

As part of an effort to improve its ability to attract and retain employees, a large healthcare system updated its paid leave program to be more competitive and achieve greater benefit equity — resulting in \$1 million savings.

The challenge

To help strengthen its retention and recruiting effort, one of the largest healthcare systems in New England was seeking to restructure its paid leave program to better align with its new compensation program.

The system had multiple objectives for the updated program that required extensive peer research and an effective communications strategy to succeed. It wanted to be competitive at the 50th percentile; make its paid leave program more cost effective and create a sense of shared responsibility among employees for using paid leave.

The system also wanted to offer consistent program provisions across its diverse employee population groups to achieve greater benefit equity. And it wanted to do to it all with a clean slate — eliminating existing vacation, holiday, sick time and short- and long-term disability leave policies in a way that minimized the number of people who would lose paid leave resulting from the update.

Our solution

Segal worked with the system to gather information about current paid leave policies, use benchmark information to compare policies with local competitors and identify census data discrepancies.

Our solution included developing guiding principles to align the paid leave program with the client's people strategies. We assessed the existing program and recommended benefits, communications and change management strategies.

Additionally, we refined program elements — including total time-off days, grandfathering issues, time banks, time cash-out and donation programs — and developed alternative program designs. We also integrated paid leave policies with disability plans.

The results

By implementing our team's recommendations, the system's new paid leave program rollout achieved all objectives and netted \$1 million in savings.

The salary continuation program was replaced by a short-term disability benefit that was more in line with peer organizations and encouraged a sense of shared responsibility among employees.

The system's competitive position increased because the new program provided more paid time off to longer-service employees. And the creation of a universal bank of vacation, holiday time and sick time gave employees more options to use their time off and reduced the program's administrative footprint.

Moreover, our comprehensive solution included a communications strategy along with education and support resources to help employees better plan for and manage their paid time off as well as their health risks.

Overall, Segal's holistic approach helped the client minimize the percentage of employees losing paid time off under the new plan, delivering a win-win for both the system and its participants.

Contact



Lisa Spinks
SVP Hospital & Healthcare
Provider Vertical Leader
lspink@segalco.com
678.306.3126

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