

Total Absence Management:

Why Outsourcing Leave Makes Business Sense

Supporting your people, reducing risk,
and simplifying leave- powered by ADP.



Always Designing
for People®





Manage leaves, don't let them manage you

From vacations to government-regulated leave like the Family Medical Leave Act (FMLA) — employee absence can be complex. And new laws and regulations are continually being added to the mix. Adding to this complexity is the sheer volume of absence requests an employer receives and must decision on.



Compliance risk

Even with training, managers can still be unsure of their own knowledge; when confronted with time-off requests, they may err on the side of caution and leniency. Because managers and supervisors are your first line of defense, it is important that they understand your processes, their responsibilities and administer your policies consistently or your costs and risk could increase.



Staffing

Staffing can become an issue. When a job role is labeled essential or critical, management may have to hire temporary replacement workers or authorize overtime to prevent productivity from falling below acceptable levels. Service industries, medical professions and many retail organizations may overstaff to ensure coverage in the event of an unplanned absence. In other industries and job roles, co-workers may be expected to pick up the slack.



Competency

Even if a replacement can be found to cover the opening, the person covering may not be as well trained or efficient as the usual employee. In some instances, safety — read “liability” — can become an issue if training is not sufficient or understaffing and overtime are causing fatigue.



Morale

This may put undue pressure on managers and employees who are attempting to pick up the slack, which can lead to resentment, morale issues and lower employee engagement. And we haven't even talked about the productivity impact on the HR department yet.



Working with ADP Leave Administration has improved our leave process 210%. They take the time to make sure all the changes that we need in our processes are done efficiently and fast, and they make sure we are aware of the laws that impact our leaves. Taking this heavy task off the HR team has made it a great experience for not just our HR team, but our employees as well.”

—Sandra Harrison,
Director of Human Resources Information Systems, JT4, LLC

Policies, paperwork and process

Unfortunately, these complexities mean leave administration can't go to the bottom of the pile until it is convenient to deal with it. A variety of leave types have time limits, notification requirements and a slew of mandatory paperwork requirements. To maintain a compliant in-house leaves program, excellent record keeping is a must. In the event of an audit, litigation or grievance your records may be the only thing standing between you and legal fees and fines.

Questions to consider

- How do I properly communicate an employee's rights under FMLA?
- What are my obligations regarding notices, employee communications, medical certification and return-to work documentation? What am I overlooking?
- How do I properly calculate their eligibility and/or entitlement?
- When communicating with employees regarding leave, am I compliant with Health Insurance Portability and Affordability Act (HIPAA)?

Non-compliance can be costly

When a leave request is incorrectly denied or mishandled, employees often respond with grievance or litigation. Settlements for FMLA lawsuits average between \$90,000–\$450,000.¹ Unsure of their degree of risk and ill-equipped to refute the employee's claims, many organizations opt to settle out-of-court rather than risk a jury trial and a potentially high damage award.

Even with well-documented policies, well-trained staff and the best intentions, compliant leave administration is often not a "best practice" focus area for most organizations. It is no wonder that when surveyed, employers stated that helping them comply with regulations was the number one reason they were satisfied with their total absence management outsourcing provider.²

Is there an easier way?

Although leave administration can be complex, your organization can make it easier — while helping to avoid any missteps. By outsourcing to specialists solely focused on managing leaves, your organization can establish consistent, repeatable absence processes while helping minimize your legal compliance risk. Instead of having to focus on state-specific requirements, your organization can rely on the deep, national expertise of an outsourced service provider.



**Settlements for
FMLA lawsuits
average between**

**\$90,000–
\$450,000**

“Before we implemented Total Absent Management, we were spending a lot of time tracking all of the staff that were on leave. And so this has enabled HR staff to work on other projects that are much more strategic in nature.”

- Anne Porter
CFO, Goodwill of the Olympics and Rainier Region

Beyond eliminating the administrative burden for your staff, outsourcing can also:

- Reduce the need for maintaining internal infrastructure and in-house expertise
- Mitigate your risk
- Bring you modern technology that streamlines and simplifies the leave and absence experience for employees, managers and administrators
- Bring insight to your leave-management processes, with performance reports and strategic advisory that showcase performance, policy compliance and identify areas for continuous improvement

Don't underestimate the administrative burden and expense of complete and compliant absence management. Scrutinize both the direct and indirect costs of your people, processes and current technology. And consider how outsourcing could help reduce your expense, mitigate your liability and improve the workplace experience ...

1. GCG, FMLA Violations Can Cause Serious Financial Risk to Your Company, March 9, 2016
2. DMEC Employer Survey 2021

About ADP

Designing better ways to work through cutting-edge products, premium services and exceptional experiences that enable people to reach their full potential. HR, talent, benefits, payroll, time and compliance informed by data and designed for people.

Learn more at adp.com



Always Designing
for People®