



Targeting programs on another level: paths to improving workforce well-being and productivity

CONTRIBUTORS:**AUDREY BRYAN**

operations director, workforce absence, Sedgwick

JOSEPHINE COPELAND

SVP, managed care product design and strategy, Sedgwick

PHIL DILGER

head of workers' compensation, Australia, Sedgwick

Unplanned employee absences — whether associated with on-the-job injuries, physical or mental health conditions, family care needs or other personal circumstances — are sharply on the rise. Hyper-targeted programs are emerging as an effective strategy to help employers improve employee outcomes, control costs, and promote workforce productivity and well-being. Here, we will highlight how current data on the workforce in two major countries demonstrates the need for targeted programs, as well as explore two conceptual models for targeting programs on another level.

ABSENTEEISM AND THE WORKFORCE

In the post-pandemic world, employees are absent from work much more frequently than in years past. The U.S. Bureau of Labor Statistics reported that nearly 4.2 million members of the American workforce (3.3% of full-time laborers) worked part-time in January 2022 due to illness, injury, medical appointments or other health issues. This total is just 0.1% lower than the highest-ever percentage, recorded in 1978. Similarly, a 2023 survey of the Australian workforce compiled by Direct Health Solutions (DHS), a Sedgwick business, revealed an unprecedented 23% increase in absenteeism — from a 2019 average of 11.2 days per employee per year to 13.8 days in 2022.

The rise in absenteeism is likely due to a combination of societal factors, such as:

- COVID-era quarantines normalizing staying home from work when sick.
- Decentralized employees, working remotely or on hybrid schedules, being harder to monitor and engage.
- Entitlement mentality.
- Increasing instances of debilitating stress and other mental health concerns.
- Insufficient caregivers for young children and elderly/infirm relatives.
- Inadequate support for employee health and wellness.
- The socioeconomic challenges many families face today.

On-the-job injuries, another driver of employee absence, are also on the rise. As outlined in our recent [casualty state of the line report](#), Sedgwick's U.S. book of business for 2022 reflected an overall increase of 6.4% in workers' compensation claims when compared with 2021. Some of these injuries can likely be attributed to shifts in the labor market. With millions of jobs remaining unfilled, many employees are covering heavier workloads to pick up the slack; this is often a recipe for higher claim rates. Further, millions of workers moved into new jobs, occupations and industries in the past few years, and those with less job tenure are at greater risk for getting injured at work.

The costs associated with absenteeism are significant. In 2020, the Integrated Benefits Institute (IBI) [found](#) that employee absences cost U.S. employers around \$575 billion, or \$3,900 per employee. The IBI study also found that, for every dollar U.S. employers spent on healthcare benefits, they spent an additional 61 cents on employee absence and reduced productivity. Our Australian workforce [study](#) identified the average annual direct cost of absence per employee to be AU\$4,025 (about US\$2,600), a notable increase over the 2021 figure of AU\$3,395 figure (about US\$2,200). Compounding the direct cost of employee absences is the indirect cost — the threat of service disruptions, damage to team morale and engagement, added stress for the colleagues covering for absent team members and so on.

TWO APPROACHES TO TARGETED PROGRAMS

Employers are understandably eager to reduce absenteeism, control costs, and boost productivity while providing employees with supportive benefits so they can focus on their personal well-being and the needs of their families. To that end, organizations are embracing targeted workforce programs that enhance the employee experience, contribute to a culture of caring, and promote talent attraction, retention and development. Many such programs fall into two general categories:

**EMPLOYEE
ABSENCES
COST U.S. EMPLOYERS
AROUND \$575
BILLION, OR**





#1: Leading with empathy

When an employee takes an absence from work, chances are they're facing a difficult situation or a time of uncertainty. Employers today are designing programs that recognize the range of challenges employees are dealing with and offer a touchpoint of caring when it matters most.

Leading with empathy means focusing on the whole person – their diagnosis or disability type, medical history, background and individual situation – and, without prejudice, considering how each of these factors might affect the way they navigate systems and progress toward resuming full and productive living. This perspective not only improves outcomes, but also helps employees feel valued and respected at a time of vulnerability. When employer-provided programs are founded on principles of empathy, it shows employees that their loyalty is reciprocated and their work has purpose. It also reinforces the belief that returning to work is not just a destination but an integral part of the recovery process.

One popular strategy for building more tailoring and empathy into workforce programs is the development of employee personas. A persona is a semi-fictional profile representing one segment of an employee population based on a particular set of characteristics, attitudes or needs. Using workforce demographics, employers can create personas based on employee age and stage of life, tenure, educational background, income level, family status, location, life experience, wellness factors and other attributes. They can then build narratives around these personas and consider how various categories of employees groups might:

- Be affected by an injury, illness or disability.
- Engage with their benefits, the healthcare system and related technology platforms.
- Have capacity to understand and partake of third-party services and resources that can assist in recovery.

Employee personas can be a very useful tool for learning about the makeup of your workforce and what types of programs will best meet their specific needs.

Another valuable tactic that can reveal opportunities for greater sensitivity is mapping out and testing the employee journey through the claim process.

- What does their first exposure to the workers' compensation or absence management system look like?
- Can the packet of materials they receive be simplified so it's less overwhelming?
- How might technology be leveraged to give the employee greater access to their claim status or make it easier for them to communicate with their assigned specialist?
- If multiple benefits are used concurrently (like an absence under the Family and Medical Leave Act (FMLA) and the employer's short-term disability plan) or if there is a transition in benefit type (such as from short-term to long-term disability or from workers' compensation to disability accommodation), is there redundancy or confusion that can be eliminated from the process to make things more seamless and user-friendly?

It's worthwhile to evaluate the claim journey on a regular basis — keeping in mind the employee going through the experience is facing a challenging time and with an eye toward identifying opportunities to infuse greater empathy into the process.



#2: Leveraging data

A second approach to program targeting is using data on employees' on-the-job injuries and absence utilization to inform decisions on workforce well-being initiatives, benefits design, timely interventions and more. This data is an invaluable resource many employers have readily available to them but do not yet leverage to its full potential. Absence levels are on the rise, and employees' family health and wellness concerns are becoming more diversified and complex; it's therefore essential for today's employers to be proactive and innovative in how they use data to curate programs that meet the needs of their workforce and support well-being and productivity.

One common source of employee wellness data is biometric screenings. These clinical assessments, conducted by trained professionals at the worksite or a designated provider's office, are designed to identify and monitor certain conditions that can become more serious if left unchecked. Biometric screenings also help employees learn about and address their health risks and unhealthy behaviors. Data from these screenings provides employers with a baseline assessment of the overall health of their workforce.

According to a 2022 [KFF report](#), 24% of small organizations and 45% of large organizations offer biometric screenings to their employees. More than half of large employers with biometric screening programs use incentives or penalties to promote participation. Data collected through these screenings can help employers tailor their preventive programs and intervention offerings – such as smoking cessation, weight management and behavioral or lifestyle coaching – to their employee population.

Another rich source of information is the data associated with employee injury and benefits claims. In the workers' compensation arena, experienced claims examiners have developed sound professional judgment in identifying cases that might benefit from clinical intervention to facilitate recovery. Today's leading-edge technologies offer great promise for supplementing these efforts and may lead us to the next frontier in providing employees with the right care at the right time.

Our industry's data science experts are imagining the possibilities for integrating artificial intelligence (AI) with structured and unstructured claim data, along with certain social determinants of health, to identify claims that might warrant clinical intervention. A digital automation process would rapidly scan claim notes and documents and raise specific flags as soon as actionable data is detected. Triggers would promptly enlist a nurse, pharmacist, behavioral health specialist or other practitioner with relevant expertise — helping employers provide employees with the best possible care and journey to recovery. Innovations like these are on the horizon as we look for meaningful opportunities to use cutting-edge AI to tailor programs on another level.

Similarly, analyzing employee absence data points, such as condition trends, leave reasons and average absence length, can give employers a clearer understanding of their workforce's wellness needs. An instance of absence is an opportunity to gain insight into workforce dynamics and practices, so the organization can make informed decisions that prioritize employees' welfare.





As an example, consider a high-cost condition like diabetes. In an effort to cut costs, an organization might seek to decrease coverage for prescription drugs under its medical plan or cancel a preventive health coaching program. Reviewing absence data for trending leave reasons and conditions would help the employer recognize the unintended consequences of such cuts. These could include increasing employees' out-of-pocket expenses and contributing to poor prescription adherence – ultimately resulting in more severe health problems, increased absenteeism and decreased productivity.



Mental health issues are another leading driver of absence and must be taken into account. Absence data can help employers identify the primary mental health needs of their workforce and guide the development of related benefits and well-being programs. Giving employees access to appropriate support is critical to reducing absenteeism, confronting mental health stigmas in the workplace, and improving overall wellness.



Holistic workers' compensation and absence management programs (like those offered by Sedgwick in the U.S., Australia and elsewhere around the world) enable employees to receive tailored guidance and support. They also help human resources, risk management and organizational leaders remain informed on broader considerations for the proactive management of workforce health and safety.

THE BEST OF BOTH WORLDS

Today's workers consider well-being a top employment factor. To remain competitive in a tight labor market and live up to the promise of caring for their workforce, it's critical that employers harness all available opportunities to support employee well-being and deliver tailored assistance when individual needs arise. As outlined above, two main models for tailoring employer-provided programs are leading with empathy and leveraging data. However, the true ideal is when both approaches are brought together to meaningfully improve employee outcomes.

As claims technology continues to evolve, opportunities abound to connect empathy with process so initiatives can be tailored to individual needs and systems can be more easily navigated. Ultimately, the goal is for employers to promote productivity and well-being, create personalized and efficient end-user experiences, and provide a higher level of care to their valued employees when it matters most.

RESOURCES

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