Strategic Partner

Leave of Absence Solutions for Associations

NYSAC
New York State Association of Counties

Absolve
Absence Solutions

Leave of Absence Solutions for Associations
• WHAT ARE WE TALKING ABOUT?

• FUN FACTS

• ABOUT ABSOLVE

• SAVINGS EXHIBIT

• Q & A
One Leave Many Variables

LEAVE REQUEST

PROTECTED
Compliance

DEPARTMENT
Local Culture

PAID
Cost

HR

Benefits  T&A  Risk Management  Staffing  Operations  Compliance  Payroll  Finance  Legal
INSURER
EMPLOYER
ASSOCIATION
CHALLENGE
TOP LEAVE ADMINISTRATION CHALLENGES REPORTED BY EMPLOYERS

- Interpreting Federal and State Leave Laws: 68%
- Keeping Track of Intermittent FMLA Leaves: 66%
- Transferring Employees to Alternate Positions: 65%
- Disrupts Work of Others: 59%
- Hurts Morale: 48%
- Reduces Quality of Work: 40%
- Adds Mandatory Overtime: 29%
- Additional Training: 20%

¹Total Financial Impact of Employee Absences in the U.S., SHRM/Kronos 2018
UNPRECEDENTED FMLA LAWSUITS¹

- 26.3% increase in FMLA suits filed
- $78,000 average legal fees, win or lose
- Managers, HR can be sued directly and personally liable for damages

U. S. DOL INVESTIGATES OFTEN¹

- 43% of investigation initiated by DOL
- Average award >$500,000 per lawsuit
- 270,000 workers awarded $240,000,000 in back wages alone in 2014

A RECENT HEALTHCARE FMLA CASE

Walters v. Mayo Clinic Health Sys. (Eau Claire Hosp., Inc.)

An employee brought action against her former employer for violation of FMLA and the Americans with Disabilities Act (ADA) arising from her termination for attendance issues.

<table>
<thead>
<tr>
<th>FMLA JUDGMENT</th>
<th>EMPLOYEE AWARD</th>
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</thead>
<tbody>
<tr>
<td>Back pay – 3 years wages plus benefits</td>
<td>$259,205</td>
</tr>
<tr>
<td>Pre-judgment interest</td>
<td>$12,715</td>
</tr>
<tr>
<td>Liquidated damages</td>
<td>$271,920</td>
</tr>
<tr>
<td>Plaintiff's attorneys’ fees and costs</td>
<td>$383,514</td>
</tr>
<tr>
<td>Plaintiff's other costs</td>
<td>$19,184</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$956,538</td>
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</table>

¹US Department of Labor Wage and Hour Division, 2017 Fiscal Year Statistics
Direct Costs of Absence as % of Payroll

- All paid time off: 8.1%
- Overtime costs: 5.7%
- Replacement workers: 1.6%
- All Direct Costs: 15.4%

= 7.3% of payroll each year
Unscheduled absence is regular full-time employees not reporting to work as scheduled. With more than 500 legal reasons for employees to call out, the volume and complexity of unscheduled absence represents significant compliance and administrative challenges for employers.

- **Costs employers 15.4% of payroll each year** (more than healthcare coverage, 13.6%1)
  - 8.1% salary continuance for regularly-scheduled workers
  - 7.3% labor replacement pay (overtime)
- **Cost is even greater for large, complex employers with diverse workforces working remotely or in the field**
- **Proper FMLA administration, including coordination of benefits with collectively bargained and other employer-sponsored benefits, reduces cost and liability**

1Mercer/Kronos Total Financial Impact of Employee Absence, 2018
Statistics fail to fully capture

- size, diversity and complexity of NY counties
- mandatory short-term disability benefit in NY
- labor replacement requirement for counties (police, fire, maintenance, transportation)
**LENGTH OF LEAVE MATTERS**

**Complexity of counties makes leave admin more difficult**

<table>
<thead>
<tr>
<th>LOCATIONS</th>
<th>WORKERS</th>
<th>RULES</th>
</tr>
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<tbody>
<tr>
<td><img src="image1" alt="Building" /></td>
<td><img src="image2" alt="Person" /></td>
<td><img src="image3" alt="Government Building" /></td>
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<tr>
<td><img src="image4" alt="Medical Building" /></td>
<td><img src="image5" alt="Doctor" /></td>
<td></td>
</tr>
<tr>
<td><img src="image6" alt="Construction" /></td>
<td><img src="image7" alt="Worker" /></td>
<td><img src="image8" alt="Document" /></td>
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<tr>
<td><img src="image9" alt="Police" /></td>
<td><img src="image10" alt="Woman" /></td>
<td></td>
</tr>
</tbody>
</table>

= 87 days per leave

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1average days per continuous leave as reported by employers administering leave in-house
**BEST PRACTICES**

- Outsourced
- Centralized, single-source
- Concurrent management
- Clinical expertise
- Real-time analytics
- Industry specialization
Leave of Absence Claim Map

- **PROTECTED?:**
  - Complete Application
  - Preliminary Determination Letter (cont. or int.)
  - Med. Auth. Form
  - Issue: Denial Letter

- **PAID?:**
  - Supplemental Pay?
  - Complete application
  - Preliminary Determination Letter (cont. or int.)
  - Med. Auth. Form

- **ELIGIBLE?:**
  - YES
  - Approval Letter
  - Initial RTW established
  - Issue: Denial Letter

- **APPROVED?:**
  - YES
  - Extension Letter
  - RTW Updated
  - Benefits: Termination Letter

- **EXTENDED?:**
  - YES
  - Confirm Paid Benefits
  - RTW Updated
  - Ongoing Medical Certification Required

- **EXHAUSTED?:**
  - YES
  - Exception Letter w/ new Authorized Thru Date
  - Issue: Denial/Termination Letter

- **ACCOMODATED?:**
  - YES
  - Benefits: Termination Letter
  - LTD Other Benefits Transition Letter

- **DAYS:**
  - 0
  - 90
  - 181
AbSolve STANDARD: PREVENT & MINIMIZE ABSENCE (DAY 1)
COST SAVINGS ROI ILLUSTRATION
**What a Difference a Day Makes**

**Assumptions**

- **Industry:** Government
- **Hourly Wage:** $35
- **Schedule:** 40 hours per week
- **Replacement:** 50%

<table>
<thead>
<tr>
<th>Reduction in Average Length of Leave</th>
<th>Shift Hours Saved per Leave</th>
<th>Regular Pay Saved per Leave</th>
<th>Replacement Pay Saved per Leave</th>
<th>Total Pay Saved per Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 day</td>
<td>8</td>
<td>$280</td>
<td>$140</td>
<td>$420</td>
</tr>
<tr>
<td>1 week</td>
<td>40</td>
<td>$1,400</td>
<td>$700</td>
<td>$2,100</td>
</tr>
<tr>
<td>2 weeks</td>
<td>80</td>
<td>$2,800</td>
<td>$1,400</td>
<td>$4,200</td>
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<tr>
<td>3 weeks</td>
<td>120</td>
<td>$4,200</td>
<td>$2,100</td>
<td>$6,300</td>
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<tr>
<td>1 month</td>
<td>160</td>
<td>$5,600</td>
<td>$2,800</td>
<td>$8,400</td>
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1Based on 2019 New York State Average Weekly Wage (AWW) of $1,450.17; assumes the same hourly pay rate and schedule for replacement labor as regularly-scheduled labor.
About AbSolve
AbSolve is a Custom Absence Management Program solutions provider with a proprietary and distinct insurance and administration model. Recognized for applying entrepreneurial thinking, leading-edge technology, and above and beyond client service to help hospitals better manage routine and complex employee leave programs, our unique business model empowers all employees with resources to directly align the firm’s strengths with the interests of our clients across four core lines of business: Advisory, Benefits Administration, Compliance and Analytics.