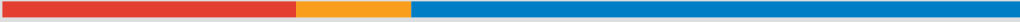


An illustration of a man with a beard, wearing a yellow long-sleeved shirt and dark trousers, sitting on a large black office chair. He is looking down thoughtfully. Below him is a large, chaotic pile of various office chairs in different colors (black, red, yellow, blue) and styles, some with wheels and some without. The background is a solid teal color.

Leave Management Is Complex and Employers Need Help

Welcome to the 2025 NFP US Benefits Trend Report



As we begin 2025, most employers find themselves at the intersection of complex and rapidly evolving economic, legislative and political landscapes. This environment presents unique challenges for employers striving to offer competitive benefits while effectively managing their fiduciary responsibilities and healthcare expenditures.

The 2025 NFP US Benefits Trend Report focuses on practical and strategic solutions to your most pressing benefits challenges. In this year's annual report, we examine how organizations are:

- Strengthening oversight of pharmacy benefits and healthcare costs through innovative network strategies and enhanced fiduciary governance.
- Streamlining leave management to reduce administrative burden while ensuring compliance with related federal and state law.
- Addressing employee wellbeing needs strategically, particularly in mental health and caregiving support, by focusing resources where they'll have the greatest impact.
- Making smarter decisions about benefits investments through enhanced data analytics and program evaluation.

The challenges of 2025 will require employers to be proactive, adaptable and innovative in their approach to employee benefits and healthcare spending, while at the same time remaining vigilant in their fiduciary obligations. The trends and strategies outlined in this report are designed to help guide employers through those processes so that they can effectively manage costs while providing valuable benefits that support and engage their workforce.

As you review these insights, know that our team of consultative experts stands ready to help you navigate these challenges and implement solutions that work for your organization's specific needs and goals.

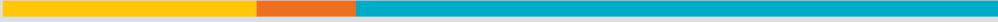
All the best,



EVP, Head of Health and Benefits
NFP, an Aon company




Leave Management Is Complex and Employers Need Help



With the ever-growing spider web that is leave of absence laws, keeping up with and managing leave requests can be overwhelming. While these laws provide valuable support to employees, spanning from job and health benefit plan protection to wage replacement benefits, the resources needed to stay up to date and administer them can be a significant administrative burden on employers.



Unpaid and Paid Leave Laws



Unpaid leave:

Unpaid leave laws primarily ensure an employee's job is protected in the event they need to be away from work for a qualifying leave reason. These laws are rooted in the federal Family and Medical Leave Act (FMLA) which protects eligible employees for up to 12 workweeks (26 weeks for military caregivers).

States can make their own laws that add to the federal FMLA. Possible changes include expanding the reasons for taking leave, providing additional job-protected time and lowering the eligibility requirements.

Paid leave:

In addition to job protection, some laws provide paid leave. These are most often at the state level but could also be at a city/municipal level.

Paid sick leave laws provide benefits that are typically for shorter-term absences, while mandated state disability or paid family leave benefits cover leaves for longer-term absences (serious health conditions). When discussing leave management services and solutions, paid sick leave laws are generally excluded.

Company-Specific Leave Plans

Beyond federal and state leave laws, employers can create their own leave policies. These policies are often crafted to provide additional job protection; support leave beyond FMLA or applicable state laws, include paid benefits, etc. While company policies can expand on existing protections, they cannot take away or remove any entitlement or protection otherwise provided by federal or state law.

Figure 1:

Types of Leave Offered

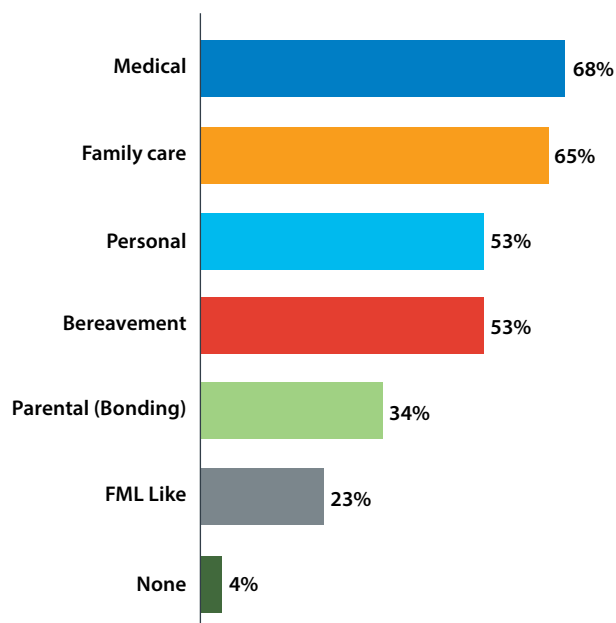
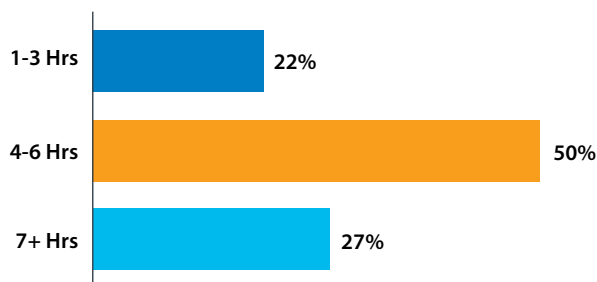


Figure 2:

Hours Spent on Leave Admin per Leave*



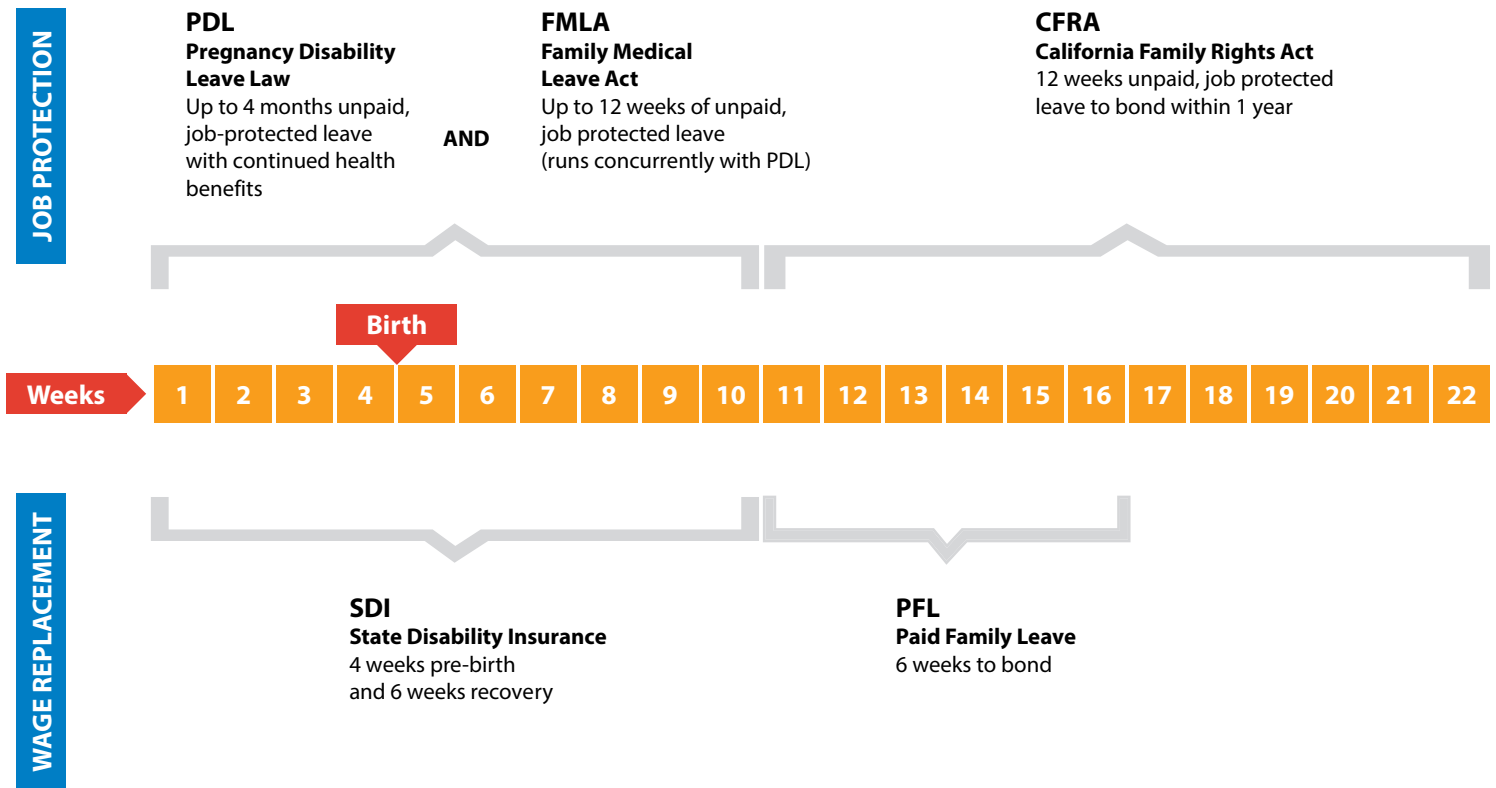
Note: With the right leave solution in place, the graphic would show 71% of respondents spending just one to three hours per leave request, a stark contrast to the current reality where 71% are spending more than four hours on each leave.

Impact to Employers

Unpaid leaves, like the FMLA, are by default the employer's responsibility to administer. To remain compliant, employers must follow rules and regulations that cover many aspects of the administration process. As these regulations can vary from law to law, keeping up with these regulations can be complex, time consuming and operationally difficult to manage consistently.

*Due to rounding conventions, data may not add to 100%. For more details about the data, see Page 46 or contact marketing@nfp.com.

Figure 3:
Family Leave in California*

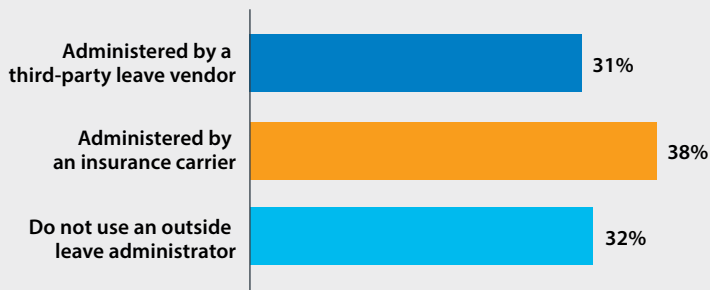


This is especially true when multiple laws overlap for the same leave request. Considering that more organizations are becoming more distributed with employees working in numerous states, it is essential for employers to understand and navigate the complexities of overlapping state and federal leave laws. For example, an employee in California taking leave for their pregnancy would likely have at least five applicable leave plans from the federal and state laws alone before taking into consideration the company's own internal plan.

In these instances, the employer would need to know and consistently administer each plan according to the plan's regulations. This means they would need to know and apply the eligibility requirements specific to each plan, calculate the leave entitlement specified by each plan, ensure the notifications required by each plan are sent appropriately and more.

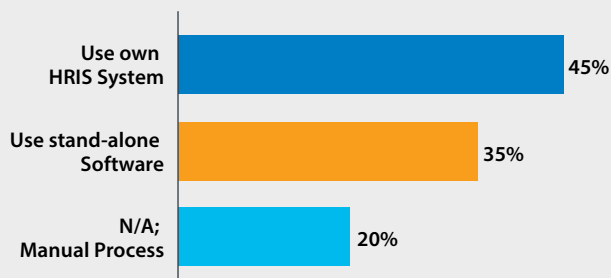
*"Know Your Rights: Paid Leave in California," aclusocal.org.

Figure 4:
Leave Management Partners



Note: 30%+ of those surveyed are still navigating leave administration processes without support.

Figure 5:
Leave Admin Software Leveraged



Leave Management Solutions

To aid employers with administration, there are generally two types of leave management solutions — bring in technology to support internal resources or outsource the administration.

- **Outsourced Administration:** With this option, the administrative burden is shifted to a company that manages leave requests on the employer’s behalf. While vendors take on the administration process for the employer, the employer is still responsible for some processes that relate to an employee’s leave such as managing paid time off, collecting healthcare premiums or managing return-to-work processes.

There are two types of vendors that typically handle the administration processes for employers — third-party administrators or insurance companies.

- **Third-Party Administrators (TPAs):** The services provided by TPAs are often referred to as “white glove” or “high touch,” as leave resources are often heavily involved in each leave request. With leave being the primary or only service provided, TPAs offer additional customizations and attention to nuance which can add value for paternalistic employers or those with complex policies or employee populations.
- **Insurance Companies:** Leave administration services are typically available through any insurance company that provides group disability products. Leave services are paired with disability products like short-term disability. With the administration of these complementary products, insurance companies can provide integrated administration where leave requests and disability claims are managed in tandem.

Outsourcing the leave administration is typically preferred by companies that prefer shifting the administration processes outside of their HR staff, enabling resources to focus on other responsibilities.

- **Internal Administration:** When managing leaves internally, software solutions can be leveraged to support internal teams. The software vendor manages the solution to ensure leave laws are updated, rules are consistently applied, and notifications are sent at the correct time and with the proper content.

These solutions systematically apply the plans based on the employee’s request and determine eligibility based on the plan’s rules. The tools also commonly embed workflows and tasks for resources to follow to ensure certification processes, calculations and tracking are performed consistently. With these solutions, the team can focus on the employee and other HR-related functions while leveraging a consistent and compliant process that is developed and maintained by industry experts.

Internal administration and software solutions are particularly attractive to employers that want to continue to manage the leave process but need to optimize their processes. This prioritization is often based on company culture or the complexity of company policies and pay.

Evaluating the Right Solution

When considering a leave vendor, there are three important steps to take for all employer types and vendors being considered.

Define and Document Goals and Priorities

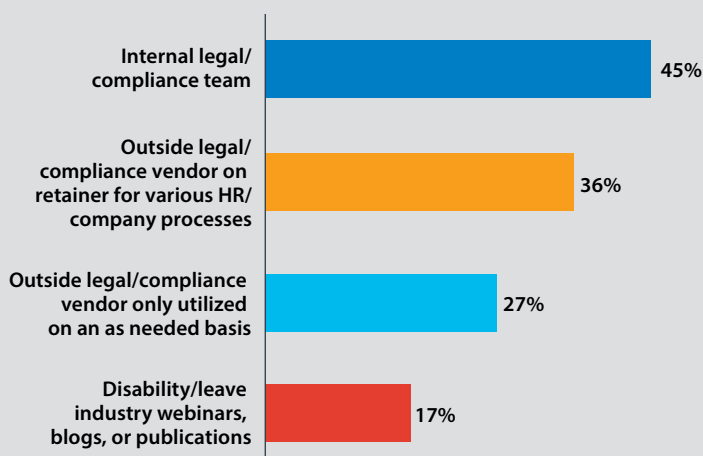
Defining the goals and priorities around the company's leave administration process provides a starting point and a foundation for considering the vendor solutions in the market.

When considering solutions, it's important to ask questions to understand the underlying reasons for the review. Are there challenges in staying compliant with various leave laws? Are there concerns about costs? Are there service-related issues that need to be addressed?

Furthermore, the employee experience should be taken into account. It's crucial to understand how the vendor's solution prioritizes and enhances the employee experience throughout the leave process.

Lastly, consider whether there are additional products or key features that need to be included in the outsourced solution. These may include seamless integration of leave data with HRIS/payroll systems, administration of company-paid leave policies, assistance with tracking and managing accommodations, and other relevant functionalities that streamline leave management and support your organization's specific needs.

Figure 6:
Employers Means of Staying Informed of
Leave Changes/Compliance



Note: If a vendor is being utilized for administration, don't forget to lean on their compliance teams for tracking legal changes and education.

NFP data shows employers generally rank price and compliance as most important, with integration capabilities, bundling availability and employee experience as secondary concerns.

Define the Vendor Type

Knowing the company's goals and priorities and considering the organization's budget and resources, is the objective to optimize internal administration and remove compliance and/or consistency risk? Or is the desire to remove this process from the HR team's ever-growing list of responsibilities?

If outsourcing is the goal, consider the type of administrator that would be right for the organization — stand-alone leave vendor or integrated with a disability carrier. Since leave requests and disability claims (short-term disability or state-mandated) run together, having multiple vendors can have pros and cons to the overall experience for both employer and the employees.

Include Key Resources

From the initial discussions around leave management solutions to the final vendor selection process, don't forget to include key internal subject matter experts from the organization. These resources are often administering or assisting in processes and have direct insight on what's working, where the gaps are and how employees are impacted during the process. This is valuable insight that needs to be shared so the focus stays on goals and priorities in discussions with potential vendors. All too often, these resources can be overlooked, leading to the implementation of a solution that later causes friction as it doesn't work well with the company's process or culture.

Mitigating Risk — Compliance and Consistency

When evaluating potential risk within an organization, leave administration processes should not be overlooked. Discussed previously were the complexities of leave laws as well as the time employers spend administering these laws. As if this were not complex enough, employers also must navigate the intricacies of accommodations laws, such as the Americans with Disabilities Act, the Pregnant Workers Fairness Act and others, as they continue to evolve and pose additional challenges for employers.

Ultimately, administering leave requests in-house without any assistance opens the door to costly fines and fees for mismanagement, employee lawsuits, potential audits/oversight by government agencies and attorney fees. Lots and lots of attorney fees. The best way to win a lawsuit is to avoid it altogether by ensuring a compliant and consistent process is in place.

Whether the preference is to administer leave requests internally or outsource the administration to a vendor, the complexity of leave laws, the burden on employers and the potential cost of mismanagement warrants a look (or a second look) at leave solutions in the market.

For a deeper dive into leave management, check out the [2025 NFP US Leave Management and HR Trend Report](#).



About the Data

The 2025 NFP US Benefits Trend Report draws on data from NFP's 2024 Benefits Trends Employer Survey and Benefits Trends Employee Survey, which were conducted in October 2024 in partnership with Empatix, a strategy, insights and activation firm.

The employer survey of 515 benefits decision-makers was conducted online. Respondents represented a mix of organizations across the US, ranging in size from <100 employees to 5,000+. To qualify for the survey, respondents had to have decision-making responsibility for their organization's benefits offerings.

The employee survey included a mix of 1,011 employees from various company sizes across the US. To qualify for the survey, respondents had to receive insurance through their employer and have primary or shared health insurance decision-making responsibility.

Supplementary data was included from NFP's 2024 Rx Satisfaction Survey. Any other sources are as referenced throughout. Due to rounding conventions, data may not add to 100%. For full information on the methodology for each NFP survey, contact marketing@nfp.com.

About NFP

NFP, an Aon company, is an organization of consultative advisors and problem solvers helping companies and individuals address their most significant risk, workforce, wealth management and retirement challenges. With colleagues across the US, Puerto Rico, Canada, UK and Ireland, we serve a diversity of clients, industries and communities.

Our global capabilities, specialized expertise and customized solutions span property and casualty insurance, benefits, wealth management and retirement plan advisory. Together, we put people first, prioritize partnerships and continuously advance a culture we're proud of.

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