



SHORT-TERM DISABILITY (STD)

IBI LEAVE MANAGEMENT BENCHMARKING SERIES

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Executive summary

Short-term disability (STD) leave refers to time off to recover from non-occupational illness or injury due to a medical procedure that temporarily prevents participation in work duties. This often commences after a defined number of concurrent absences for the same reason and includes leaves for childbirth and recovery from pregnancy and delivery. As part of its Leave Management Benchmarking series,¹ the Integrated Benefits Institute (IBI) surveyed more than 930 organizations about their formal leave policies and received about 270 in-depth responses specific to STD leave. Employers were instructed that formal leave policies are those that go beyond any applicable federal, state and local laws or that the company has implemented where there are no legal requirements for leave. Formal policies are specific rules or instructions that define who can take leave, for what reasons and for how long.

- **Nearly three-quarters of all employers reported having formal STD leave policies.** One in five reported that employees could take time off to recover from non-occupational illness or injury using consolidated leaves such as paid time off (PTO) or leave banks, sick leave or vacation. Formal STD leave policies were less common among employers in public administration and more common among employers in utilities, retail trade, and manufacturing. Generally, larger employers were more likely to have formal leave policies. Among states for which we received responses from at least 30 employers, California and Washington employers were less likely to have formal STD leave policies. Employers with workers in multiple states were more likely to have formal STD leave policies.
- **One-fourth of employers offered STD leave to all employees.** There were slightly fewer in health care and manufacturing than in finance and insurance. Employers with more than 100 but fewer than 500 employees were more likely to offer benefits to all employees. Part-time employees, employees with collective bargaining arrangements, and employees outside of the U.S. were eligible for STD benefits less often than their counterparts. Hourly employees were offered STD benefits at a rate similar to salaried employees.
- **Three out of five employers required a waiting period for new employees to become eligible for STD leave.** Compared to manufacturers, waiting periods more were common among finance and insurance and health care employers. Employers with a waiting period typically made leave available during the first 3 months of hire. Generally, larger employers were less likely than smaller employers to have a waiting period.
- **Two-thirds of employers outsourced responsibilities for managing and tracking STD leaves.** Very few employers split responsibility for managing and tracking leaves between internal and external resources. Larger employers were generally more likely to outsource the management and tracking of STD leaves.
- **Nearly 70% of employers required a one week elimination period before STD benefits commenced.** Elimination periods of one month or 1 day were rare. Elimination periods of more than one week were most common among health care employers. One in four manufacturers considered the nature of an injury when applying an elimination period—virtually no employers in health care or finance and insurance did so. Generally, larger employers were more likely to apply a one week elimination period and less likely to require two weeks or to consider the nature of an injury when applying an elimination period.

¹ <https://ibiweb.org/research-resources/detail/leave-management-benchmarking-project>

- **Nearly two-thirds of employers allowed six months off for STD leave.** Less than one in ten employers allowed one year or more of STD leave. Six month durations were less common among finance and insurance employers than among manufacturing and health care employers. Maximum durations of less than 13 weeks were relatively rare—except among employers with fewer than 100 employees, where they were the most common benefit duration. Allowed durations generally were longer among larger employers. No employer with fewer than 500 employees allowed one year or more of STD leave.
- **Most employers paid between 50% and 74% of an employee's wage during STD leave.** One in four paid the entire amount. A similar number paid a tiered rate that varied based on the duration of the leave. Compared to health care employers, manufacturers and employers in finance and insurance were more likely to pay 100% of an employee's wage during STD leave. Mid-sized employers (at least 2,400 but less than 5,000 employees) were more likely to pay 100% of an employee's wage during STD leave. Few employers with 500 or fewer workers paid more than 74% of wages.
- **Other time-off and pay policies.** Nearly 100% of employers reported that employees are required to authenticate the reason for leave, and that employee benefits such as health care continued for the duration of leave. Three in five of employers reported that the durations of STD benefits went beyond what is required by law. A similar number reported that the percentage of wages paid to an employee during STD leave went beyond what is required by law.

Background

Since the end of the Great Recession and the return of several economic indicators to prerecession levels,² many employers have been reviewing and updating their employee leave policies. While providing time off from work is intended to address several strategic goals—including attracting and retaining talent, helping employees meet challenging life events and signaling corporate social values³—employers often take their cues from their peers and competitors when considering the design of their leave benefits.

As part of its Leave Management Benchmarking series, the **Integrated Benefits Institute (IBI)** surveyed **932 organizations** about their formal leave policies, including the following:

- Maternity leave
- Parental leave for non-birth mothers
- Family leave
- Elder care leave
- Sick days
- Short-term disability (STD)
- Long-term disability (LTD)
- Bereavement leave
- Career development leave

The surveys also included a block of questions about paid-time-off (PTO) programs for employers that implemented this approach to leaves.

Recognizing that most employers have complex workforces comprising many different categories of workers, fulfilling a diversity of functions and sometimes spread across multiple locations and legal jurisdictions, the intent of the benchmarks is to provide some basic guidance on what is typical for specific types of leaves. This will give senior leaders, human resource (HR) and benefits professionals and their third-party partners a starting point for considering how to craft policies that best address their specific business goals for their own workforce needs.

This report focuses only on short-term disability (STD) leave to recover from a non-occupational illness or injury, or a medical procedure that temporarily presents participation in work duties. This often commences after a defined number of concurrent absences for the same reason and includes leaves for childbirth and recovery from pregnancy and delivery.

SURVEY APPROACH

The survey began by asking all employers about formal policies for all leaves listed above. Employers were instructed that formal leave policies are those that go beyond any applicable federal, state and local laws or that the company has implemented where there are no legal requirements for leave. Formal policies are specific rules or instructions that define who can take leave, for what reasons and for how long.

After employers reported whether or not they had each of the listed leaves, they were given the option of requesting benchmark reports for each type of leave. For a requested leave report, employers with no formal policies were asked to provide contact information confidentially and were then given the option of requesting any of the remaining reports. Employers with formal STD leave policies were asked to provide additional information about eligibility for leave, before providing contact information to receive the reports.

² See, for example, the Federal Reserve Bank of St. Louis for historical series on indicators such as unemployment, personal consumption, gross domestic product (GDP) and wages as a share of GDP. <https://fred.stlouisfed.org>

³ Gifford B, Zong B, Presutti J. *And Baby Makes Three (Months Off): Paid Parental Leave at 15 High Technology Firms*. Integrated Benefits Institute, August 2016. <https://ibiweb.org/research-resources/detail/and-a-baby-makes-three-months-off-paid-parental-leave-at-15-high-tech-firms>

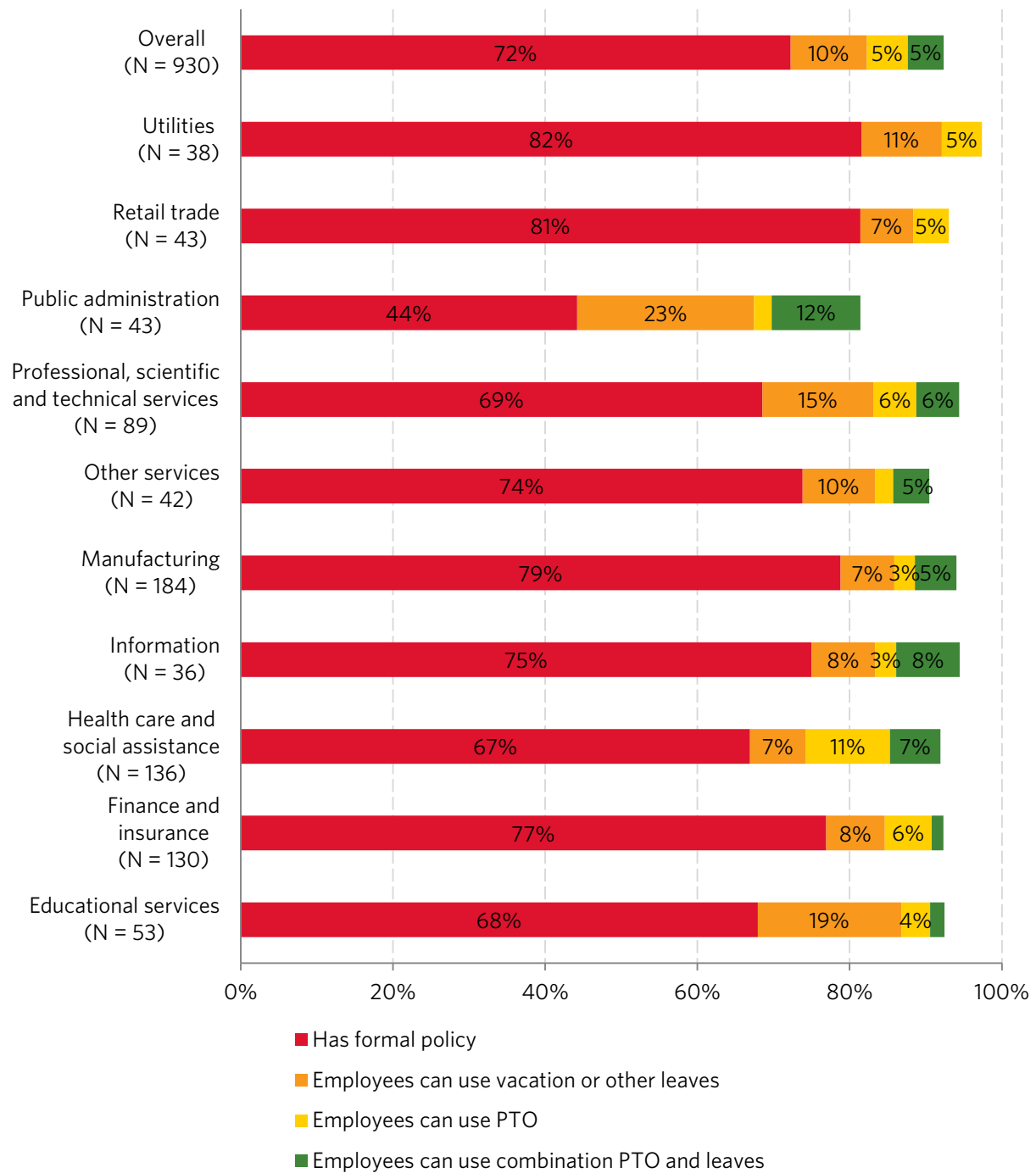
We received in-depth responses for approximately 270 employers' formal STD leave policies. Those responses are reported in this document for the entire sample, for employers in industries for which we had at least 30 responses and across employers of different sizes. Results for other leave policies are provided in separate reports. See the appendix for more information about the survey and the participating organizations.

How many employers have formal STD leave policies?

As illustrated in Figures 1 through 3, nearly three-quarters of employers reported having STD leave policies that go beyond any applicable federal, state and local laws or that the company had implemented policies where there are no legal requirements for leave. Another 20% reported that employees could take time off to recover from non-occupational illness or injury using consolidated leaves such as PTO or leave banks, sick leave or vacation.

Formal STD leave policies were less common among employers in public administration and more common among employers in utilities, retail trade, and manufacturing. Generally, larger employers were more likely to have formal leave policies. Among states for which we received responses from at least 30 employers, California and Washington employers were less likely to have formal STD leave policies. Employers with workers in multiple states were more likely to have formal STD leave policies.

Figure 1: STD leave policies by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

Figure 2: STD leave policies by number of employees (% of employers)

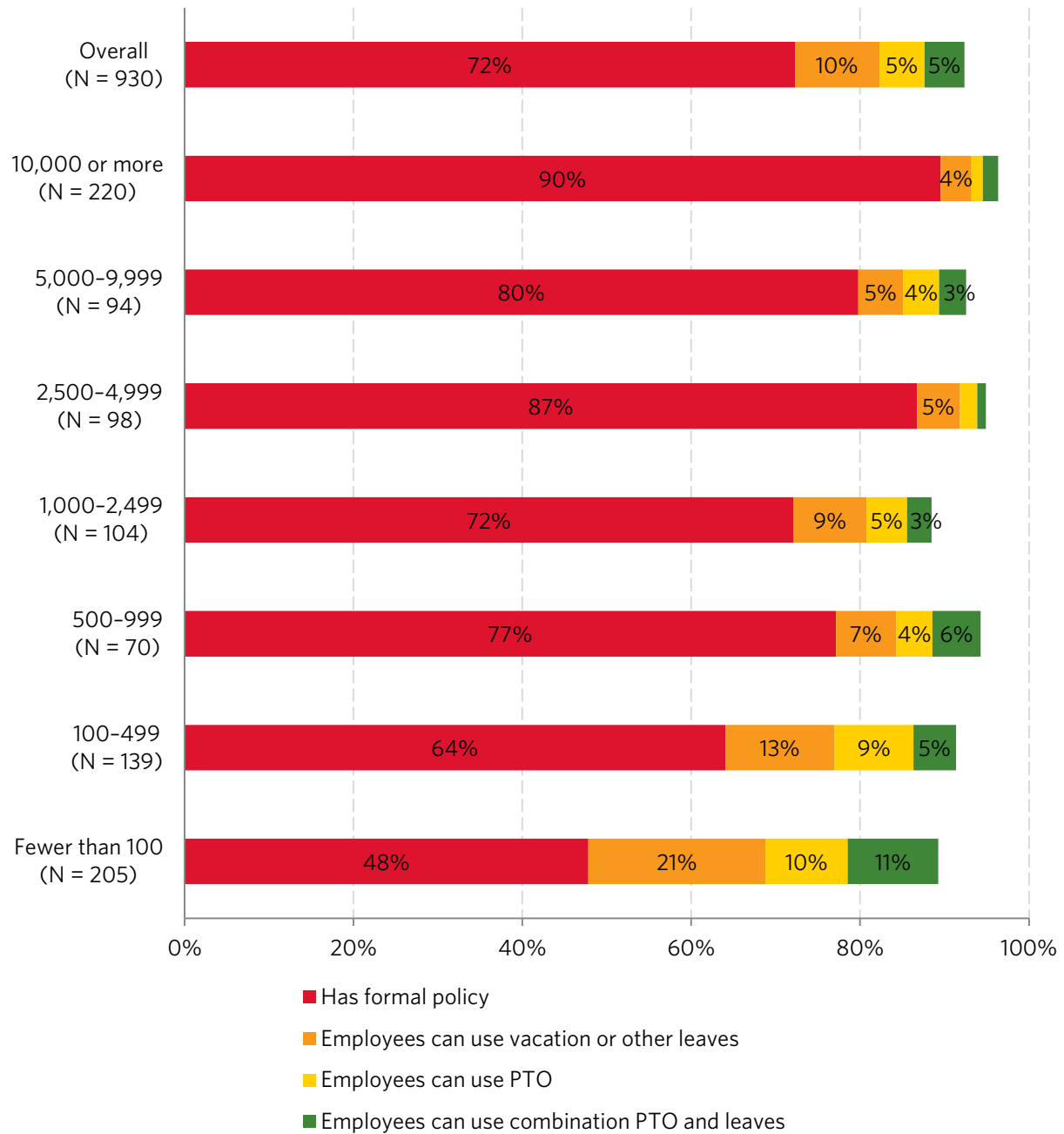
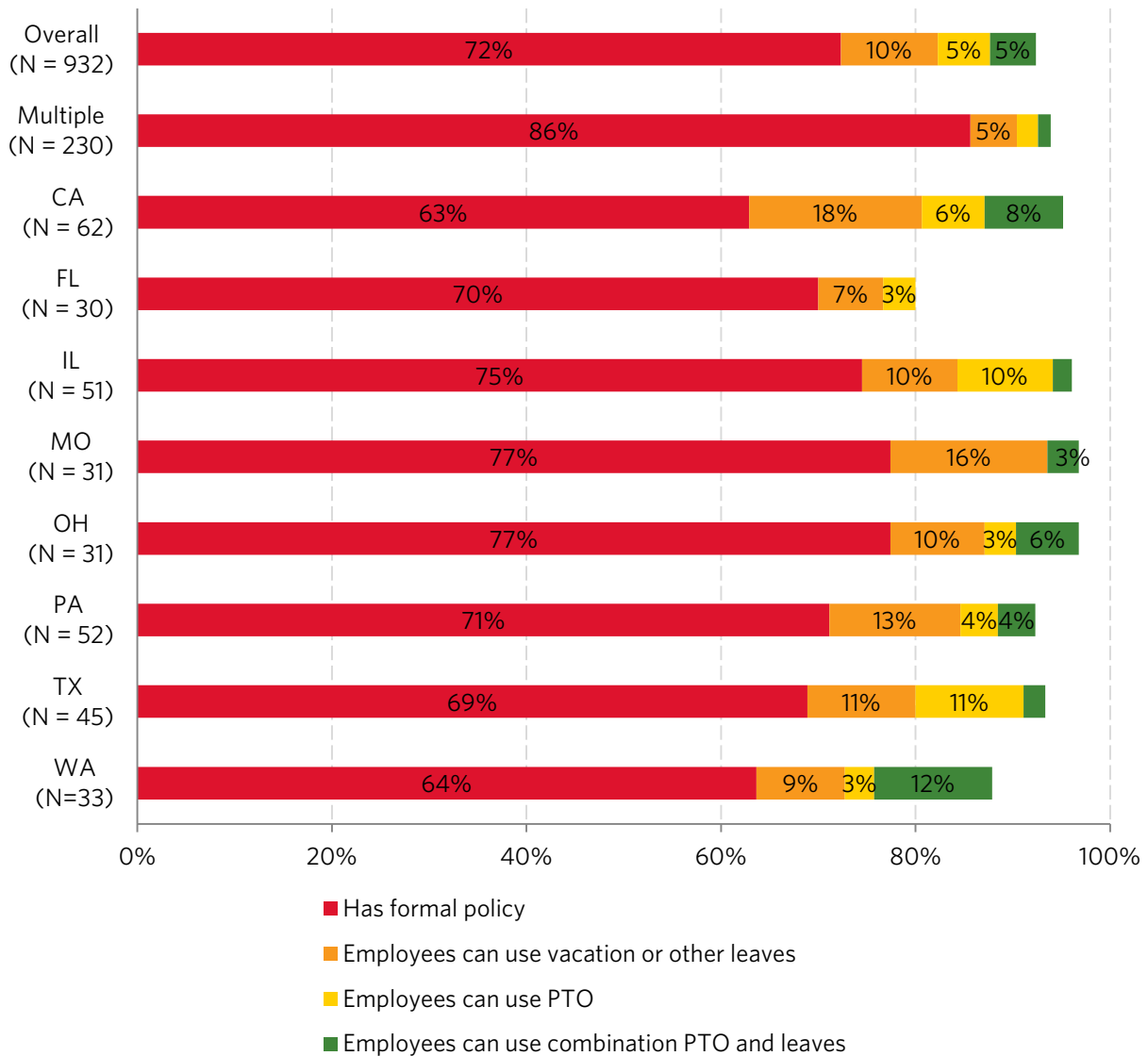


Figure 3: STD leave policies by selected states (% of employers)



Note: States with fewer than 30 responding employers are not shown.

Who can take STD leave?

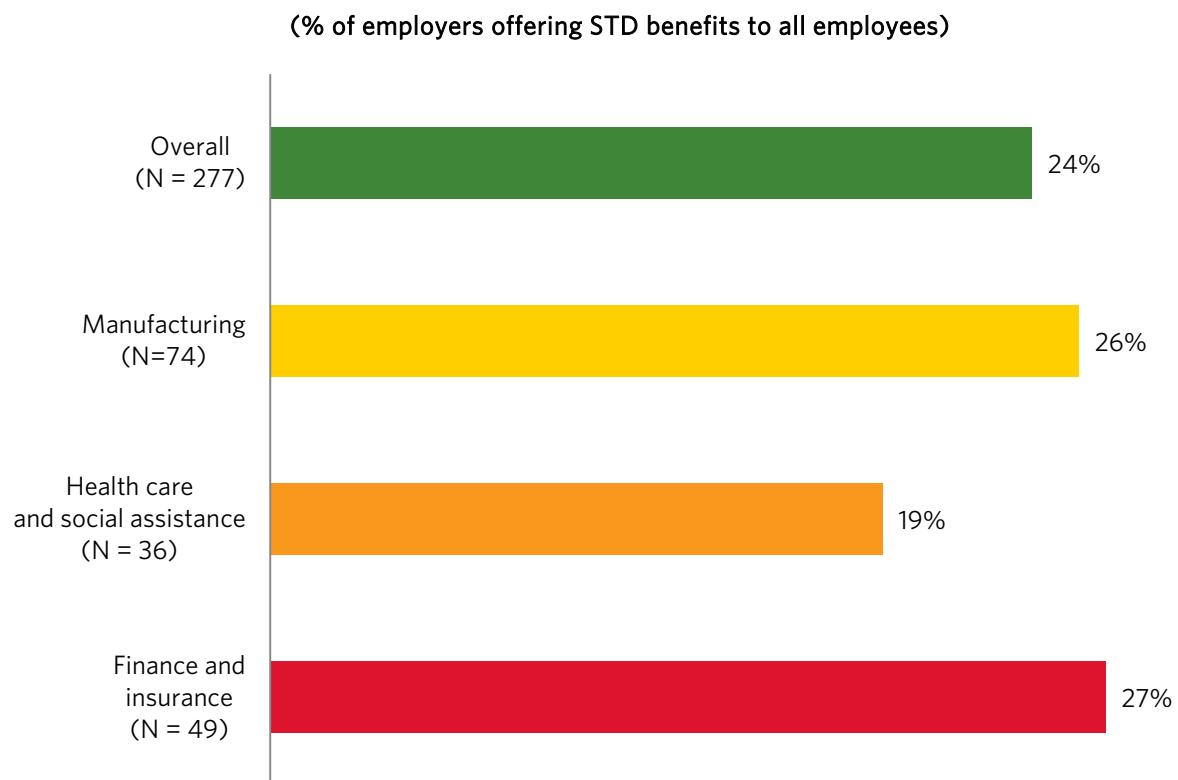
UNIVERSAL ELIGIBILITY

Employers with formal STD leave policies were asked to provide additional information about eligibility for leave. About 270 employers opted to provide this information (out of 672 employers with any formal policies to describe).

Figures 4 and 5 illustrate employers' responses to whether STD leave was offered to all employees, by industry and employer size. As of this date, no single state had responses from at least 30 employers. For that reason, results are not reported by state.

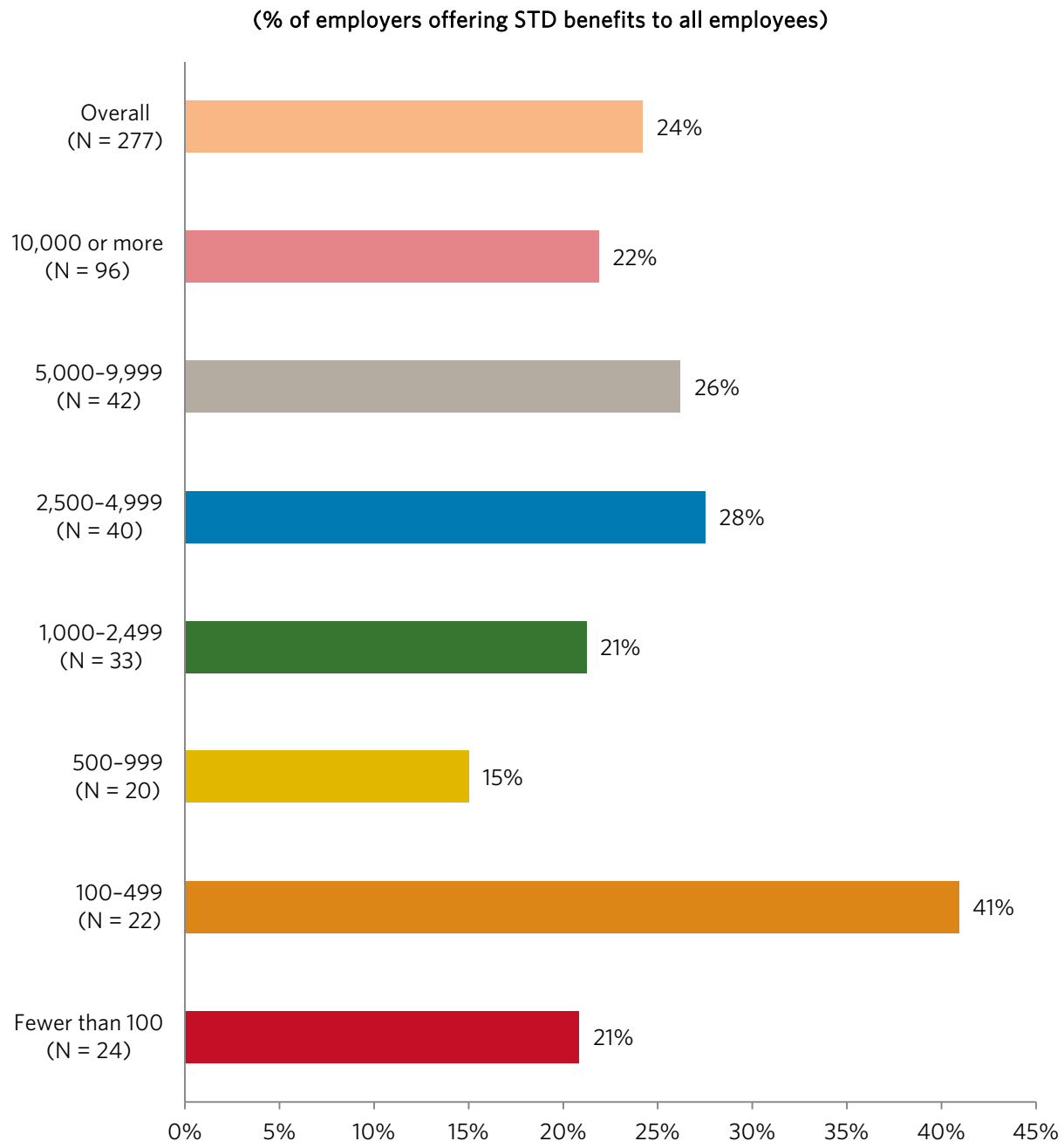
About one-quarter of employers offered STD leave to all employees, slightly fewer in manufacturing than in finance and insurance. Employers with more than 100 but fewer than 500 employees were the most likely to offer benefits to all employees.

Figure 4: Universal eligibility by selected industries



Note: Includes only employers that provided information about their formal STD leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 5: Universal eligibility by number of employees



Note: Includes only employers that provided information about their formal STD leave policies.

ELIGIBILITY BY EMPLOYEE CATEGORY

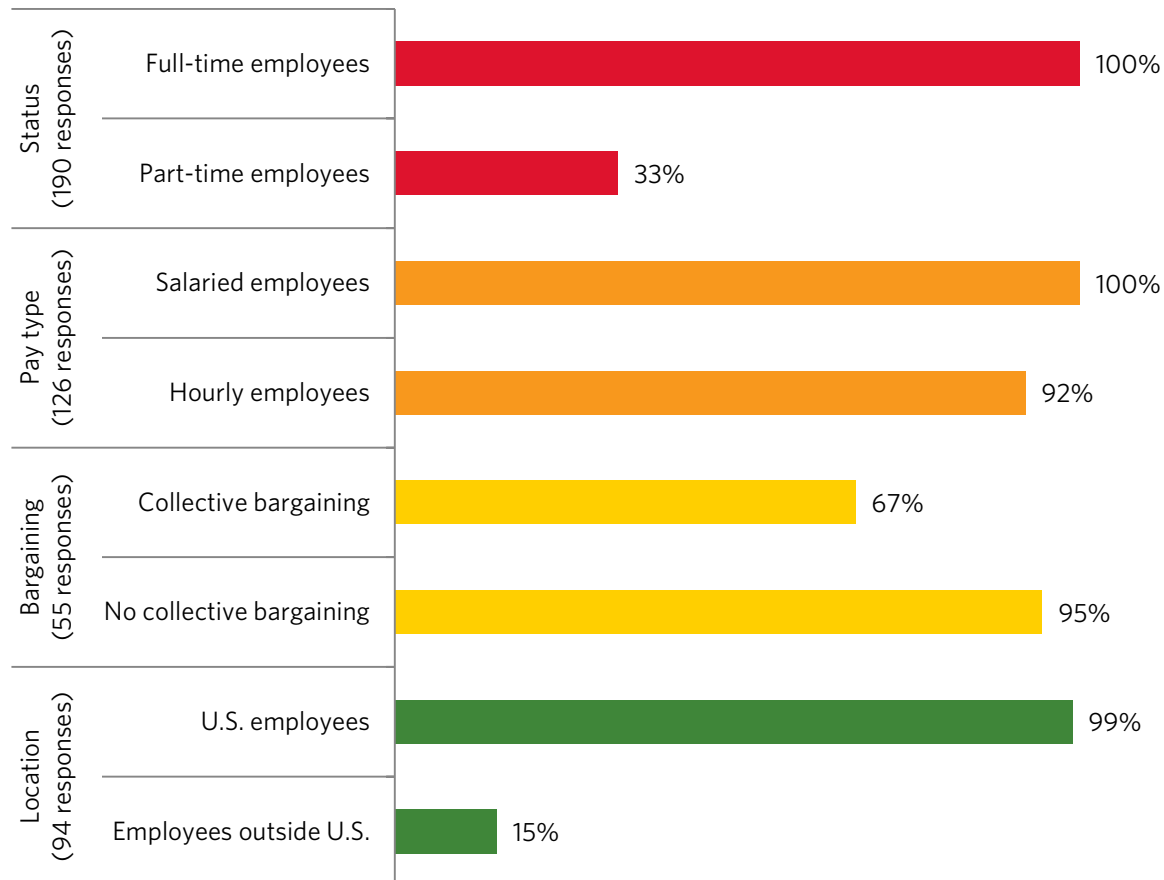
Employers that did not offer STD leave to all employees were provided the opportunity to identify categories of employees who were eligible for leave. These categories included full- or part-time status, salaried or hourly pay status, employees covered/not covered by collective-bargaining agreements and employees inside or outside the United States.

Figure 6 shows the percentage of employers that identified specific categories of employees in their formal leave policies. Because not all categories of employers are relevant to all employers, the proportions represent

employers that responded about different ways to classify employees (e.g., by pay status or by full- or part-time status).

One-third of employers that referenced full- or part-time status offered STD benefits to part-time employees. Salaried employees are offered STD benefits slightly more often than hourly employees, whereas two-thirds of employers that referenced collective bargaining offered STD benefits to employees covered by collective-bargaining agreements. Only 15% of employers that referenced the location of employees indicated that STD benefits were offered to employees outside the United States.

Figure 6: Categories of employees identified in formal STD leave policies (% of employers)

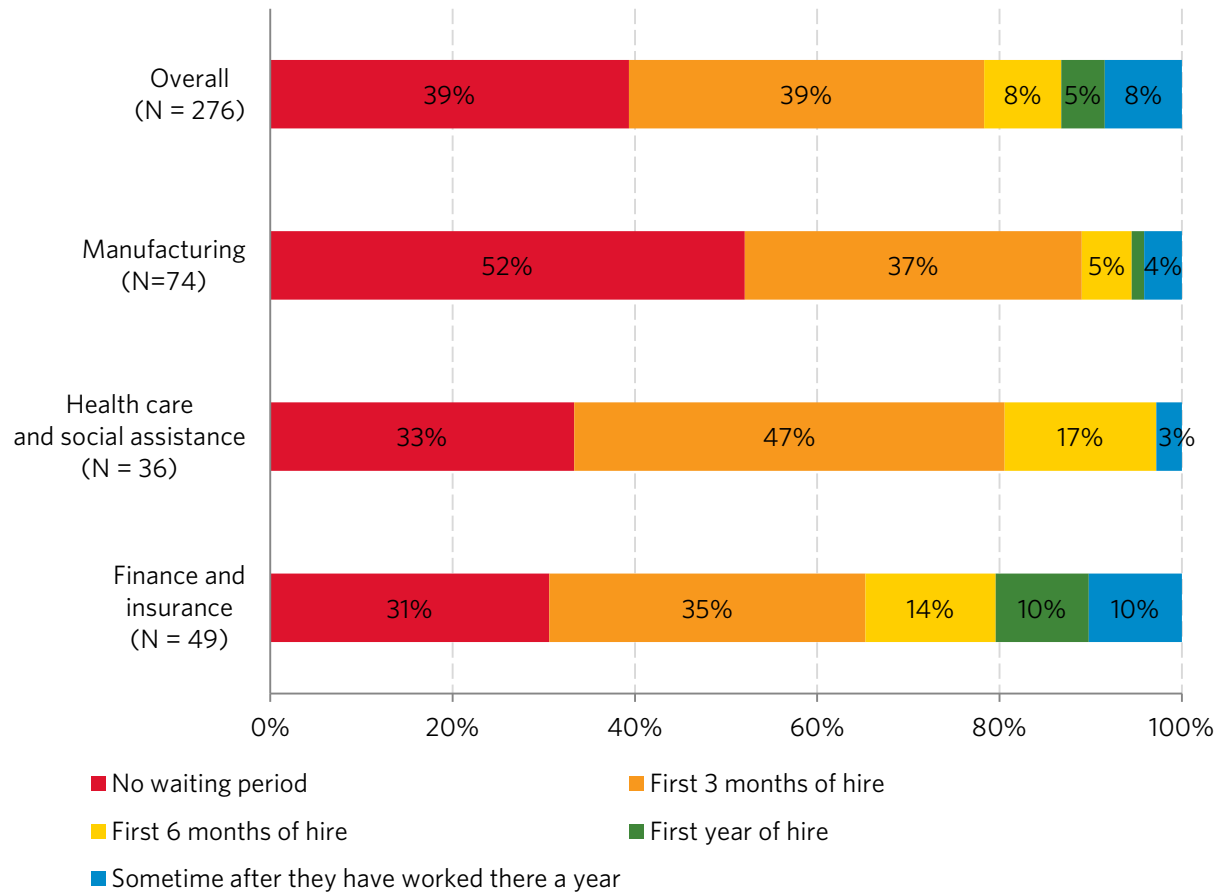


Note: Includes only employers that provided information about their formal STD leave policies.

How long must new hires wait until they become eligible to take STD leave?

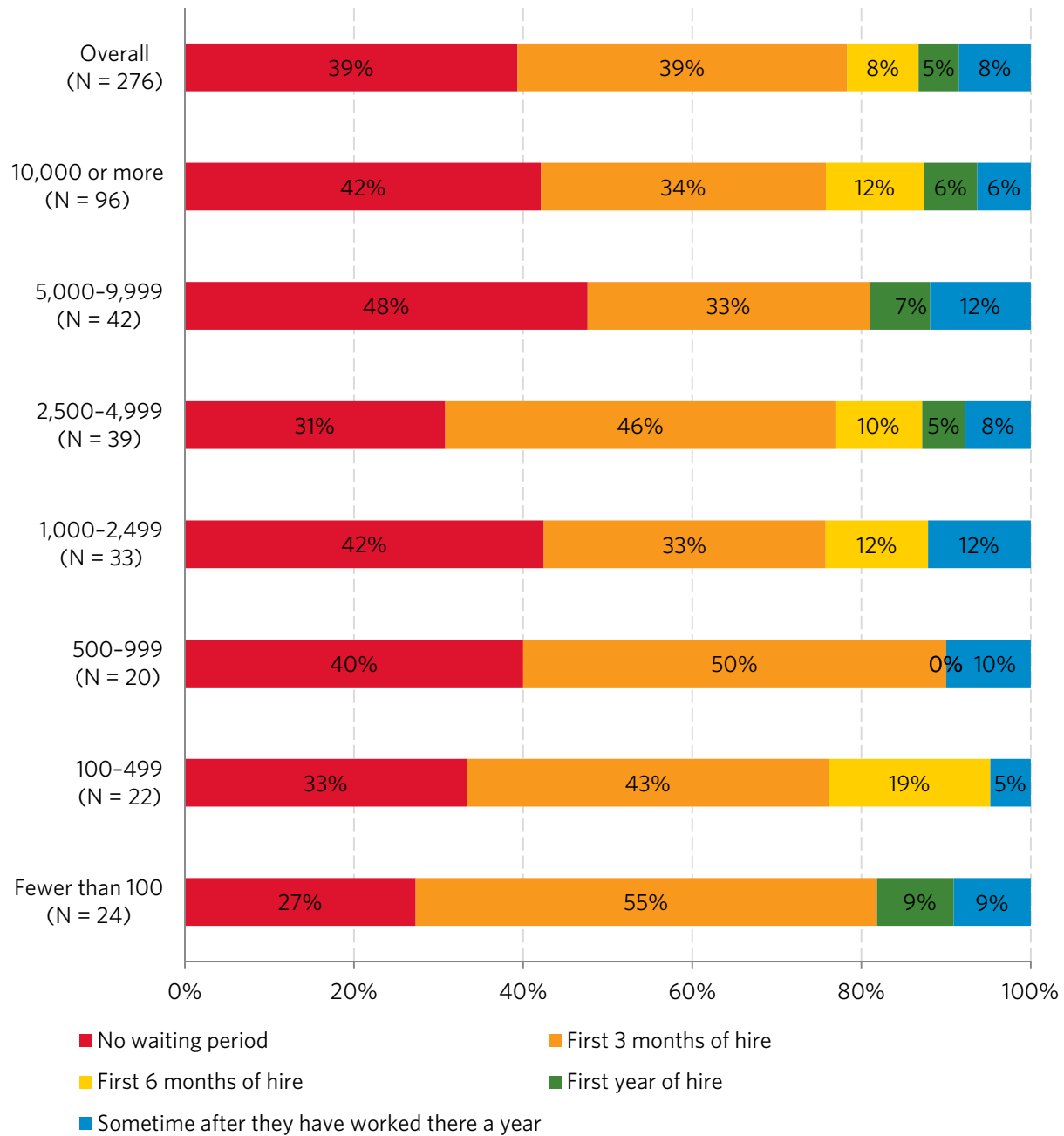
Figures 7 and 8 show the waiting periods before new employees become eligible for STD leave. Three in five employers required a waiting period for new employees to become eligible for STD leave. Compared to manufacturers, waiting periods more were common among finance and insurance and health care employers. Employers with a waiting period typically made leave available during the first 3 months of hire. Employers with 5,000 or more employees were less likely than smaller employers to have a waiting period. Waiting periods longer than one year were the most common among employers with 5,000 to 9,999 employees and employers with at least 1,000 but less than 2,500 employees.

Figure 7: Waiting periods for STD leave eligibility by selected industries (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 8: Waiting periods for STD leave eligibility by number of employees (% of employers)



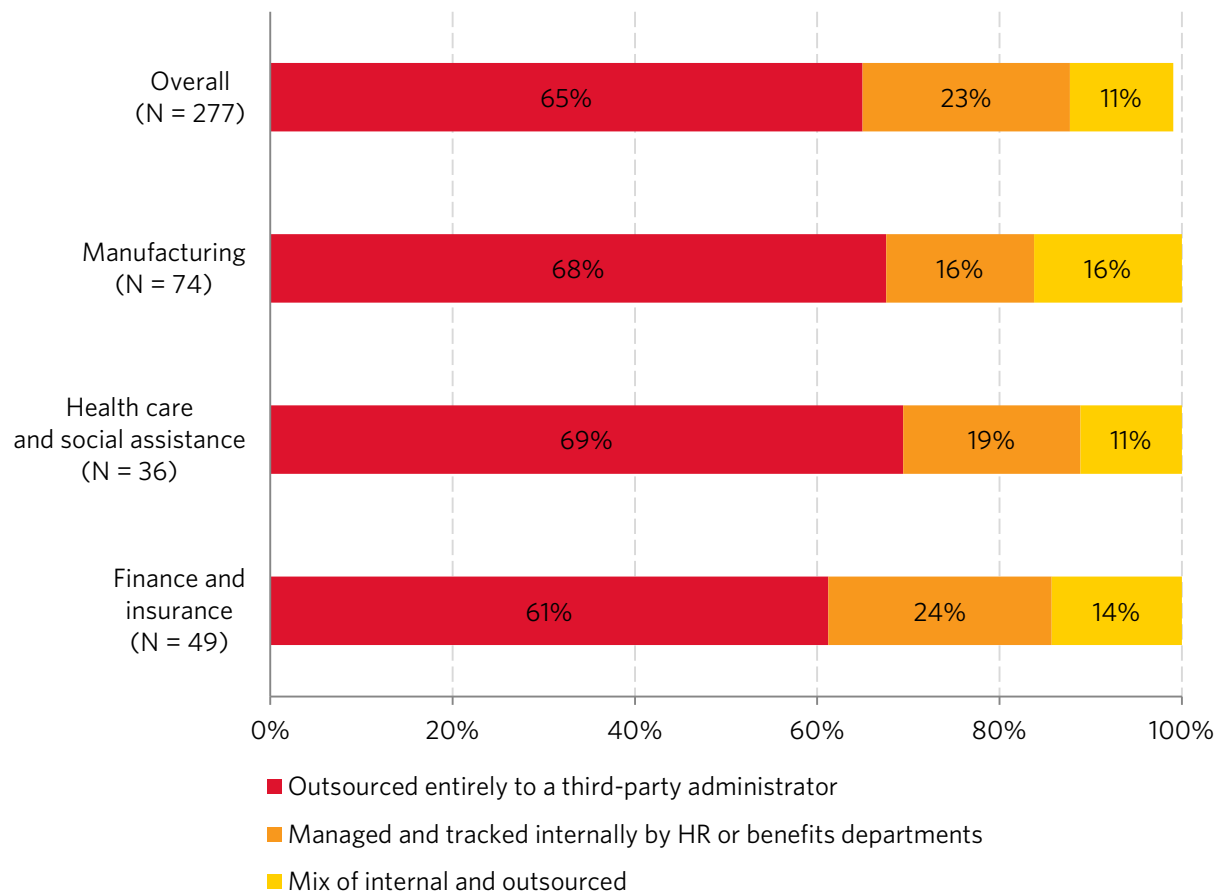
Note: Includes only employers that provided information about their formal STD leave policies.

How is STD leave managed and tracked?

Figures 9 and 10 show how many employers manage and track STD leave using internal resources (such as an HR or benefits department) or outsource their leaves to a third-party administrator.

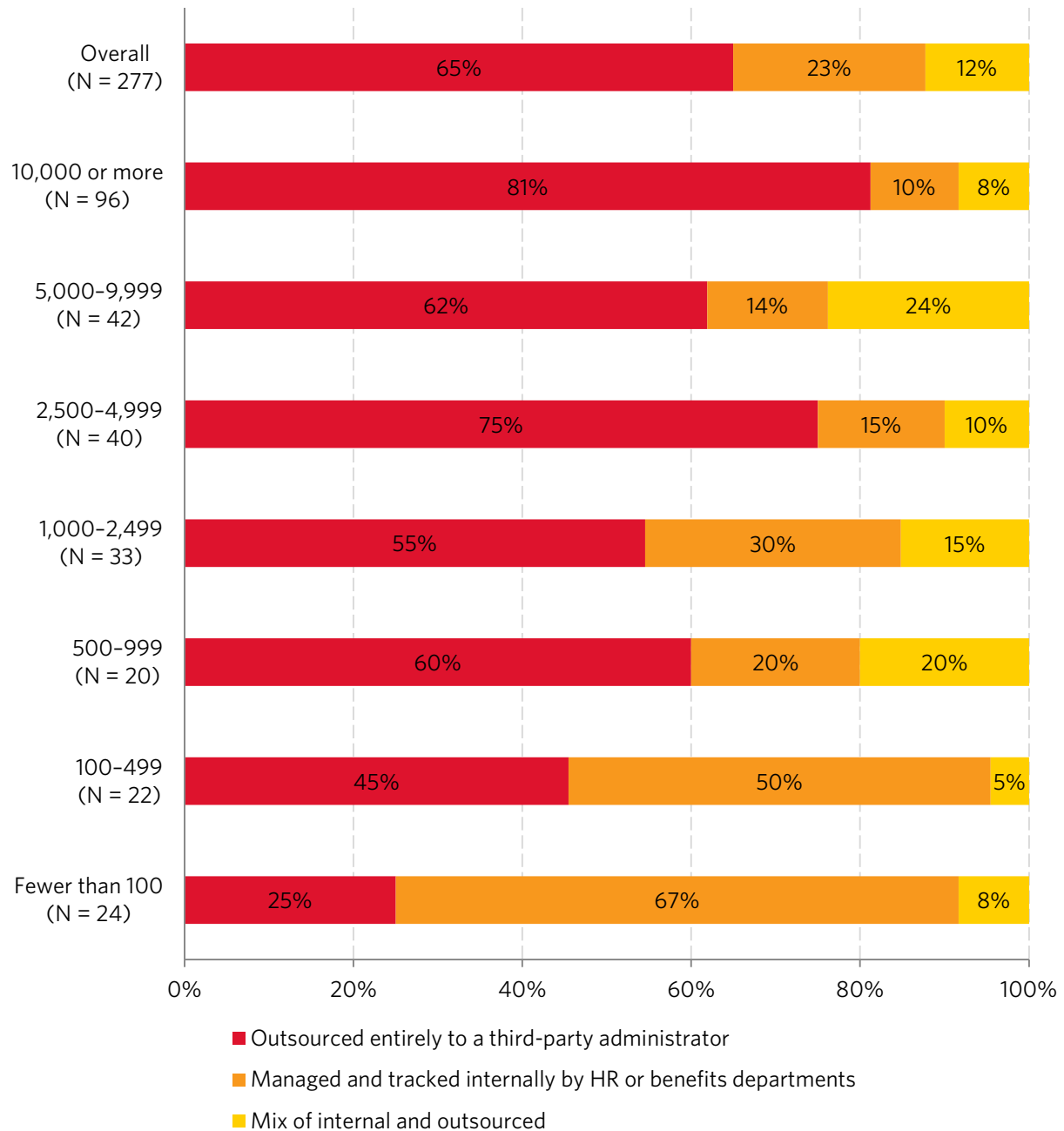
Very few employers split responsibility for managing and tracking leaves between internal and external resources. Nearly two-thirds of employers outsourced managing and tracking STD leaves. Manufacturers and health care employers were slightly more likely to outsource the management and tracking of STD leaves. Generally, larger employers are more likely to outsource the management and tracking of STD leaves. One in four employers with fewer than 100 employees outsourced the managing and tracking of STD leaves.

Figure 9: Method of managing and tracking STD leaves by selected industries (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 10: Method of managing and tracking STD leaves by number of employees (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies.

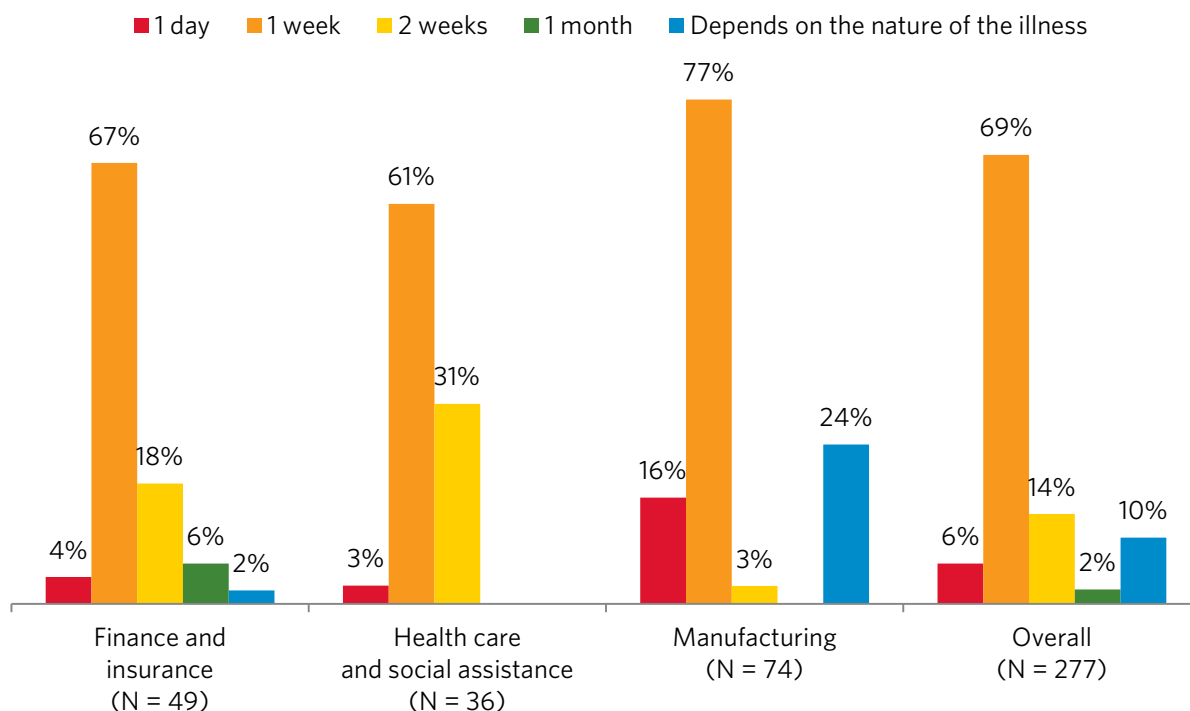
What elimination periods do employers require for STD leave?

Figures 11 and 12 show the elimination periods employers required before STD benefits commenced, by industry and number of employees.

The most common elimination period (used by nearly 70% of all employers) was one week; elimination periods of one month or 1 day were rare. Elimination periods of more than one week were most common among health care employers. One in four manufacturers considered the nature of an injury when applying an elimination period—virtually no employers in health care or finance and insurance did so.

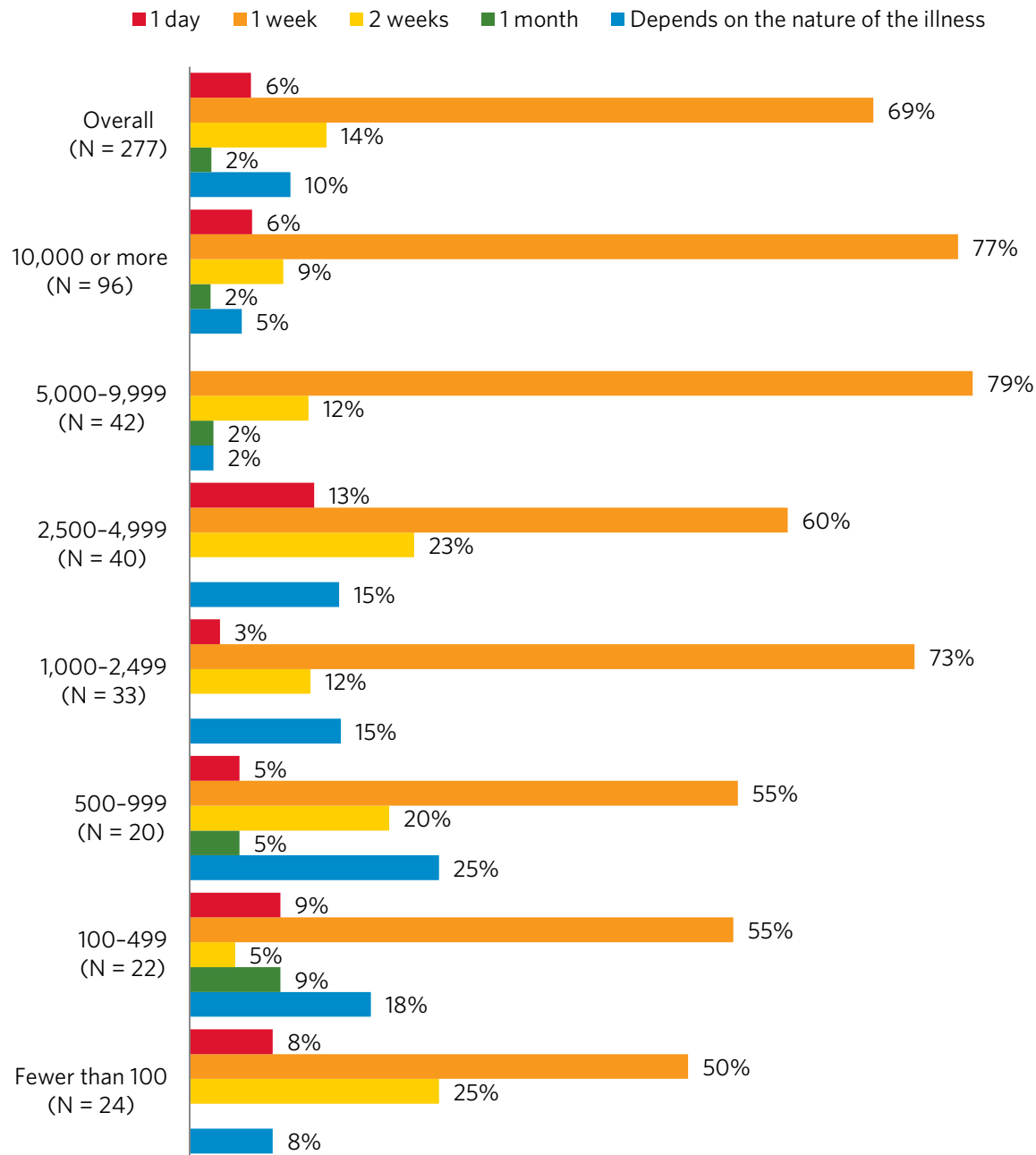
Generally, larger employers were more likely to apply a one week elimination period and less likely to require two weeks or to consider the nature of an injury when applying an elimination period.

Figure 11: STD elimination periods by selected industries (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Industries with fewer than 30 responding employers are not shown. Because employers can use more than one elimination period, results may not sum to 100%.

Figure 12: STD elimination periods by number of employees (% of employers)



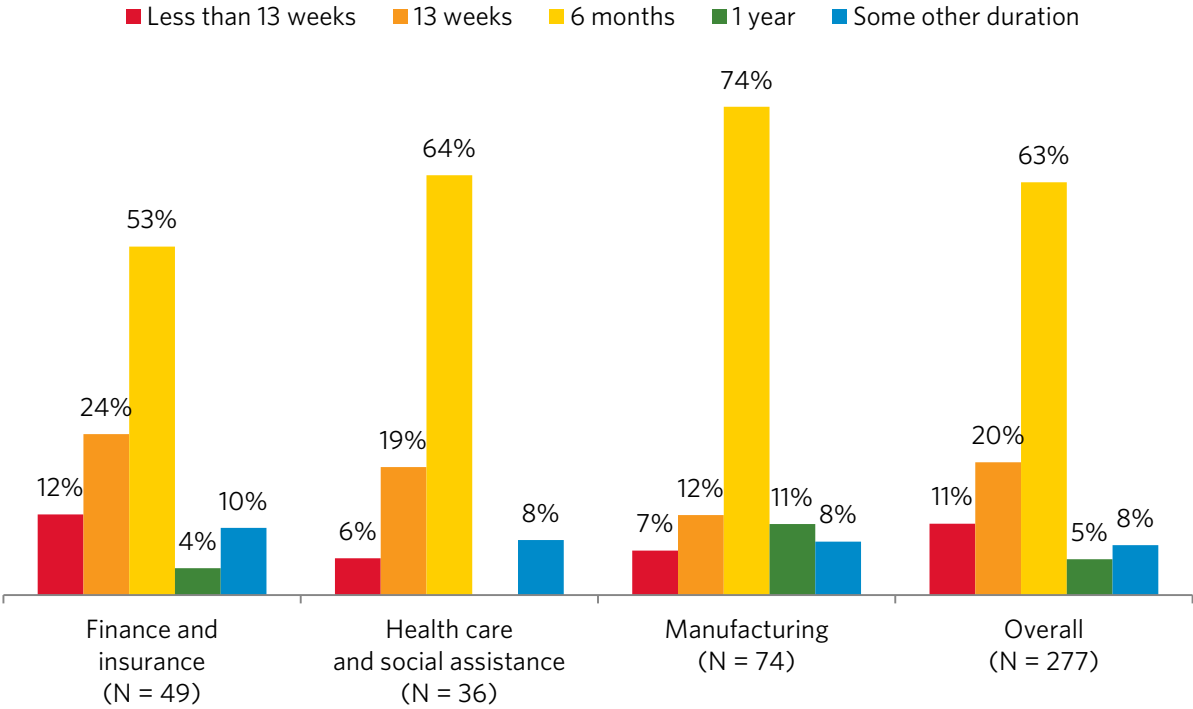
Note: Includes only employers that provided information about their formal STD leave policies. Because employers can use more than one elimination period, results may not sum to 100%.

What are the maximum benefit durations for STD leave?

Figures 13 and 14 show the maximum benefit durations of STD leave, by industry and by the number of employees. Overall, nearly two-thirds of employers allowed six months off for STD leave. Only 6% of employers allowed one year or more of STD leave. Six month durations were less common among finance and insurance employers than among manufacturing and health care employers.

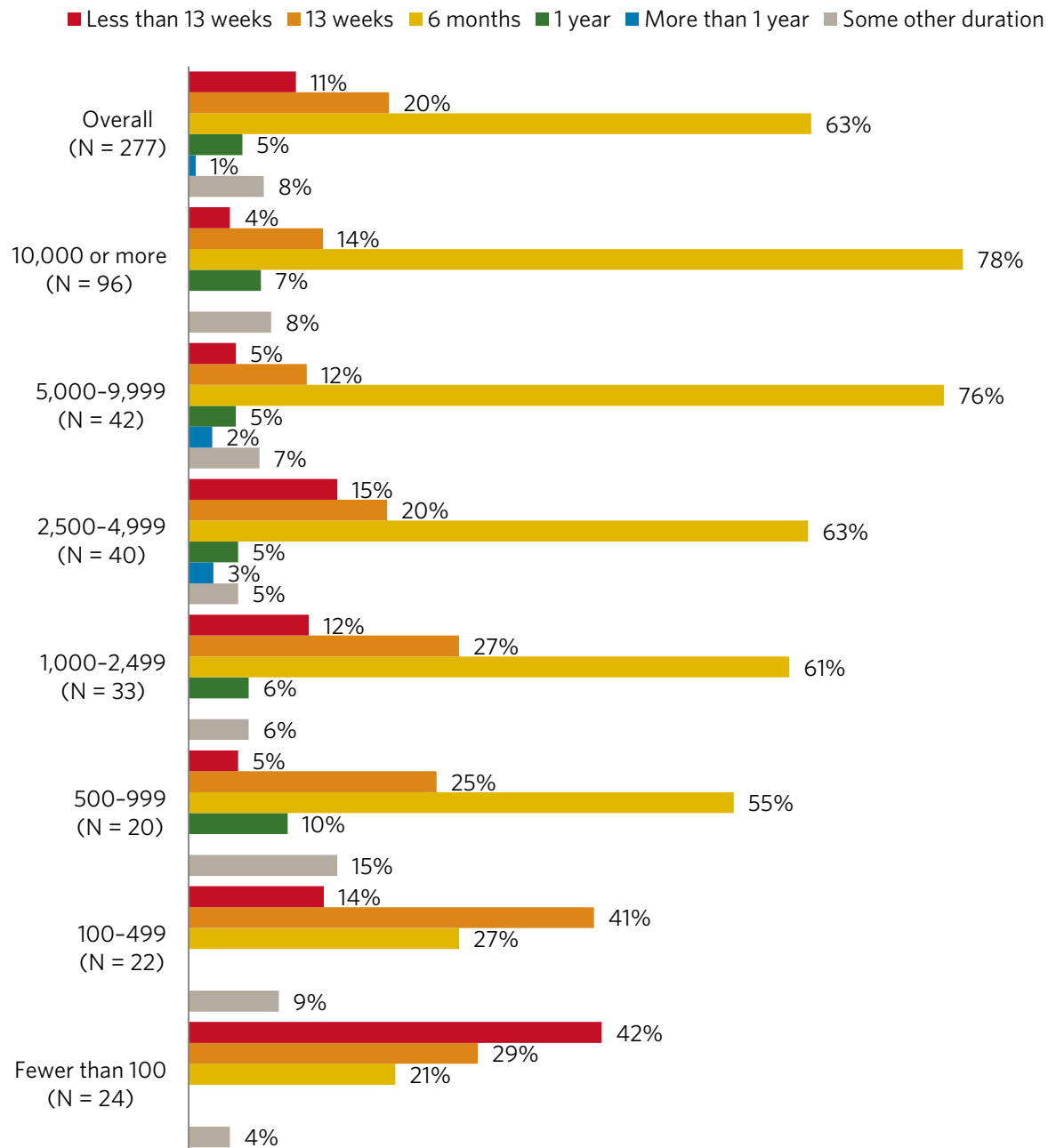
Maximum durations of less than 13 weeks were relatively rare—except among employers with fewer than 100 employees, where they were the most common benefit duration. Generally allowed durations were longer among larger employers. No employer with fewer than 500 employees allowed one year or more of STD leave.

Figure 13: Maximum benefit duration of STD leave by selected industries (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Industries with fewer than 30 responding employers are not shown. Because employers can use more than one maximum benefit duration, results may not sum to 100%.

Figure 14: Maximum benefit duration of STD leave by number of employees (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Because employers can use more than one maximum benefit duration, results may not sum to 100%.

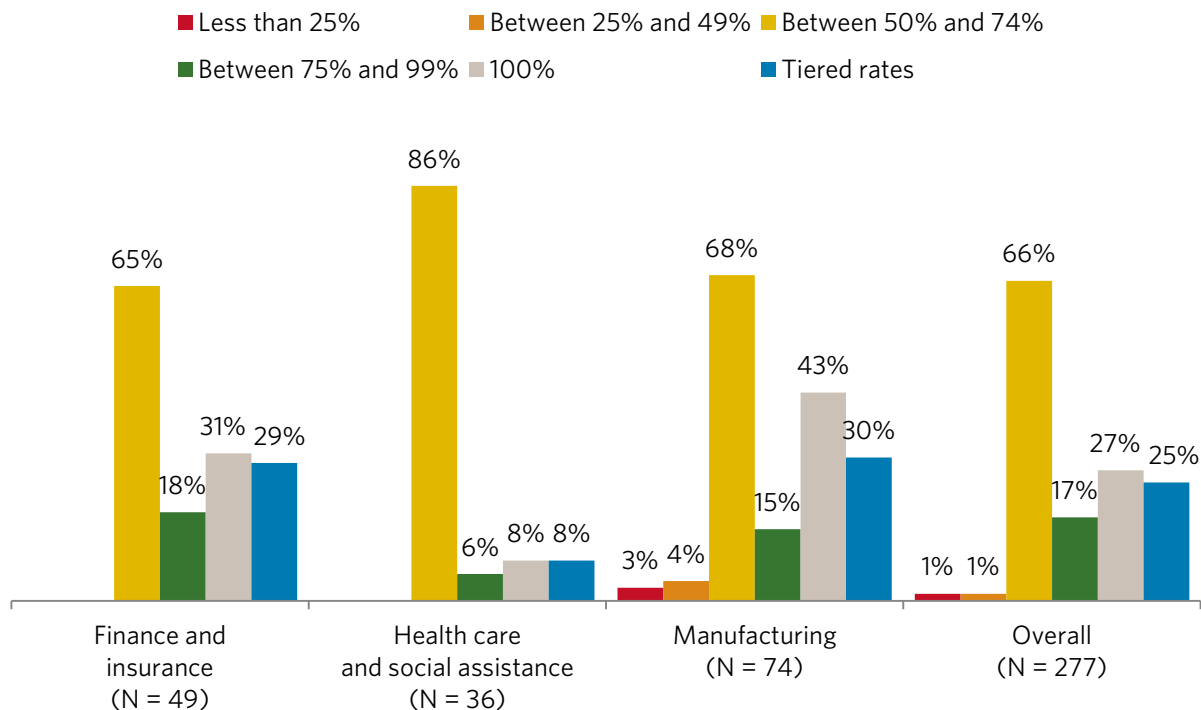
How much of their usual pay does an employee receive while on STD leave?

Figures 15 and 16 show the percentage of wages paid to employees during STD leave. Overall, two-thirds of employers paid between 50% and 74% of an employee's wage during STD leave, and one in four paid the entire amount. One in four employers paid a tiered rate that varied based on the duration of the leave.

Compared to health care employers, manufacturers and employers in finance and insurance were more likely to pay 100% of an employee's wage during STD leave.

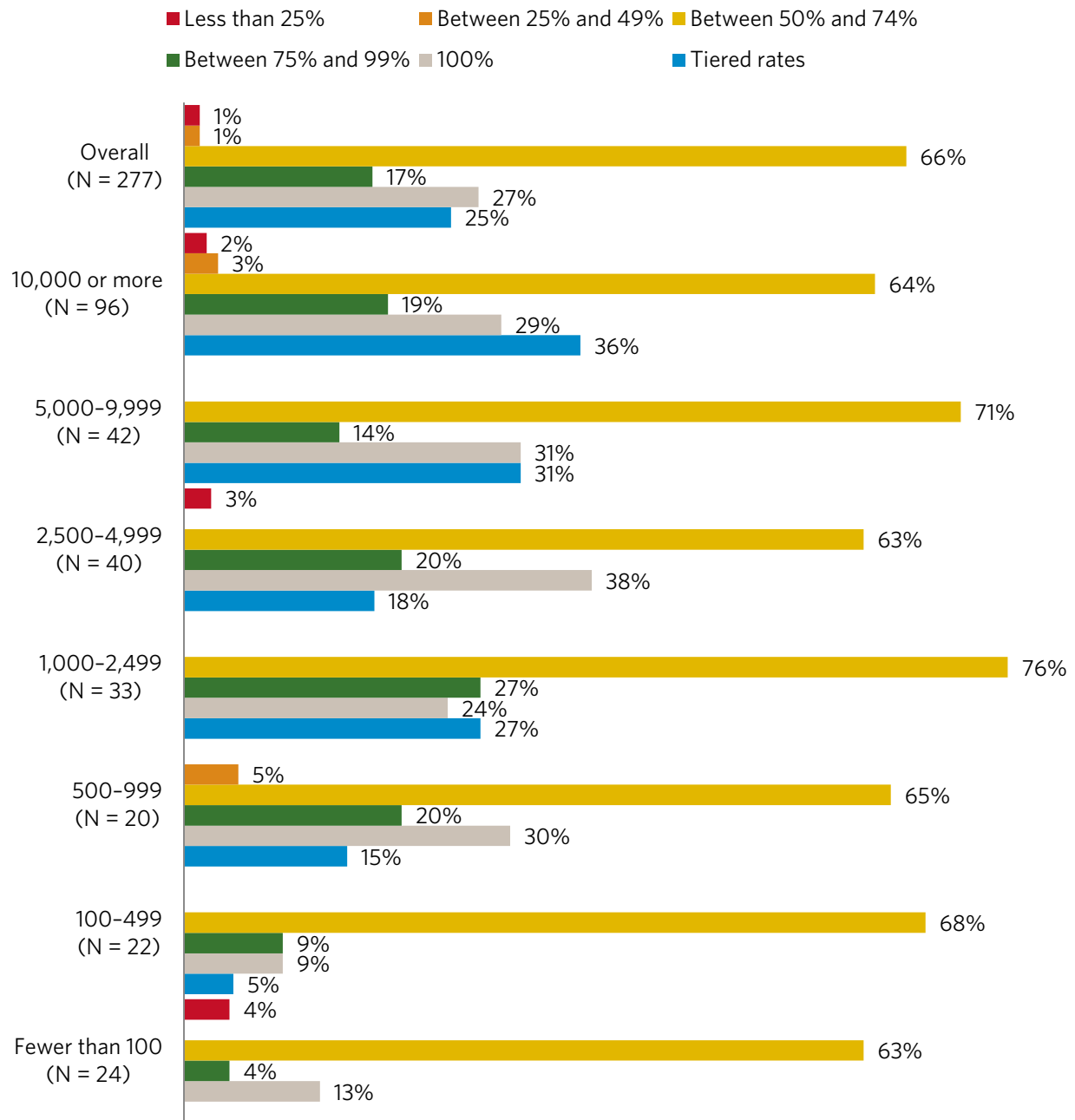
Mid-sized employers (at least 2,400 but less than 5,000 employees) were more likely to pay 100% of an employee's wage during STD leave. Few employers with 500 or fewer workers paid more than 74% of wages.

Figure 15: Pay received during STD leave by selected industries (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Industries with fewer than 30 responding employers are not shown. Because employers can use more than one wage replacement rate, results may not sum to 100%.

Figure 16: Pay received during STD leave by number of employees (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Because employers can use more than one wage replacement rate, results may not sum to 100%.

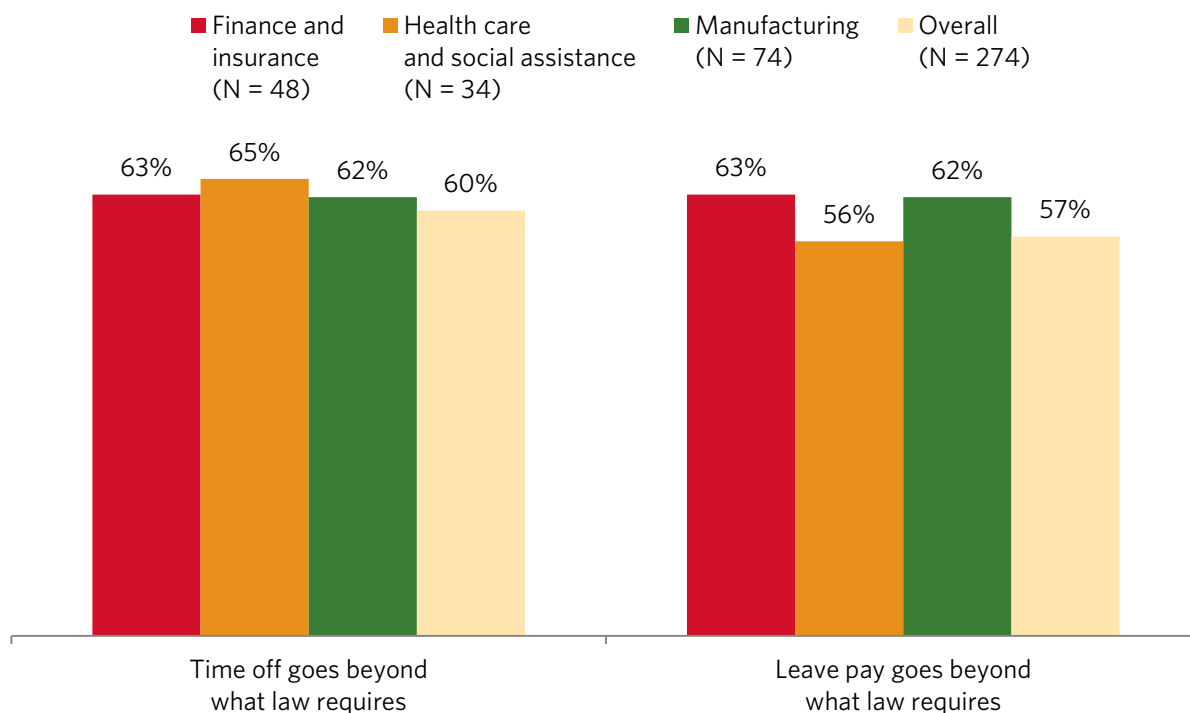
What other policies are applied to STD leaves?

Employers with formal STD leave policies were also asked about rules that applied to time off and pay during leave. Time-off policies include the requirements that employees authenticate the reason for leave and whether the amount of allowed time off exceeds what is required by applicable leave laws. Pay policies include whether employee benefits such as health care continued for the duration of leave and whether amounts of leave pay exceed what is required by applicable leave laws.

Nearly 100% of employers reported that employees are required to authenticate the reason for leave, and that employee benefits such as health care continued for the duration of leave. These results are not shown in the charts.

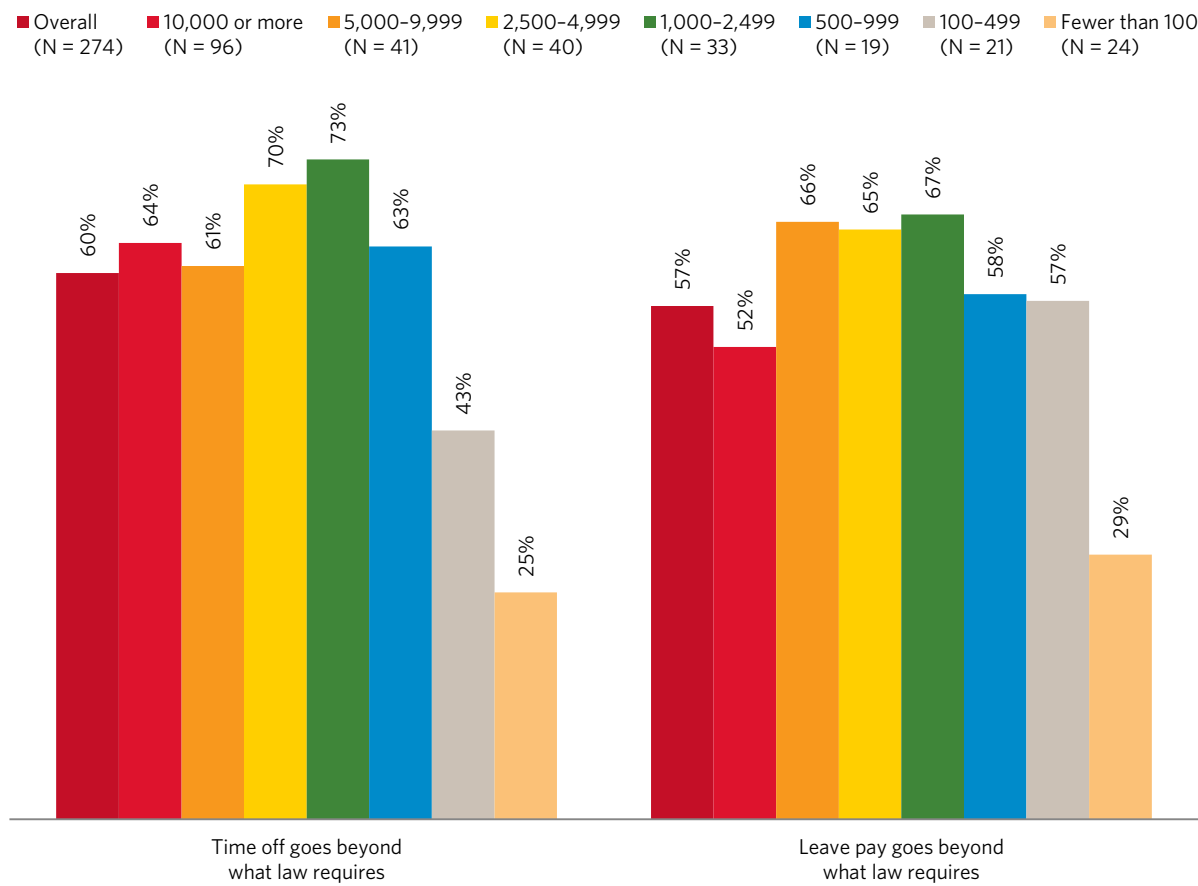
Figures 17 and 18 show the percentage of employers that apply time-off and pay policies that go beyond what is required by law, by industry and number of employees. Overall, 60% of employers reported that the durations of STD benefits went beyond what is required by law. 57% of employers report that the percentage of wages paid to an employee during STD leave went beyond what is required by law. Employers with fewer than 100 employees were less likely to implement time-off and pay policies that go beyond what is required by law. Mid-sized employers were more likely to implement time-off and pay policies that go beyond what is required by law.

Figure 17: Other time-off and pay policies by selected industries (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 18: Other time-off and pay policies by number of employees (% of employers)



Note: Includes only employers that provided information about their formal STD leave policies.

Appendix

SURVEY ADMINISTRATION

The Leave Management Benchmarking program collects data on nine separate types of leaves. Employers complete a survey for each type of leave for which they would like to receive a benchmarking report. Each leave is considered as a separate survey effort. Employers may complete surveys for as many leaves as they wish, and survey responses across leave types are not connected to one another.

PARTNER ORGANIZATIONS

Employers are recruited for the survey from IBI member organizations, as well as from the membership lists and client bases of partner organizations. As of the publication date of the current report, partner organizations that have invited members and clients to take surveys include the following:

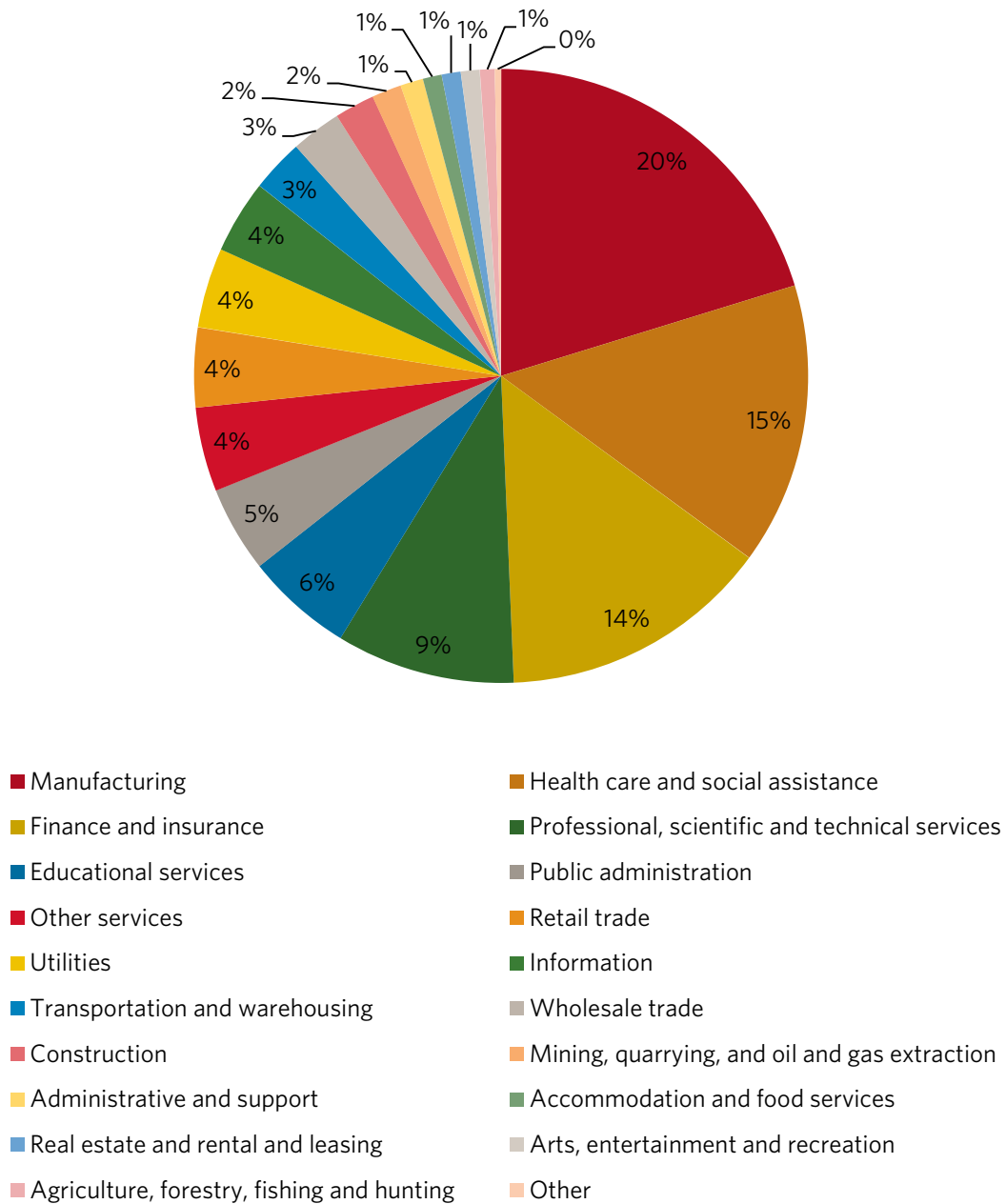
- The Alliance
- Aon Hewitt
- Broadspire
- ClaimVantage
- Employers Health
- Employers Health Coalition
- Employers Healthcare Coalition
- Florida Health Care Coalition
- Greater Philadelphia Business Coalition on Health
- HC21
- Houston Business Coalition on Health
- Liberty Mutual Insurance
- Memphis Business Group on Health
- Midwest Business Group on Health
- Mississippi Business Group on Health
- Nevada Business Group on Health
- Northeastern Oklahoma Business Coalition on Health
- Pacific Business Group on Health
- Pittsburgh Business Group on Health
- The Reed Group
- Rhode Island Business Group on Health
- Sedgwick Claims Management Services, Inc.
- St. Louis Area Business Health Coalition
- Standard Insurance
- Sun Life Financial
- Unum Group
- Washington Health Alliance
- Willis Towers Watson
- WorkPartners
- Wyoming Business Coalition on Health

The survey was opened for responses on July 5, 2017, and remains open continuously. A report on a specific leave type is released when surveys from 30 organizations provide information about their policies; it is subsequently updated for each additional 30 recorded policy descriptions. Because the interest is primarily in benchmarking employers' policies, all due diligence is made to exclude responses from persons known to represent consultants, absence management suppliers or third-party administrators. The primary method of identifying these organizations is through cross-referencing the domain in the work email address provided by the user for delivering results. Respondents who provide an email address that indicates a personal email service (such as Gmail) are asked to provide a corporate work email to verify their employer status. Responses with unverified email addresses are excluded from analysis.

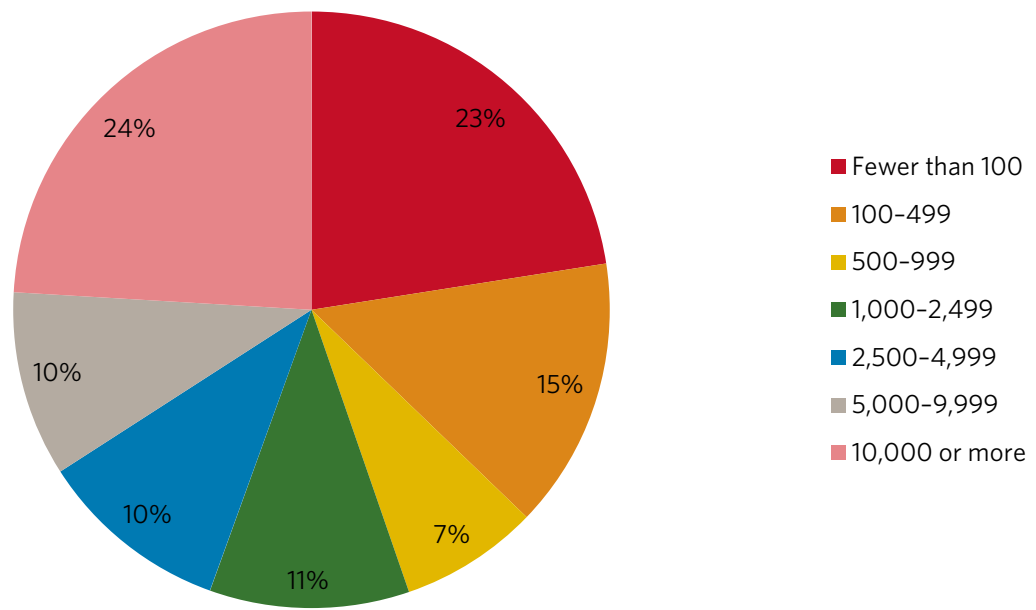
Reports are updated with industry- and state-level benchmarks when 30 additional responses are recorded.

DEMOGRAPHICS OF RESPONDING EMPLOYERS

Appendix Figure 1: Industry



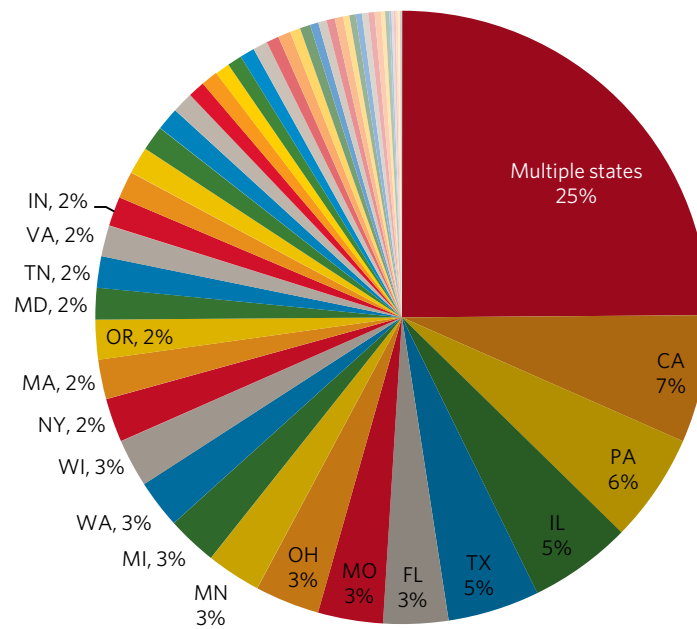
Appendix Figure 2: Company size



Appendix Figure 3: Respondents' organizational functions



Appendix Figure 4: State in which most employees work



Note: States that represented less than 1% of responses are not labeled.

Acknowledgments

Special thanks are due to the National Alliance of Healthcare Purchaser Coalitions for helping coordinate the distribution of the survey through several employer coalitions.

IBI's Leave Management Benchmarking series originated from the Leave Management Issue Group, part of IBI's Research Committee. IBI gratefully acknowledges representatives from the following organizations for providing expert guidance during the development of the Leave Policy Benchmarking Survey.

Leave Management Issue Group members:

- Angie Brown, ClaimVantage
- Ed Crouch, MD, Liberty Mutual Insurance
- Marc Cunningham, Broadspire
- Susan Fabry, Sun Life Financial
- Michelle Jackson, Unum Group
- Annie Jantz, Lincoln Financial Group
- Gene Lanzoni, The Guardian Life Insurance Company of America
- David Setzkorn, Standard Insurance

Terri Rhodes, President of the Disability Management Employer Coalition, also provided valuable guidance on the development of the survey.

IBI RESEARCH COMMITTEE MEMBERS

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| • Aetna | • Lockton Companies | • Standard Insurance |
| • Anthem, Inc. | • Mercer-Trion | • Sun Life Financial |
| • Aon Hewitt | • Merck & Co., Inc. | • Teladoc |
| • Bristol-Myers Squibb | • Morneau Shepell | • UnitedHealthcare |
| • Broadspire | • Novo Nordisk, Inc. | • Unum Group |
| • CareWorks Absence Management | • Pfizer Inc. | • WorkPartners |
| • ClaimVantage | • Prudential Financial, Inc. | • Willis Towers Watson |
| • The Guardian Life Insurance Company of America | • The Reed Group | • Woodruff-Sawyer & Co., Inc. |
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