

## **Presenteeism and Paid Sick Days**

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Only half of all U.S. workers have paid sick days for themselves; even fewer can take paid leave to care for a sick child.<sup>1</sup> The lack of paid sick days is a problem for families that confront an illness since taking time off to get better or to care for a child may come at a cost—the loss of pay, the loss of a job, or the loss of job advancement. Employers who do not provide paid sick days may feel it is too expensive to pay for workers who do not come to work. However, new research suggests that when workers are sick on the job, their presence comes at a cost to employers—the “hidden” cost of reduced productivity. In addition, no research is needed to recognize what common sense tells us: a contagious person should be a worry for the workplace as well as for the public.

The Healthy Families Act would establish a federal minimum number of paid sick days for full-time employees and a pro-rata amount for part-time employees. The bill, first introduced in the 108<sup>th</sup> Congress will be re-introduced in 2005, in the 109<sup>th</sup> Congress. By enabling employees to address preventive health care needs and by keeping contagious workers away from others, the bill is an important step towards addressing presenteeism.

### **What Is “Presenteeism”?**

- Presenteeism is defined as lost productivity that occurs when employees come to work but perform below par due to any kind of illness. While the costs associated with the absenteeism of employees has been long studied, the costs of presenteeism is newly being studied.
- The cost of absenteeism is obvious—100 percent of the worker’s productivity is lost each day the worker is not on the job; the cost of presenteeism is a more “hidden” cost because the worker is on the job but is not accomplishing as much.
- Presenteeism is common. Many workers come to work not feeling well—they work with back pain, allergies, arthritis, and other conditions that can impair their own performance and productivity. Some workers come to the job sick with the flu or a cold, and these workers also perform below par. In addition, contagious workers may infect others, and this could contribute to further absenteeism and/or presenteeism in the business.

### **Why Be Concerned About Presenteeism and What Can Be Done About It?**

- **Presenteeism results in lost productivity that could be recovered.** A Harvard Business Review article concisely notes that “A central aim of presenteeism research is to identify cost-effective measures a company can take to recover some, if not all, of the on-the-job productivity lost to employee illness.”<sup>2</sup>

- **Presenteeism is viewed as a problem by many employers.** Nearly 40 percent of employers surveyed in 2004 by CCH (a provider of human resources and employment law information) report that presenteeism is a problem in their organization.<sup>3</sup>
- **Presenteeism by those with contagious illnesses is a workforce health problem.** Contagious workers can infect other workers. Indeed, one study which asked 25,000 workers about their health status over a two-week period found that nearly 20 percent had experienced a cold or the flu.<sup>4</sup> The Institute for Women's Policy Research has identified studies that show paid sick leave policies reduce the rate of contagious infections in the workplace by isolating sick workers at home; that failure to take time off to regain one's health can actually lead to longer absences because health worsens; and that as an illness spreads within the workplace, additional workers can be affected raising the total employee absence time.<sup>5</sup> Further, workers from one company can infect workers in another. For example, the contagious copier repair person or computer consultant who visits an office could not only fix the technology but also could affix some germs to the work space. Thus, an individual employer who takes steps to avoid presenteeism by contagious workers is not fully protected until the community of employers takes similar steps.
- **Presenteeism by those with contagious illnesses is a public health problem.** Contagious workers can infect not only other workers within their own company but also the general public. Costs of presenteeism focus on the lost productivity due to a range of conditions, including the common cold and flu, along with those that are not contagious. While attaching a dollar figure to the cost of contagion may be difficult, it is easy to see the concern regarding public health. For example, sick child care workers can infect children in their care; unhealthy food service workers can infect diners; ill health care workers can infect patients. Sick children in childcare or school can infect teachers and other children. These sick children may be sent to childcare or school because their working parents feel they cannot take time off from their jobs.
- **Presenteeism can be addressed through a variety of strategies.** Possible measures companies can take to recover or reduce presenteeism costs include providing paid sick days, providing wellness programs, improving co-payments for medical visits and medicines, allowing carry-over of sick days, and providing free medicines (e.g., flu vaccines). Each of these strategies is designed to keep workers healthier through prevention and treatment.

### What Are Some Research Highlights on Presenteeism?

- **Presenteeism is costly.** A study by AdvancePCS, a provider of health improvement services, found that lost productivity was significantly *greater* from days at work while sick (72 percent) compared to missed work days due to illness (28 percent). Thus, of the total lost productivity tab of \$250 billion annually, the estimated presenteeism cost is \$180 billion.<sup>6</sup>
- **Presenteeism could account for as much as 61 percent of the total cost of worker illness** or as little as 18 percent according to a Cornell University study that examined multiple worker surveys.<sup>7</sup>

- **The costs of presenteeism vary** among the 10 conditions analyzed in the Cornell study, which were:
  - allergy,
  - arthritis,
  - asthma,
  - any cancer,
  - depression/sadness,
  - diabetes,
  - heart disease,
  - hypertension,
  - migraine/headache, and
  - respiratory infections.
  
- **Respiratory infections account for up to a fifth of presenteeism costs**(21 percent). In the Cornell analysis, this cost is the lost productivity of those employees who come to work with a respiratory infection; it is *not* the added cost of potentially infecting others.<sup>8</sup>

### **How Would the Healthy Families Act Address Presenteeism?**

- **The Healthy Families Act can help address presenteeism.** The Healthy Families Act, first introduced in the 108<sup>th</sup> Congress by Senator Edward Kennedy (D-MA) and Congresswoman Rosa DeLauro (D-CN), would require employers to provide seven paid sick days for full-time employees each year (part-time employees would receive a pro-rata share). The time can be used for the worker's own health needs or to care for a sick family member. The measure, expected to be reintroduced in the 109<sup>th</sup> Congress, addresses presenteeism in two basic ways:
  - it gives workers the opportunity to take time off for preventive health care, and
  - it gives workers the opportunity to take time off when they are contagious.
  
- **The Healthy Families Act can help build employer awareness of presenteeism.** Currently, lack of paid sick days likely results in some employees not accessing preventive health care that could reduce the presenteeism costs of some conditions. Other employees may show up at work contagious and thereby infect co-workers. Still others may come to work and worsen their health and wind up taking more time off. Many employers may be insufficiently aware of these implications of presenteeism.
  
- **The Healthy Families Act would ensure that all employers equally share the job of protecting against contagion.** An on-the-job contagious worker can infect not only colleagues at a workplace but workers in other work places. This happens, for example, when sick kitchen staff at the local luncheonette prepare meals for workers on lunch break. Or, if a hospital orderly comes to the job with a contagious illness, those on the ward, workers and patients alike, are at increased risk. If only part of the employer community provides paid sick days, the return on the investment made by those companies providing the benefit is at risk.

## Where Can I Find Out More About Presenteeism or More About the Healthy Families Act?

### **The Institute for Women's Policy Research (IWPR)**

<http://www.iwpr.org/>

### **The National Partnership for Women & Families**

<http://www.nationalpartnership.org/>

### **9to5, National Association of Working Women**

<http://www.9to5.org/>

### **Sloan Work and Family Research Network at Boston College**

<http://www.bc.edu/wfnetwork>

### **The Urban Institute**

<http://www.urban.org/>

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<sup>1</sup> Lovell, V. (2004). *No Time to Be Sick: Why Everyone Suffers When Workers Don't Have Paid Sick Leave*. Washington, DC: Institute for Women's Policy Research. Available at <http://www.iwpr.org/pdf/B242.pdf>.

<sup>2</sup> Hemp, P. "Presenteeism: At Work—But Out of It," *Harvard Business Review*, October 2004.

<sup>3</sup> *2004 CCH Unscheduled Absence Survey*, October 2004. [www.cch.com](http://www.cch.com)

<sup>4</sup> Stewart, W., Matousek, D., & Verdon, C. (2003). *The American Productivity Audit and the Campaign for Work and Health*. The Center for Work and Health, Advance PCS.

<sup>5</sup> Lovell, 2004.

<sup>6</sup> Stewart et al., 2003.

<sup>7</sup> Presenteeism per employee annually costs between \$22 and \$157. The costs were calculated by determining the number of unproductive hours attributable to presenteeism and multiplying that number by \$23.15, the average U.S. wage and benefit in 2001. Goetzel, R.Z., Long, S.R., Ozminkowski, R.J., Hawkins, K., Wang, S., & Lynch, W. "Health, Absence, Disability, and Presenteeism Cost Estimates of Certain Physical and Mental Health Conditions Affecting U.S. Employers." *Journal of Occupational and Environmental Medicine*, April 2004.

<sup>8</sup> As much as \$33 of the \$157 in average presenteeism costs is attributable to workers being on the job while having a respiratory infection. Goetzel, et al., 2004.