

Pandemic Leave Response:

Powering the COVID-19 Recovery

The COVID effect: Impact to the work force

No one needs to hear one more time that the COVID-19 pandemic created “unprecedented” challenges worldwide. Of immediate concern to our employer clients was the pandemic’s cataclysmic effect on the U.S. work force. As leave and employee absence experts, we were able to help clients understand, manage and evolve with the swiftly changing landscape.

What we saw

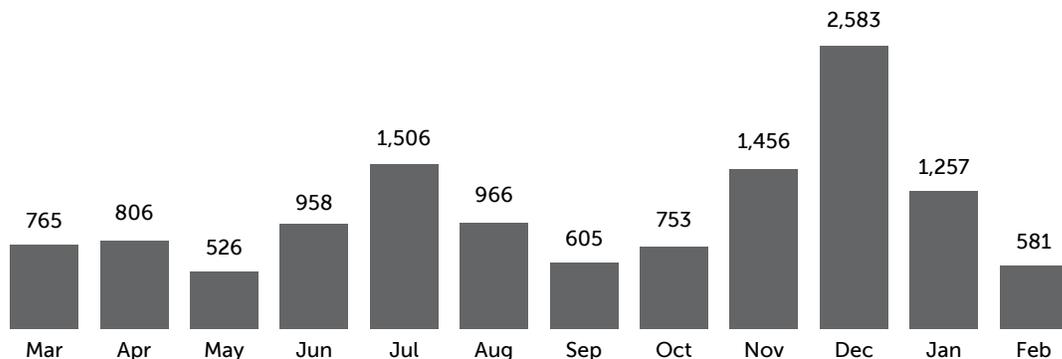
As early as February 2020, COVID-19 began to drive employee absence. There were few confirmed diagnoses early on but plenty of concern, and the very beginning of a spike in both elective and forced quarantines.

COVID-19 was named a world pandemic on March 11, 2020, and massive U.S. layoffs and furloughs began in earnest. Retailers like Kohl’s, JCPenney and Dick’s Sporting Goods made headlines, as did auto manufacturers, travel and hospitality providers and swaths of people in the entertainment industry from Broadway to Hollywood. By June, a third of the pre-pandemic workforce wasn’t working at all due to furloughs and layoffs. Of those remaining, nearly half (42%) were working from home full time—an enormous change effected over a very short period of time. Finally, just over a quarter of the workforce, mostly those deemed essential workers, continued to work as before, despite the risk and challenges. Adequate protective equipment was not always available, and safety guidelines were often fluid based on changing information and other circumstances.

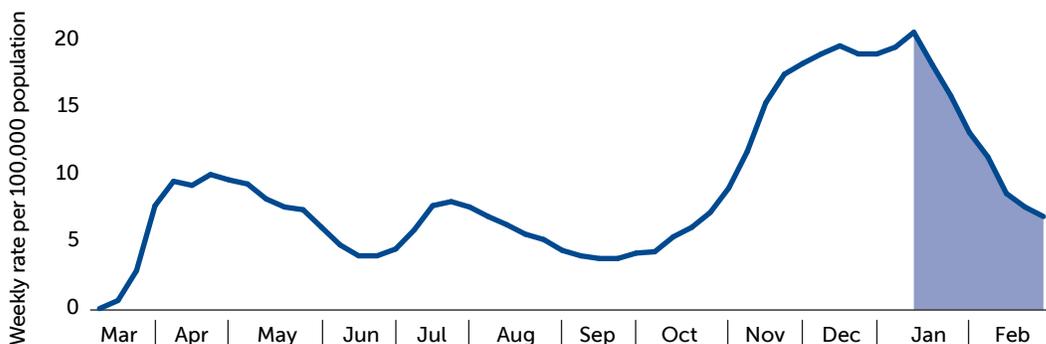
Our research across hundreds of employers representing millions of employed men and women shows a great many companies believed the shutdown would be relatively short. Many opted for furloughs to help maintain employees’ access to health and other benefits; in general, employers initially tried to lessen the negative impact and “do the right thing.” However, large-scale closures persisted in most states. The first round of federal stimulus assistance had a condition of employees being on the payroll through September 30, 2020, which helped fuel an ill-timed surge of layoffs—many of which were transitioned from “furloughs”—that coincided with the pandemic’s largest spike in diagnoses, hospitalizations and absences related to COVID, as noted below.

Pandemic leaves reported

2020-21
Matrix Absence Management



Rates of COVID-19 associated hospitalization



Source: Centers for Disease Control and Prevention. The Coronavirus Disease 2019-Associated Hospitalization Surveillance Network (COVID-NET) hospitalization data are preliminary and subject to change as more data becomes available.

What we learned

Not only weren't employers prepared for the longevity and ripple effects of COVID-19, but the experience in hindsight was often surprising, to say the least. For example, with so many men and women working from home, one could imagine a post-pandemic baby boom that would impact employee productivity and absence claims. But in reality, the opposite happened.

The Brookings Institution, a Washington, DC think tank, predicted as many as 300,000 fewer babies will be born in the months following the pandemic. They attribute the phenomenon to the strain on family relations caused by poor economic trends, school closures and the repetitive strain of sickness and death in the news. Studies show that for every one percent increase in the unemployment rate, one can anticipate a corresponding one percent decrease in pregnancies in the months following. This finding has been consistent over time, not just specific to the pandemic.

With the documented negative impact of family stress, mounting COVID diagnoses and deaths, and the sheer longevity of the pandemic, it would be reasonable to predict a surge in behavioral health claims among employees. But, again, this hypothesis proved to be false. According to research across our leave of absence business, while the net number of behavioral health claims did increase, they actually decreased as a percentage of total claims filed. In 2019, behavioral health represented 7.6% of all disability claims filed while in 2020 they represented only 6.83% of all disability claims—a full 10 percent reduction.

One way to rationalize the reduction would be a commensurate rise in other types of disability claims. But a review shows that only claims related to infectious disease—COVID, specifically—spiked, while others, including elective, non-COVID related hospitalizations, fell. Instead, we believe that while the work-from-home environment created (or at least contributed to) a great deal of additional stress and emotional strain, being out of the workplace may have tamped down some employees' motivation to file a disability claim. It may be because the employee could control more of his or her work experience, and create habits or environments to self-soothe. It could be that the stress resulted in a form of presenteeism that was obscured because of the wholly remote model. Or it could simply have not occurred to some people to file for a disability claim to be absent from work when, in fact, work and home had effectively fused together.

Pandemic Leave

Reliance Standard and Matrix Absence Management launched a unique **Managed Pandemic Leave** solution for our clients during the first wave of COVID-19 in March, 2020. As changes to existing leave laws occurred at both the State and Federal levels, this first-in-market solution enabled our clients to understand and track the full complement of employee leaves in the new pandemic and post-pandemic reality. Managed Pandemic Leave ensures each absence can be quantified and managed based on the specific policy, benefit, entitlement or regulation in play, even when these overlap—as they often do.

In addition, much of the data and insights contained in this and future materials are made possible through this product offering.

Watch for Part 2: *How COVID impacted Disability, FMLA and other absence claims.*

To learn more about Reliance Standard's disability and leave programs, including Pandemic Leave, contact your sales or account manager.

RELIANCE STANDARD
A MEMBER OF THE TOKIO MARINE GROUP
www.reliancestandard.com

MATRIX
ABSENCE MANAGEMENT
www.matrixcos.com

Insurance products and services are offered by Reliance Standard Life Insurance Company in all states (except New York), the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. In New York, insurance products and services are offered by First Reliance Standard Life Insurance Company, Home Office, New York, NY. Products and features may vary by state. Absence services are provided by Matrix Absence Management, Inc.