

A WorldatWork Survey Brief



FMLA Perspectives and Practices

Survey of WorldatWork Members
April, 2005

About WorldatWork and WorldatWork Membership Surveys



*The Professional Association for
Compensation, Benefits and Total Rewards*

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WorldatWork regularly surveys its membership of compensation, benefits and total rewards practitioners regarding current issues and topics, best practices and common professional practices. The majority of WorldatWork members are at the manager responsibility level or higher, have more than 10 years of experience in the human resources profession, and work in the corporate headquarters of a company based in North America with more than 1,000 employees. The association routinely receives a voluntary response rate from members in the 15 percent to 20 percent range, a response rate that generally ensures the respondents are representative of the WorldatWork membership as a whole.

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FMLA Perspectives and Practices:

*Results of a WorldatWork Member Survey on the Family and Medical Leave Act
April 2005*

Introduction and Methodology

This report summarizes the results of a January 2005 survey of WorldatWork members, which was conducted in order to understand how the Family and Medical Leave Act (FMLA) has impacted organizations and the relative ease or difficulty of administering the Act's requirements. The survey also asked total rewards professionals to react to three possible changes in FMLA that would affect its implementation.

In January 2005, surveys were sent electronically to 2,248 WorldatWork members and 281 responses were received, a response rate of 13 percent. The demographic profile of the survey's respondents is similar to that of the WorldatWork membership as a whole. The typical WorldatWork member (and survey respondent) works at the managerial level or higher in the headquarters of a large company in North America. Ninety-five percent of the *Fortune* 1000 companies employ a WorldatWork member.

Key Summary Points

An early 2005 survey of 281 WorldatWork members regarding the Family and Medical Leave Act (FMLA) reveals significant information about how a typical large organization administers and manages the requirements of employee FMLA leave:

- In aggregate, roughly two-thirds of all employees (66 percent) of organizations in the survey were FMLA eligible last year, but fewer than 10 percent of employees actually took FMLA leave.
- Of those employees who took FMLA leave last year, about 37 percent took the entire 12 weeks allowed under the law.
- The most common reason for FMLA leave within the organizations surveyed is for a new child – either through birth or placement with an employee by a foster care organization or adoption agency (approx. 42% of incidents). Eighteen percent of incidents are for “chronic conditions.”
- Forty-three percent of organizations track employee FMLA absences by qualifying reason, but the vast majority does not record information about employees' serious medical conditions – perhaps due to HIPAA concerns.

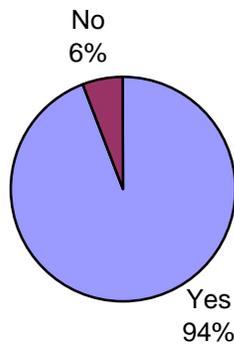
- Seventy percent of organizations attempt to actively verify the validity of the FMLA leave, while 30 percent of organizations take the supervisor or employee's verbal or written reason as valid.
- Most organizations are spending between 30 minutes and two hours of administrative time per FMLA leave episode to provide notice, determine eligibility, request and review documentation, and request a second and/or third opinion.
- Seventy percent of organizations use a rolling 12-month period for defining the period of FMLA eligibility, instead of a calendar or fiscal year basis.
- When three suggested modifications to the FMLA were proposed to survey participants, large majorities agreed with two ideas that would involve the removal of some protections for employees under the act: stricter guidelines on the use of intermittent leave, and increasing the time required to respond to an employee request for FMLA leave. The third suggestion involved allowing adult children over the age of 18 to qualify as an immediate family member under the act, which also earned a majority of respondents' approval.

Detailed Survey Results

The first question of the survey served as a screen to ensure that the respondent is responding for an organization that is covered by the FMLA. The FMLA applies to organizations in the United States that employ at least 50 people, either all at the same location, or 50 people within a 75-mile radius.

Because the WorldatWork membership (and survey sample) skews toward larger organizations, 94 percent of respondents said they work in organizations that are bound by the requirements of FMLA.

Figure 1. Is your organization covered by the FMLA?



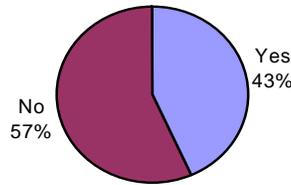
The 94 percent of respondents (n=253) who said their organization was covered by the act continued through the survey, while the remaining 6 percent (n=16) were asked to discontinue by clicking “submit.”

Section I. Administration of FMLA

There are three broad qualifying reasons for an employee to take FMLA leave: birth of a child, or placement of a child with the employee via adoption or foster care; a serious health condition of the employee; and the employee’s need to care for an immediate family member.

When asked, more than four out of ten respondents (43 percent) reported that their organization tracks FMLA leave by one of these “qualifying reasons.” (See Figure 2).

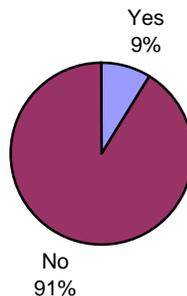
Figure 2. Does your organization track FMLA absences by qualifying reason?



When asked whether their organization goes one step further within the “serious health condition” qualifying reason and records the specific type of health condition, only 9 percent of organizations responded in the affirmative. (See Figure 3).

This disparity between the percentage of organizations that track the general “qualifying reason” and the specific “serious health condition” within that qualifying reason might be attributable to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which contains provisions that are designed to protect the health privacy of employees. Thus, it is possible that the 90 percent of organizations that do not track specific employee health conditions within FMLA leave requests are attempting to avoid potential legal issues under HIPAA. It also may be the case that the administrative burden of tracking the additional information is too great compared with the benefits of having that data.

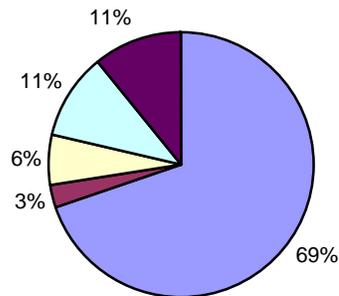
Figure 3. Does your organization track FMLA absences by type of serious health condition?



While almost 70 percent of organizations verify medical documentation against the reason given by the employee when he or she takes FMLA for a “serious health condition,” only 43 percent ever review or update the documentation again – unless they are notified of a change. (See Figures 4 and 5). Many of the

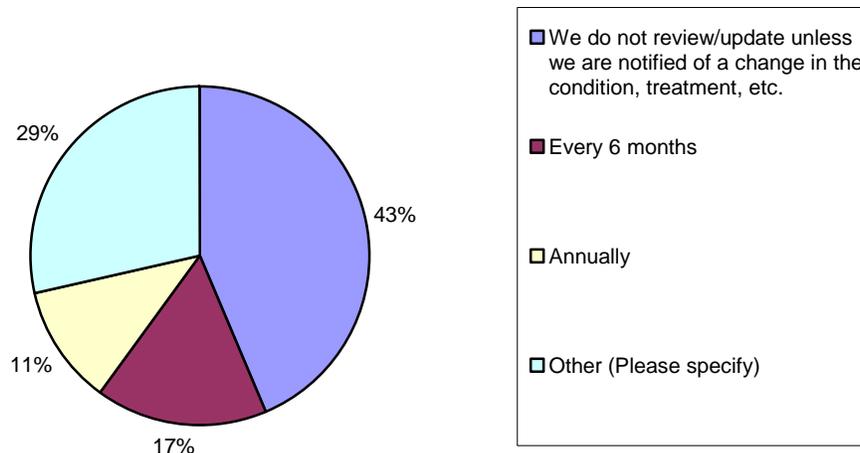
respondents in the nearly 30 percent who reported “other” in Figure 5 noted that they have an outsourced or third party administrator conduct the verification – who may or may not conduct further review or updating.

Figure 4. How do you typically determine whether an employee's request for leave due to his or her own serious health condition (especially for on-going or chronic conditions) qualifies under the FMLA?



- Physically verify the medical documentation on file against the reason given by the employee
- Confidently rely on supervisor's judgment and/or knowledge of the situation
- Confidently rely on HR's judgment and/or knowledge of the situation
- Accept employee's verbal/written reason for requesting leave and approve the request under the FMLA
- Other (Please specify)

Figure 5. When an employee (or employee's family member) has an ongoing or chronic serious health condition on record, how often do you review and/or request updated medical documentation of the condition?



The data in Figure 6 below suggests that the time and administrative burden (or lack of time and administrative burden) of FMLA leave requests depends upon the specific stage or step of compliance. All in all, however, the vast majority of respondents indicated that individually, each of these steps takes less than 30 minutes, on average, per employee FMLA leave episode.

The largest percentage of respondents (49 percent) reported that it takes between 10 and 30 minutes to provide FMLA notice to an employee, and another 51 percent said that determining FMLA eligibility for the employee takes less than 10 minutes, on average, which may indicate that many employers simply accept that the employee is covered under the FMLA. Almost 30 percent of respondents say the process of requesting second and third opinions takes between 30 minutes and one hour. Forty percent say that requesting and reviewing documentation takes less than 10 minutes, which may be attributed to on-going conditions that do not require new documentation for each episode.

The answers corresponding to these four processes indicate that organizations are spending anywhere between about 30 minutes and two hours of administrative time per FMLA leave episode to provide notice, determine eligibility, request and review documentation, and request a second and/or third opinion.

Figure 6. What is the average amount of time spent per episode to administer each of the following FMLA requirements?

	<10 minutes	10-30 minutes	30-60 minutes	1 to 3 hours	3 to 5 hours	More than 5 hours
Providing notice to employee	33%	49%	14%	3%	0%	1%
Determining eligibility of employee	51%	30%	14%	4%	0%	1%
Requesting and reviewing documentation	39%	21%	17%	14%	3%	6%
Requesting second or third opinion	13%	39%	29%	13%	3%	3%

Section 2: Employee Usage of FMLA During The Past Year

An employee is eligible for FMLA leave only if he or she has been with the employer for at least 12 months and has worked at least 1,250 hours during the past year. Based on these guidelines, respondents indicated, on average, that two-thirds (66 percent) of all employees within their organizations qualified for FMLA leave during the past year. (See Figure 7). With a wide variety of answers, respondents also indicated that, on average, almost one in ten U.S. employees actually took FMLA leave during the past year. (See Figure 8).

Figure 7. What percentage of your organization's employees met FMLA eligibility criteria during the past year?

n	Minimum	Maximum	Average / Mean
224	1%	100%	66.3%

Figure 8. What percentage of your organization's U.S. employees (including those that are statutorily ineligible to take FMLA leave) took any FMLA designated leave during the past year?

n	Minimum	Maximum	Average / Mean
226	0%	90%	9.5%

According to all respondents, the single most common reason for employees to request FMLA leave is for birth of a child or pregnancy (41.9 percent). Other common reasons for FMLA leave episodes are absence plus treatment (20.9 percent), a chronic condition (18.1 percent), and inpatient care (15.7 percent).

To a far lesser extent, only about one out of ten episodes (10.5 percent) are attributable to a permanent condition requiring supervision, and only about 5 percent are attributable to multiple treatments. For the most part, the percentage of hours attributed to each of the above-mentioned conditions tracks with the percentage of episodes. (See Figures 9a and 9b).

Figures 9a and 9b. Of all of the FMLA designated absences taken in your organization, what percentage of total episodes and percentage of total hours were due to each of the following conditions?

Figure 9a. Percentage of Total Number of Episodes:

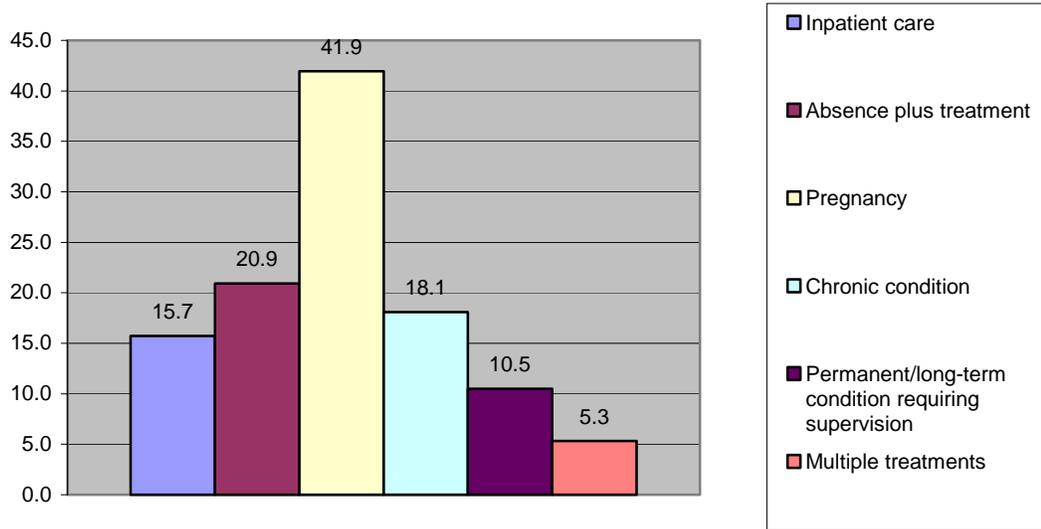
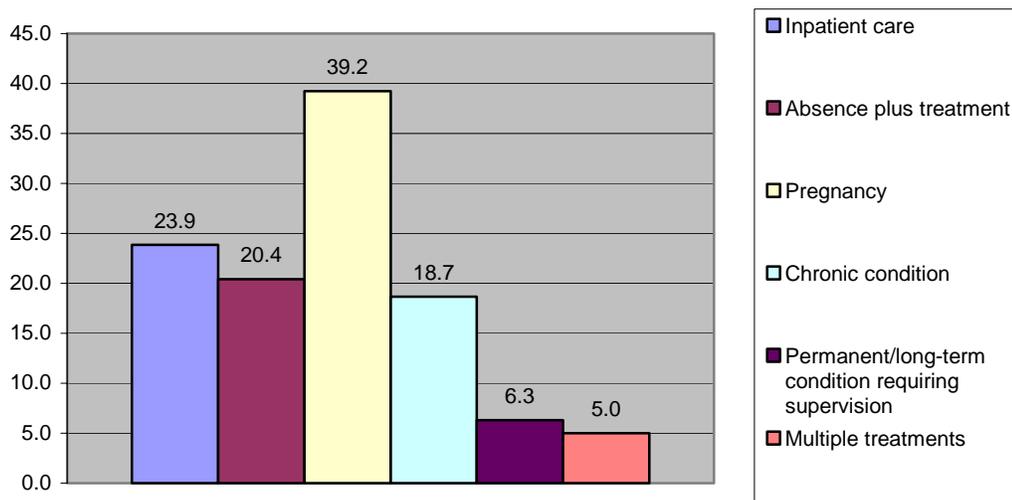


Figure 9b. Percentage of Total Number of FMLA Leave Hours



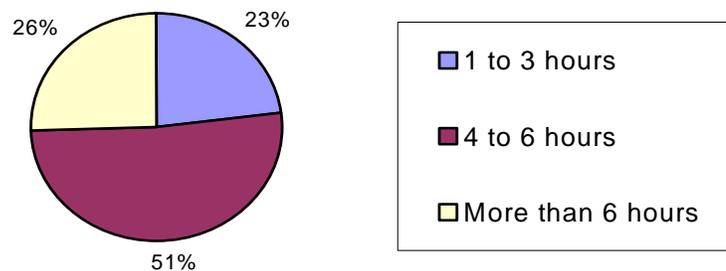
For FMLA leave episodes that employees take for a serious health condition of their own (as opposed to caring for an ill family member), an average of only 11.5 percent lasted for less than one full day. Therefore, nearly nine out of 10 employees (88.5 percent) who take FMLA leave for a serious health condition of their own end up taking more than one full day for each of these types of episodes. However, this small number may reflect that planned medical absences and longer unplanned illnesses were longer in duration than chronic conditions.

Figure 10. Comparing against the total number of absences for those employees that took leave for a serious health condition of their own qualifying as absence plus treatment or chronic condition, what percent of these absences lasted less than one full day?

n	Minimum	Maximum	Average / Mean
54	0%	100%	11.5%

For those organizations (n=39) that reported an employee taking less than one full day for a serious health condition, more than half (51 percent) reported a leave of four to six hours, and another 26 percent of organizations experienced employee leave for at least 6 hours. Therefore, 76 percent of employees on FMLA leave for a serious health condition are out of the office for at least half the workday. Yet nearly one quarter, 23 percent, took leave of one to three hours.

Figure 11. Of those absences lasting less than one full workday, what was the average duration of each episode?



Respondents indicated that an average of just over one-third of all employees (36.8 percent) who took FMLA leave in the past year exhausted their entire 12-week allotment of leave. Given that the survey previously revealed that the single most common use of FMLA leave episodes are attributable to a new child or pregnancy, it is apparent that many new mothers (and probably some fathers as well) are using their entire 12-week leave following such an event.

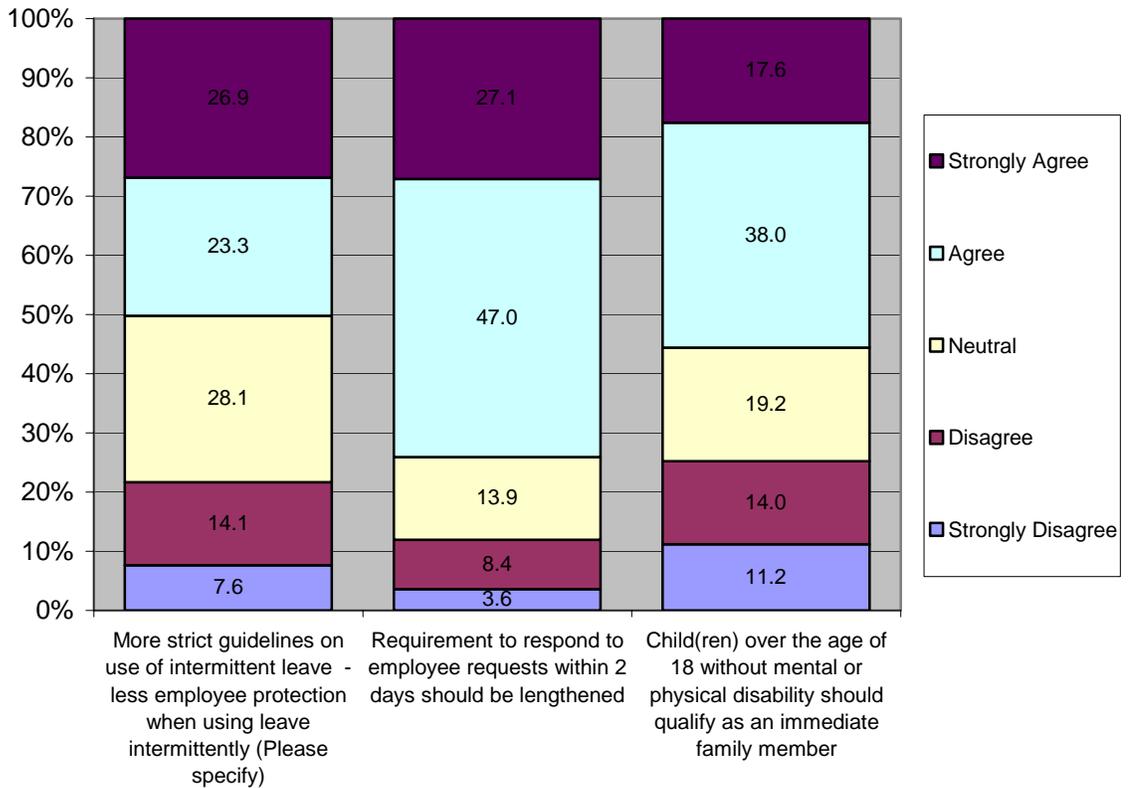
Figure 12. Of those employees that used FMLA leave in the past year, what percentage exhausted their full 12-week allotment? (Include those that may have used a portion of the 12 weeks prior to this period but exhausted it within the past year.)

n	Minimum	Maximum	Average / Mean
212	0%	100%	36.8%

Section 3. Receptivity to Possible FMLA Changes

When respondents were provided with three possible changes to the FMLA, large majorities of respondents either agreed or strongly agreed with each of the suggestions. Two of the three ideas would – if implemented – involve the clarifying the definition of “serious health condition” and tightening the definition of “intermittent leave” under the FMLA’s implementing regulations, while the final proposal would provide additional coverage for employees by allowing adult children over the age of 18 to qualify as an immediate family member. Fully 55 percent of respondents agree with this final suggestion, which may be an indication of the difficulty in communicating and administering this existing FMLA limitation to employees.

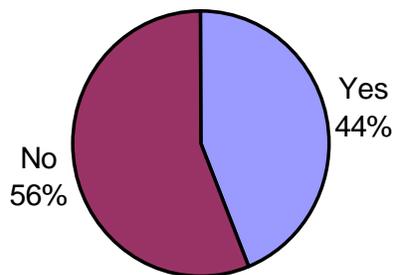
Figure 13. Please indicate whether you agree or disagree that each of the following regulatory requirement changes should be made...



Section 4. Common and Uncommon Administrative Features

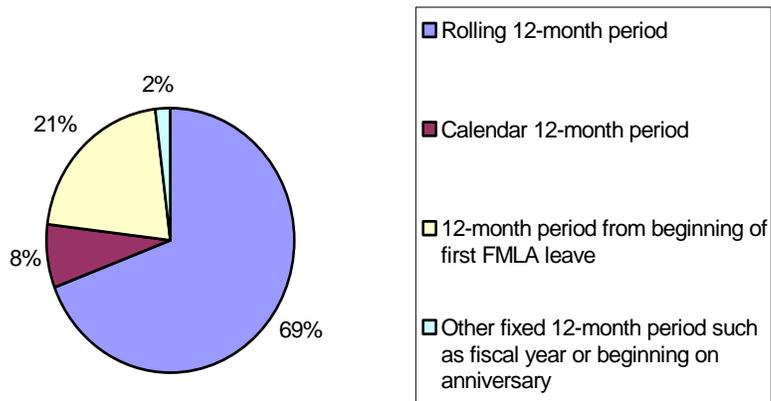
Although employers are not required to notify employees as they become eligible for FMLA leave, almost half of all respondents report that their organization does so anyway.

Figure 14. Do you provide notice to individual employees as they meet the eligibility requirements?



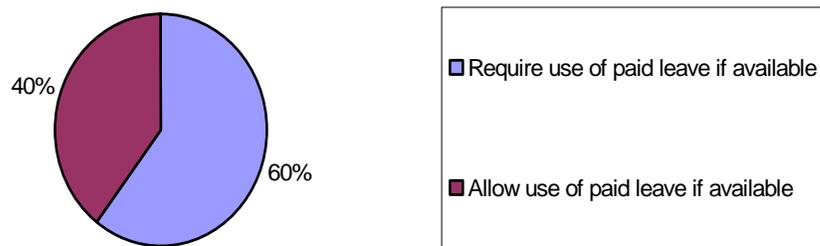
The Family and Medical Leave Act requires employers to decide which method they will use to define the 12-month period in which an employee is eligible for the 12 weeks of FMLA leave. Almost 70 percent of respondents indicate that they use a rolling 12-month period to allot FMLA leave. Under a rolling 12-month system, when an employee initiates a new leave episode, the employer goes back 12 months in time to count the total amount of FMLA leave taken during the period. Unlike a calendar or fiscal year method, this rolling method effectively prevents an employee from taking leave in excess of 12 weeks during any 12-month period.

Figure 15. What method does your organization use to define the 12-month period?



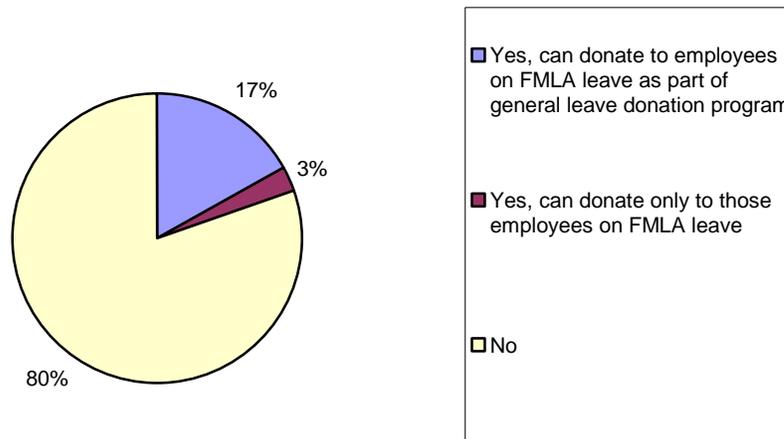
Three out of five employers (60 percent) require employees taking FMLA leave to use any available paid leave while on FMLA leave, while the other 40 percent simply allow leave recipients to use any available paid leave, but do not require it.

Figure 16. Do you allow or require use of paid leave (if available) while on FMLA leave?



The vast majority of organizations (80 percent) do not have a leave donation program in which employees can “bank” FMLA leave for other employees to use. Only 3 percent of organizations have a leave donation program exclusively for FMLA qualifying employees.

Figure 17. Do you have a leave donation or pooling program where employees can donate unused leave to employees on FMLA leave?



Respondent Demographics

Number of Employees

Less than 100	14.4%
100 – 499	25.4%
500 – 999	11.5%
1,000 - 2,499	12.0%
2,500 - 4,999	13.4%
5,000 - 9,999	8.1%
10,000 - 19,999	4.8%
20,000 or more	10.5%

Industry

Finance & Insurance	16.8
Manufacturing	14.7
Professional, Scientific & Technical Services	13.6
Healthcare & Social Assistance	9.4
Utilities	5.8
Other Services (except Public Administration)	5.2
Educational Services	4.7
Public Administration	4.2
Real Estate & Rental & Leasing	2.6
Retail Trade	2.1
Transportation & Warehousing	2.1
Information	2.1
Accommodations & Food Services	2.1
Arts, Entertainment & Recreation	1.6
Construction	0.5
Agriculture, Forestry, Fishing & Hunting	0.5
Wholesale Trade	0.5
Mining	0.5
Other	11.0