Managing Presenteeism to Improve Employee Health and Productivity

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The Standard

Agenda

• Definition
• Causes
• Costs
• Metrics
• Fighting Presenteeism
• Making the Case

What is Presenteeism?

“The loss in productivity that occurs when workers are on the job, but not performing at their best.”

- Marybeth Stevens, former Chair of the Certification of Disability Management Specialists Commission
What is Presenteeism?

Presenteeism can include:
- Additional time on tasks
- Decreased quality of work
- Impaired executive functions (initiative, etc.)
- Lowered capacity for peak performance
- Decreased quantity of work completed
- Impaired social functioning with co-workers
- Decreased motivation

Source: Health and Productivity Toolkit, American College of Occupational and Environmental Medicine, 2006

Causes of Presenteeism

Health-related issues may include:
- Allergies
- Depression/burnout/stress
- Pain disorders
- Diabetes
- Asthma/respiratory conditions
- Colds/flu
- Headaches

Non-health-related issues may include:
- Childcare/eldercare
- Financial troubles
- Divorce/family problems
- Employer/employee conflict
- Workplace conditions
  - Temperature, lighting, air quality, communication, etc.
- Non-work activity
  - Internet surfing, extended lunches, personal phone calls, etc.
"A central aim of presenteeism research is to identify cost-effective measures [employers] can take to recover some, if not all, of the on-the-job productivity lost to employee illness."


Why Study Presenteeism?

Health-Related Lost Time: What's the Primary Source?

- Absence: 26%
- Presentee: 74%


Why Study Presenteeism?

- Costs are significant
  - Leads to absenteeism if left unattended
- "Presentee" employees are more prone to make mistakes and have diminished productivity
- Tends to be overlooked when employers seek to maximize their human capital
  - A recent survey found that only 14% of companies study presenteeism

Source: Health and Productivity Toolkit, American College of Occupational and Environmental Medicine, 2006
“The actual costs in diminished productivity remain a relatively new metric for many employers that have long struggled to fight absenteeism. But the phenomenon of presenteeism…is being found to be just as much, if not more costly.”

-Firms Press to Quantify, Control Presenteeism by Kelley M. Blassingame, Employee Benefit News

Examining the Costs of Presenteeism

- $150,000,000,000/year = cost to U.S. economy*
- 1/5 to 3/5 of the total dollars attributable to common health conditions faced by employers appear to be the result of presenteeism**
- Approximately 60% of the total cost of employee illnesses are associated with presenteeism**

*Source: "Presenteeism: All Work – But Not All Worth" by Paul Hemp, Harvard Business Review, October 2004

Examining the Costs of Presenteeism

<table>
<thead>
<tr>
<th>Condition</th>
<th>Total Cost Burden Per/Employee/Year</th>
<th>Presenteeism Component</th>
<th>Presenteeism Cost/Employee/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allergy</td>
<td>$271.04</td>
<td>82%</td>
<td>$222.25</td>
</tr>
<tr>
<td>Arthritis</td>
<td>$326.48</td>
<td>77%</td>
<td>$251.70</td>
</tr>
<tr>
<td>Asthma</td>
<td>$99.55</td>
<td>72%</td>
<td>$71.68</td>
</tr>
<tr>
<td>Cancer</td>
<td>$144.01</td>
<td>85%</td>
<td>$76.35</td>
</tr>
<tr>
<td>Mental Illness</td>
<td>$348.04</td>
<td>71%</td>
<td>$247.11</td>
</tr>
<tr>
<td>Diabetes</td>
<td>$256.91</td>
<td>62%</td>
<td>$159.28</td>
</tr>
<tr>
<td>Heart Disease</td>
<td>$358.34</td>
<td>19%</td>
<td>$69.09</td>
</tr>
<tr>
<td>Hypertension</td>
<td>$392.31</td>
<td>63%</td>
<td>$247.15</td>
</tr>
<tr>
<td>Migraine</td>
<td>$213.78</td>
<td>89%</td>
<td>$190.26</td>
</tr>
<tr>
<td>Respiratory</td>
<td>$173.44</td>
<td>25%</td>
<td>$33.06</td>
</tr>
<tr>
<td>Total Average</td>
<td>$255.48</td>
<td>64%</td>
<td>$155.92</td>
</tr>
</tbody>
</table>

Source: Health and Productivity Toolkit, American College of Occupational and Environmental Medicine, 2006
Examining the Costs of Presenteeism

Estimated presenteeism costs can be determined using the following calculations:

Assume your employer has 500 employees.

• Your total annual cost (for the 10 conditions referenced) is: $255.48/ee/yr \times 500 \text{ employees} = $127,740
• Presenteeism cost/yr: $127,740 \times 61\% = $77,921/yr
• Medical cost/yr: $127,740 - $77,921 = $49,819/yr

Note:

\$255.48/ee/yr is the weighted average Total Cost Burden Fee/Employee/Year
• 61\% is the weighted average Presenteeism Component
• Replace the 500 employee value with the actual number of employees at your employer to determine the estimated cost of presenteeism at your place of employment.

Source: "Health and Productivity Toolkit, American College of Occupational and Environmental Medicine, 2006"
“Researchers have turned to questionnaires that ask employees whether they suffer from a medical problem and, if so how much it impairs their performance. At least a half-dozen assessment tools are currently in use, each looking at reduced productivity from a slightly different perspective.”


Metrics

- American Productivity Audit (APA) – 46 questions
  "Developed by Walter “Buzz” Stewart, PhD, MPH

- WHO Health and Work Performance Questionnaire (HPQ)- 30 questions
  "Developed by Ronald Kessler, PhD, Professor of Health Care Policy at Harvard Medical School

- Work Limitations Questionnaire (WLQ)- 25 questions
  "Designed by Debra Lerner, MS, PhD, Sr. Scientist and Associate Professor at Tufts University

Metrics

- Work Limitations Questionnaire (WLQ)
  "Survey data focuses on events over the past two weeks
  "25 items and 4 scales measuring on-the-job disability and productivity
    - The 25 items represent activity-related questions
    - The 4 scales cover limitations in handling work’s time demands, physical demands, mental-interpersonal demands, and output demands
In the past 2 weeks, how much of the time did your physical health or emotional problems make it difficult for you to do the following?

- a. do your work without stopping to take breaks or rests
- b. stick to a routine or schedule
- c. keep your mind on your work
- d. speak with people in person, in meetings or on the phone
- e. handle the workload

<table>
<thead>
<tr>
<th>All Of The Time (%)</th>
<th>Most Of The Time (%)</th>
<th>Some Of The Time (%)</th>
<th>A Slight Bit Of The Time (%)</th>
<th>None Of The Time (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Items a. and b. are from the Time Demands scale. Items c. and d. are from the Mental-Interpersonal Demands scale. Item e. is from the Output Demands scale.

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Lockheed Martin “Presenteeism Report Card”

- Lockheed Martin commissioned a pilot study in 2002 to assess the impact of 28 medical conditions on workers’ productivity.
- Together, the 28 conditions set the company back approximately $34 million a year.
- Researchers found that even employees with less severe conditions had impaired on-the-job performance.


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Lockheed Martin

A Presenteeism Report Card

<table>
<thead>
<tr>
<th>Condition</th>
<th>Prevalence</th>
<th>Average Productivity Lost</th>
<th>Aggregate Annual Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arthritis</td>
<td>18.5%</td>
<td>4.6%</td>
<td>$969,500</td>
</tr>
<tr>
<td>Chronic lower back pain or numbness of legs</td>
<td>21.3%</td>
<td>3.9%</td>
<td>$856,653</td>
</tr>
<tr>
<td>Angina or chronic tachycardia</td>
<td>9.8%</td>
<td>6.1%</td>
<td>$1,390,730</td>
</tr>
<tr>
<td>Migraine</td>
<td>16.3%</td>
<td>5.2%</td>
<td>$765,940</td>
</tr>
<tr>
<td>GERD (Gastroesophageal Reflux Disease)</td>
<td>16.2%</td>
<td>5.2%</td>
<td>$832,666</td>
</tr>
<tr>
<td>Asthma</td>
<td>18.9%</td>
<td>3.2%</td>
<td>$857,740</td>
</tr>
<tr>
<td>In the past two weeks</td>
<td>17.8%</td>
<td>4.7%</td>
<td>$577,095</td>
</tr>
<tr>
<td>Depression</td>
<td>12.3%</td>
<td>7.4%</td>
<td>$780,600</td>
</tr>
</tbody>
</table>

Source: Debra Lerner, William H. Rogers, and Hoon Jung, at Tufts-New England Medical Center.

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How to fight it?

“[Employers] that take a comprehensive and proactive approach to health care, early intervention and disease management are apt to keep their employees healthy, and keep rising health care costs at bay, as well as reduce indirect costs associated with absenteeism and presenteeism.”

“The Lights are On, But Nobody’s Home: Preventing Presenteeism”, Cerdian

How to fight it?

Health and Productivity Management:
• Scientifically targets your investment into interventions
• Improves employee health and business performance
• Integrated management of health risks, chronic illness and disability reduces employees’ total health-related costs including direct medical expenditures, unnecessary absence from work and lost performance at work (i.e., presenteeism)

Source: Health and Productivity Toolkit, American College of Occupational Environmental Medicine, 2006

How to fight it?

Components of a successful Health and Productivity Management approach:
• General Philosophy
• Organizational Structure
• Goals & Metrics
• Intervention & Outcomes
• Integration/Trends

Source: Health and Productivity Toolkit, American College of Occupational Environmental Medicine, 2006
Action Steps to Fight Presenteeism

Create and Improve Awareness
• Educate (and continuously re-educate) employees
• Encourage active employee participation
• Promote employee accountability

Gather and Analyze Data
• Create a baseline
• Set goals
• Integrate your data
• Adapt to changes
• Focus on the components of the plan

Design Your Plan
• Based on available data, target health-related issues adversely affecting your employees
• Review applicable policies/procedures
• Engage your vendors and business partners
• Energize your Wellness Program
  – Provide health fairs and screenings
  – Conduct Health Risk Appraisals to access the needs of your employees
  • Offer incentives to boost participation
Action Steps to Fight Presenteeism

Maximize the Utilization of Your EAP

- Encourage employees
  - Professional resource to assist employees
  - Can help employees with a range of issues that have an impact on their productivity and health
- Teach management
- Maintain a “safe” environment for EAP
  - Confidential
  - Non-threatening

Maximize Return-to-Work Program Utilization

- Keeping your trained employees at work and productive
- Tap into available resources from your disability and/or workers’ compensation carrier
- If you already have a RTW Program, review it

Making the Case

“Financial officers know… that ill health has an important effect on workers’ absence [and] on their ability to focus on the job…”

Making the Case

How Do Employers Respond to Presenteeism?

- Workload
- Temporary Workers
- Deadlines Missed
- Work Incomplete
- Bigger Staff

73%
38%
32%
20%
17%

“Because presenteeism so often goes unmeasured, and therefore undetected, the passive management strategies of missing deadlines and allowing work to go undone could actually be more prevalent and result in larger impacts than realized.”


Making the Case

- The financial effects of health-related lost productivity can be quantified
- Flexible human capital responses are preferred
- HR can research and help drive results
- 65% of financial officers would take steps to reduce presenteeism if they had the data
- Only half of financial officers ever receive reports on incidence of workplace absence


Summary

A proactive approach to combating presenteeism through Health and Productivity Management addresses significant employer concerns:

- Control rising health and productivity costs
- Promote greater employee responsibility for health
- Support employees trying to improve health
- Reduce impact of presenteeism and absenteeism
- Improve overall employee productivity

Source: Mercer/Marsh Survey on Health, Productivity, and Absence Management Programs, 2006
Questions?