

Executive Summary

The Employer Measures of Productivity, Absence and Quality™ (EMPAQ[®]) was developed by the National Business Group on Health to provide employers with a way to measure the health and productivity of their workforce. EMPAQ[®] consists of a set of standardized metrics that allow large employers to benchmark themselves against other employers within their industry and the nation in eight different program areas: short-term disability, long-term disability, workers' compensation, group health, family and medical leave, incidental and total absence, as well as employee assistance programs and health management programs.

Results from this year's EMPAQ[®] Annual Report show the challenges that the 648 employers who submitted data faced in 2009 in terms of managing absenteeism and increasing productivity. Although it is too early to analyze health and productivity metrics over the entire cycle of the recession, we can begin to observe trends from the 2009 program year data indicating that this recession may not have behaved like previous recessionary periods. The following key findings offer valuable insight as employers struggle with the rising costs of providing these benefits at a time when they least have the resources for it.

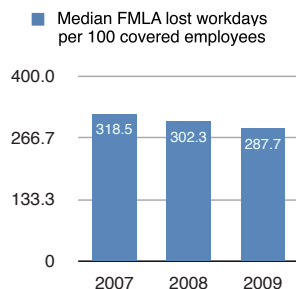
Absence Programs

With companies under pressure to constrain costs and increase productivity during a reset economy—more employers are taking a discerning look at their absence programs. This year's data shows mixed results in terms of how successful employers have been in managing absence programs, with incidence of several programs down but cost per claim on the rise. Employers can take this to the next level by comparing these findings with that of their own workforce—in order to start forming effective absence strategies.

Tracking Family and Medical Leave (FMLA) continues to perplex employers.

As employers struggle to standardize the administration of FMLA claims, FMLA claims incidence rose 19.2% in 2009, while the number of FMLA lost workdays dropped 4.8%, compared to last year. (Figure 1).

Figure 1
 FMLA Lost Workdays, 2007-2009

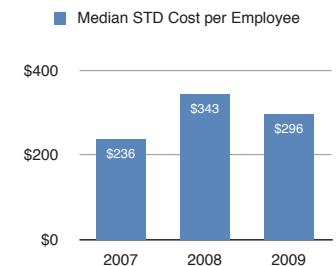


FMLA Claims per 100 Covered Employees	14.9
FMLA Lost Workdays per 100 Covered Employees	287.7

Short-term disability (STD) costs resist typical recessionary pattern.

Disability programs typically face a rise in claims during workforce reductions as employees take leave for elective procedures that otherwise would have been postponed. However, this year's data shows that short-term disability costs decreased 15.9% and incidence for new claims decreased 17.3%, as compared to last year.

Figure 2
 STD Cost per Employee, 2007-2009

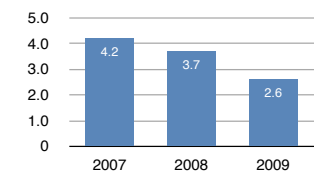


STD Cost per Employee	\$296
STD Claims Incidence per 100 Covered Employees	6.7

Fall in incidence rates impacts Workers' Compensation (WC) costs for employers.

The incidence of new WC claims decreased in 2009, consistent with decreases over the last two years (Figure 3) and recent workforce reductions. Related to incidence, the cost per FTE (full-time equivalent) remained stable with a slight decrease of 1.4% in 2009, as compared to last year.

Figure 3
WC Annual Claims Incidence, 2007-2009



WC Annual Claim Incidence per 100 FTEs	2.6
WC Cost per FTE	\$287

Long-term disability (LTD) programs experience varied results – decreased incidence, with increased costs.

The annual LTD claim incidence dropped nearly 26%, from 4.6 (2008) to 3.4 (2009). In comparison, the LTD cost per claim rose 25.9% in 2009, indicating that although there were fewer new LTD claims in 2009, existing claims were expensive for employers.

LTD Claim Incidence per 1,000 Covered Employees	3.4
LTD Cost per Employee	\$13,226

Group Health and Wellness

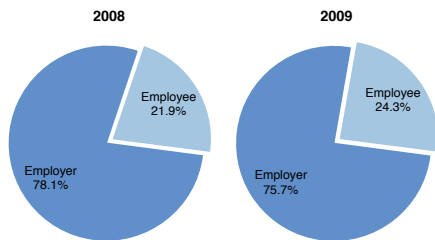
Creating a healthy workforce means taking an integrated approach to implementing and assessing all programs that touch employee health and well-being. Creating a framework that focuses on both absence management as well as health and wellness management allows a company the opportunity to reduce lifestyle-related health risks, improve the overall health of the company and reduce time away from work.

Group health costs continue to increase year-over-year.

In 2009, employers saw an increase in the cost of providing health care for their employees from \$8,067 to \$8,559. In addition, employees saw an increase in their share of the costs, with a change from 21.9% to 24.3% (Figure 4).

Group Health Costs per Active Employee	\$8,559
Employee Contributions as Percent of Group Health Costs	24.3%

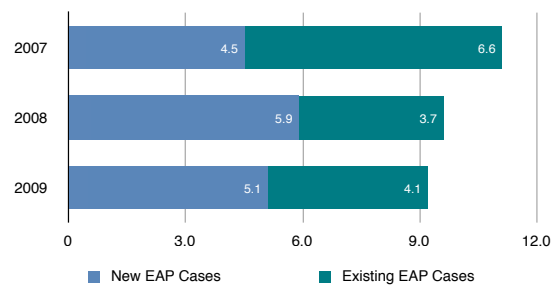
Figure 4
Employer/Employee Contributions as a Percentage of Group Health Costs, 2008-2009



Slight drop in Employee Assistance Program (EAP) utilization during the economic crisis.

EAP programs, often an underutilized benefit, continued to experience low utilization in 2009. The number of new EAP cases per 100 covered employees was just 5.1, a small drop from 2008 (5.9). Costs were similar to 2007 levels, at \$17 per employee.

Figure 5
Median EAP Participation Rates, 2007-2009



Conclusion

Overall, this year's results show that for employers, there have been some positive experiences, in terms of fewer disability claims but also challenges in regards to continued increases in the costs of these programs. Employers will continue to feel the economic pressures from this recession for years to come. As a result, identifying areas where better tracking, management and reporting for these programs will be all that more critical.

Learn More

For more information about the EMPAQ® measures, the data submission processes and current reports, please visit www.empaq.org.

