Brown & Brown

Four Key Leave Trends in Absence Management
Employer Update

By Jessie Campbell, *Principal* and
James Kelly, *Managing Consultant*

In a recent survey, one-third of employers plan to expand their leave offerings in the next one to two years, compared to only 6% planning to reduce their offerings.[1] This area of health and welfare benefits is broadly recognized as a significant opportunity for employers in the coming years. With rising competition for talent, employers are looking to enhance their leave benefit offerings, policies and workflows to provide a better experience for their employees. Here are four key leave trends for employers to consider regarding their absence management programs and policies.

1 State and Local Policies Influencing Employer and Carrier Strategies

Without a national paid leave policy, we continue to see states and local governments pass their own paid leave regulations and requirements. Nearly one in four states have state-paid family medical leave laws in effect, with many more on the near-term horizon. Additionally, several states have amended insurance regulations to allow for a voluntary paid family leave insurance market. This makes it very difficult for multi-state or national employers to develop a strategy that provides consistent benefits and experiences across their geographic footprint. This likely explains why 79% of employers cite state and local paid leave laws as the number one challenge in leave administration.[2]

Employers are looking to expand their relationship with insurance carriers/third-party administrators to provide a better leave solution and one-stop service for their employees while ensuring compliance. As a result, insurance carriers/TPAs are working to stay on the cutting edge of the leave regulatory environment and reacting to the evolving demands of employers.

Takeaway

Employers looking to enhance their leave programs will need to thoroughly evaluate vendor capabilities including compliance expertise, resources and support.

3 **Technology Enhancements**

The emergence of Application Programming Interfaces (API's) have resulted in one of the biggest improvements in file-feed technology. This development now allows for two-way exchange of data in real time. Historically, vendor reporting could include outdated or inaccurate information due to the lag. These new enhancements provide promising results and are a frequent selling point of many vendor solutions.
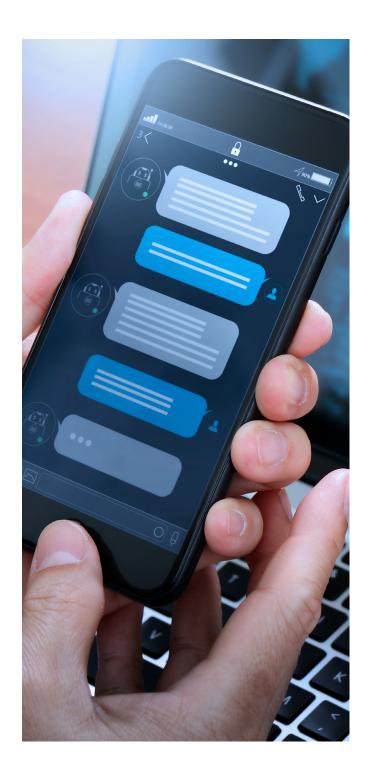
In recent years, API's have been developed by life, disability and leave vendors to better enable Human Resources Information System (HRIS) platforms in order to bring forth various solutions to customers. These include enhancements to Billing, Eligibility, Evidence of Insurability and Leave Status. Gone are the days of weekly file-feeds and manual loading of information. Current technology allows for simple and quick exchange of data in usable formats. This gives the HR team more accurate data and often improves the member experience. That said, not all API capabilities are created equal, and implementing API's does take employer resources and time.

2 **Expanded Leave Types to Address Generational Needs**

Most employers now have a multi-generational workforce. Differing employee demographics mean employees value different types of leave. In response, employers continue to expand the types of leave programs offered beyond the traditional sick and vacation.

Employers are evaluating long-standing bereavement leave policies and amending them to be less restrictive (e.g., a broader definition of covered relationships). Pregnancy loss leave, either as part of the bereavement leave policy or standalone, has seen a 45% increase in prevalence (75% offering) in the last four years.[3] While compliance with state regulations plays a part in this growth, we are seeing employers offer these expanded leave types for all employees – not just those in a state where it is required.

Takeaway

A generational analysis can help employers think strategically as they evaluate and consider expanding their paid time off programs, whether for caregiver leave, volunteer time, sabbatical or menopause leave.

Takeaway

While many vendors tout API capabilities, each vendor has differences in product and function. It is important to fully understand what is available and what the API aims to solve. While technology continues to improve, new solutions will need to align with business practices and current workflows. The right solution, however, can work in tandem with administrative process changes to provide better efficiency in benefits administration.

4 Growth of AI in Leave and Absence Management

Artificial intelligence (AI) has the potential to accelerate the pace of innovation within employee benefit programs. While most of the conversation in this area has been focused on health insurers, leave administrators are also beginning to utilize AI to create efficiencies in their processes. From the initial intake of a claim to identifying risks such as fraud and third-party recovery, many vendors are already using AI to some degree. In the longer term, AI may be used to identify opportunities for interventions such as referrals to specialized resources and return-to-work opportunities.

Of course, with these advancements comes new risks. There is a great deal of focus on the responsible use of AI at the Federal, state and local levels. For example, the Department of Labor released a field assistance bulletin earlier this year urging caution and providing guidance on using AI in administering the Family Medical Leave Act (FMLA). It notes that "without responsible human oversight, relying on automated systems to process leave requests, including determining eligibility, calculating available leave entitlements, or evaluating whether leave is for a qualifying reason, can create potential compliance challenges."

Takeaway

Employers must understand if and how their leave vendors utilize AI. Vendors should provide details on their AI governance and compliance oversight.

These four trends clearly demonstrate the complexities of leave administration and highlight the fact that there is no simple solution that works for all employers. In developing a successful leave program, employers will need to consider not only their organization's goals and objectives but also their vendors' capabilities and other outside forces such as regulatory requirements. Best practice programs include simple and concise workflows along with a robust communications campaign to ensure employees understand the benefits available to them and how to access them.

About the Authors

Jessie Campbell, *Principal*

Jessie Campbell has more than twenty years of employee benefits experience with employers in all industries. Her major responsibilities at Brown & Brown include overall strategic design and program management of group medical, dental, life, disability and leave programs for large-market customers. She is also a benefits compliance specialist. Prior to joining Brown & Brown she worked as a consultant with Bostonian Group, a Marsh McLennan Company. Jessie earned her Bachelor of Science in Psychology and Business from the University of Vermont.

James Kelly, *Managing Consultant*

James Kelly is a Managing Consultant at Brown & Brown. His areas of specialization include health and welfare program design, planning and evaluation of Life, Disability and Absence Management programs. Prior to joining Brown & Brown, James worked as a Senior Underwriter at Liberty Mutual. James is a graduate of Providence College with a degree in Economics and Mathematics.

BB Brown & Brown

Find Your Solution at BBrown.com