Unintended Consequences: Corporate Policies that Create Lost Time

“We have met the enemy and he is us.”

Pogo

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Introduction We make decisions and develop strategies to improve a situation and solve problems, not create them. Sometimes there are unintended consequences. Bureaugenic disability is lost productivity created by employer policies and practices.

Such policies, coupled with ineffective health and productivity practices, create barriers to continued productivity during or following an employee’s injury, illness or chronic health condition. Employer policies and practices connect health and productivity (Mitchell, 2008). These connections influence managers, supervisors and healthcare providers, as well as the individuals attempting to stay or return to productivity. Paying attention to the potential consequences of policies and practices that are not well thought out can prevent costly lost time problems.

Employers and healthcare providers can over-medicalize common everyday complaints, leading to unnecessary lost time, excessive use of the healthcare system and higher healthcare costs (Hadler, 2006). Employers and health care providers alike pay acute attention to fixing the medical problem. Unfortunately, factors that actually disable the worker can be ignored. This includes such factors as normal physical and emotional changes due to aging, employee relations/job performance conflicts, economic disincentives and general dissatisfaction with life. Emerging gaps in work capacity and job demands may go unnoticed and unattended.

Poorly designed work processes and work stations may create barriers to maintaining or returning to productivity. And, finally, the quietly choreographed dance between the employee who sees little value in coming back to work and the employer’s disinterest in bringing the individual back to work can keep the return to work (RTW) door tightly shut.

Common corporate policies and practices have been identified as having a measurable influence on individuals becoming stuck in a health and productivity predicament (Kalina, 1999, Young et al., 2005; Tjulin, et al. 2009, Pransky et al. 2004). In addition, whether an employer actively chooses to influence an employee’s health and productivity can determine the overall success of the organization’s ability to control lost time. Bureaugenic disability can be a silent saboteur of the health and productivity within a work force.

The following common corporate policy and practices serve as the foundation for Bureaugenic Disability:

- The Risk Management Myth
- The Better Than Working Income Replacement Benefit
- The Open Ended Time Off Policy
• The “Not Paying Attention” Practice

**The Risk Management Myth** The employer policy and practice that formally states or informally infers that an employee must be able to do 100% of their job tasks before returning to work unnecessarily extends the time off work or increases costs. Such a policy and practice is a myth and is not in line with current evidence-based medical practices that support an individual’s recovery from an injury or illness. Employees regain their ability to work incrementally and can therefore transition back into the workplace gradually within a controlled, phased-in manner. In most cases, work tasks can be modified for short periods of time (< two week intervals) without reducing the overall productivity of an organization.

Employers can develop policies and practices that promote the timely resumption of work tasks in a safe, prescribed manner, including:

• Creating temporary, on-site transitional work options such as reduced work hours or limited responsibilities

• Offering off-site work conditioning/work hardening programs when transitional work options are not feasible

• Providing a combination of transitional work and work conditioning to prepare employees to resume full work duties

• Keeping work transitions to 30 to 45 days in length, up to 90 days

**The “Better than Working” Income Replacement Benefit:** Employer’s benefit plans, particularly sick pay or sick banks and/or disability plans, that offer more than 70% of an employee’s pay appear to encourage extended lost time. Other factors, such as increased family time or less need for child care, gain greater value and become disincentives to return to work when equal pay is provided for remaining off of work. Salary continuation programs at 100% offer sound financial support during time off work, but may delay a timely resumption of work. If salary continuation is the desired benefit plan, it is imperative to have a well-defined leave management program in place to increase the likelihood that the individual will have a clear RTW plan.

Reducing the elimination periods in disability plan designs are often seen as a way to contain absenteeism; however, according to the Integrated Benefits Institute (IBI) in 2008, “In every instance, a plan design that had prevented these employees from ever filing claims would have resulted in longer average durations among the remaining claims; the greater the number of claims that are eliminated by a plan design, the longer the average duration of the remaining claims becomes and the greater the number of claims with unmanaged absence.” This paradoxical outcome illustrates that a number of policies and plan designs can either encourage or discourage time away from work. Careful consideration of policies and designs is critical to managing lost time.

**The Open-Ended Time Off Policy** Employee health and disability benefit plans guide the employees’ expectations of how long to stay off work, as well as the use of health care and time off benefits (Lynch & Gardner, 2009). To illustrate this point, a Senior VP for Human Resources of a large faith-based employer reported that, “God heals our employees and returns them to work. What we don’t understand is…. why God seems to heal our employees and returns them to work the day before their disability benefits expire?” It appears even the “Divine” is influenced by an organization’s benefit plan.
Employee benefit plans and labor management agreements create employee expectations or, in a more day to day observation, what the employee feels they are entitled to. This has often been defined as “negotiated disability” (Mitchell, 2002). Benefit plans provide guidelines for decision making by healthcare providers, the management team as well as the disabled worker. In some cases, disability durations may be planned well ahead.

All too often, a benefit plan is too narrow and rigidly designed as a precaution against the employee taking advantage of the employer. Correspondingly, an overly generous plan offers the unintended incentive to take time off work. Both models ironically invite extended lost time rather than a safe and timely resumption of work. In any benefit plan, a return to work should be well defined and expected.

For example:

**The Economy STD/PTO Plan:** When an employer chooses a limited short- and long-term benefit plan, an increased number of Workers’ Compensation claims and FMLA claims may occur. Employees who are seeking ways to obtain time away from work learn and use the alternative benefit avenues. This disability benefit migration is real and represents the employee “shopping” for benefit coverage for a real impairment. Employers with silo data bases are unlikely to recognize such a migration.

**The Salary Continuation Plan:** When companies have a salary continuation plan (i.e., providing full salary for lost time due to illness) there may be no financial incentive for the employee to return to work. Reducing pay during a period of illness or non productivity may serve as an incentive and possibly contain the impact of marginal or ambiguous disabilities. A useful strategy is to offer a transitional work pay rate. Such a pay level is less than full salary, but greater than disability benefit. The transitional pay is typically drawn from a special transitional work fund that offers both the manager and the employee incentives to engage in a return to work plan.

**The Strict Occurrence Plan:** A strict occurrence plan that results in a documented occurrence for getting to work less than five minutes late will encourage whole day absences. Balancing the business needs of the workplace and the flexibility employees may occasionally need will help deter unnecessary absence.

**The Voluntary Benefit Plan:** The voluntary benefit platform has become more attractive to employers as a cost savings strategy while providing accessibility to benefits to the work force. Although cost effective for the employer, these plans do not track or manage the lost time as part of the benefit. What you can’t track, you can’t measure or manage. Correspondingly, the benefit is owned and paid for by the employee. Under these conditions employees are to take the position that since they paid for the benefit then they will look to use the benefit in full. While employers may save cost on the benefit side, it is highly likely they will lose on the productivity and employee replacement side. This area is ripe for future research.

**The “Not Really Paying Attention” Practice:** Corporate Attention Deficit Disorder (CADD) may be the most insidious of all of the bureaugenic disablers. CADD is a condition that is all too familiar in the corporate world. It is a poorly understood practice, not receiving enough credit for contributing to unnecessary lost time and bureaugenic disability. CADD has been described as responding to everything while
paying attention to nothing. CADD can be an aggressive, organizational culture or a passive trait of key managers who are continuously engaged in uncoordinated multitasking and capricious decision making. Picture a group of aggressive, high-energy but poorly choreographed tap dancers with no rhythm.

CADD is a business style that is learned, a mistakenly reinforced byproduct of attempts to create and support a high-performing team that is characterized as energetic and nimble. The reality is that the organization or team has a faulty information processing prism that generates too many ideas (good, bad or worse, i.e., bad ideas cloaked as innovation). It is common in a CADD organization to have a myriad of competing missions directed by a management team that is highly distractible and impulsive, with a diminished or non-existent corporate memory (Kanazawa, 2008; Macy, 2010; Watkins & Bazeman, 2010).

Correspondingly, patterns of over commitment, procrastination, lack of focus and, perhaps most importantly, reduced or impaired corporate vision are present. The CADD corporate horizon for long-term planning is unlikely to exceed 90 to 120 days out versus long-term planning of one to two years. Immediate results are at the expense of long-term gains.

A CADD management style has a particular impact on managing employees’ health and productivity. For example:

- **Tracking Data.** CADD organizations are unlikely to track lost time trends, patterns or reasons for the absences. A CADD manager is unlikely to know on any given day who is off work and for how long. They will be unaware of lost time cycles and pay little attention to how such data may be useful in long term planning and resource allocation.

- **Defining Impact on Productivity is Unknown.** CADD organizations think in isolated, segmented terms of lost days separated by insurance products rather than the overall or collective impact on productivity across the work force.

- **Ignoring Presenteeism.** The CADD organization starts looking at lost productivity, if at all, when the person is not there. It pays little to no attention to the employee’s work deficits prior to the absence or as they return. Presenteeism is the lost productivity due to an emerging health issue that diminishes productivity while the person is at work. Presenteeism appears to be a common denominator for eventual lost time due to chronic disorders such as depression, chronic pain, arthritis, etc. A wide range of studies on the connection between presenteeism and lost time illustrate the value of paying attention to health and productivity connections prior to a lost time event (Burton, 2008; Kessler, 2009; Lerner, 2008).

- **The “Disposable Workers.”** Typically, CADD organizations do not invest in their employees; rather they regard them as disposable workers—that is, workers who can be quickly replaced with little training. Outsourcing is the CADD organization’s best friend.

- **Arbitrary Stay at Work or RTW Planning.** One critical trait of a CADD organization is the arbitrary and impulsive manner with which they assist an employee to return to work. Typical CADD planning starts 10 days after the employee was supposed to return to work but has not. Correspondingly, the CADD
organization will reward the good employee with RTW support and the poor performer with a not-so-subtle invitation to stay home.

- **Creating an “Us vs. Them” Culture.**
  CADD organizations do not typically trust their employees. The management team often recognizes that those off work are malingering and off work in bad faith. The benefit plans are designed as a defense against such practices.
  Creating an adversarial relationship invites the respective players to dig in, defend and look to beat the other participant. In most cases, neither of the adversaries really wins.

## Reducing CADD’s Impact on Health/Productivity

The following strategies can help a CADD organization change:

1. **Step 1: Recognize that CADD exists in your organization.**
   a. Symptoms – Projects are always delayed; identified needs are not addressed on a timely basis; issues are over-analyzed with no action.
   b. Extended lost time – Trends of employee absenteeism for no measurable reason suggest longer periods of absence than reasonable to expect supported by corporate policies and practices.
   c. Programs begin by fits and starts – Initiatives are started, solutions are rarely implemented and problems are rehashed from year to year.

2. **Step 2: Determine origin and reinforcement.**
   a. Is CADD present by design or is it based on historical precedents, bad habits, poor learning, C-suite or line management style or naturally narrow corporate vision?

3. **Step 3: Define need for and value of reducing CADD.**
   What does it mean financially to the organization to address issues in a comprehensive, systematic and timely way? Taking the time to understand the cost of impaired health, lost time and decreased productivity is critical to an organization’s ability to:
   a. Build a culture which reinforces productive behaviors and increases profit
   b. Promote responsibility for a healthy lifestyle
   c. Lower costs associated with absence

4. **Step 4: Apply the appropriate solution.**
   a. Change and reinforce non-CADD behavior
   b. Develop and recruit team leadership
   c. Consider Return to Work planning as a function of judgment and decision making by the management team

**Preventing Bureaugenic Disability: The Corporate Health & Productivity (H&P) Blueprint**

Employers can control bureaugenic disability. The inclination and the capacity to control are embedded in the investment and development of a cohesive corporate health and productivity blueprint. Such a blueprint includes:
• **Acknowledgement of the Importance of Employee Health and Productivity**
  — Assess the extent to which lost time and presenteeism affect the organization’s productivity
  — Review patterns, trends and cost of lost time
  — Define the true impact of lost time through the corporation’s currency (i.e., valued asset of the organization)

• **Benefit Design and Product Alignments**
  — Connect Family Medical Leave, Short-term Disability, Long-term Disability, Workers’ Compensation, Wellness and Disease Management
  — Create benefit incentives supporting continued productivity—not disability

• **H&P Program Development**
  — Develop useable lost time baseline for tracking case progress
  — Create SAW & RTW pathways/transitions guided by a work prescription (Work Rx)
  — Review outdated work processes for process improvement so bad processes will not affect employee absenteeism

• **Management Education**
  — Provide specific skill development training for C-suite senior management/directors, human resource and benefits managers and operational line management on managing employees with ambiguous impairments

• **Medical Providers and Insurance Vendor Coordination**
  — Educate physicians on corporate WorkRx expectations
  — Create mutual goals and expectations while rewarding coordination
Summary

Unintended consequences of incomplete management of lost time can be avoided. Bureaugenic disability is a product of not paying attention to health and productivity connections in the short as well as long term. Bureaugenic disability is unnecessary and need not produce extended lost time or excessive health care costs. The well-designed H & P program can reduce health-related job performance deficits along with assisting those individuals who appear to be unmotivated to return to work. CADD may be the most complex bureaugenic disabling condition to deal with. The ultimate result will depend on the organization’s clinical stage of CADD, i.e., “Acute,” “Intermittent,” “Chronic” or “Terminal.” Acute and intermittent are treatable; Chronic is difficult, but treatable. Terminal means that the organization may not survive. No organization need become a CADD casualty.
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Macy, Beth Corporate Attention Deficit Disorder Ezinearticles.com 2010
http://www.ezinearticles.com/?expert=bethMacy


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