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## CASE STUDY

### BASIC ABSENCE MANAGEMENT AND FMLA ADMINISTRATION

Many employers are grappling with the cost and effects of unscheduled absence and the Family and Medical Leave Act (FMLA). More than 50% of employers believe they've granted FMLA time off that was unfounded.

#### **Here are some statistics:**

*Labor Cost Control:* According to a recent Mercer Study, 36% of payroll costs are associated to employee absence.

*Minimize Compliance Risk:* Studies by the Department of Labor (DOL) and the Equal Employment Opportunity Commission (EEOC) found that employees who successfully sue for wrongful termination, based on an FMLA absence, receive an average of \$87,500 to \$450,000 in damages

*Absence Management:* A recent Hewitt Study reports that 45% of employers either currently, or in the near future, plan to outsource Absence Management. 92% of those that do outsource report effective results.

## The Problem

A company having approximately 3,000 employees administered absence management and FMLA internally and found its practice inconsistent, labor-intensive and logistically difficult to maintain compliance with Federal and State mandated FMLA Regulations. The organization's senior management's focus was on "risk exposure" related to wrongful disciplinary action or termination due to unequal treatment based on absences and meeting the complex State/Fed FMLA requirements, the ability to accurately track continuous and intermittent leave associated with FMLA and the ability to determine nonqualified and / or FMLA abuse.

*According to the Human Resource department,* absence from work and lost time due to FMLA "intermittent" leave were definitely the two biggest problems.



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Unscheduled time away from work was disruptive and affected their ability to maintain the required number of staff to meet performance levels. In order to meet business needs, this client “overstaffed” which added additional labor cost and administrative time, effort and expense to manage the expanded workforce. The desired outcome was not achieved, nor did they decrease their “risk exposure”. Absenteeism increased – They incurred a higher number of “call offs” from work and more intermittent FMLA Leave claims. The company investigated and found that their employees felt that the high demand areas had sufficient back up (staffing) therefore, it was not as “critical” to report to work if they did not feel well.

## Solution

The company contacted BASIC and detailed their concerns about excessive absence from work, their (*“most likely”*) noncompliance with state/federal FMLA regulations and the internal expense associated with absence management.

### **Their objectives were clear:**

1. Establish a uniform absence call in process and procedure, having “call off data” available to department managers/supervisors at (or before) the start of their shift, with a method to do trend analyses to better manage labor needs.
2. Reduce HR administration time to track unscheduled time away from work
3. Create a fair and equitable disciplinary program, assuring that all employees are treated equally relevant to unscheduled absences.
4. “Fully” Administer FMLA and State mandated Leaves, Integrated with Short Term Disability.

### **Outcomes to be achieved**

1. Reduction of Unscheduled Time Off
2. Greater Success on Unemployment claims / determinations due to excessive absence
3. Reduce the amount of time spent on absence tracking and FMLA administration
4. Reduce FMLA intermittent leave abuse and accurate tracking of FMLA time away from work.



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## Results

Basic has been providing this client with Absence management and full FMLA administration for Seven (7) years. The objectives and outcomes were achieved and measured.

At the onset of BASIC services, the employer did not have accurate attendance or FMLA Leave Data available. Data collected by BASIC during the first 3 months of Absence Management and 12 months for full FMLA Administration was used as a benchmark.

### **Absence Management**

1. Year 1 ~ 9% reduction of unscheduled absences recorded
2. Year 2 ~ 16% reduction in unscheduled absence
3. Current ~ 33% reduction in unscheduled absence on average compared to benchmark data.

### **FMLA State/Federal Activities**

1. FMLA reduction from 16% staff utilization to 10%
2. 15% reduction of FMLA intermittent leave in 24 months (includes existing and new certifications)
3. Current - 28% reduction in FMLA intermittent leave certification events compared to benchmark.

BASIC provides this client with the administration and expertise to meet their daily absence management challenge. Over time, as with many employers, the number of employee varied. Even though the company has increased the number of employees, FMLA requests have not increased. This result is achieved through better administration of Absence and FMLA Leave Management.