

# A YEAR IN THE LIFE

OF A MILLION AMERICAN WORKERS®

[www.metlifeeasier.com/disabilityalmanac](http://www.metlifeeasier.com/disabilityalmanac)

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## MetLife®

A QUARTERLY NEWSLETTER ON DISABILITY TOPICS AND PRODUCTS

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### Welcome

Welcome to the January, 2005 edition of the *A Year in the Life of a Million Workers®* newsletter; a companion tool to MetLife's ground breaking almanac by the same title. This issue tackles several issues important to employers, including an examination of how health care patterns, coupled with disability and absence patterns, are highly correlated – and can be used together, by an employer to impact its future planning, the value of its investment in medical benefits, its implementation of prevention programs to positively impact ROI. The newsletter also includes an industry focused section on disability-related absence and productivity in call centers.

MetLife Group Disability is proud to announce the recent delivery of:

- Five industry-specific reports that share our latest research and solutions for absence management and quicker return to work.
- “The Call Center: Absence, Lost Productivity and Seven Solutions,” a white paper that examines call center observations, statistics, solutions, and best practices.

Details on how to download these free and informative reports are available in this newsletter. Please feel free to give your feedback and suggestions for future newsletter topics at [www.metlifeeasier.com/disabilityalmanac](http://www.metlifeeasier.com/disabilityalmanac) in the “Feedback/Inquiries” section.





## Fingerprinting Healthcare

The human capital industry is racing to the (inevitable) conclusion that the relationship between the health care patterns of a working population and the absence and disability patterns of that population are highly correlated. MetLife cites the 10:50 equation; that is, roughly ten percent of a working population that submits a Short Term Disability (STD) claim in a given year will drive more than half the medical costs and transactions of that working population for the same year. American employers have an opportunity to leverage their STD experience to better understand drivers of health care cost, quality and access.

In the previous decade, American companies recognized that their STD experience offered inroads to improving worker productivity. Deeper dives into absence data and understanding the inherent patterns provided employers with insights into how they might improve worker productivity. The business need for improved productivity has not decreased. In fact, it is more important today than it has ever been. The trend of asking fewer employees to do even more work is a hallmark of this decade.

The new opportunity resides in cracking the code that connects the disability patterns of a working population and the medical activity where an employer can use targeted interventions to help improve health and reduce costs.

MetLife is exploring new ways to help employers take their STD experience and turn it into actionable initiatives in the health care arena. Recognizing that the cohort of employees that submit STD claims are the employees driving health care consumption, the patterns of disability are unique to each employee population. STD experience is, therefore, a unique etching - a fingerprint - of the health care experience of an employee population.

Just as forensic science can analyze a fingerprint to make a diagnosis, employers can use data provided by MetLife to calibrate their STD experience and identify health conditions where there is excess morbidity. The following examples illustrate how companies might begin to incorporate STD experience into health care benefits decision making:

- A disproportionately high incidence of breast cancer STD claims might support the value of a breast cancer awareness campaign.
- Excess claims for stress and anxiety in STD might justify a “Tranquility Room” on the premises for shift-working associates.
- An uptick in STD claims for inguinal hernia may warrant revisiting lifting requirements (and job design) of line workers.
- Higher than expected claims experience for asthma or diabetes may tip the scales for a company considering disease management programs.
- Depression incidence trending higher in STD may support revisiting pharmaceutical benefits decisions on anti-depressants.
- Higher than usual fractures and extremity injuries may warrant reinforcing use of safety measures, not only at home, but also at work.

Employers are beginning to realize the bountiful insights that can be derived from their short term disability experience. Understanding STD absence drivers is an insight to understanding health care cost drivers. By understanding the latter, companies can better plan for the future.



## The Value of Investing in Medical Benefits

Many things are connected in a business environment. Investing in an early cancer detection program can offset some of the expensive treatments required for Stage Three disease. Investing in more effective anti-depressants, for instance, can reduce psychiatric hospitalizations. Investing in disease management programs in asthma, diabetes and heart disease can offset future health care costs by improving total care for these conditions.

Each of these investments can also reduce days lost from work. Early cancer detection often requires less extensive treatment and a quicker return to a normal lifestyle. Newer anti-depressants have the potential to reduce absence. Disease management programs can reduce the costly exacerbations that can occur when asthma, diabetes or heart disease are left under-treated.

Several trends are at play in employer-sponsored benefits, specifically in health care benefits. Many companies are seeking to leverage health care investments by focusing these expenditures on programs that can show a demonstrable improvement in targeted metrics. These companies are becoming more sophisticated in making these investments, demonstrating Return on Investment (ROI), and making the case for further investments down the road.

Other companies are beginning to explore how they might unburden themselves with the resource depletion that the administration of health benefits can take. Many consumer-driven

health care solutions offer opportunities to transfer risk, responsibility and cost of medical care onto individuals. We are early in the game of this new trend.

What can be counted on is that the amount of medical funding and the level of success in effective administration of health care services has distinct value. That value lies in improvement of health, improvement of well being, offsetting of future health care costs and improved productivity.

One exciting area to consider is how companies might be rewarded to continue medical investment. Several legislative overtures, of late, have focused on monetarily rewarding companies for medical investment. One bill, sponsored by Senator Harkin from Iowa, provides tax credits to businesses that offer comprehensive programs to promote employee health. The Healthy Lifestyles and Prevention (HeLP) America Act of 2004 recognizes the challenges posed by chronic disease and also looks to harness the power of prevention. It seeks to reorient our health care system away from one focused on disease treatment and management to one that is based upon the promotion of healthy lifestyles and the prevention of chronic disease.

Today, financial stewardship of health care coverage for workers and their families resides with employers. As the cost of that stewardship spirals upwards, employers are beginning to reevaluate what they do – and don't – want to pay. It will be important for American society that employers continue in their role of stewardship.



## Call Centers: Can You Keep Your Employees on the Line?

Why is managing a call center environment so difficult from a human resources and financial perspective? What can an employer do to increase productivity, as well as the retention and satisfaction of their customers and employees?

This call center problem is very unique and interdependent. Employers are very aware of the day-to-day stress their call center employees face. They also know that not all employees are best suited for the job. However, employers also grapple with the extreme turnover in the call center workforce. Statistics show that outbound call center turnover can skyrocket as high as 187%. As a result, it is difficult for a company CFO to justify any substantial amount of training or investment in call center employees.

Companies should consider the larger problem at hand. The lack of training causes incredible turnover, which results in poor service, which leads to an inevitable decrease in customer, as well as employee, retention and satisfaction. It is a vicious cycle.

The call center benefits manager or CFO must consider the delicate cost-to-benefits ratio of investing in, or considering, the right workplace policies and benefits, as well as training investments. Should they consider a more flexible work environment? Should they pay for more training?

What can employers do to help themselves help their employees? Let's take the example of a leading airline. This company is situated in a "call center hub," an area where there are many call center type employers but a very shallow labor market pool. In this airline's case, generally the pool consists of younger females and mothers with

young children. Their solution was a shorter and more flexible work schedule. The success of this implementation was enormous, both for the company and its employees.

Another type analysis a company can conduct on their employees is the top reasons for Short Term Disability (STD). For example, MetLife data shows the top 5 conditions in call centers are digestive illnesses, musculoskeletal conditions, psychiatric illness, neoplasm (benign and malignant cancers), and respiratory illness.

Think about the right program for your company based on your labor and employee pool. Due to the incredible turnover in call centers, it might not be the best choice for a company to implement a long term disease management program over an investment in the right screening program, Employee Assistance Program (EAP), or even simply a more enhanced training program. Each of these programs will be more focused to increasing productivity and reducing the cost of lost time from work in a transient labor pool.

A company has a lot to consider when evaluating the best workplace policies. The best thing they can do is look into what works best for them based on the labor pool, demographic makeup, and most prevalent conditions.

For more information on increasing call center productivity, download MetLife's recently released white paper, "The Call Center: Absence, Lost Productivity and Seven Solutions," which examines call center observations, statistics, solutions, and best practices, at <http://www.metlifeeasier.com/disabilityalmanac/archive.asp>.



## Prevention: A Different View

For many decades, managing medical plan expenses has prevailed over the concept of disability management, clinical case management and offering absence prevention programs. Most employers believed there was significant disparity between absence related and medical expenses, or so was believed, which prompted employers to concentrate their efforts on managing the medical plan expenses. Certainly, the literature and the studies have raised awareness of the true costs absenteeism and presenteeism (present but not productive) and that they may actually dwarf employers' medical expenses.

As a result, for the past 10 years, there has been a significant emphasis on determining the employers' costs for absenteeism and implementing programs designed to manage these expenses. Traditional programs include emphasis on the employee once a disability has occurred. Ensuring the employee is in an appropriate treatment plan, following their providers' medical plans, job accommodations and rehabilitation services have been the primary focus.

Although employers are, and most likely will continue to be, at different phases of the absence recovery continuum, their efforts should focus on preventing the illness and providing creative solutions for enabling employees to remain at work with modifications, if necessary.

Disease Management (DM) programs have been in effect for years, but it has always been difficult to justify the Return on Investment (ROI). Based on studies conducted by MetLife, there is a significant percentage of employee medical expenses (on average, 50%) being associated with employees on Short Term Disability (STD). This can change the complexity of capturing ROI.

It's not just the studies that can assist employers with DM program justification, but what we plan in conjunction with that program.

Utilizing STD data will focus employers on providing DM programs tailored to the employers' reasons for absences. Beyond the standard DM programs that are provided by medical carriers and DM vendors, employers are able to design DM programs based on how they should spend their dollars. Transitioning beyond the traditional DM program offerings, based on short-term expenses for specific illnesses and injuries, will allow employers to concentrate their ever-limited dollars in areas that make sense for them.

Employers want to provide their employees with prevention opportunities, but appropriate programs and the ability to evaluate these programs justifies the equation toward building the ROI justification required.

Although certainly beyond most current structures, the aforementioned program truly is the easier option when compared with building "Stay At Work" programs. Using data to design custom programs, while highly effective and work intensive, requires far less planning than designing a plan to keep employees in the workforce.

For years, safety and Workers' Compensation programs have been designed to prevent workplace injuries and illnesses and limit the time an injured employee is away from the work site. However, for non-work related injuries and illnesses, the solution for most employers has been their STD or Salary Continuance programs.

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Designing a “Stay At Work” program will require time, resources and significant planning by employers. What may seem prohibitive and overwhelming is manageable once the plan is developed. Identifying partners and building a communication strategy will be the essence of success. Phasing in the implementation to target a subgroup of probable employees and designing the evaluation for success will allow the building of the ROI and the communication of the success to senior management and employees. Ensuring that all internal and vendor partners are participating in the structure of the program will be a critical

component for program success as all parties must be in sync to promote the employee centric path and avoid impediments.

MetLife provides a unique option to our customers in the services delivered by our Customer Delivery Leaders. Access to data and reporting experts allows the Customer Delivery Leaders to analyze an employers’ programs and recommend alternatives to meet the employers’ goals and objectives of their programs. Additionally, rehabilitation expertise among the team permits successful building of “Stay At Work” programs.



## Special Offers from MetLife Group Disability

With a claims database of over 4 million covered lives, MetLife Group Disability can shed light on demographic trends and expectations. Knowing what diagnoses dominate your population is a key insight into how to manage workplace absence and how to shape benefits programs.

### ● Available at <http://www.metlifeiseasier.com/disability>:

A MetLife series on championing productivity that includes five industry-specific reports that share our latest research and recommendations for absence management and quicker return to work. Industries featured are:

- Finance, Insurance & Real Estate
- Manufacturing
- Retail Trade
- Services
- Transportation, Communications & Utilities

### ● Available at <http://www.metlifeiseasier.com/disabilityalmanac/archive.asp>

- “The Call Center: Absence, Lost Productivity and Seven Solutions,” a white paper that examines call center observations, statistics, solutions, and best practices for employers.



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## MetLife: Stability. Experience. Security.

MetLife Group Disability offers your company these solutions:

- **Cost Management.** Surging health care costs are a primary concern for employers; in any given year, 10% of employees will be out on disability, accounting for 50% of medical costs. MetLife can help you make the most of your benefit investment.
- **Best-in-Class Service Model.** Talented workers are hard to find and keep, and employee absences can seriously affect productivity, profitability, and morale. MetLife's best-in-class service model can help give them what they need when they're out and get them back to work sooner.
- **Financial Strength & Stability.** Your employees depend on your disability benefit to be there in a crisis. Over 10,000 companies depend on the financial strength of MetLife, and so can you.

MetLife is a leading provider of disability insurance to individual and institutional customers. MetLife has over 147,000 Individual Disability Income policies in force, with total in force annualized premium of \$177.8 million. MetLife is ranked 5th in both new sales premium and inforce premium<sup>1</sup>. MetLife sells a full line of noncancelable and guaranteed renewable Individual Disability Income (IDI) policies, including Business Overhead Expense, Buy-Out and Mortgage Protection policies. IDI Buy-Up provides executives and other highly compensated employees with an additional level of income protection by layering Individual Disability Insurance on top of Group Long Term Disability (LTD). This approach enables IDI Buy-Up to be integrated with our Group LTD programs.

MetLife is the second largest group disability carrier in the industry, with over \$1.6 billion of premium and equivalents in force<sup>2</sup>. MetLife is at the forefront of providing employers with innovative disability and absence management solutions through an integrated portfolio of products and services, such as:

- Group short term disability (STD), including state-mandated plans, Administrative Services Only/Advice-to-Pay, and California Voluntary Disability Plan Administration
- Group long term disability insurance (LTD), including LTD Reserve Buy-outs
- Family Medical Leave Act (FMLA) administration
- *Synchrony*®\* - integrated absence management service for workers' compensation, group disability (STD/LTD), and FMLA administration ([www.insynchrony.com](http://www.insynchrony.com))

MetLife, a subsidiary of MetLife, Inc. (NYSE: MET.) The MetLife companies serve individuals in approximately 13 million households in the U.S. and provide benefits to 37 million employees and family members through their plan sponsors. Outside the U.S., the MetLife companies serve approximately 8 million customers through direct insurance operations in Argentina, Brazil, Chile, China, Hong Kong, India, Indonesia, Mexico, South Korea, Taiwan and Uruguay. For more information about MetLife, please visit the company's Web site at **[www.metlife.com](http://www.metlife.com)**.

1 LIMRA's 2003 Annual U.S. Individual Disability Income Report

2 2003 U.S. Group Disability Sales and In Force Survey, LIMRA International

\* *Synchrony* is integrated absence management, which includes group disability insurance or services from MetLife, workers compensation insurance or services from The Travelers Indemnity Company and/or its property casualty affiliates, and may include family and medical leave administration from MetLife. *Synchrony* is a registered trademark of Travelers Property Casualty Corp. and MetLife. Metropolitan Life Insurance Company NY, NY. Travelers Property Casualty Corp., One Tower Square, Hartford, CT, 06183.

*A Year in the Life of a Million Workers®* is an almanac of absence management and non-occupational disability data. This reader-friendly reference guide helps HR managers, CFOs, and business leaders boost workforce productivity by giving them the information to understand and manage absence in the workplace. For your free copy, visit **<http://www.metlifeiseasier.com/disabilityalmanac>**.

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