



## **Making Sense of Your Sick Policy...**

*by LENA BODIN, MBA, SPHR*

Recently, I heard a story from a business acquaintance who is the President of a small company. This summer, one of his long time employees went out sick for over three weeks. Since the company never had a sick policy this sick employee received full pay for the duration of the absence. Needless to say, the company didn't even realize that it could still have processed the illness under NYS Mandatory Disability which would have subsidized some of the cost to the company. My friend since then had an Employee Handbook established which clearly communicated their new "sick policy" along with many other important policies.

It is not unusual for smaller companies to allow paid sick days without any formal policy in place because sick days are usually a couple of days at most at any one given time. But as we can see in the story above, situations can happen which ends up being costly for any size company.

Most companies have some established policy around vacations but may be informal for others types of paid leave. This can open up a can of worms, especially if a company arbitrarily determines who gets other paid time off. Therefore, having a paid time off policy which includes sick/disability, and which is properly communicated to employees becomes very important for proper management of your workforce, not to mention, keeping payroll costs under control.

Currently, there are no legal requirements for paid sick leave. However, in New York and New Jersey, there are mandatory disability payment provisions that employers need to be aware of. State Disability payments of up to six months, are usually payable after an employee has been out sick for at least 7 calendar days and is usually substantiated by a physician. In addition, companies with 50 or more employees may be subject to the provision of FMLA which requires unpaid sick leave for qualified illnesses under this law.

Research shows that companies allow anywhere from 3 to 8 sick days to their union and non-union employees. This covers incidental sick days or the first week before State Disability kicks in. Traditionally, companies have a "use it or lose it" policy for sick days in any given calendar year. However, some companies will pay out (especially in collective bargaining situations) unused sick days while others may allow employees to bank their unused sick days for future use. In this case you can have a paid sick policy which works alongside your mandatory policies such as State Disability and FMLA. Some companies may also provide additional Short Term Disability insurance to their employees to supplement the state disability.

Prior to the passage of the Family and Medical Leave Act, sick policies were fairly straight forward to write and administer. But now, all polices that cover leave (vacation, sick time, FMLA, maternity leave, short-term and long-term disability, etc.) need to be developed together so that it is clear which time is used first, when absences are paid, etc.

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Whichever way your company chooses to with your sick policy, the most important step is to have an established policy which is clearly communicated to all employees. The logical thing is to have it included in your company Employee Handbook. Developing your sick policy needs to be coordinated with your other policies such as State Disability, Short Term Disability and, if applicable, FMLA. If you don't have the expertise in-house, you should consider working with a consultant or consulting firm to help you develop your program.

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