



Marsh McLennan
Agency

ABSENCE
DISABILITY
& LIFE

From survey to strategy:

Exploring the top employer challenges in leave and absence programs

May 22, 2025

A business of Marsh McLennan

Today's speakers



Jim Jantz, JD

Director of Compliance

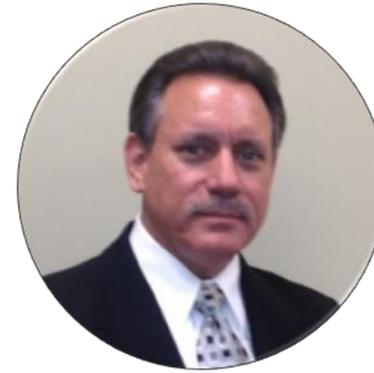
- **15+ years in benefits and compliance:** Leads compliance efforts for absence, disability, and life at Marsh McLennan Agency.
- **Regulatory expert:** In-depth knowledge of federal, state, and local disability and leave laws.
- **Versatile benefits manager:** Proven experience managing leave of absence, disability, and employee benefits programs for large employers.



Tim O'Connor

Senior Consultant

- **10+ years in employee benefits:** Expertise in absence, disability, and life programs.
- **Program management advisor:** Skilled in implementation, data analytics, and client relationship enhancement.
- **Vendor relationship manager:** Proven success in managing vendor processes for large-scale client programs.



Phil Lacy

COE Practice Leader

- **30+ years in Leave and Absence**
- **COE Leader:** which includes compliance, audit practice, middle market and ADL Absence Leader
- **Industry Legend:** Based in Charlotte, NC, Phil is the past Chairman of Board for IBI and a past President of the Group Underwriters Association of America management for client success.

2025 Leave of Absence & Time Away from Work

Survey Overview

The Leave of Absence & Time Away from Work survey is a comprehensive study focused on large employers (5,000+ employees). Building on previous surveys from 2017 to 2023, this study offers valuable insights into benefit strategy, policy designs, and administrative practices.

2025 Key Highlights

- **Participants:** 218 employers with an average size of 27,900 employees across 18 industries
- **National representation:** 79% of participants are national employers
- **Fortune Rankings:** Includes 20 of Fortune 100; 5 of the Fortune 10

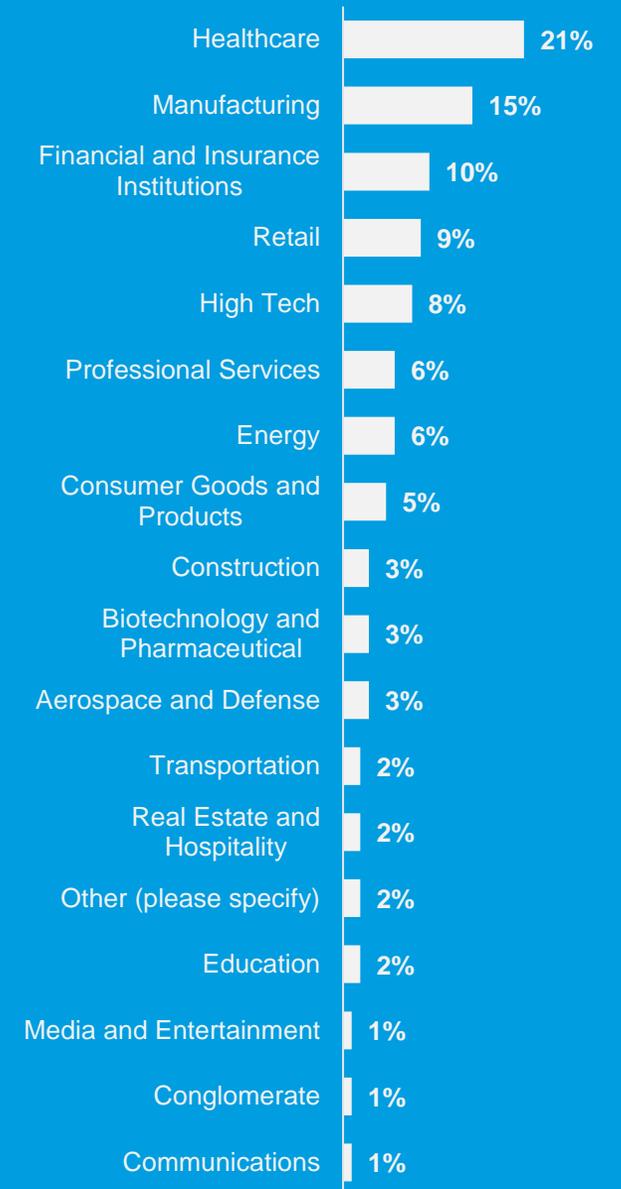
Benchmark Dataset:

The benchmarking data **excludes healthcare and education sectors** due to their unique benefit designs.

These results will be based on:

- **Participants:** 139 employers with an average size of 32,800 employees
- **National representation:** 94% of participants are national employers
- **Industry breakdown:** Diverse representation, notably in manufacturing, finance and insurance, high-tech, and retail

INDUSTRY PARTICIPATION



Challenges employers face

Several factors have combined to create a challenging environment for employers:

- ✓ **Current economic volatility**
- ✓ **Rising costs**
- ✓ **Shift back to in-office work**
- ✓ **Regulatory changes**
- ✓ **Heightened competition for top talent**



Employee expectations of their employers are on the rise.

They want wide-ranging benefits that support their overall well-being.



Employers are reassessing their benefits strategies and utilizing technology

to meet generational needs, attract and retain talent, and enhance the employee experience.

What the survey told us: Challenges in Today's Environment

Respondents shared these challenges:

Limited current offerings of paid time off (PTO) and parental leave policies

Insufficient flexibility in leave options to meet diverse employee needs

Lack of comprehensive family leave policies that address various family situations

Inadequate support for mental health and wellness through existing leave programs

Challenges in communicating available leave benefits effectively to employees

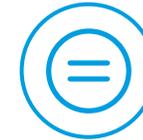
What is on employer's minds? A mix of realistic and aspirational ideas



Enactment of a national program that would provide standardization and preempt state-paid family and medical leave laws.



Providing employees with access to leave navigation planning tools.



Provide equitable benefit offerings to a multi-generational workforce.



More staff.



Centralized absence reporting for all types.



Automation of administration of accrued leaves and time off, company benefits and statutory paid family and medical leave, across payroll and HRIS systems eliminating all manual processes.

Dynamic Regulatory Landscape

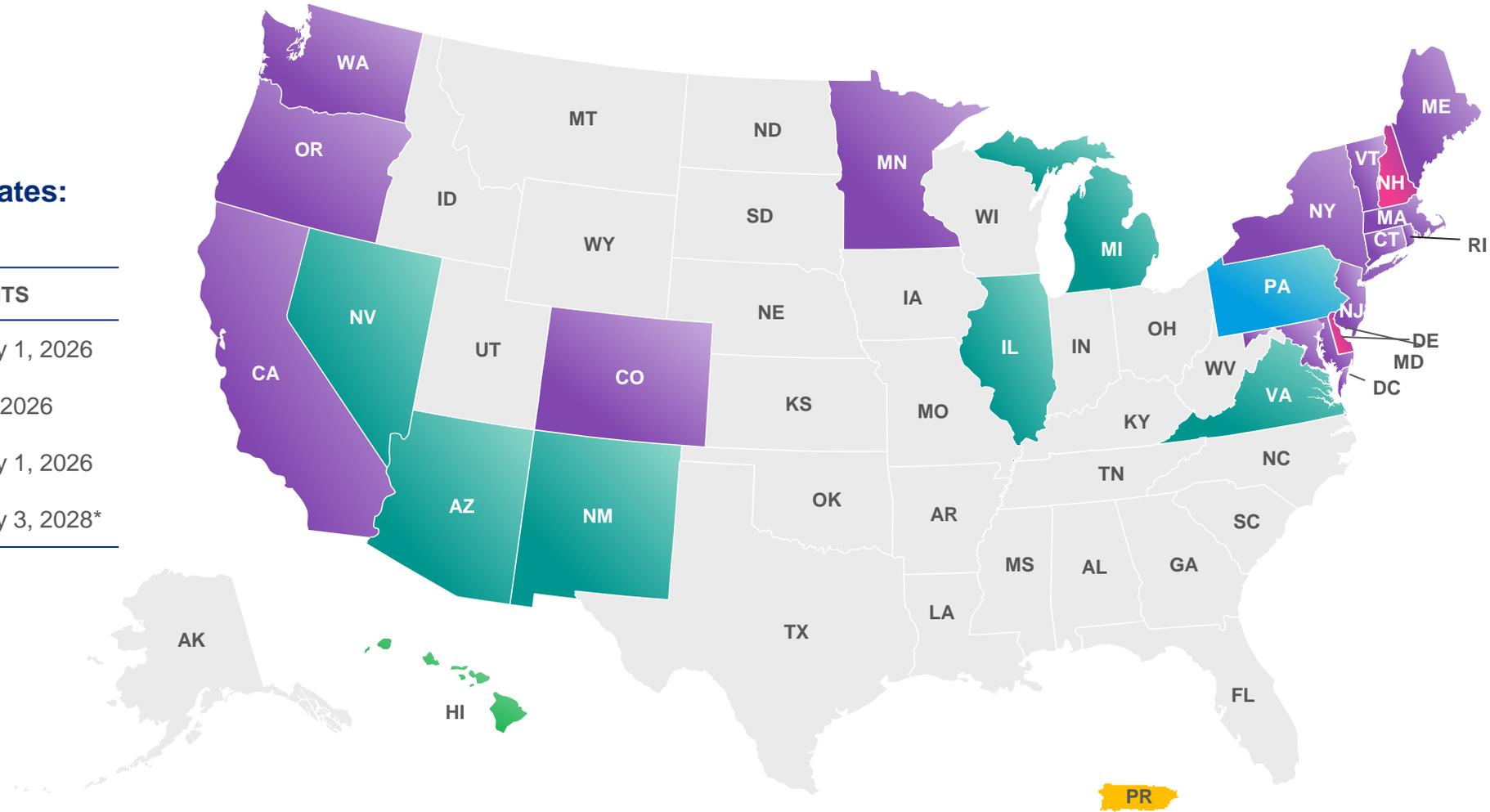
PFML and Accrued Paid Leave

Upcoming Paid Family and Medical Leave (PFML) effective dates:

	CONTRIBUTIONS	BENEFITS
Delaware	January 1, 2025	January 1, 2026
Maine	January 1, 2025	May 1, 2026
Minnesota	January 1, 2026	January 1, 2026
Maryland	January 1, 2027*	January 3, 2028*

KEY

- SDI, PFL & Accrued Paid Leave
- SDI Only
- PFML Only
- SDI & Accrued Paid Leave
- Accrued Paid Leave Only
- Local Accrued Paid Leave Only



Accommodation requirements

Americans with Disabilities Act (ADA) and Pregnant Workers Fairness Act (PWFA)

	ADA	PWFA
Established	The ADA was enacted in 1990 and expanded by the ADAAA in 2009.	The PWFA became effective June 2024.
What it does	It prohibits discrimination against individuals with disabilities and requires reasonable accommodations unless doing so would cause undue hardship.	It requires reasonable accommodations for known pregnancy-related limitations unless it causes undue hardship.
What it covers	It covers physical and mental disabilities, including chronic illnesses.	It covers conditions specific to pregnancy and those that may arise from it.
How it works	Employers must work with employees to identify suitable accommodations through the interactive process, which often requires medical documentation.	Employers must engage in a timely interactive process to identify reasonable accommodations, and in some cases are prohibited from gathering medical certification and/or required to temporarily eliminate essential functions.
Consequences	Failing to provide reasonable accommodations can result in legal consequences, including investigations by the EEOC and litigation. The EEOC filed 48 lawsuits under the ADA in the year ending September 30, 2024.	Failing to provide reasonable accommodations can result in legal consequences, including investigations by the EEOC and litigation. The EEOC received nearly 2,000 PWFA charges in the first year after implementation, resulting in five lawsuits.



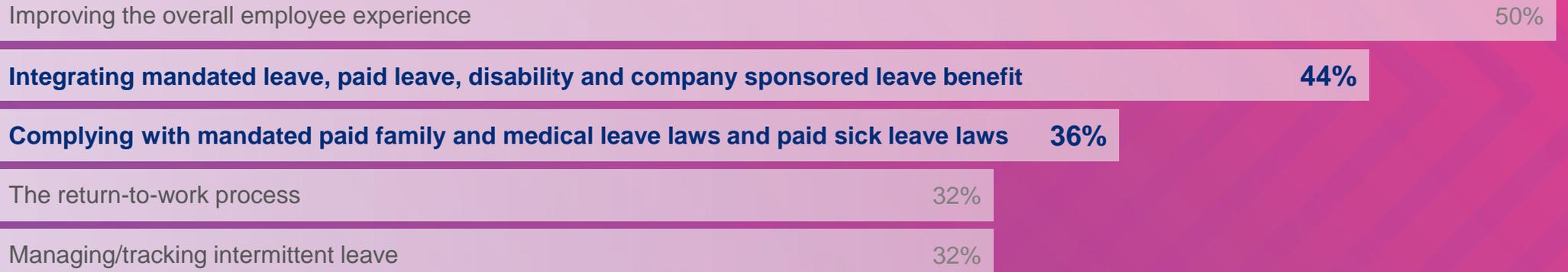
Discover how the Pregnant Workers Fairness Act (PWFA) compares to the Americans with Disabilities Act (ADA) in protecting employees' rights.



VISIT: [Comparing Accommodation Rights: PWFA and ADA](#) for more information.

What the survey told us: Compliance with Leave Laws

Top pain points All industries



Respondents shared these challenges about compliance with leave laws:

Staying informed about new and updated laws

- **Paid Family and Medical Leave:** 13 states and DC, plus four new states in the next few years
- **State and local Sick Leave:** 45 locations across the United States

Accommodation requirements

- Americans with Disabilities Act (ADA)
- Pregnant Workers Fairness Act (PWFA)
- State and local laws that require accommodations

Standardized and understandable processes

- Policies and process control documents
- Simplifying leave options while ensuring compliance across different locations
- Integrating mandated leave, paid leave, disability, and company-sponsored leave benefits

Manager training

- Training HR staff and people managers to ensure they understand compliance requirements
- Effectively communicating LOA/accommodation processes and policies



Standardized and understandable processes

A strong policy establishes a compliant foundation and helps both employees and people managers understand their roles and benefits.

TWO AREAS OF FOCUS:

Monitoring and tracking

New and updated requirements related to leave of absence and accommodations at the federal, state, and local levels.

Changes to legal requirements can necessitate updates to policies and processes, making monitoring and tracking essential for maintaining compliance.

SUPPORT

Statutory updates and state resource

Process reviews

Claims audits, policy reviews, communication and letter evaluations, or end-to-end process evaluations, can help identify areas where the process has deviated from compliance requirements and the intended design as outlined in the policy or standard operating procedures (SOP).

SUPPORT

Your consultant partners

What the survey told us: Integration of leave programs

Top work in progress

All industries

#1

Integrating mandated leave with company policies

#2

Improving employee experience

#3

Training for managers and HR staff

#4

Technology enhancements for leave management

#5

Outsourcing leave administration

#2 Pain point across all responses

with over 44% of respondents identifying it as a challenge

Respondents shared these challenges about integration:

Difficulty in integrating mandated leave, paid leave, disability, and company-sponsored leave benefits

Lack of seamless coordination between different types of leave, leading to employee confusion

Gaps in coverage between various leave programs that hinder comprehensive support for employees

Challenges in utilizing technology effectively to facilitate integration and improve data tracking

Integration benefit strategy

Questions to ask with key stakeholder input

Monitoring activity

- How is current and emerging leave law activity being monitored? Is the approach effective?
- Is there a preferred resource for tracking leave laws?
- How is exposure being assessed based on employee distribution and eligibility criteria?
- Is compliance with leave laws required for the company?
- Is there a consistent process for evaluating the work status of mobile workers and localizing services?

Key dates

- What is the timing for when initial rules and regulations are issued?
- When do payroll deductions start?
- When does leave entitlement begin?
- Are there any upcoming changes to existing laws?

Payroll and reporting

- What is the process for state registration?
- How can the state contribution rate be confirmed?
- How can coordination be established with the payroll vendor to prepare for payroll deductions?
- What steps are involved in auditing payroll deductions?
- What is required for ongoing premium remittance and wage reporting?

Communications

- How can posting and notice requirements be tracked by state?
- What are the reasons, timing, and methods of notice that need to be coordinated?
- Who is responsible for this communication process?

Key stakeholders



Tax



Payroll



Risk management



Managers and operations



Benefits



Legal



Human resources



Communications



Disability & leave of absence vendor

Building manager understanding



72%

of respondents cite **lack of manager understanding of roles and processes** as a key administrative pain point.¹

Making it the **#1 pain point** for leave administration.¹



Lack of understanding leads to:

- ✓ Escalations or lawsuits
- ✓ Damage to the employer's reputation
- ✓ Poor engagement/culture



Manager training is critical so that:

- ✓ Recognize the request for leave or accommodation.
- ✓ Direct the employee to the appropriate resources for the next steps.
- ✓ Avoid unnecessary delays in the process.



Where to start:

- ✓ Assess your managers' understanding of the leave and accommodation process and requirements
- ✓ Identify the type and level of training needed
- ✓ Develop and provide appropriate training

¹ 2025 Leave of Absence and Time Away Survey, Marsh McLennan Agency.

What the survey told us: Technology and vendor integration

Respondents shared these challenges with technology and vendor integration:

Lack of effective technology solutions

to support leave management processes

Insufficient vendor integration,

leading to disjointed leave administration

Challenges ensuring user-friendly technology

solutions for both HR staff and employees

Difficulty evaluating current technology

solutions to identify gaps and areas for improvement

Limited training

for HR staff on effectively utilizing technology for leave administration

Top work in progress

All industries

#1

Integrating mandated leave with company policies

#2

Improving employee experience

#3

Training for managers and HR staff

#4

Technology enhancements for leave management

#5

Outsourcing leave administration

#4 Wish list across all responses

Improving technology solutions is in the top five areas employers wish they could spend more time or see improvement in.

Common Challenges and Considerations

Multiple employer systems

- Leave events can affect multiple employer systems, including benefits, payroll, and scheduling.
- Systems often lack alignment with the correct leave status, requiring significant manual effort.

Integration

- Vendors vary in capabilities with different HRIS, payroll, benefit administration, and time and attendance systems.
- API connectivity is available for some employers, but depending on the vendor and system, it may require substantial resources and costs.

Vendor systems

- Vendors vary in their leave planning and intake tools.
- Technology gaps can negatively impact employee experience and raise HR questions.
- Compliance concerns may arise from technology's ability to track federal and state leaves.

Claim processing

- AI is being used in parts of the claims process, raising concerns about its implementation and how vendors are using it.
- Vendor claims systems may be unable to support the complexity of modern paid family medical leave programs.

Reporting

- Vendor capabilities vary from real-time updates to 24-hour delays.
- Some status updates are automated, while others need manual review, which can delay tasks and lead to reporting errors.

70% of employers outsource short-term disability.¹

66% of employers outsource FMLA.¹

34% of employers who insource, use a system that is owned or built by their organization.¹

¹ 2025 Leave of Absence and Time Away Survey, Marsh McLennan Agency.



Leave planning tools

- Complex leave events and state laws can overwhelm employees.
- Digital leave planning tools help navigate benefits and protections.
- Results in fewer HR inquiries and an improved employee experience.

72%

of employers have implemented an online tool for employees and managers to provide decision support logic.¹

¹ 2025 Leave of Absence and Time Away Survey, Marsh McLennan Agency.

What the survey told us: Improving employee experience

Top work in progress

All industries

#1

Integrating mandated leave with company policies

#2

Improving employee experience

#3

Training for managers and HR staff

#4

Technology enhancements for leave management

#5

Outsourcing leave administration

#1 Pain point
across all responses

is improving the overall employee experience, with over 50% of respondents identifying it as a challenge.

Respondents shared these challenges about employee experience:

Lack of clear communication about leave options and processes

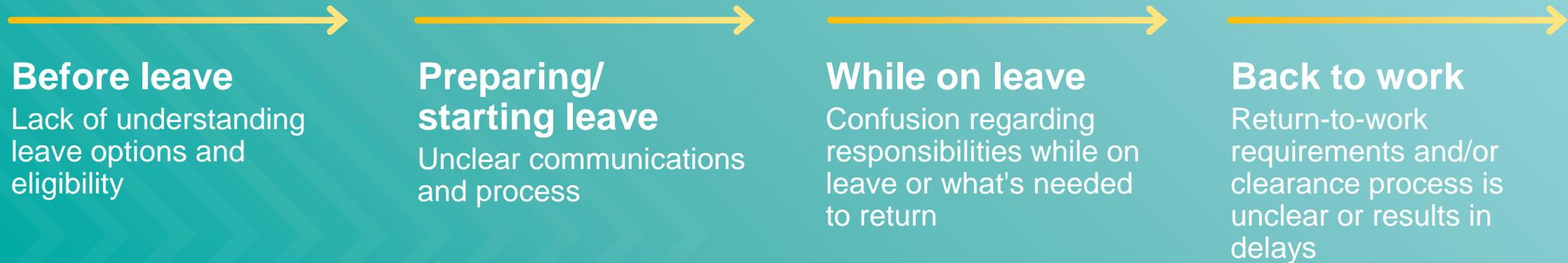
Complex and cumbersome leave request and approval procedures

Insufficient support for employees during their time away from work

Limited flexibility in leave options to accommodate diverse employee needs

Inadequate resources and support systems for employees returning from leave

Employees experience challenges at every step of the process



72%

of employers reported employees having an unclear understanding of processes and what is required as a top leave administration pain point.¹

The return-to-work process is one of the **top 5 pain points** across industries.¹

What can employers do to improve the experience?

Strategies for improvement



Documentation

Centralized access to clear policies for all stakeholders

Employee checklists for leave requests

Comprehensive procedures for the leave process for internal and external parties



Training

Culture training for third parties

Procedural training for benefits and payroll

Accessible manager training with direct resource connections



Enforcement

Commit to consistency, even when tempted to make exceptions

Regular audits ensuring fair and equitable policy administration



Closed-loop feedback

Open forum for stakeholders to express concerns about the leave process

Ensure feedback is addressed with actionable steps

Communicate actions back to stakeholders for further insight

Emerging benefit strategy trends

Strategies for enhancing leave



Rethinking time off

30%

of respondents indicate a desire for **richer PTO policies**, including more PTO days, improved accrual systems, and/or separate buckets for different types of leave.¹



Enhancing family leave

~43%

of employers **enhanced standalone bonding leave** programs in the last 12 months or plan to in the next 12 months.¹



Inclusive leave policies

23%

of employers are considering **adding a paid standalone caregiver leave**.¹



Mental health support

80%

of employers **offer personal leave** to their employees.¹



Technology

In progress benefit strategy
Top 5 = Technology enhancements for Leave Management¹

Wish list benefit strategy
Top 5 = Improved technology solutions¹

¹ 2025 Leave of Absence and Time Away Survey, Marsh McLennan Agency.



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Thank you.

Questions?