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## *HackensackUMC*

FULL-FEATURED INITIATIVE REDUCES EMPLOYEES ABSENCES, DECREASES OPERATING COSTS AND IMPROVES MORALE THROUGH COMPREHENSIVE AND ENHANCED BENEFITS



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# IBI Employer Profile

## HACKENSACKUMC

**FULL-FEATURED INITIATIVE REDUCES EMPLOYEE ABSENCES,  
DECREASES OPERATING COSTS AND IMPROVES MORALE THROUGH  
COMPREHENSIVE CASE MANAGEMENT AND ENHANCED BENEFITS.**

### OVERVIEW

*Hackensack University Medical Center responded to challenges of high levels of employee absence that severely impacted operating costs, employee productivity and morale by integrating their health benefits offerings. When rolling out the integrated initiative, the company found that a step-wise approach has several advantages: launch key cost-management platforms first, then test additional components in pilots, allowing longer periods to achieve employee acceptance.*

### THE COMPANY

Hackensack University Medical Center (HackensackUMC) is a 775-bed nonprofit research and teaching hospital in Hackensack, NJ, with 7,650 employees. Founded in 1888, the hospital is part of the Hackensack University Health Network with a children's hospital, a women's hospital, a cancer care center, a heart and vascular hospital, emergency services, general and specialized surgery, and inpatient care. HackensackUMC is ranked as the number one hospital in New Jersey, and is among Healthgrades' 50 Best Hospitals in America.

### BACKGROUND

High levels of employee absence were negatively affecting operating costs, productivity and morale. In response, the medical center undertook a comprehensive study of its absence-related policies and practices, and retained Arthur J. Gallagher (Gallagher) to provide strategic guidance. The purpose of this brief case study is to share the strategy, process and outcome of an absence management program used in a hospital setting. It further discusses the cross-functional expansion of the program, resulting in additional positive financial impact.

Working with the Gallagher team, HackensackUMC identified best practices and norms within its industry, and geography to establish baselines and determine goals. Using surveys, workshops and forums, the medical center first developed an organizational improvement dialogue with employees.

### STRATEGY

HackensackUMC implemented a holistic approach to absence management through a program named MyTime. Established in 2012, MyTime has a paid time off (PTO) bank for vacation and incidental absence; extended illness bank (EIB) for illness or injuries lasting longer than three days; enhanced short-term disability (STD)

### QUICK FACTS

#### EMPLOYER

HACKENSACKUMC

#### INDUSTRY

62: HEALTHCARE AND SOCIAL  
ASSISTANCE

#### EMPLOYEES

7,000+

#### AGE OF EMPLOYEES

AVERAGE AGE: 44.75 YEARS

#### GENDER OF EMPLOYEES

FEMALE: 72%

MALE: 28%

#### ANNUAL REVENUE

\$1 BILLION +

#### DATE THE PROGRAM BEGAN

2012

#### DATE THE PROGRAM ENDED

ONGOING/NO END DATE

#### GEOGRAPHIC REGION

NEW JERSEY

#### PORTION OF WORKFORCE ELIGIBLE

86% NON-MANDATED BENEFITS  
INCLUDING PTO, 100% MANDATED  
FEDERAL AND STATE BENEFITS

#### PORTION OF WORKFORCE PARTICIPATED

100%

benefits that exceed NJ statutory benefits; newly-added employer-paid long-term disability (LTD) with an employee-paid LTD buy-up option; and outsourced leave management including federal, statutory and company leave along with outsourced medical management for STD disability benefits. In addition to generating financial savings, key MyTime advantages include enhanced paycheck protection, flexible PTO scheduling, a centralized, easy-to-access process for filing all absences, faster disability payments and enhanced capacity to track and monitor metrics related to absence. The Hartford performs intake for all leave of absences greater than three days in duration and medically manages all MyTime benefits.

## IMPLEMENTATION

Led by Paulette Wright, director of Employee Population Health & Pension Strategies in Human Resources, this evolving project faced challenges common to integration initiatives: it required full management buy-in, and a significant cultural change for the organization, with an extensive rollout campaign to earn employee acceptance. With ongoing communication and input, the program continued to expand into other areas in 2013: an outsourced employee assistance program (EAP) provider through CARE EAP, and a formalized internal Medical Leave Management program—a key leave management component that supports the hospital's compliance with the Americans with Disabilities Act (ADA).

In 2014, the company piloted an enhanced return-to-work (RTW) and stay-at-work program, supported by a cross-functional, multi-organizational team. The Hartford provided loss-prevention experts to analyze job requirements and sites, recommending ergonomic and other improvements to reduce injuries and unplanned absences. The program operates in seven hospital units that historically maintained the highest leave incidence rates. By the ninth month of the pilot, these same units were tracking lost work days below the hospital's average.

## OUTCOMES

Results for the initiative over the recent three-year period are promising.

- From 2012 to 2014, leave incidence under the Family and Medical Leave Act (FMLA) decreased by 41% to 19.3 leaves per 100 employees, which also was lower than the 2013 Integrated Benefits Institute (IBI) national hospital benchmark of 22.2 leaves per 100 employees.
- Short-term disability (STD) incidence rates decreased from 30.3 claims per 100 employees in 2012 to 25.3 claims in 2013. The 2014 rate of 23.2 claims per 100 employees reflects an overall decline of 23%.
- A global reduction in STD durations included a greater reduction in the RTW program pilot units, which decreased from 5.7% higher than the non-pilot average to 2.9% below the non-pilot average (see Figure 1).
- Overall leave costs decreased by 22% in 2012, an additional 16% in 2013, and continued to decrease by 2% in 2014.
- Employee feedback has been positive, with 92% of claimants completely or mostly satisfied, according to The Hartford's ongoing satisfaction surveys.

**FIGURE 1. STD DURATIONS: PILOT, NON-PILOT & AVERAGE**

Case Metrics	2012		2013		2014	
	# Closed Claims	Avg Duration	# Closed Claims	Avg Duration	# Closed Claims	Avg Duration
Pilot	130	59	144	52.8	131	50.4
Non pilot	392	55.8	424	52.3	405	51.9
<b>HUMC Total</b>	<b>522</b>	<b>56.6 days</b>	<b>568</b>	<b>52.4 days</b>	<b>536</b>	<b>51.5 days</b>

### 2015: TARGETING HIGH-COST CONDITIONS

Following overall leave cost reductions in 2012 and 2013, the initiative experienced a smaller cost decrease in 2014. Maintaining significant ongoing savings is challenging without ongoing process improvements. To restart savings, HackensackUMC has expanded and/or implemented new programs to identify and intervene with employees at high risk of negative health events, including an on-site wellness center focused on healthy lifestyles and an on-campus health center focused on access to focused primary care for employees and their families.

### DISEASE MANAGEMENT

The disease-management program was originally delivered through the health plan third-party administrator (TPA). Wellness program health screenings drove 20% to 30% disease management participation of all eligible employees, and produced some successes in early cancer identification. Yet many employees with obesity, diabetes and other chronic conditions were not engaged; aggregate medical data suggested that medication adherence was an issue for some of these employees.

HackensackUMC had a two-pronged response:

- 1) Use STD intake to identify people under-treated for chronic conditions, because filing a disability claim is a teachable moment. People are referred to EAP or disease management, as appropriate. This three-stage referral touches people at STD intake, in follow-up STD correspondence, and with a telephone follow-up for employees off work who have been approved for disease management.
- 2) Disease management referrals are sent to a new on-site employee health clinic, organized into an accountable care organization (ACO) focused on health outcomes. This ACO provides more in-depth disease management than the one earlier provided through the employee health plan TPA.

Return-to-Work (RTW). After further development, in 2015 the RTW program was expanded to another eight units (about 1,200 employees) with the most significant absence issues. When employees are on disability, their personal RTW program includes referral to the disease management program and work with the wellness coaches.

### ON-SITE WELLNESS COACHING

The hospital has expanded its successful wellness coaching program, which embeds bilingual occupational therapists in work units for daily contact with employees. Over time, the coaches develop empathy and trust with employees, discussing health issues, promoting wellness self-help, and encouraging early treatment when conditions develop. In one case, an obese employee who was planning knee replacement was assisted to lose weight and strengthen the leg, resulting in the cancellation of the surgery and continuous work attendance. A second wellness coach was added to the RTW program, for a total of three onsite coaches, including a coach



who supports the general wellness initiatives of the organization.

## PROGRAM STRUCTURE

The HackensackUMC initiative integrates the MyTime PTO program, FMLA, STD, long-term disability (LTD), disease management (DM) and employee assistance program (EAP). Vacation and incidental absence are the only paid time tracked outside this system. All FMLA and non-occupational disability claims are managed by the disability supplier partner, The Hartford, which also serves as a referral point to the external EAP and DM providers.

When employees return to work from disability, whether from a workers' compensation (WC) claim or a non-occupational disability, in partnership with The Hartford, employees are assisted with accommodations through HackensackUMC's internal Occupational Medicine ("OccMed") Department. OccMed provides time-tracking data on WC claims to The Hartford, which monitors these claims for compliance with federal FMLA.

This combination of integration through the disability supplier partner and coordination with the internal OccMed department provides a comprehensive resource capable of managing virtually any leave type. During the initial 12 weeks, all leaves are tracked using the FMLA claim system (including non-FMLA claims).

Beyond 12 weeks, all lost-time cases are tracked through the hospital's Medical Leave Management (MLM) program. As part of the 2012 implementation, the MLM program was redesigned to ensure more active tracking, with shorter increments of disability between medical case management milestones and decisions. Cases in this program are managed interactively among HR, Employee Relations and the disability supplier partner to ensure compliance with the Americans with Disabilities Act (ADA).

## RECOMMENDATIONS TO OTHER EMPLOYERS

The process of designing and implementing an enhanced absence management system at HackensackUMC has been a great learning opportunity. Getting buy-in from both employees and internal departments for something as personal as leave time is challenging, but persistence, a coordinated plan, collaboration, and a clear message are all needed to ensure success.

- **Top Down.** Ongoing, clear talking-points for leaders will ensure a consistent message. From the design stage through program rollout, the C-suite played an active role, supporting the initiative with all HackensackUMC employee groups. Leadership was open to employee feedback thus serving as another source of information relative to employee perceptions of *MyTime*.
- **Credible Data.** The hospital used credible benchmarking data to design the initiative and promote it to employees. Several studies indicated that 80% of hospitals provide comprehensive PTO programs. HackensackUMC had a goal to provide competitive benefits to employees for recruiting and retention purposes. Employees also found this statistic persuasive in their personal decisions to support benefit changes necessary to implement the PTO program and related benefits.
- **Data Integration.** Data integration from various sources is key to success. However, it has its challenges. With a new payroll system, PTO, and other systems being integrated, the sequence of feeding data into the database to produce meaningful output was a challenge during the startup year of 2012. Getting through the learning and debugging phases requires diligence and patience until automated processes become reliable.

**Dispel misunderstandings with information.** Data also help dispel unrealistic expectations about results. Frontline managers expected the initiative to sharply reduce the amount of time they spent on employee work-scheduling issues related to absences. When scheduling issues remained a concern, some managers concluded the initiative must not be affecting absence rates or durations. By sharing statistics supporting the decreasing absence rates, dissenting managers were persuaded to uncouple the initiative from their desire to simplify work-scheduling. Correcting their misconceptions allowed them to support, rather than fight, the *MyTime* program.



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