

# Reducing lost time: The correlation between family-medical leave and short-term disability

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**T**he complexity of administering lost-time benefits is not only in the accurate and timely processing of the claim, but also in understanding the influences that extend or minimize the employee's continuation of or return to full productivity. The eventual impact of an injury or illness is determined by three factors: the work expectations of the employee, created by his or her priorities, the various corporate policies and practices and the benefit and entitlement programs.

For more than a decade, the Family Medical Leave Act (1993) has influenced how employers think about lost time. Typically, they don't think too much of it. While much has been written about the administration of FMLA, little to no information is available about how this law and its utilization by employees links with and influences other lost-time benefit or disability programs.

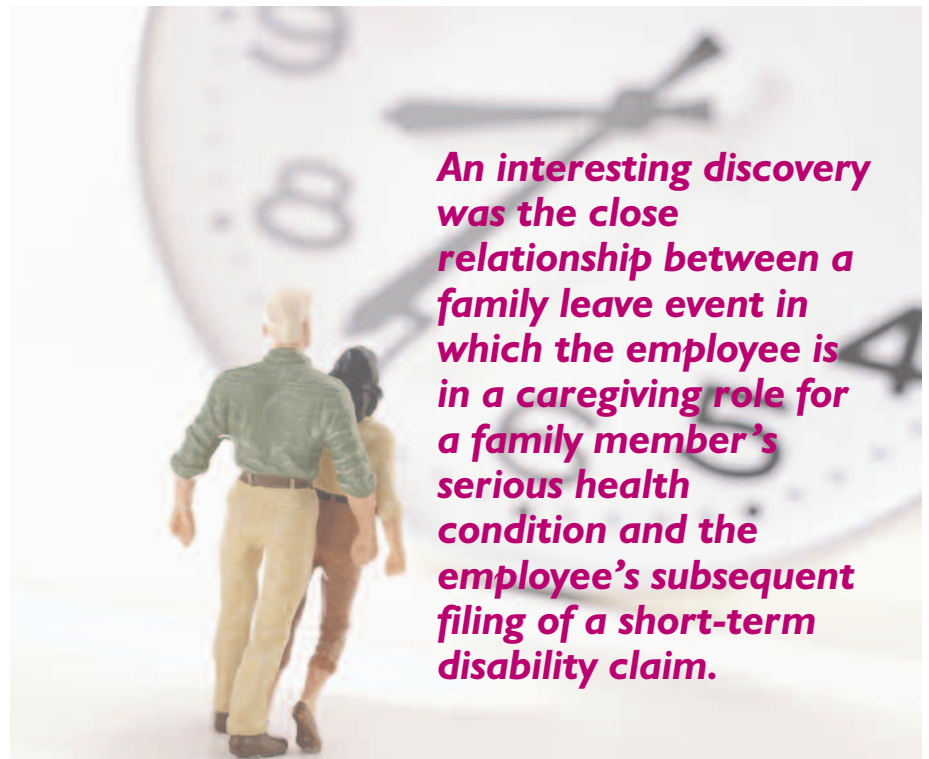
UnumProvident Corporation initiated a Lost-Time Progression Study in 2005 to identify the various connections between lost time and the benefits that are paid to an individual during an absence. The primary focus of the study was to determine possible connections and characteristics of individuals who

use family and/or medical leave (FML) and move on to disability benefits, such as short and long-term disability as well as worker's compensation programs.

### Study methodology

The research examined the demographic and policy factors affecting the

likelihood of employees using a lost-time leave, increasing disability claim cost and progressing from a family-related or intermittent — FMLA leave on to disability. UnumProvident studied lost time data from 2002 to 2004 on 144,460 employees from six integrated disability management clients (three manufacturing, one call



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**Figure 1: Factors Influencing Patterns of Reported Lost Time**

Study Observation	Factors Increasing Likelihood of Observation Occurring	Factors Decreasing Likelihood of Observation Occurring
Family FMLA Leave Followed by Disability Claim	Female Increases in Age	Higher Salary Longer STD Elimination Period
Utilization of Intermittent Leave	Female Increases in Age	Higher Salary Higher STD income replacement ratio

center, one healthcare, one financial). Data was matched with a control group for employee size, industry and benefit plans.

The study produced the following snapshot of employee leave:

- Eighty-nine percent of the participating individuals did not file a lost time event during the study period.
- Eleven percent of total employees (16,013 employees) experienced a lost-time event of FMLA leave and/or a disability claim (an average of 4.5 claims per 1,000 employees). Of these, 18,769 were FMLA claims (58%); 12,305 were short-term disability claims (36%); 638 were worker’s comp claims (2%); and 305 were long-term disability claims (1%).

- Sixty-five percent of those who lost time experienced both FML leave and a disability claim (in conjunction with or subsequent to an FML leave within a six-month period).

- Approved FML claims included 66% for employee health, 20% for maternity/pregnancy/paternity, and 17% for child/spouse/elder care.

- Nine percent of child/spouse/elder care leaves were followed by either a short-term disability or worker’s comp leave within six months.

- Only 2% (3,306 employees) of the study group used intermittent FML, but this represented 19% of all FML leaves taken. Of those intermittent leaves, 28%

progressed to other benefit types.

The significant relationship between FMLA leaves and disability claims comes as no surprise to those who have administered FMLA, as they have intuitively observed the “co-morbid” nature of FMLA leaves running concurrent with extended medical lost time. An interesting discovery, however, was the close relationship between a family leave event in which the employee is in a caregiving role for a family member’s serious health condition and the employee’s subsequent filing of a short-term disability claim. This illustrates a relationship between FMLA and short-term disability that seemingly supports the impact of caregiver stress.

### Demographic and policy factors

UnumProvident’s research begins to recognize the demographic and policy factors that contribute to lost time, lost productivity and increased cost. For example, employees who are female and older are more likely to experience a family leave event that progresses to disability, and are more likely to report an intermittent leave. (See Figure 1.)

Policy factors of significant influence include elimination periods, benefit replacement ratio and salary level. For example, a 100% replacement ratio will increase incidence and duration of leave by a level

**Figure 2: Outcomes by Integrating FMLA and STD programs**

Metrics	Customers with FML services integrated with STD/LTD administration	Customers with STD/LTD services only		
Average (Mean) work days per STD claim	32.9	42.3	-9.4	-22%
Median work days per STD claim	28.0	31.0	-3.0	-10%
FML claims per 1000 employees	133	N/A		
STD claims per 1000 employees	88	73	10	+13%
Percent Repeat STD Claimants	12.2%	19.1%	6.9%	-36%
STD Claim Reporting Lag	2.9 days	7.8 days	4.9 days	-62%

that averages at least 20% greater than expected levels. An increase in short-term disability replacement, however, was found to decrease the likelihood of an employee taking intermittent FML. Increases in salary were found to decrease the likelihood of taking intermittent FML or of a family-related leave event progressing to disability or worker's comp.



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## Opportunities at the workplace

- Proactively promote life assistance benefits (EAP or work-life programs). These may be particularly beneficial to the employees who are vulnerable to the impact of emerging stress and fatigue related to care of a sick family member.

- Create consistent and reliable leave tracking and reporting database to enable timely decision-making.

Define weekly and monthly patterns by department, supervisors, employee age, gender and types of health conditions create a practical menu for program options.

- Promote a stay-at-work and return-to-work culture throughout the workforce with the expectation that individual plans will be developed for employees who are off work for a period of time, whether planned or unscheduled. There should be a well-developed plan for lost time created by such impairments as heart attack, stroke, cancer and depression, and there should be a planned process of work re-engagement.

- Connect the management of family and medical leave with short-term disability to reduce the delay in claims submission, and identify individuals with high risk for repeat claims.

This research comparing UnumProvident customers with integrated leave management services to customers having only disability management showed that those with integrated FMLA and disability management services reported, on average, a lower claim cost of nearly \$12,000 per 100 disability claimants than did the



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customers with disability management services only.

Furthermore, the claim cost was lower for customers with integrated leave management services even though they reported a higher number of short-term disability claims per 1,000 employees and a higher initial income replacement benefit than did the disability management only customers (see Figure 2).

- Create worksite flexibility that allows for timely adjustments to temporary disruptions of work capacity. — **E.B.N.**