



A New View on Absence: Thinking Like an Employee to Reduce Leaves

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American Red Cross

Agenda

- Setting the Context
- The Business Problem
- Strategic Intervention
- Outcomes
- Next Steps
- Advice for Employers
- Questions?

American Red Cross

- Over 22,000 employees located in the United States
- Provide care to those in need through five key service areas:
 - Disaster Relief
 - Lifesaving Blood
 - Health & Safety Services
 - Support of Military Family
 - International



American Red Cross Cont'd

- Serve all 50 states plus Guam, Mariana Islands, Puerto Rico, Samoa
- Approximately 70% of the staff are on the biomedical (blood) side of the business
 - 33% of which is unionized
 - Includes 3 call centers



Health and Absence Team

- Coordinate disability leaves which are a mix of state leaves, union plans and TPA
- Manage all leaves of absence administered by single TPA
- Advise managers and human resources professionals how to legally navigate workplace accommodations and leave of absence escalations
- Monitor and report leave trends proactively by location, job title, etc.
- Manage workplace accommodation requests

American Red Cross Partnership

- In April, 2012, American Red Cross transitioned their leave management from local/internal Human Resource Professionals to Aon Hewitt
- Primary goals:
 - Standardize processes and assure consistency
 - Strong interest in using Analytics to drive strategies and process





The Business Problem

American Red Cross

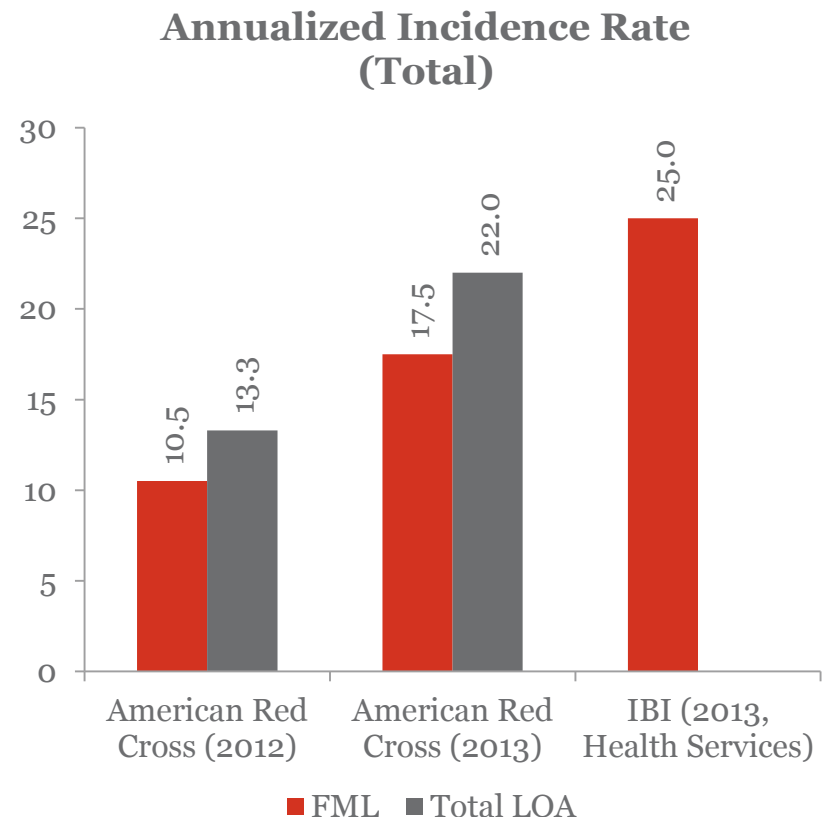
Leaves of Absence

- American Red Cross Leave of Absence (LOA) program encompasses:
 - FMLA (both concurrent and standalone FMLA)
 - Union leaves
 - Personal leave
 - Non-FMLA company plan
- Primary driver of lost time is FMLA



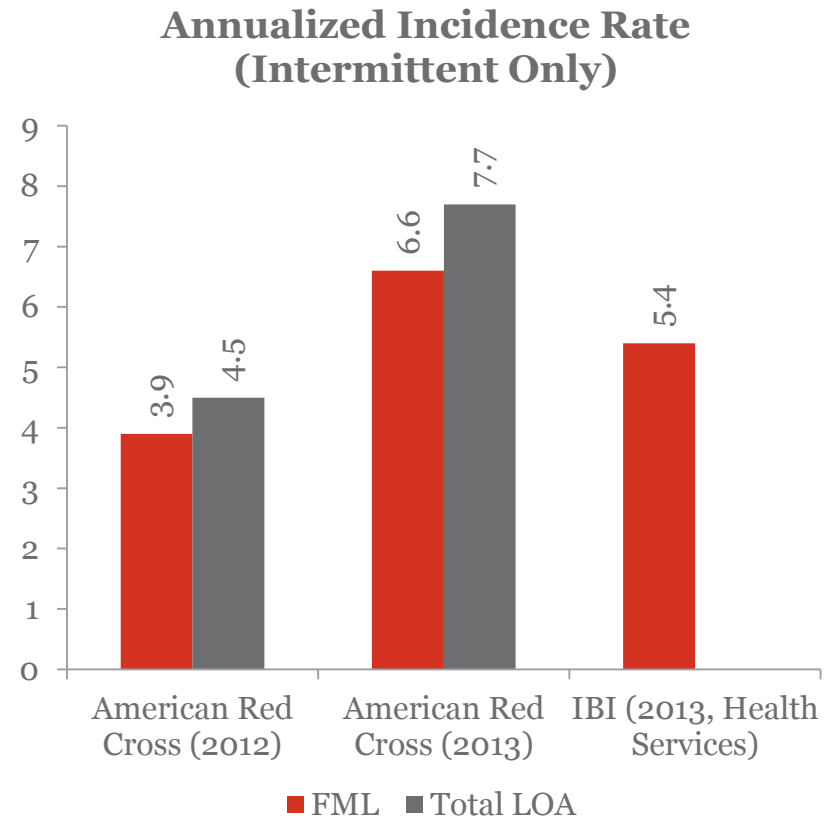
External Benchmarks: Total Incidence Rate

- American Red Cross trended below industry peers for overall FMLA incidence rate for the first two years of the program
- With the inclusion of the additional leave types, the trend remained below the external benchmark



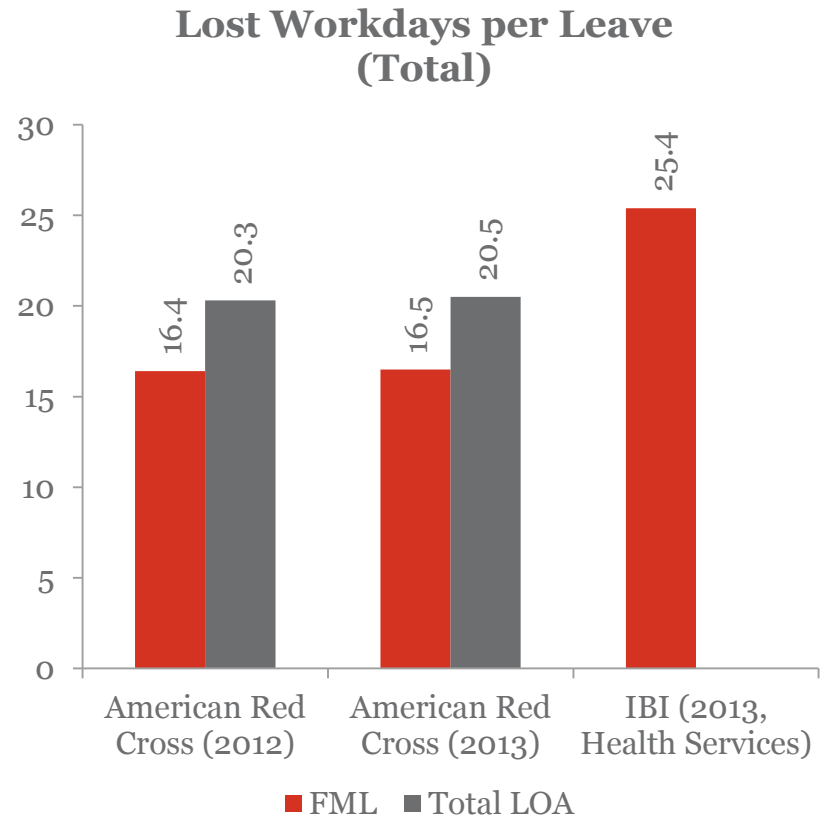
External Benchmarks: Intermittent Incidence Rate

- Year 1 following the outsourcing of leaves:
 - American Red Cross trended well below benchmark for the incidence rate of intermittent leaves
- Year 2:
 - Increase for both FMLA and Total LOA intermittent incidence rates



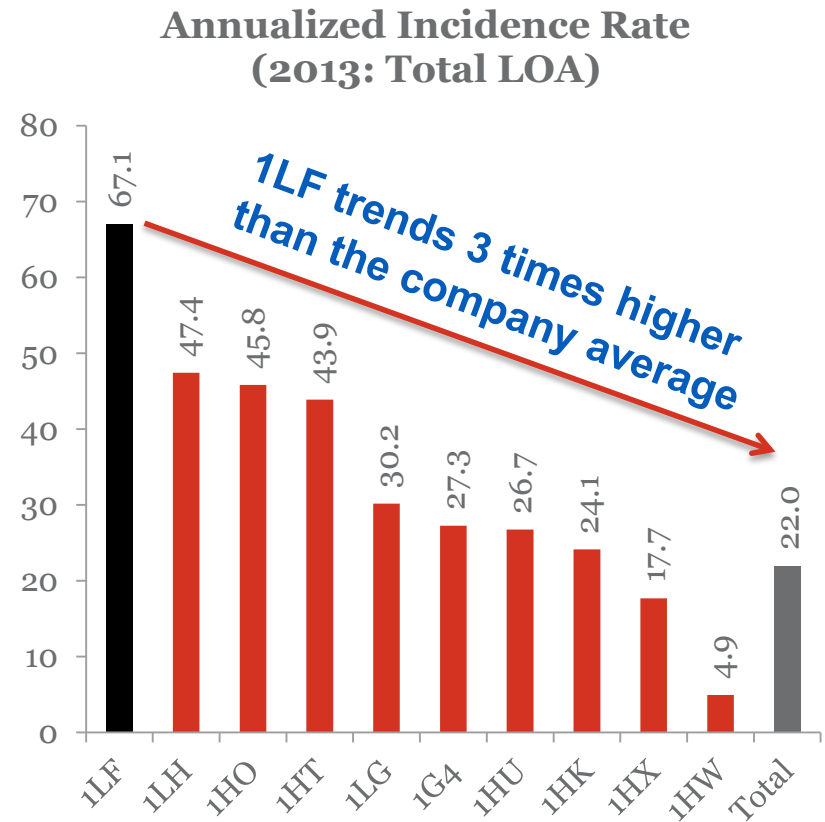
External Benchmarks: Lost Workdays per Leave

- First 2 Years:
 - Average number of workdays lost per leave trended well below the external benchmark for both FML and Total LOA



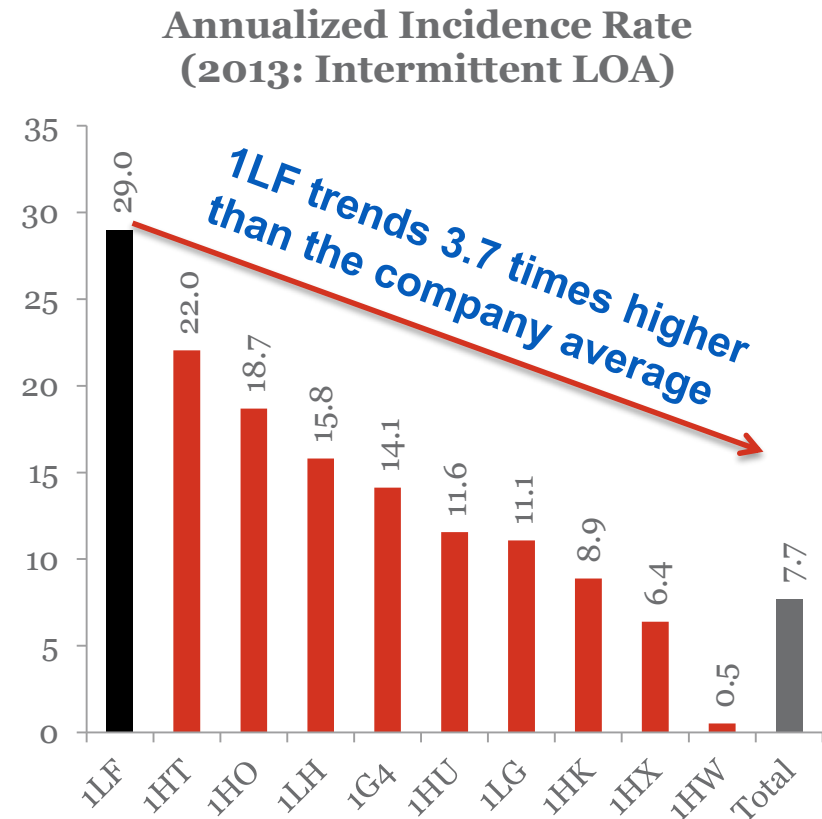
Internal Benchmarks: Total Incidence Rate

- Although American Red Cross trended well compared to external benchmarks, internal comparisons revealed large variations in Total LOA incidence rates
- Data Note: Internal benchmarks represent pay groups with > 500 employees



Internal Benchmarks: Intermittent Incidence Rate

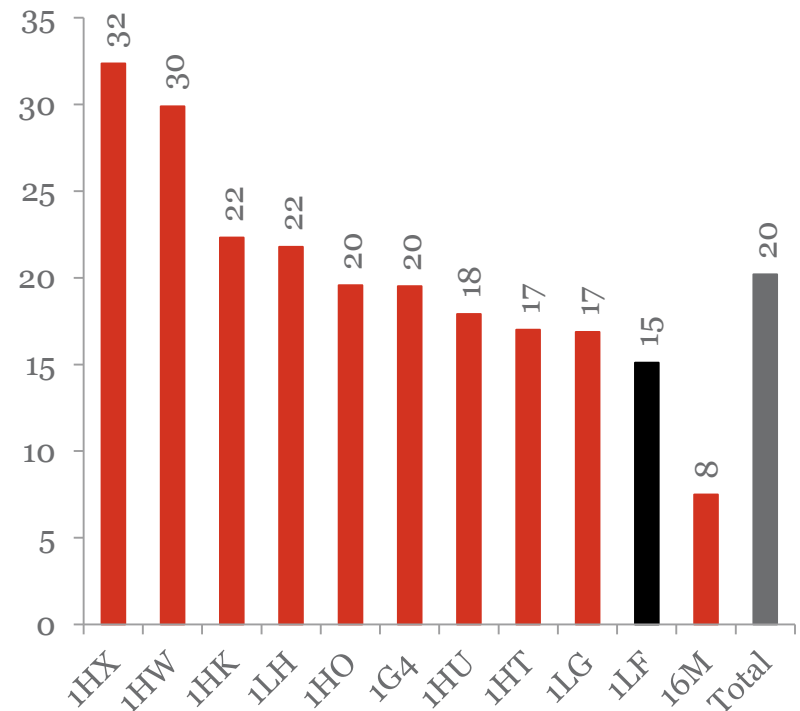
- Likewise, an analysis of the Intermittent incidence rates reveal large variations across pay groups
- Within 1LF, 47% of the total LOA were intermittent leaves as compared to 35% for the overall organization



Internal Benchmark: Lost Workdays per LOA

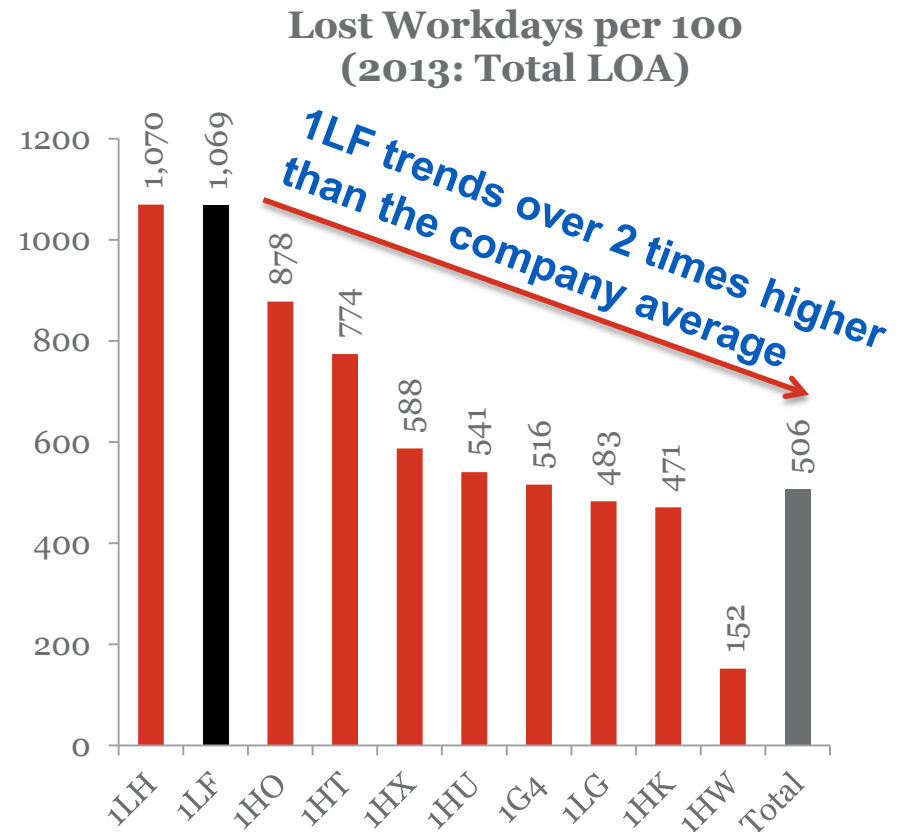
- The 1LF average number of days lost per LOA was lower than the company average and lower than most of the peer groups
- Continuous leaves for 1LF were 4 days shorter than the company average, and intermittent leaves were 1 day shorter than average

Lost Workdays per Leave
(2013: Total LOA)



Internal Benchmark: Lost Workdays per 100

- Despite lost workdays per LOA lower than the company average, high incidence rates place 1LF as a pay group with the highest loss
- Conclusion: The 1LF absences are characterized by high volumes of short duration leaves, and present a significant opportunity for focus



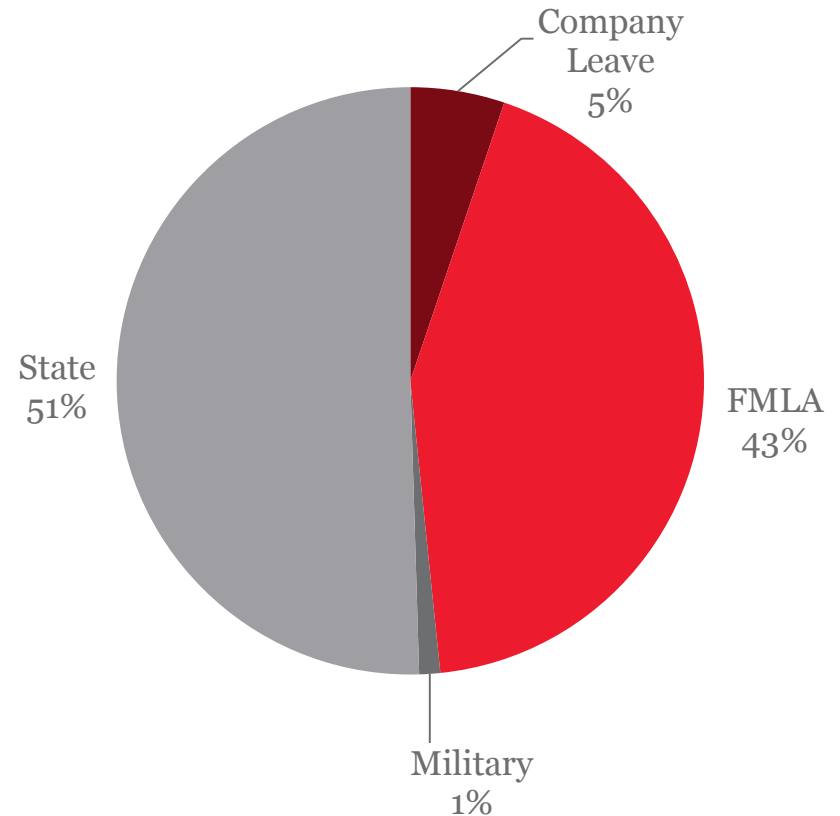


Strategic Intervention

American Red Cross

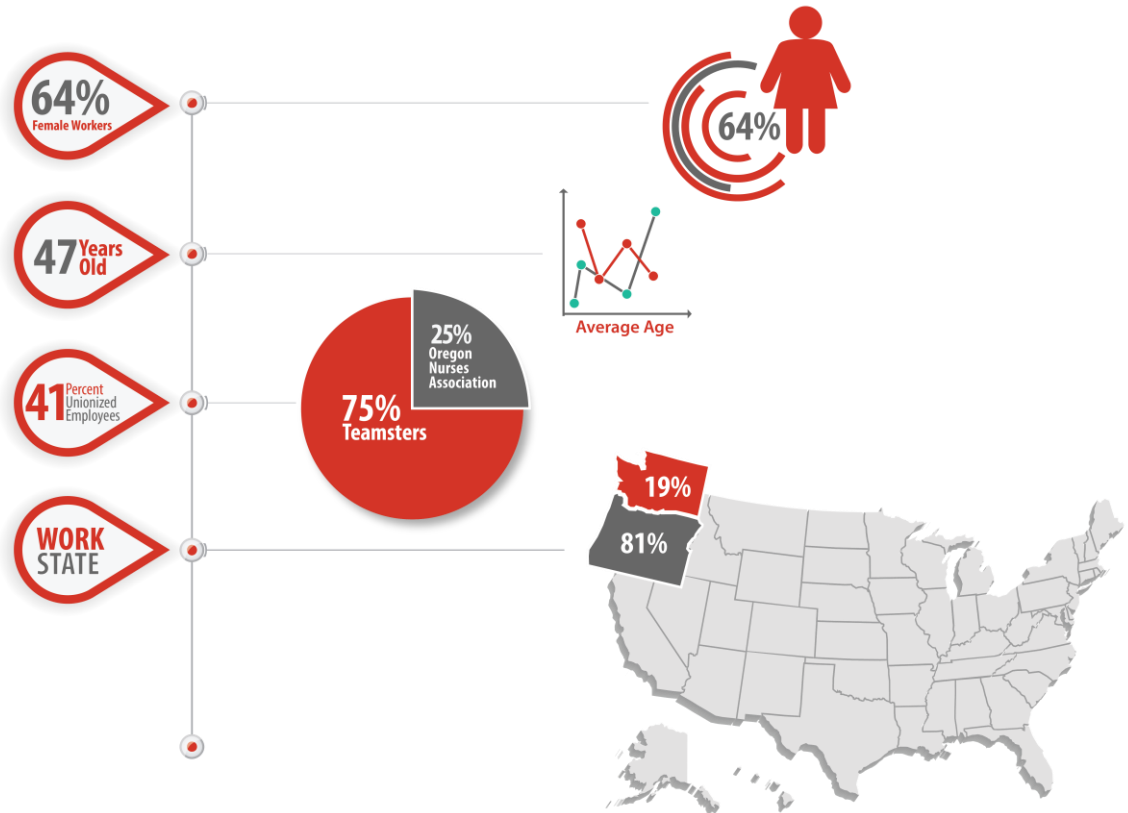
Key Functions of 1LF

- The 1LF pay group is located in the Pacific Northwest (Oregon, Washington)
- 1LF is biomedical dedicated to blood collection, blood processing and blood manufacturing
- Heavy utilization of state leaves (OFLA)
- No leave time within union contract



Demographic Profile of 1LF

- As of January, 2016 there were 492 employees
- 64% female
- Average age = 47
- Work state
 - 81% Oregon
 - 19% Washington
- 41% Unionized employees, split as follows:
 - 75% Teamsters
 - 25% Oregon Nurses Association



Understanding the Root Cause

- Determined that employee scheduling practices were a key driver of low morale, high absenteeism and high turnover due to a lack of work/life balance
- Employees were scheduled five days a week, including weekends, with schedule changes from week to week and non-consecutive days off
- Scheduling had “always been done this way” and was the easiest way for the business to staff appropriately to meet work demands
 - Sales was scheduling blood drives based on whatever day the business desired

Rolling Out the New Policy

- Management proposed a scheduling policy change during the May, 2012 contract negotiations with Teamsters
- The union accepted the proposal in October, 2012 and played an active role in rolling out the new policy
- Mid-2013 the new policy came into play, with more consistency applied in 2014

***“The employer will
make a reasonable
effort to ensure two
consecutive days
off from work”***

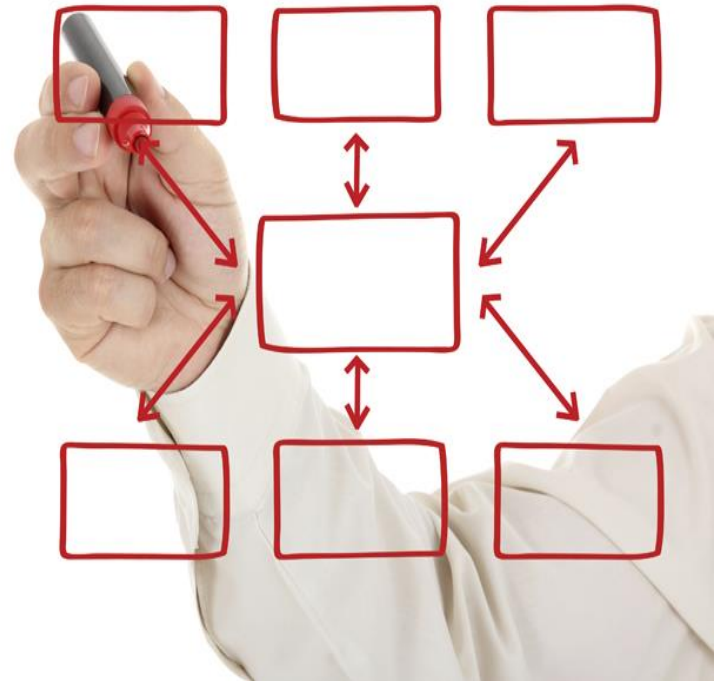
The Hurdles

- The union had to trust the company because the contract language read that the company would “do their best”
- Staff scheduling became more manual
- Sales had to change the way that they scheduled blood drives



Overcoming the Hurdles

- The union placed their trust in the contract language. End result: Improved employee morale
- Scheduling team workload reduced because:
 - Fewer number of callouts
 - Fewer last minute changes to shift assignments
- Sales began scheduling blood drives based on staff availability instead of based on the business desire



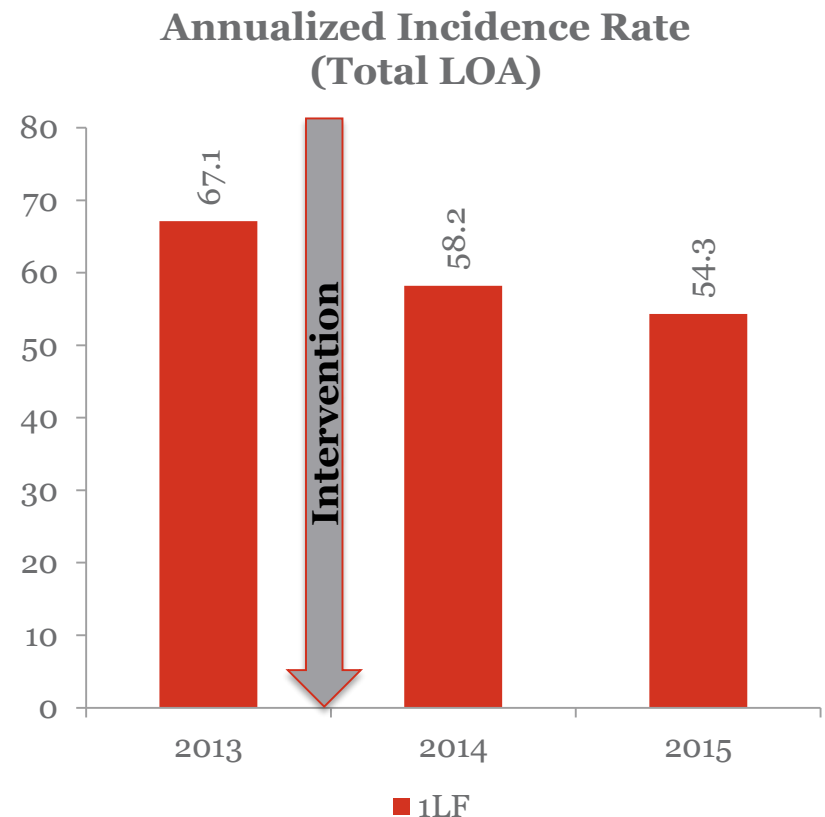


The Outcomes

American Red Cross

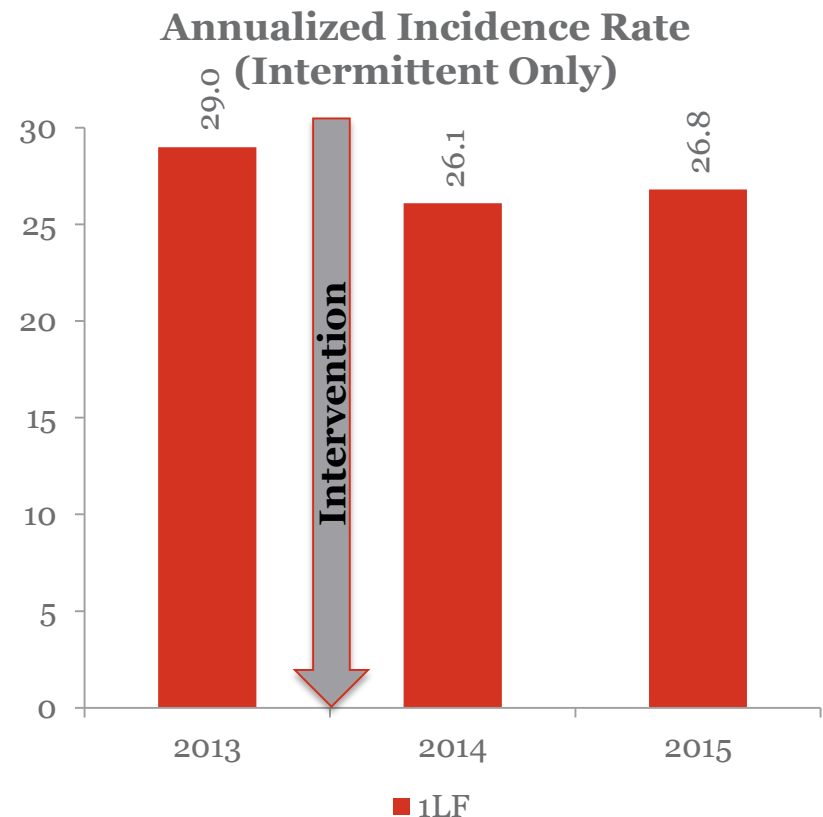
Total LOA Incidence Rate Declines

- In comparison to the total annualized incidence rate prior to the intervention, incidence rates dropped 13% and 19% respectively
- Data notes:
 - Represents 1LF pay group only
 - 2015 is annualized based on data through Q3



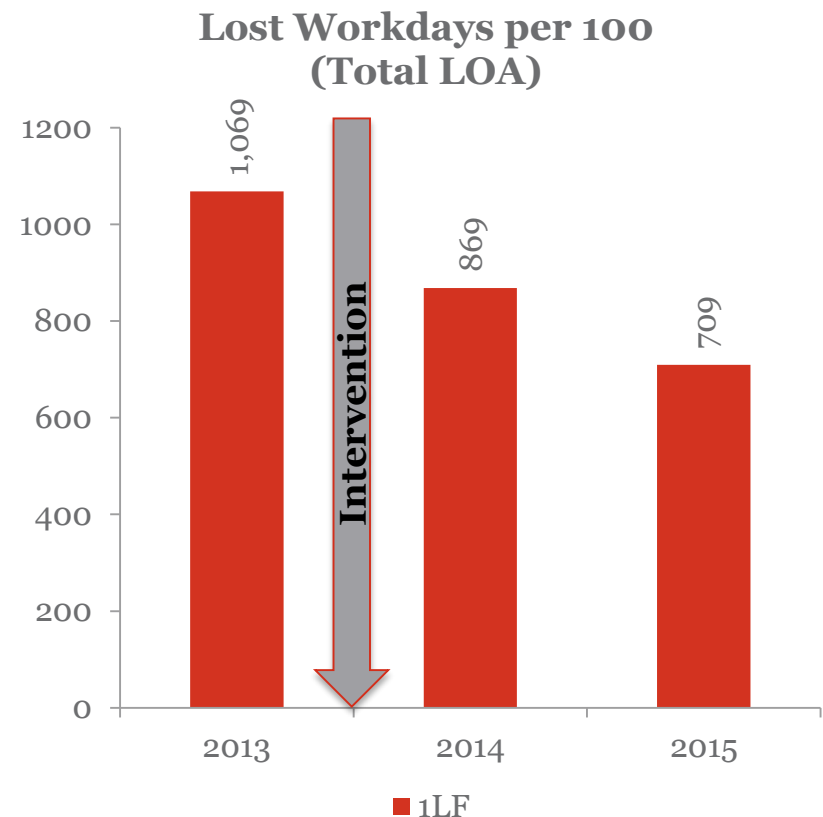
Intermittent Incidence Rate Declines

- In comparison to the total annualized incidence rate prior to the intervention, incidence rates dropped 10% and 8% respectively
- Data note: 2015 represents through Q3



Lost Workdays per 100 Declines

- In comparison to the total annualized incidence rate prior to the intervention, incidence rates dropped 19% and 34% respectively
- Data note: 2015 represents through Q3



Total Impact

- Although there was a 7% reduction in covered lives between 2013 and 2015, the impact of this intervention resulted in:
 - 38% reduction in full time equivalents (FTE) lost due to Total LOA**

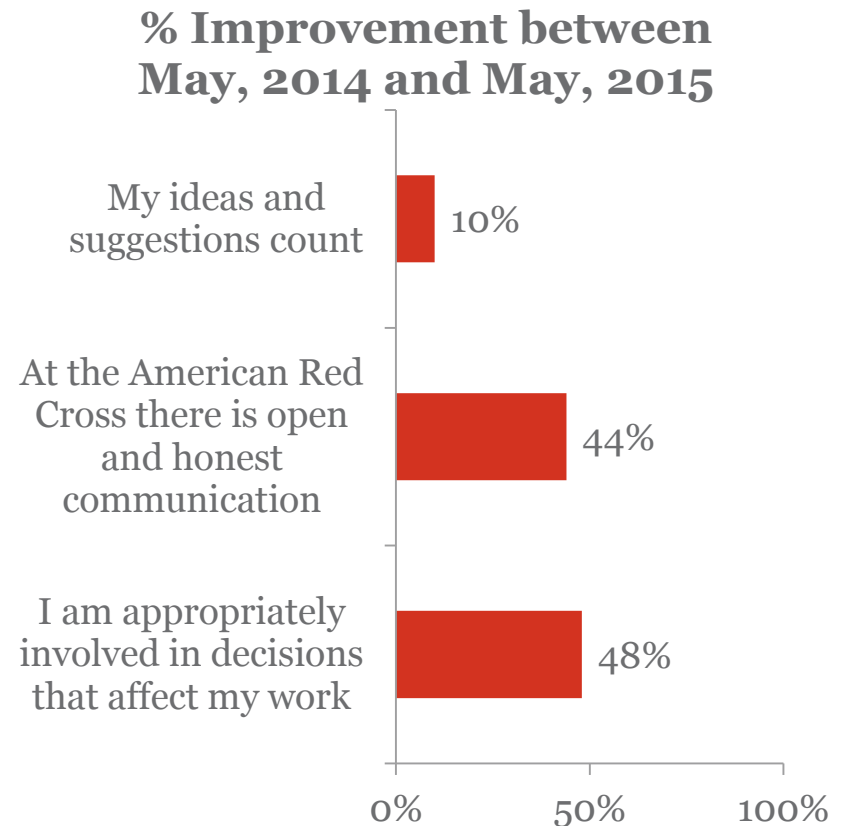
| | Covered Lives | Total LWD | Lost FTE |
|------|------------------|--------------|-------------|
| 2013 | 580 | 6,195 | 25.8 |
| 2014 | 552 | 4,755 | 19.8 |
| 2015 | 538 | 3,816 | 15.9 |

1LF Total Savings

| | 2013 – 2015 Change | |
|-------------------------------------|--------------------|---------------|
| Metric | 1LF | Company Total |
| Covered Lives | -7% | -16% |
| LOA Volume | -25% | -15% |
| Incidence Rate | -19% | +1% |
| Lost Workdays per LOA | -19% | +6% |
| Lost Workdays per 100 | -34% | +9% |
| Lost Full Time Equivalents (FTE) | -38% | -9% |

Engagement Improvements

- Although there were no specific items on the engagement survey regarding work/life balance, overall engagement results favorably improved within 1LF between early 2014 and early 2015



What's Next

- Continue to analyze the leave data to identify other areas of opportunity
- Partner with local resources to identify the root cause driving LOA usage
- Utilize the success from this effort to help make the business case for change

Tips for Employers

- External benchmarks alone may not tell the whole story, use a **combination of external and internal benchmarks** to understand trends and drive strategy
- **Partnerships among key stakeholders** will provide highest success in identifying root cause and developing solutions (e.g., union, local leadership, HR)
- Most of all, **use common sense** and think about what you personally might want or need and implement this for employees!

Questions?

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