• Introduction

• Leave of Absence (LOA) Trends and Statistics for the Public Sector

• The Big Idea – Free LOA Administration for NYSAC Members

• Next Steps – Putting the Big Idea into Action

• Q & A
Shep Sepaniak, Managing Partner
Born and raised in Mendham, New Jersey, Shep has been working in employee benefits industry since 1999. After holding various business development roles for national carriers and benefits brokers, Shep founded AbSolve in 2010 to better serve the absence management needs of his large, complex clients in the Northeast. Since that time, Shep has increasingly focused on administrative solutions for employee absence – disability, paid family leave, FMLA and statutory equivalents – that streamline processes, improve the user experience and reduce cost. Shep attended the University of North Carolina – Chapel Hill and lives with his wife and 3 children in Brooklyn, NY.

AbSolve is a third-party administrator of employee benefits focused on the first 180 days of employee absence. Whether employees’ time away from work is protected and/or paid, continuous or intermittent, for care of self or another, AbSolve offers a centralized, single-source leave of absence outsourcing platform for employers, employees and their vendors that complies with all federal, state, and local laws in addition to any employer policies. Benefits administered by AbSolve include but are not limited to FMLA, short-term disability, paid family leave, paid time off, statutory benefits, voluntary and/or employer-sponsored benefits.

AbSolve’s SOC 2® Types I and II attestation means our clients and partners can be confident in the integrity of our structure, systems and processes. The SOC process utilizes independent CPAs to audit and evaluate detailed information and provide assurance about the controls at a service organization relevant to security, availability, and processing integrity of the systems the service organization uses to process users’ data and the confidentiality and privacy of the information processed by these systems.
ABOUT RELATED

 RELATED Risk (www.relatedrisk.com) is a tech-enabled managed services provider of administrative solutions to the group insurance industry and its policyholders. RELATED was created to help large employers, associations and carriers offer employee benefit programs that aren’t readily available in the marketplace. RELATED leverages its proprietary structure and systems along with subject-matter expertise and agility to deploy leading edge insurance programs at scale from Day One. Our approach consistently delivers credible and compelling solutions in a fraction of the time it takes to build from scratch or modify legacy structures and systems.

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Public sector employees were most interested in:

01. Well-being programs
02. Professional development credits
03. Phased retirement programs
04. Paid sabbatical programs
05. Unlimited paid time off
06. Family/caregiver leave

While public sector employees would like more work-life flexibility, employers still need to make some progress on providing it.

94% of public sector employees say that paid leave to take care of family is a must-have or nice to have benefit, only 75% of employers say the same.

Source: Methodology 19 MetLife’s 18th annual U.S. Employee Benefit Trends Study (EBTS) consists of three distinct studies. The first two were conducted in August and September 2019 (Wave 1) and the third in early April 2020 – during the start of the COVID-19 pandemic (Wave 2). The 2019 employer survey consists of 2,501 interviews with benefits decision makers and influencers at companies with at least two employees. The 2019 employee survey includes 2,650 interviews with full-time employees, aged 21 and over, at companies with at least two employees. The updated 2020 employee survey (Wave 2) consists of 2,367 interviews using the same criteria (fulltime employee at time of survey completion). All studies were fielded by Rainmakers CSI – an international strategy, insight and planning consultancy. Additionally, 163 public sector employers and 259 public sector employees participated in our Wave 1 research. And, 265 public sector employees participated in our Wave 2 research.
INSURER EMPLOYER ASSOCIATION CHALLENGE
TOP LEAVE ADMINISTRATION CHALLENGES REPORTED BY EMPLOYERS

1. Interpreting federal and state leave laws: 68%
2. Keeping track of intermittent FMLA leaves: 66%
3. Transferring employees to alternate positions: 65%
4. Disrupts work of others: 59%
5. Hurts morale: 48%
6. Reduces quality of work: 40%
7. Adds mandatory overtime: 29%
8. Additional training: 20%

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

+26%

- 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 OFTEN

43%

- 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.

FMLA JUDGMENT

<table>
<thead>
<tr>
<th>Employee Award</th>
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<tbody>
<tr>
<td>Back pay – 3 years wages plus benefits</td>
</tr>
<tr>
<td>Pre-judgment interest</td>
</tr>
<tr>
<td>Liquidated damages</td>
</tr>
<tr>
<td>Plaintiff’s attorneys’ fees and costs</td>
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<tr>
<td>Plaintiff’s other costs</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
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1US Department of Labor Wage and Hour Division, 2017 Fiscal Year Statistics
Direct Costs of Absence as % of Payroll

Paid time off (PTO): 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%)*
  - 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

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1 Mercer/Kronos Total Financial Impact of Employee Absence, 2018
• 100% employee paid
• Fully-insured – no cost or risk to NYSAC members
• Multiple A-rated carriers committed to offer coverage
GET “FREE” LEAVE ADMINISTRATION

FAMILY & MEDICAL LEAVE ACT

- FMLA and statutory equivalents
- County-specific leaves (multiple LOA policies OK)
- Collectively-bargained leaves (multiple unions OK)
- Paid-time off and/or other income replacement benefits
- Coordination of Benefits with Workers’ Compensation
• Notice to employees 90-days before first payroll deduction

• Unions admitted on rolling basis once collectively bargained

• Provide employee eligibility file

• Facilitate employee payroll deduction for NY PFL coverage
CENSUS DATA FOR ALL ELIGIBLE EMPLOYEES:

• Date of Birth
• Gender
• Home Zip Code
• Salary
• Occupation/Job Title
TIMING & EFFECTIVE DATE

- Request for information fulfilled: May 2021
- NY PFL Underwriting: Jun 2021
- NY PFL Coverage Offered: Jul 2021
- Notice to Employees: Oct 2021
- First payroll deduction; program goes live: Jan 2022

IMPLEMENTATION
Q & A
THANK YOU!
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.