MAPPING THE FUTURE OF RETURN-TO-WORK PROGRAMS

An expanded excerpt from Prudential’s Ninth Study of Employee Benefits: Today & Beyond
ABOUT TODAY & BEYOND

In March 2016, Prudential Group Insurance released its Ninth Study of Employee Benefits: Today & Beyond, which is based on insight gleaned from three recent surveys—one among employers, another among employees, and the third among group employee benefits brokers and consultants.*

Trends emerged from those surveys to shape five themes:

► Broker and employer strategies and objectives
► Return-to-work programs
► Voluntary benefits
► Employee financial wellness
► Benefits communication

The full study provides key insights on all themes. This expanded excerpt looks deeper into the findings specifically shaping the theme of return-to-work (RTW) programs. Unless otherwise stated, all statistics and references in this report are derived from the data obtained through the Ninth Study of Employee Benefits: Today & Beyond, conducted in June and July of 2015.
THE STATE OF RTW PLANS

RTW programs can be an effective way to help employees get back to work following a leave of absence, serious illness, or disability. Generally, a personalized plan is developed for the employee, focusing on his/her capabilities and reintegration into the workplace through various accommodations, such as part-time work, modified duty, or workspace modification.

RTW programs can help employers:

➤ Reduce disability leave costs
➤ Maintain productivity
➤ Minimize overtime expenses
➤ Reduce need to hire temporary help
➤ Comply with disability-related legislation
➤ Improve the financial wellness of their employees

Employers are looking to RTW programs to help manage benefits costs

Among employers, 26% are currently implementing or have already implemented accommodations to assist employees in returning to work, and 45% are doing the same to assist employees in staying at work.
Many employers feel RTW programs are having a positive impact.

Employers seeking to help employees to return to work while maintaining their organizations’ optimum level of productivity offer flexible and reasonable accommodations that allow employees to do their job. Some of the most widely offered accommodations include:

- Job duty modification (65%)
- Work schedule modification (59%)
- Reassignment to alternative position (47%)

The majority of organizations who have implemented these programs feel that they are highly effective and report that the top three results are to the right:

- Higher employee morale (61%)
- Better employee retention (61%)
- Cost reduction related to hiring and training replacement staff (57%)

Other positive results cited by employers included maintaining productivity (53%) and reducing the length of disability leave (49%).

A CHANGING WORKPLACE IS DRIVING DEMAND FOR RTW PROGRAMS

While some employers are slow to adopt RTW plans, data suggests that delaying could be costly. Societal shifts are driving the need to provide accommodations, with some of the key factors being:

The workforce is getting older

For the first time in U.S. history, there are four generations in the workforce. And it’s no secret that the U.S. workforce is aging. By 2020, it’s estimated that one in four workers will be 55 years or older, an increase from just 12% in 1990.¹

As employee populations get older, it makes sense that the number of disabled workers will also increase, making leave and accommodation management an even greater concern for employers.²

Workers age 55 years or older

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>1990</td>
<td>12%</td>
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<tr>
<td>2020</td>
<td>24%</td>
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Millennials are coming

Adults ages 18-34 already comprise a large segment of the workforce and will continue to enter it in the coming years. Research revealed that Millennials surpassed Baby Boomers as the largest living generation in the U.S. by the end of 2015.3

And as such a formidable segment of working America, it’s important to note that Millennials are not shy about requesting work-related accommodations. Nearly one in four Millennials have made an accommodations request due to a health condition, much more than Gen Xers or Baby Boomers.

Who’s requesting work-related accommodations

- 24% Millennials
- 13% Gen X
- 14% Baby Boomers

Federal and state regulations are expanding the need

The Americans with Disabilities Act Amendments Act (ADAAA), signed in 2008, called for a broader interpretation of the term “disability,” originally outlined by The Americans with Disabilities Act (ADA).4 The ADAAA effectively made it easier for individuals seeking protection under the ADA to establish that they have a disability. Because “disability” potentially encompasses a much wider field of employees, it’s likely that employers will face a greater demand for accommodations.

The recent expansion of state leave laws means that more employees are now eligible to take paid leave. Employers can help minimize the duration and impact of these absences by providing accommodations that encourage employees to return to work (e.g. part-time or reduced schedule) as soon as they can, rather than stay out until their leave time is exhausted.
ADDRESSING EMPLOYER CONCERNS IS KEY

Many employers are missing out on the benefits of RTW programs. In spite of the clear advantages for managing benefits costs, half of 256 employers surveyed had no RTW resources. Addressing some common employer concerns and misconceptions is critical to the future adoption of these programs.

Top 5 reasons employers are not offering RTW programs

1. Incidence of disabilities is low.
   In fact, 1 in 4 of today’s 20-year olds will become disabled before they retire. And due to the demographic changes discussed above, employers are likely to see an increase in accommodation requests in the coming years.

2. Lack of internal resources to manage programs.
   In reality, outsourcing is a cost-effective solution. A good outsourcing partner can not only reduce administrative burden, but can ensure that employers comply with increasingly complex disability regulations.

3. Costs are prohibitive.
   Truthfully, employers who measured ROI found their RTW programs to be more effective than those who didn’t. When performing a cost-benefit analysis, it’s important to consider the total value of these programs, which includes accounting for indirect benefits, such as improved employee morale and productivity.

4. Employees need to be 100% recovered before returning to work.
   Employers should consider transitional RTW programs. Providers who offer these programs analyze employers’ job requirements and help them implement modifications that gradually return employees to their own positions.

5. Accommodations only available to employees recovering from workplace injuries.
   There’s no need for such limits. Accommodations can be made available to employees regardless of where they were injured. Not only does this help employers retain the productivity of key talent, it demonstrates to employees that their contributions are valued.
RTW PROGRAMS CAN BE A WIN-WIN

A mix of external factors and shifts in employer perceptions will drive the future adoption of RTW programs. As Millennials enter the workforce, Baby Boomers age, and disability and leave laws evolve, the demand for accommodations will continue to rise. Employers who haven’t yet adopted RTW programs should consider future employee needs as well as the total value of providing accommodations.

Having a defined RTW approach helps achieve positive, long-term outcomes for employers and employees, not the least of which is helping employees to maintain a certain level of financial wellness. And research has shown that employees who are more financially well are more focused and productive at work.

With the right policies and management tools in place, many employees can get back to work sooner and with better results. A RTW program supported by the organization demonstrates to absent employees that they are seen as valued members of the team, not just a business resource.
Survey Methodology

The study was conducted for Prudential by Center for Strategy Research (CSR) in conjunction with Oxygen Research. The three unique surveys were conducted online using panels supplied by Research Now and fielded from June 1 to July 1, 2015.

Employer results are based on a national survey of 1,039 employee benefits decision makers. Respondents included business executives, business owners, human resources professionals, and financial management professionals. The survey sample covers all industries, including government, and is nationally representative of all U.S. businesses with at least 50 full-time, benefits-eligible employees. Data shown in this report is weighted to reflect the actual proportion of U.S. businesses by company size, industry, and region based on data from the U.S. Census Bureau.

Employee results are based on surveys conducted among 959 employees, ages 22 or older, who work full-time for a company with at least 50 employees. The survey sample is nationally representative of all U.S. workers at companies with at least 50 full-time employees. Data shown in this report is weighted to reflect the actual proportion of U.S. workers by gender, region, race and ethnicity, education level, household income, and age based on data from the Bureau of Labor Statistics and the U.S. Census Bureau.

Broker/consultant results are based on surveys conducted among 484 insurance professionals. Screening criteria ensured that these professionals spend a large portion of their time selling and servicing employers.

For a detailed view of the methodology, please refer to the full report, Ninth Study of Employee Benefits: Today & Beyond.

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