



Calculating the Costs of Absenteeism and Presenteeism to Your Organization

$$\text{Cost} = [\% \text{ of work lost to risk factor(s) (A) and/or (B)}] \times [\# \text{ of at-risk employees}^1] \times [\text{median compensation of all employees at the company}]$$

Percentage of annual productivity loss by risk factor:ⁱ

Modifiable Risk Factor	Absenteeism (A)	Presenteeism ² (P)	Total %
Diabetes (type 2)	4.94%	18.26%	23.20%
Depression	2.61%	14.51%	17.12%
Alcohol abuse	5.00%	4.78%	9.78%
Overweight/obesity ³	1.40%	8.30%	9.70%
High cholesterol	3.14%	4.91%	8.05%
Tobacco use	2.84%	4.78%	7.62%
Chronic stress	3.08%	4.45%	7.53%
Asthma	4.80%	1.20%	6.00%
Migraine	3.96%	1.99%	5.95%
Physical inactivity	0.28%	4.59%	4.87%

Example: Sample Company, Inc. has 650 employees with a median income of \$45,000/year. Post-HRA aggregate data shows the top 3 costliest health risk factors are diabetes, obesity and asthma. The prevalence of diabetes at this company is 8%, or 52 employees. To calculate the cost of annual productivity lost to absenteeism due to diabetes, use the factor for diabetes in column A:

$$\text{Cost} = [4.94\% \text{ productivity loss to absenteeism}] \times [52 \text{ diabetic employees}] \times [\$45,000]$$

$$\text{Cost} = .0494 \times 52 \times 45,000$$

Cost = \$115,596 in organizational productivity losses for diabetic-related absences alone

Add the factor for presenteeism [B] to determine total annual losses for *both* types of losses (“direct losses,” or absenteeism, and “indirect losses,” such as presenteeism).

¹ The number of at-risk employees for each risk factor can be generated by administering a single Health Risk Assessment (HRA) that includes biometric screening and analyzing the aggregate data.

² Classified as an employee present at work, but because of illness or other health condition, not fully productive.

³ Overweight is Body Mass Index (BMI) of 26-30; obesity is BMI >30.

ⁱ Druss, B., et al. (2000). Health and disability costs of depressive illness in a major U.S. corporation. *American Journal of Psychiatry*, 157, 1274-1278. Goetzel, R., et al. (2004). Health, absence, disability, and presenteeism cost estimates of certain physical and mental health conditions affecting U.S. employers. *Journal of Occupational and Environmental Medicine*, 46, 398-412. Serxner, S., et al. (2001). The impact of a work site health promotion program on short-term disability usage. *Journal of Occupational and environmental Medicine*, 43, 25-29. Yelin, E., & Callahan, L. (1995). The economic cost and social and psychological impact of musculoskeletal conditions. *Arthritis & Rheumatism*, 18, 1351-1362.