



# EMPLOYEE BENEFITS CONTINUATION DURING LEAVE

MAY 2025

## AUTHOR:

Sera-Leigh Ghouralal, PhD | Senior Researcher  
Integrated Benefits Institute

## SPONSORED BY:



## Executive Summary

Employee leaves of absence—whether triggered by health events, caregiving responsibilities, or personal needs—are pivotal periods that test the strength and equity of an employer's benefits infrastructure. The continuation of health and ancillary benefits during these absences not only protects the financial and physical well-being of employees, but also reinforces trust, engagement, and long-term retention. In an era of evolving workforce expectations and regulatory complexity, understanding how employers structure benefits during leave is increasingly important.

This report presents findings from a survey conducted by the Integrated Benefits Institute, of 304 senior HR and benefits leaders from large U.S. employers (2,500+ employees). It offers a data-driven look at current practices, policy variations, and areas for improvement in the administration of benefits during Short-Term Disability (STD), Long-Term Disability (LTD), and unpaid personal leave. Key findings include:

- **Near-Universal Coverage:** 98% of employers offer Short-Term Disability (STD) and 96% offer Long-Term Disability (LTD) programs, with employer-paid models predominating.
- **Benefit Coverage Gradient:** Benefit continuation is strongest during STD (73% continue medical insurance fully), moderates during LTD (52% continue medical), and weakens during unpaid personal leave (66% continue medical but with increased employee cost-sharing).
- **Size & Industry Disparities:** The largest employers (50,000+) provide significantly more generous benefit continuation—96% continue medical during STD versus 64% among mid-sized employers. Technology and Financial Services demonstrate higher continuation rates than Retail and Healthcare.
- **Geographic Impact:** Organizations with multi-state or international operations tend to provide more comprehensive benefits continuation, likely due to standardization needs across jurisdictions.
- **Administrative Challenges:** Over half of employers struggle with tracking premium payments (56%) and communicating options (53%), with weak documentation practices exacerbating these issues—only 50% maintain formal written policies for all leave types.
- **Compliance Complexity:** Nearly half (47%) of employers report different continuation policies based on factors like work-related vs. non-work disability, creating potential compliance vulnerabilities.

# Introduction

## Introduction

As today's workforce navigates increasing demands on their health, caregiving responsibilities, and work-life balance, employee leaves of absence have become more common and more complex. During these critical periods, the continuation of employer-sponsored benefits—such as medical, dental, vision, and life insurance—plays a crucial role in safeguarding employees' financial and physical well-being.

Benefit continuation policies are not only a marker of organizational dexterity, but also a strategic tool for workforce stability, retention, and equity. How benefits are managed during leave can significantly impact employee satisfaction and morale, especially during vulnerable life events. At the same time, inconsistent or opaque policies can lead to confusion, compliance risks, and administrative burdens.

The regulatory environment surrounding leave benefits is also shifting, with new state-level requirements, growing pressure to support mental health, and greater emphasis on inclusive and equitable benefit design. These pressures are prompting many employers to reexamine their policies—yet industry-wide benchmarks remain limited.

This report addresses that gap by analyzing the results of a 2025 survey conducted by the Integrated Benefits Institute. Drawing on responses from 304 senior HR and benefits leaders at large U.S. companies, it offers a comprehensive look at current practices in benefit continuation during Short-Term Disability (STD), Long-Term Disability (LTD), and unpaid personal leave.

The results provide a rare, quantitative view into how large employers structure benefit protections during leave, what trade-offs they make around cost sharing, and where inconsistencies arise due to company size, industry norms, and internal policy ownership.

# Methodology

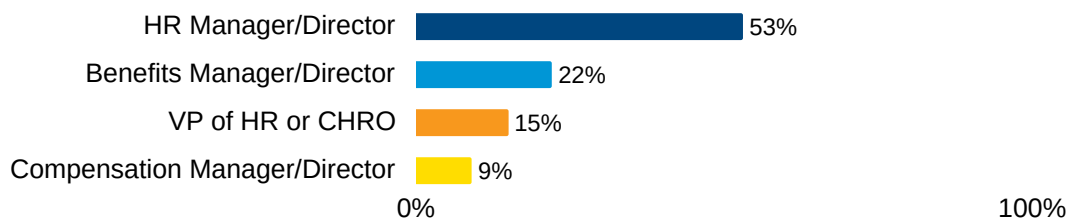
## Methodology

This study is based on a cross-sectional survey conducted in May 2025 by the Integrated Benefits Institute, comprising of 304 senior human resource and benefits leaders from U.S.-based employers with 2,500 or more employees

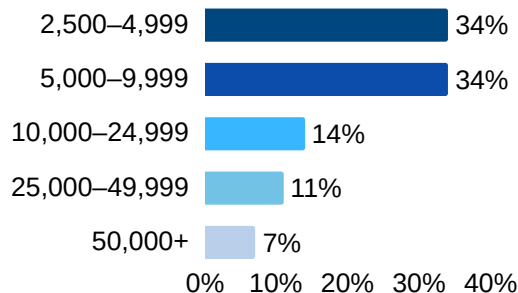
The survey was designed to benchmark employer practices around benefits continuation during employee leave, including Short-Term Disability (STD), Long-Term Disability (LTD), and unpaid personal leave of absence (LOA).

## Study Sample

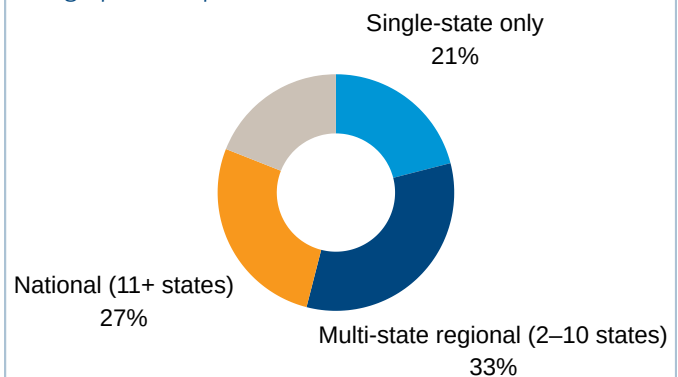
### HR Role Distribution



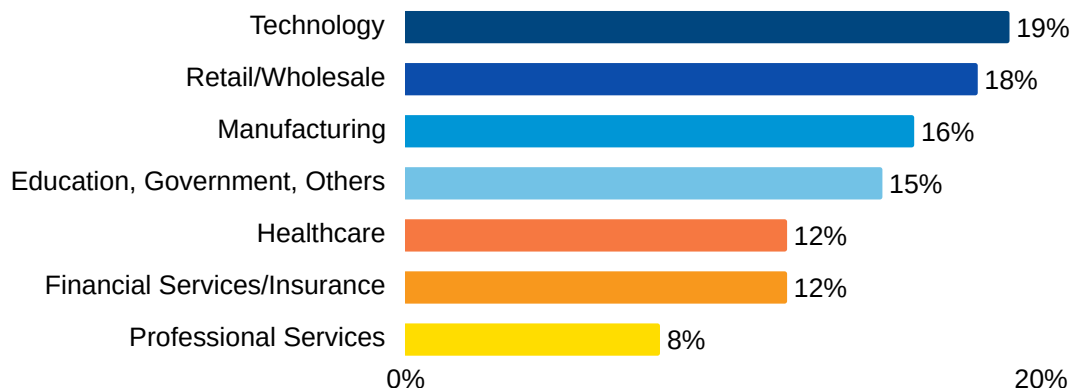
### Organization Size



### Geographic Footprint



### Industry Representation



## Key Findings - Short Term Disability (STD)

### Program Availability and Duration

Nearly all surveyed employers (98%) offer a Short-Term Disability program. The most common plan structure is employer-paid (79%), reflecting a widespread commitment to providing wage protection during temporary health-related absences.

- 35% of programs offer coverage for 13 to 16 weeks.
- 29% offer 8 to 12 weeks.
- Larger employers, particularly those with 50,000+ workers, are significantly more likely to extend coverage to the full 24-26 weeks (18% of this group versus 8% of employers with 2,500-4,999 employees).
- Technology companies favor longer STD coverage, with 32% offering 17+ weeks of benefits, compared to 23% of manufacturing firms.

This tiered offering aligns with broader trends in corporate risk management, where scale enables longer benefit duration without excessive financial strain.

### Benefit Continuation During STD Leave

Most employers continue employee benefits during the STD period. This continuation, however, is tiered by benefit type:

**73%** of employers continue medical insurance for the full duration of leave

**70%** of employers continue basic life insurance for the full duration of leave

**66%** of employers continue vision insurance for the full duration of leave

**64%** of employers continue dental insurance for the full duration of leave

**61%** of employers continue voluntary life insurance for the full duration of leave

Organizations with international operations maintain significantly stronger benefit protections—85% continue medical coverage throughout STD versus 66% of single-state employers. The Professional Services sector shows particularly strong continuation rates, with 86% maintaining dental insurance during STD, compared to just 55% in the Education sector.

## Key Findings - Short Term Disability (STD)

### Employee Premium Contributions During STD

Employers adopt multiple approaches to premium contributions during STD:

**56%**

REQUIRE EMPLOYEES TO CONTINUE  
PAYING THEIR PORTION OF PREMIUMS.

**48%**

COVER THE EMPLOYEE  
PORTION DURING LEAVE

**30%**

DEFER COLLECTION UNTIL  
RETURN TO WORK

**30%**

ADJUST THE PREMIUM STRUCTURE  
ENTIRELY DURING THE LEAVE PERIOD

### Organizational Variations

- Organizations with 25,000-49,999 employees are most likely to allow premium collection upon return to work (59% versus the 28% average).
- Among industries, Financial Services (66%) and Education (67%) most frequently require employees to maintain premium payments during leave.

# Key Findings - Long Term Disability (LTD)

## Program Availability and Structure

LTD programs are nearly as ubiquitous as STD, with 96% of organizations offering some form of LTD coverage. Employer-paid plans dominate (63%), although some firms rely on shared-cost (16%) or employee-voluntary (16%) models.

**4% do not offer any LTD coverage**

The Financial Services (65%) and Technology (68%) sectors have the highest rates of employer-paid LTD programs, while Manufacturing has more diversified funding approaches, with a third (33%) using shared-cost models

## Benefit Continuation Post Transition to LTD

Coverage continuity drops markedly once employees transition to LTD, likely due to the long-term nature of the leave and cost considerations.

- Medical Insurance: 52% of employers continue coverage for the full LTD period.
- Basic Life Insurance: Continued by 46%.
- Voluntary Life Insurance: Continued by 45%.
- Dental and Vision Insurance: Both continued fully by roughly 49%.

**71%**

**OF EMPLOYERS WITH 50K+ EMPLOYEES CONTINUE MEDICAL COVERAGE FOR ENTIRE LTD PERIOD**

**66%**

**OF ORGANIZATIONS WITH INTERNATIONAL OPERATIONS CONTINUE MEDICAL INSURANCE THROUGHOUT LTD**

## Organizational Variations

The largest employers (50,000+) maintain the strongest LTD benefit protections, with 71% continuing medical coverage for the entire LTD period compared to 51% of employers with 2,500-4,999 employees.

There is significant industry variation. Employers in Technology and Financial Services lead in extending benefits—over 60% continue medical coverage fully during LTD. By contrast, Healthcare and Retail sectors are less likely to offer full-period continuation, possibly due to tighter margins or differing leave norms.

Geographic scope correlates strongly with benefit generosity—66% of organizations with international operations continue medical insurance throughout LTD versus 43% of single-state employers.

## Key Findings - Long Term Disability

### Premium Contributions During LTD

Cost-sharing becomes more burdensome for employees during LTD:

**57%**

REQUIRE EMPLOYEES TO CONTINUE  
PAYING THEIR PORTION OF PREMIUMS.

**41%**

COVER THE EMPLOYEE  
PORTION DURING LEAVE

**34%**

OFFER PREMIUM WAIVERS BASED  
ON DISABILITY PROVISIONS,

**28%**

LEVERAGE DISABILITY  
PROVISIONS TO WAIVE PREMIUMS

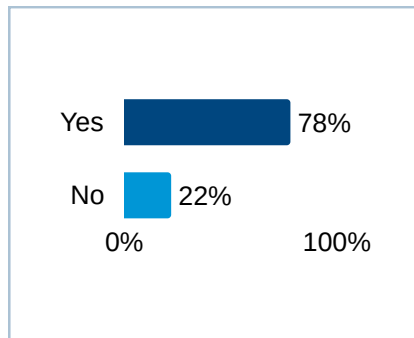
Benefits Managers (41%) are more likely than HR Managers (30%) to implement premium waivers, suggesting specialized knowledge affects policy design.



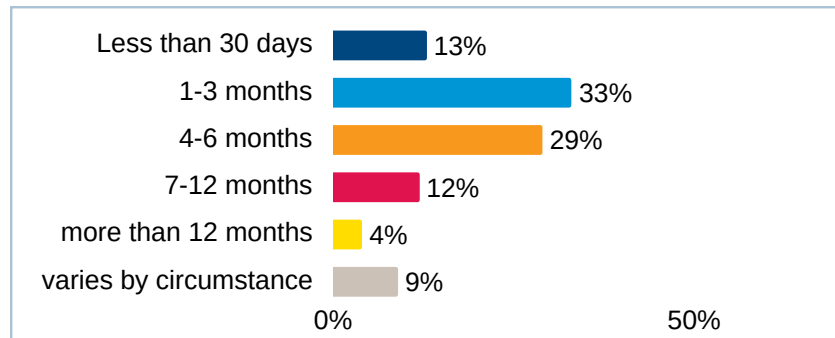
## Key Findings - Personal Leave of Absence (LOA)

Unpaid personal leave is offered by 78% of employers but with less consistent benefit continuation. Policies are discretionary and often determined case-by-case. LOAs are typically limited to 1-3 months (33%), though 28% allow up to 6 months, and only 9% permit unlimited manager discretion.

### Is Unpaid Personal LOA Offered?



### Typical Maximum Duration of Unpaid Personal Leave of Absence



### Organizational Variations

- Technology firms offer the longest personal leaves, with 40% allowing 7+ months
- Education shows the highest flexibility, with 25% permitting manager discretion on duration
- Retail and Manufacturing tend toward shorter leave periods, with 35-40% capping at 3 months
- Organizations with international operations offer shorter maximum durations (only 2% allow leaves beyond 12 months)
- Single-state employers are more likely to use manager discretion in determining leave length (25% versus 6% of national/international firms)

### Benefit continuation During Unpaid Personal LOA



- Financial Services (85%) and Professional Services (89%) lead in continuing medical coverage during personal leave
- Education has the lowest continuation rate for supplemental life insurance (37%)
- Retail shows the weakest overall protection, with just 51% continuing medical benefits

# Key Findings - Policy Development and Communication

## Policy Differentiation & Compliance Implications

Approximately 47% of employers report having differentiated benefit continuation policies.



Work-related vs. non-work-related disability (44%)



Full-time vs. part-time status (49%)



Length of service or employee tenure (50%)



Exempt vs. non-exempt status (46%)

## Demographic Insights



Technology firms show the highest rate of differentiating based on work-related status (58%)



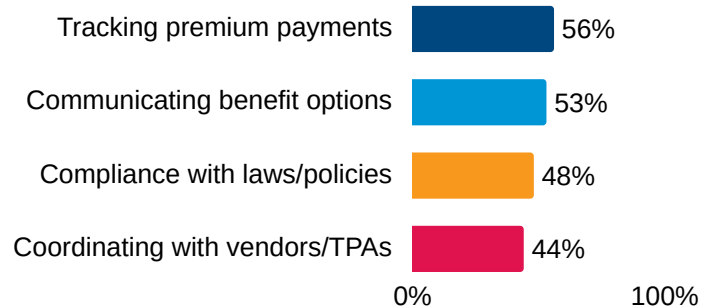
Education industry lead in differentiating by employment status (71% for full-time vs. part-time)



Organizations with 25,000-49,999 employees demonstrate the highest overall policy differentiation (59% for work-related status)

## Administrative Challenges

Employers report widespread operational difficulties in managing leave-related benefit policies. These challenges span multiple issues such as tracking, communication, compliance, and coordination, and they vary notably by industry and geographic footprint.



**Roughly 70% of employers maintain formal, written policies for all types of leave-related benefits. 27% only have written policies for certain leave types, and 3% report having no formal written policies at all.**

# Key Findings - Policy Development and Communication

## Challenges by Industry

Industry-specific operations influence the nature of challenges. For example, technology firms may face systemic integration issues, while education organizations often operate across fragmented vendor landscapes. Understanding these patterns can guide tailored administrative improvements.



Technology firms report the highest difficulty tracking premium payments (74%)



Education organizations struggle most with multiple vendor coordination (61%)



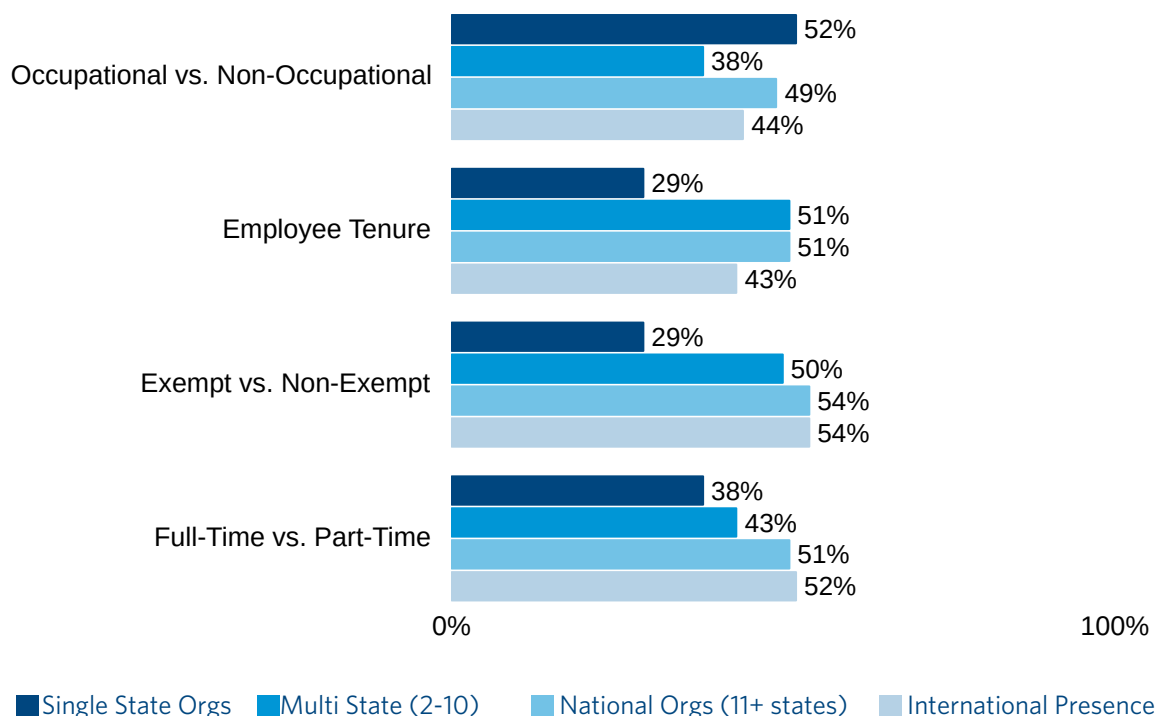
Manufacturing firms face the greatest compliance challenges (52%)



Financial Services report particularly high employee communication difficulties (57%)

## Challenges by Geography

Employers with a national or international footprint are significantly more likely to report benefit continuation policies that vary by employee type (tenure, exempt status, full-time/part-time). For instance, 54% of international employers differentiate by exempt status, compared to just 29% of single-state employers. This suggests that complexity and scale—not just legal jurisdiction—drive the need for differentiated policy design.



## Key Findings - Policy Development and Communication

### Policy Evolution and Strategic Planning

While most employers reported no major policy changes in the last two years (90%), a notable subset (10%) has made or is planning adjustments. Motivations for change include:

- Ensuring regulatory compliance with evolving state and federal laws
- Advancing DEI objectives, particularly in supporting equitable access to leave benefits
- Integrating lessons from the COVID-19 pandemic, especially around mental health and remote work flexibility

### Change Indicators by Industry and Size:

**18%**

OF ORGANIZATIONS IN  
INFORMATION TECHNOLOGY MADE  
CHANGES TO THEIR POLICIES

**100%**

OF LARGE EMPLOYERS  
(>25K EMPLOYEES) REPORT  
NO RECENT CHANGES

# Recommendations & Conclusion

## Strategic Recommendations

1. **Standardizing Policies:** Develop comprehensive, written documentation for all leave types to ensure consistency and reduce compliance risks.
2. **Leveraging Technology:** Implement digital solutions for tracking premium payments and facilitating leave communications, particularly for multi-state and international operations.
3. **Addressing Leave Equity:** Evaluate policy differentiation based on employee classification to ensure alignment with DEI objectives and evolving regulatory requirements.
4. **Strengthening Personal Leave Support:** Consider extending benefit continuation provisions to unpaid personal leaves to address emerging employee needs for caregiving, mental health, and other non-medical absences.
5. **Enhancing Communication:** Develop multi-channel communication strategies that blend high-touch consultation with accessible digital resources



## Conclusion

Large employers broadly support benefits continuation during medical leave, particularly under STD and, to a lesser extent, LTD programs. However, significant variation exists across employer size, industry, and geography. While larger and multinational firms demonstrate greater consistency and generosity, others face operational or financial barriers that limit their ability to sustain coverage.

Unpaid personal leave remains a weak point in many employers' leave strategies, with minimal support for benefits continuation and heavy reliance on employee-paid COBRA coverage.

Administrative complexity and policy fragmentation continue to challenge HR teams, underscoring the need for clearer documentation, better communication infrastructure, and standardized practices. As employee expectations around leave evolve, forward-thinking employers will see opportunity in modernizing their policies to support well-being, retention, and compliance.

## Appendix A: Glossary of Terms

- **COBRA (Consolidated Omnibus Budget Reconciliation Act):** Federal law that allows employees to continue their employer-sponsored health insurance coverage at their own expense after leaving employment or experiencing certain qualifying events.
- **Benefit Continuation:** The practice of maintaining employee benefits (such as health, dental, vision, and life insurance) during periods of leave, either at employer expense or through alternative arrangements.
- **FMLA (Family and Medical Leave Act):** Federal law that provides eligible employees with unpaid, job-protected leave for specified family and medical reasons, with continuation of group health insurance coverage.
- **Short-Term Disability (STD):** Insurance benefit that provides partial income replacement for employees temporarily unable to work due to non-work-related illness or injury, typically lasting weeks to months.
- **Long-Term Disability (LTD):** Insurance benefit that provides income replacement for employees who are unable to work due to illness or injury for an extended period, typically after STD benefits are exhausted.
- **Personal Leave of Absence (LOA):** Unpaid leave granted by employers for personal reasons not covered by other statutory leaves, typically at the employer's discretion.
- **Premium Cost-Sharing:** The division of insurance premium costs between employer and employee, which may change during leave periods.
- **Employer-Paid Benefits:** Benefits where the employer covers the full cost of premiums, with no employee contribution required.
- **Employee-Paid/Voluntary Benefits:** Benefits where employees pay the full premium cost, often through payroll deduction.
- **Shared-Cost Benefits:** Benefits where both employer and employee contribute to premium costs.
- **Third-Party Administrator (TPA):** External organization that handles administrative services for employee benefits, including leave administration and claims processing.
- **Work-Related vs. Non-Work-Related Disability:** Distinction between disabilities caused by workplace incidents (typically covered by workers' compensation) versus those arising from non-occupational causes.
- **Exempt vs. Non-Exempt Employees:** Classification under the Fair Labor Standards Act; exempt employees are typically salaried and not eligible for overtime, while non-exempt employees are typically hourly and eligible for overtime pay.
- **Benefits Termination:** The point at which employee benefits coverage ends during a leave period, often triggering COBRA eligibility.
- **Premium Waiver:** Employer policy to eliminate employee premium payments during certain types of leave or disability.