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OCI insight

Turning History Into ForesightSM

FALL 2011

OCI ANALYTIC DEMONSTRATES SIGNIFICANT SAVINGS FROM ABSENCE MANAGEMENT SYSTEM

Companies of all sizes have been attempting to effectively manage employee absence for years. However, identifying a methodology to understand the intricate relationships between benefit types and ways to control lost time is not an easy task. Capturing the necessary data to understand these trends requires a sophisticated total absence management approach and this methodology can have a large effect on the cost savings and ROI of an absence management program.

OCI recently studied the financial impact an automated, integrated absence management system had on a company's overall absence experience. The study took a long-term view of the employer's approaches and results, and relied on total lost days per leave as the key variable. The employer's experience was then compared to OCI's Reference Database (RefDb) as the control group. OCI also investigated if effective management of family medical leaves (FMLA) through the use of an integrated absence system would reduce the likelihood of subsequent short-term (STD) or long-term disability (LTD) claims and workers' compensation (WC) claims being filed.

The results were as follows –

STD Leave Results

Average lost days avoided – 11,500 days
Cost savings - \$1.3 million

LTD Leave Results

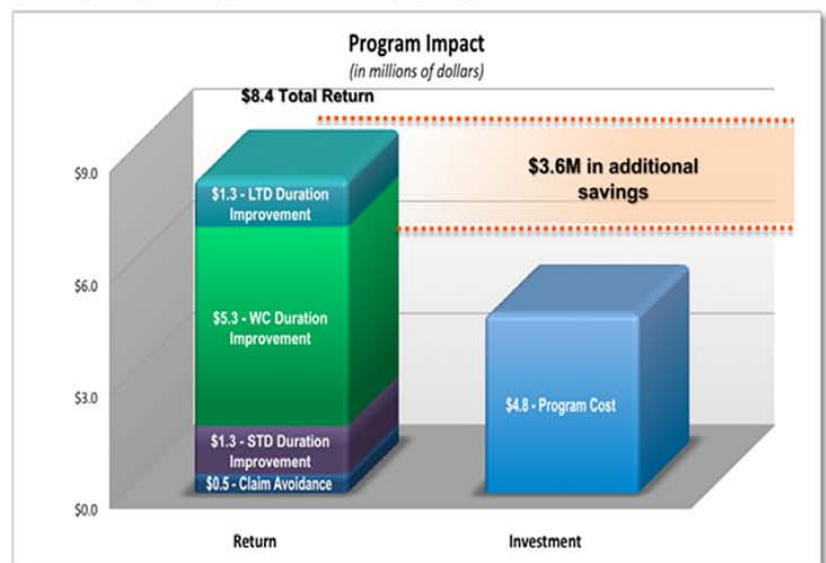
Average lost days avoided – 11,700 days
Cost savings - \$1.3 million

WC Leave Results

Average lost days avoided – 48,000 days
Cost savings - \$5.3 million

Results of FMLA leave progressing into STD/LTD

Percentage of 'flow-through' FMLA claims avoided - 5%
Cost savings - \$0.5 million



By combining the savings from reduced claim duration with the savings from claim avoidance, the employer saved about \$8.4 million through the use of an absence management system. The employer invested \$4.8 million in the program, and the net savings ROI was \$3.6 million. Therefore, the ROI is 1.8 to 1.0. In other words, for every dollar spent on program costs, the employer realized a return, or savings, of \$1.80.

To read the full analytic study, please visit www.oci.com.

Please send any feedback or newsletter suggestions to insight@oci.com.

For more information on OCI please call us at 800.678.6613.



SHRM Absence Management Survey - What do the Results Imply?

What percentage of employers track employee absence and the costs associated with it?

The Society of Human Resource Management (SHRM) recently surveyed employers to discover some truths behind absence management in today's workplace. The results were published in the *SHRM Poll: Managing Employee Absence*. The results of the poll started out optimistic, claiming that nearly 80% of organizations currently have a program in place to track absence. This statistic is promising given that absence accounts for nearly 35% of payroll costs – it's certainly a problem in need of management and it's clear from the SHRM poll that employers agree.

However, further in the study, SHRM uncovers an unsettling truth: more than 50% of HR managers and applicable staff receive training on legal and administrative developments in FMLA, ADA and other leave laws *only once a year to every few years*. In today's ever-changing environment, state and federal laws change frequently and it's vital to employers that their HR departments are aware of these changes to remain compliant and avoid potential lawsuits and penalties.

'Over 65% of respondents were moderately to very concerned about the indirect costs related to planned and unplanned absences.'

The study also points out that over half of employers do not track the indirect costs of employee absence, such as overtime or the need for temporary workers. This often unknown number can have a significant impact on a company's bottom line and managers agree: over 65% of respondents were moderately to very concerned about the indirect costs related to planned and unplanned absences.

So what can HR managers do to remain compliant, manage both direct and indirect costs, and give their senior management peace of mind? The answer, once again, is a well developed absence management program combined with a leave management system.

Only with all of the important data at the fingertips of their leave administrators, can HR departments truly piece together an understanding of both the direct and indirect costs – and the impact of those costs – on their programs while remaining compliant with federal and state leave laws. With a well-developed leave management system, the issues uncovered in the SHRM poll become manageable.

For a complete copy of the SHRM poll: *Managing Employee Absence*, visit www.shrm.org/Research/SurveyFindings/Articles/Pages/ManagingEmployeeAbsences.aspx

Design of an Absence Management System Webinar Recap

OCI recently hosted a webinar, Design of an Absence Management System, which provided a look into the FedEx Human Capital Management Program and the Human Capital Management Administration system built by OCI to support the program.

Thank you to our
Guest Speaker:
Jennifer Ramos
of FedEx Express



The session discussed many of the challenges faced in managing a decentralized absence management team, how FedEx pioneered the design of their system to resolve those issues, and provided a glimpse into the future of their program. The webinar was very successful, and there were some great questions during the Q&A portion of the webinar. Here are a couple of the questions and answers provided:

Q1: Are OCI's solutions offered as software or are they SaaS solutions?

Answer: OCI's solutions are offered as SaaS (software as a service) over the cloud. OCI's solutions require no software installation and can be accessed over the internet anytime, anywhere.

Q2: How does OCI process data?

Answer: OCI has over two decades of data management experience. We adhere to rigorous data security standards and we are SAS 70 Type II certified. We also have internal quality assurance controls (QAC) and we work with the customer's vendors if there are gaps in the data or if there are any red flags. OCI can accept customer data in multiple formats and can transmit data on a frequency that works best for the customer.

**Don't miss another
OCI Webinar!**

Email insight@oci.com to
sign up for future events!



Employee Spotlight

Mike Quast

Account Manager



Current Role: I am responsible for building and maintaining positive working relationships with our clients.

Why I like working at OCI: I love working at OCI as it allows me to interact with a lot of wonderful people across the country. It gives me the opportunity to assist a diverse group of businesses with their day to day challenges. I also get to work with a fantastic group of people here at OCI as well.

Background: I went to the University of Wyoming and obtained my degree in Finance. I was in banking for over 15 years, acting as VP of Retail and Lending for different institutions. While in banking I graduated from the Colorado Graduate School of Banking. I have worked at OCI for a little over 9 years.

Outside of work, my interests are: My kids.....I love spending time with them doing everything from camping/hiking to attending their numerous sporting events, or just hanging out. I also enjoy golfing with my wife.

My favorite sports team is: The Minnesota Vikings...I love football season!

Right now, you'd find this in my refrigerator:
Left-overs!

Follow me on: LinkedIn



Did You Know?

....Nearly 25% of employees taking FMLA leave experienced intermittent FMLA episodes.

....There are 40 states with unique leave laws in addition to the federal leave statues and regulations.

....65% of employees who utilized a lost time leave used both an FMLA leave and a disability claim.

....26% of nonfatal occupational injuries involving days away from work occur in the first 12 months of employment.

For a list of sources, please email insight@oci.com.

Sound Off!

What's the biggest challenge you face when managing employee leaves?

Email responses to insight@oci.com or post them on OCI's Twitter or Facebook page.

Answers will be featured in an upcoming blog post.

