC CEO Terri Rhodes.

Larger organizations are more likely to offer leave benefits beyond those they are legally required to provide, such as personal leave, bereavement leave and paid parental leave.
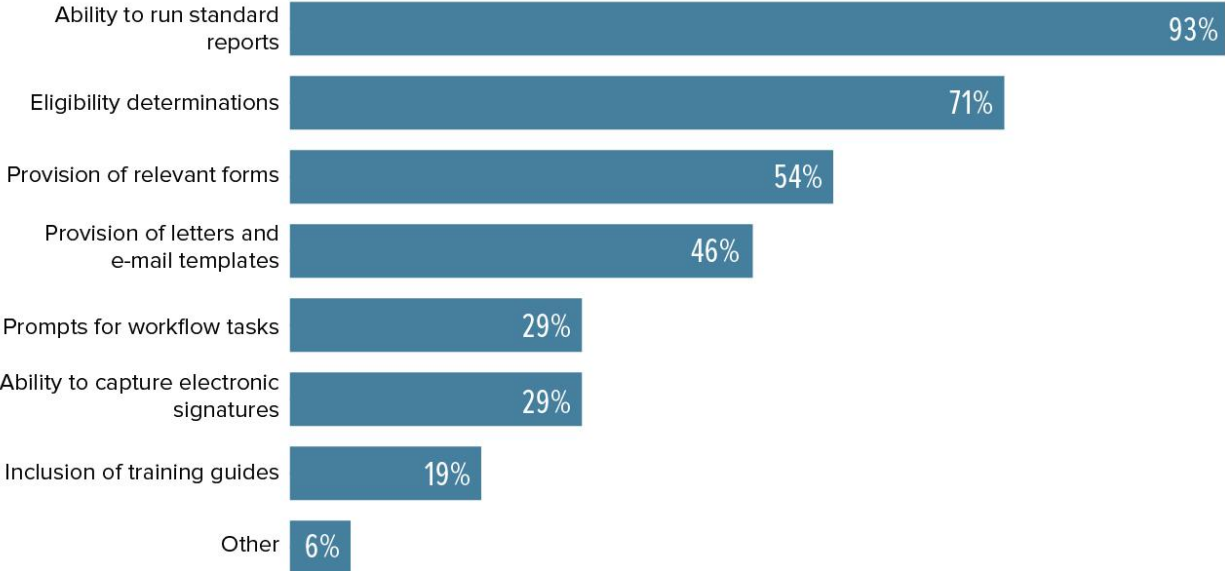
About half of the surveyed employers consider their leave programs to be co-sourced, with some management tasks handled internally and more complex or time-consuming tasks—such as payment coordination, medical review and obtaining medical certification—handled by a vendor.

Employers' satisfaction with their leave-management vendors is highest for jumbo-size employers, for whom vendors play a key collaboration role. Midsize companies appreciate a variety of information intake options, including online portals and mobile apps, and small employers value leave-related fraud identification and technology tools.

Employers overall reported that vendors improved their ability to keep apprised of changing regulations and requirements, particularly given today's high level of leave legislation activity.

Most Popular Tech-Supported Leave-Management Tasks

Among employers that managing FMLA leave internally, the ability to run standard reports is the most commonly used leave-administration technology, followed by programs for making initial eligibility determinations and platforms that provide relevant forms, letters and templates.

Task	Percentage
Ability to run standard reports	93%
Eligibility determinations	71%
Provision of relevant forms	54%
Provision of letters and e-mail templates	46%
Prompts for workflow tasks	29%
Ability to capture electronic signatures	29%
Inclusion of training guides	19%
Other	6%

Source: Disability Management Employer Coalition.

Being Too Generous?

Due to compliance complexities, many employers find it more efficient to offer programs that are more generous than the laws require, the survey found.

A problem with being more generous than necessary, English said, is that it can lead to "more people being absent, which equates to higher costs to employers. It also can result in an entitlement mentality or even abuse if employees think it's easier for them to take time off."

"Be consistent in your generosity across the board," instead of picking favorites among employees, Rhodes added.

"The stronger the policy you have around different types of leave, the better able you'll be able to manage these programs," English said. "If being more generous than the law requires is a stance you're taking, make sure you have a policy that guides that generosity."

Handling Intermittent Leave

Intermittent leave time, taken in separate blocks of time for a single illness or injury, is still the most difficult FMLA activity to manage for employers of all sizes and industries, the survey showed.

When managing intermittent leave, "jumbo employers cite a lower level of difficulty, and that's probably because they have greater internal sophistication or vendor arrangements in place," said Lai-Sahn Hackett, a consultant at Spring Consulting Group.

Tools and resources that make FMLA leave administration easier are manager training, automated tracking systems/software, and outsourcing or co-sourcing to a vendor, while ADA administration is helped by clear legal guidelines and best practices that are developed in accordance with legal guidelines.

For many organizations, however, training managers to recognize and respond appropriately to FMLA and ADA requests remains a challenge, and "the biggest reasons were around time constraints, high turnover and lack of support from upper management," Hackett said.

According to English, employers indicated that managing workers' compensation or disability claims running concurrently with the FMLA "is a challenge that stems from poor communication and coordination between departments or vendors, lack of education and the absence of a system or method for tracking and reporting."
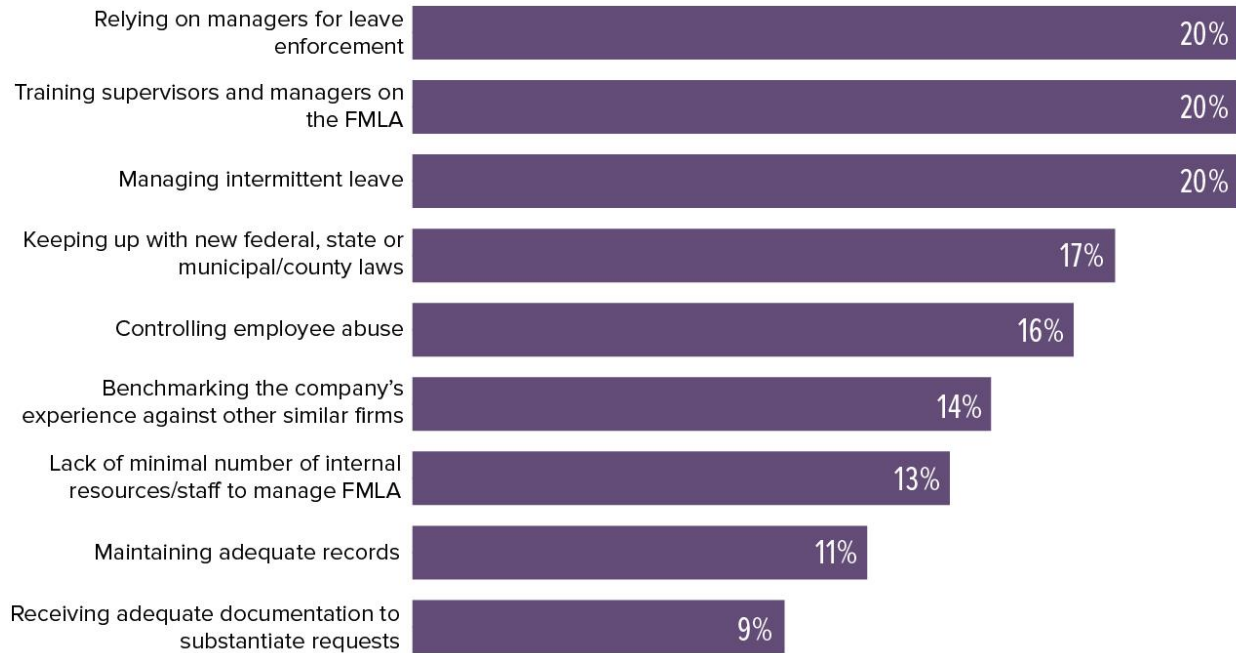
Seeking Help

Who do HR leave managers turn to for help? The internal legal department "is at the top of the list, followed by brokers and consultants, and then third-party administrators, payroll providers, insurance carriers and other service providers," English said.

When researching vendors that would be a good fit for an organization, "reach out and ask for recommendations from trusted brokers and consultants you're currently using, and network among your peers," Rhodes advised.

Most Burdensome Leave Challenges

The complexity of leave-and-absence management continues to burden employers, who ranked their top challenges as relying on managers for leave enforcement, training supervisors and managers on the Family and Medical Leave Act (FMLA) and managing intermittent leave.

Challenge	Percentage
Relying on managers for leave enforcement	20%
Training supervisors and managers on the FMLA	20%
Managing intermittent leave	20%
Keeping up with new federal, state or municipal/county laws	17%
Controlling employee abuse	16%
Benchmarking the company's experience against other similar firms	14%
Lack of minimal number of internal resources/staff to manage FMLA	13%
Maintaining adequate records	11%
Receiving adequate documentation to substantiate requests	9%

Source: Disability Management Employer Coalition.

How TimeClock Plus Can Help

We protect payroll. The people we've been working with for over three decades care about paying their people on time, accurately, and without any problems that slow the business down, create problems for HR, or increase organizational costs. They know the complexity of their businesses requires a sophisticated solution, and they won't settle for anything less, because they want time and attendance done right. That's who we work long nights for.

As WFM solutions has evolved, we've evolve with them based on the needs of our customers. TimeClock Plus v7 with Advanced Scheduler, Leave and Accrual Management, SubSearch Plus, and Benefits Status Monitor are changing the way organizations manage leave and enable their people – and that's just the beginning! We know that whether it's in payroll, HR, finance, or the C-suite, you are looking for time and attendance software that delivers accuracy. You need to be able to trust your time and attendance software to provide your company the accurate data it needs to process

payroll correctly and efficiently, maintain compliance with wage and labor laws, manage costs, and manage the workforce properly. That's what we do.

If you'd like to learn more about our offerings or set up a quick conversation about your workforce management needs, we'd love to connect. https://www.timeclockplus.com