

A Survey of Disability Management Programs

Introduction

The Health Insurance Association of America (HIAA) has completed a survey of member-company rehabilitation/case management programs for disability income claimants. The findings of this study demonstrate that a relatively small investment in these programs can yield significant financial dividends. During calendar year 1997, group disability benefits companies demonstrated savings averaging \$13 for every \$1 invested in a program. Results were even more dramatic for individual disability income policies, with companies achieving an average savings of \$20 for every \$1 invested in rehabilitation/case management programs.

Highlights

- Companies able to supply savings data on rehabilitation programs reported aggregate savings of over \$80 million for 1997.
- Companies able to supply savings data on Social Security Disability Income assistance programs reported aggregate savings of over \$70 million for 1997.
- Group disability lines of business had almost 4 percent of all active claims in some sort of rehabilitation/case management program.
- Individual disability lines of business had 3 percent of active disability claims in some form of rehabilitation/case management program.
- Virtually all disability claims are evaluated for rehabilitation potential within the first three to six months of disability, and rehabilitation services typically begin six months after the onset of disability (median number of months from onset to the first provision of rehabilitation services).
- Over 80 percent of respondents reported using state rehabilitation agencies to assist claimants with the coordination of certain services (44 percent on a frequent or occasional basis). Over half of respondents using these agencies thought they were at least somewhat effective in the services they provide.
- The average Social Security approval rate for group disability claims is 82 percent (median 69 percent). The average Social Security approval rate for individual disability claims is 48 percent (median 65 percent).
- Three-quarters (76 percent) of responding group disability lines offer an integrated short-term/long-term disability product

Background

This survey demonstrates that rehabilitation/case management programs can substantially limit the skyrocketing costs often associated with disabling illnesses and injuries. Workplace disability costs have two components: direct costs, including medical expenses, medical leave, short- and long-term disability benefits, workers' compensation, and Social Security costs; and indirect or hidden costs, including wages for replacement workers, hiring and training costs, lower productivity, claims administration, and rehabilitation. Both components broaden the financial exposure of employers and insurers. In 1994, almost 14 percent of employed persons had a disability. Almost four million disabled workers received Social Security benefits

averaging \$661 per month, which cost taxpayers over \$33 billion (dependents of disabled workers and disabled children also receive Social Security benefits). In addition, disability payments under workers' compensation programs totaled almost \$26 billion.

With the overall rise in disability costs, insurers have the potential to realize increased savings by instituting the types of programs examined in this report. Traditionally, little information has been available on these programs, on the number of companies using them, and the actual savings that they yield.

In 1986, the Health Insurance Association of America (HIAA), under the direction of its Disability Insurance Committee's Rehabilitation and Medical Management Subcommittee, surveyed its member companies to determine the type of rehabilitation/case management programs used, the extent to which they were used, and the savings accrued from them. The survey was conducted to help increase HIAA's data on rehabilitation/case management programs and to provide a resource for companies that wanted to develop such programs. Because the 1986 survey produced meaningful, quantifiable data on rehabilitation activities, HIAA conducted a similar survey in the fall of 1994. This survey of rehabilitation/case management activities that occurred during calendar year 1997 is now the third in this series of studies.

General Results/Methodology

Companies refer to the programs examined in this survey as rehabilitation programs, case management programs, or disability management programs. (While similar programs are applied to medical expense claims, this survey focuses exclusively on programs dealing with disability income benefits.) To simplify the terminology of this report, these programs will be referred to as rehabilitation/case management programs.

The survey instrument was sent to group and disability officers working for approximately 75 companies. The survey collected data on group and individual disability lines of business separately. Each company could return more than one survey to differentiate between group and individual disability business.

The HIAA survey asked each company if it had established rehabilitation/case management programs. It also asked if specific rehabilitation/case management provisions were included in the policies it sold. The survey also asked each company to specify for which line of business it provides rehabilitation/case management services – group disability or individual disability. In addition, the survey requested information on the number and type of disability claims active as of December 31, 1997, as well as the estimated cost savings resulting from rehabilitation/case management programs for calendar year 1997.

Thirty-two large, medium, and small insurers replied for a response rate of 43 percent. Between them, these companies have 37 lines of group and individual disability business. This report is based on the responses of these 37 lines. Twenty-four lines of business (65 percent) have rehabilitation/case management programs: 16 out of 20 for group disability (80 percent) and eight out of 17 for individual disability (47 percent).

The disability rehabilitation/case management programs studied have typically been in place for a number of years (median of 15 years for group disability programs and 14 years for individual disability programs). It should be noted that some companies do not differentiate one business line from another, do not have data available for all lines of business, or have only recently instituted case management programs. Consequently, the following results represent a conservative approximation of the prevalence of rehabilitation/case management programs and the aggregate industry-wide savings.

Survey results are presented separately for group and individual disability benefits. Where sufficient data were available, results for group disability programs were split by the size of underlying group disability block of business. These size categories were defined as small programs consisting of under 2,000 claims per year, medium of 2,000 to 10,000 claims, and large of over 10,000 claims.

Results by Product Line

Some companies could not respond to all areas of the questionnaire for each product line. Not all respondents are involved in the product lines surveyed or have disability management programs in those product lines. Therefore, information is presented wherever data made this possible.

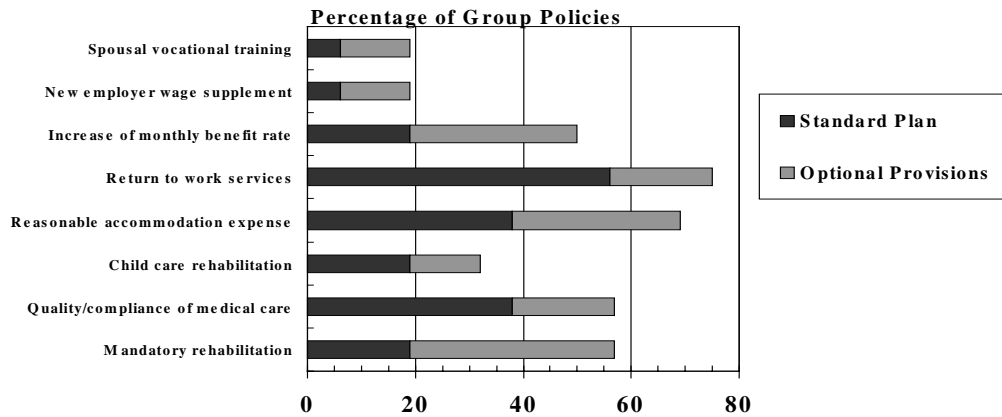
In general, of all open claims at year end 1997, respondents indicated that approximately 3.6 percent of group claims and 3.0 percent of individual claims were in disability management programs. For claims of fewer than two years in duration, the percent of cases in rehabilitation programs was significantly higher at 9.7 percent and 8.1 percent respectively.

Group Long-Term Disability

Of the 20 companies responding to the survey with group long-term disability products, 16 had a program of rehabilitation services for these policies. The median length of time for which the program has been in effect is 15 years.

Companies were asked if their policies contained specific benefit provisions. For return to work provisions, all companies provided a partial/residual benefit compensating a percent of lost earnings. Over half (56 percent) provided compensation less some percentage of work earnings, and half had a work incentive benefit. As a standard benefit, companies provided these above benefits. When including companies that also provided these benefits on an optional basis, the above percentages increase to 75 percent for benefits less earnings and 88 percent for work incentive benefits. Most companies provide other benefits that support their rehabilitation efforts (Figure 1). On either a standard or optional basis, 75 percent of responding companies provided return to work services. Other common services are reasonable accommodation (69 percent), mandatory rehabilitation (57 percent), quality/compliance standards of medical care (57 percent), and a provision for an increase in monthly benefit rate (50 percent).

Percentage of group policies with selected benefits that support rehabilitation efforts



Source: HIAA Disability Management Programs Survey 1998.

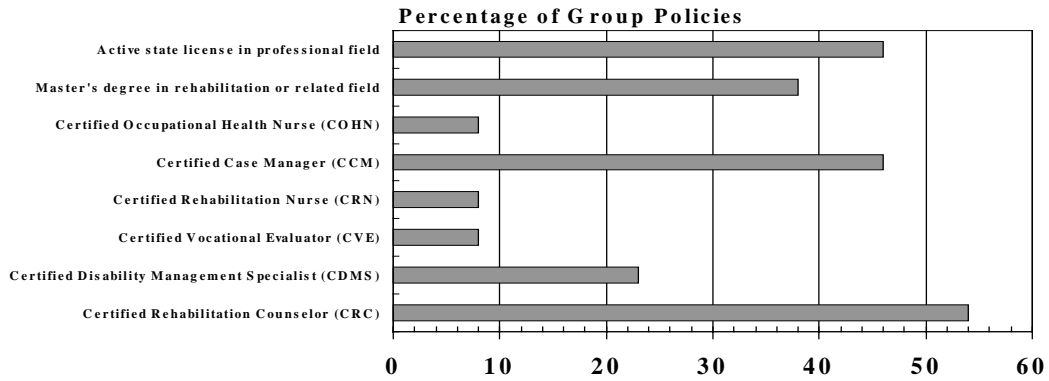
Figure 1

In-House Services

Companies were asked whether staff or vendors provided specified services. For staff professionals dedicated to providing rehabilitation services, companies responded with a median number of 17, comprising professionals such as claims examiners, physicians, registered nurses, and vocational rehabilitation counselors. When compared to the number of open claims reported by responding companies, the number of professionals per thousand claims averaged 1.3 claims examiners, 0.6 physicians, 0.6 registered nurses, and 0.4 vocational rehabilitation counselors.

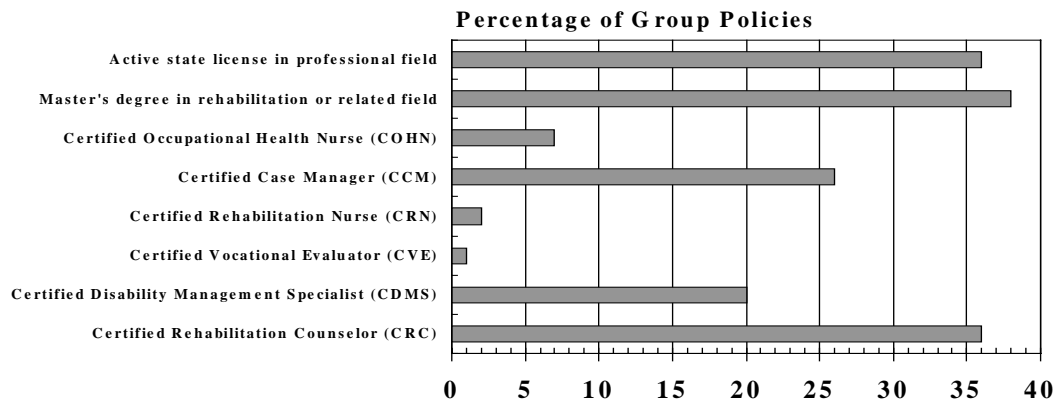
Professionals employed within companies' group disability management programs are often required to have certain credentials (Figure 2). The most common credential required is a certified rehabilitation counselor (CRC, 54 percent of respondents). Other frequently required credentials are certified case manager (CCM, 46 percent), a master's degree in rehabilitation or a related field (38 percent), and a certified disability management specialist (CDMS, 23 percent). An active state license is also required by 46 percent of responding companies. Large organizations were more likely to require a certified rehabilitation nurse (CRN) and certified occupational health nurse (COHN) designation, with smaller firms more often requiring designations of CDMS, CCM, and a master's degree and/or state license. Reflecting the certification requirements companies place on their disability management staff, there are relatively high percentages of staff with these certifications. At least a third of staff are certified rehabilitation counselors. Between 35 percent and 40 percent have active state licenses and master's degrees in rehabilitation or a related field (Figure 3).

Programs requiring certification of rehabilitation professional



Source: HIAA Disability Management Programs Survey 1998.
Figure 2

Percentage of rehabilitation staff with selected certifications



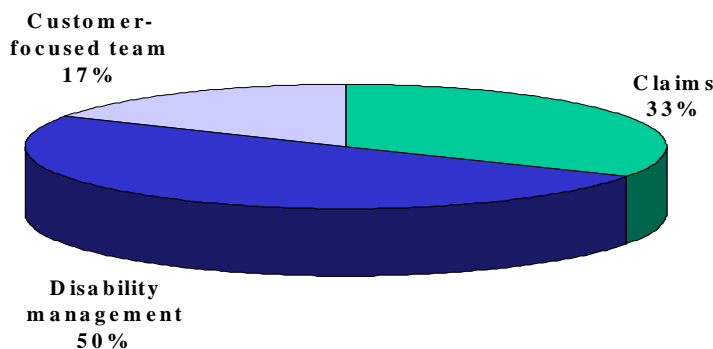
Source: HIAA Disability Management Programs Survey 1998.
Figure 3

Within group disability management programs, staff professionals are generally handling multiple cases. Claims examiners currently handle a case load averaging 154 cases, with an

additional 19 consultations involving eligibility determinations. Registered nurses and vocational rehabilitation specialists both average a smaller case load of approximately 65, but a much larger number of consultations, averaging 45. In only about a fifth of the programs (22 percent) do the rehabilitation/case management staff assume responsibility for claim payment when rehabilitation becomes active.

For half of the respondents, the staff of their disability management program reports as a unit to the disability management department (Figure 4). A third (33 percent) report to the claims department, and the remainder (17 percent) are integrated into a customer-focused team. Large companies most often (75 percent) have their program reporting to their claims department, while mid-sized companies were split between reporting to disability management (40 percent) and customer-focused teams (40 percent), with small companies having two-thirds of their programs reporting to these teams.

Department to which group policy rehabilitation staff reports

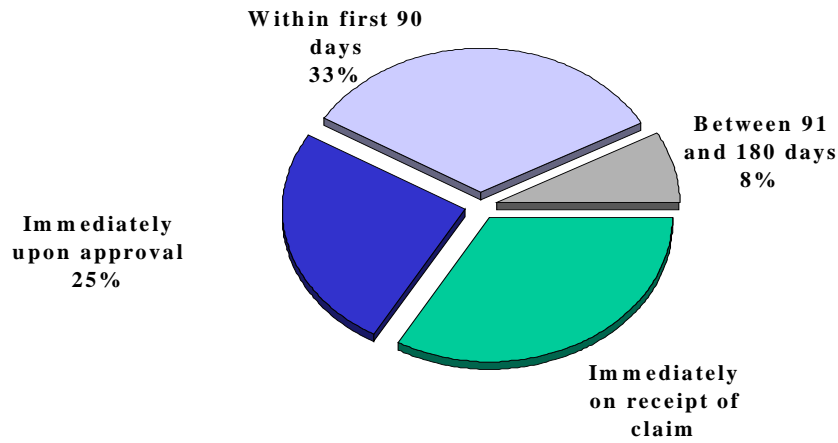


Source: HIAA Disability Management Programs Survey 1998.

Figure 4

Companies were asked to indicate the most common situation for assessing rehabilitation potential. Within group programs, one-third of respondents indicated that this potential is assessed immediately upon the receipt of a claim (Figure 5). Another 25 percent assessed the potential immediately upon the approval of the claim. Thirty-three percent provided this assessment within the first 90 days and the remaining 8 percent between 91 and 180 days. The median number of months after onset of disability when rehabilitation services are first provided is six months.

First assessment of rehabilitation potential [group policies]

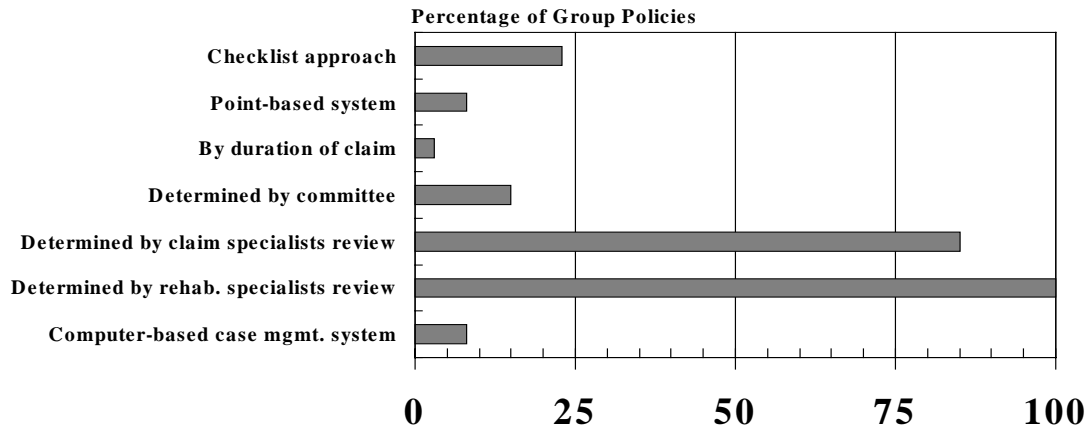


Source: HIAA Disability Management Programs Survey 1998.

Figure 5

All respondents indicated that a rehabilitation specialist is in some way involved in the review of claims to identify their appropriateness for rehabilitation services (Figure 6). Over eight out of 10 respondents (85 percent) also indicated the involvement of claims specialists. This was consistent across all size companies. Other methods utilized by rehabilitation/case management programs to identify claims are the checklist approach (23 percent), duration of claim (23 percent), determination by committee (15 percent), and point-based system (8 percent). For these other methods, large companies relied more on claim duration and committee review, whereas mid-size and small companies placed relatively more emphasis on a checklist approach. Only large companies utilized a computer-based case management system. In contrast, only small companies made use of a point-based system.

Methods used to identify claims as appropriate for rehabilitation



Source: HIAA Disability Management Programs Survey 1998.

Figure 6

Purchased/Contract Services

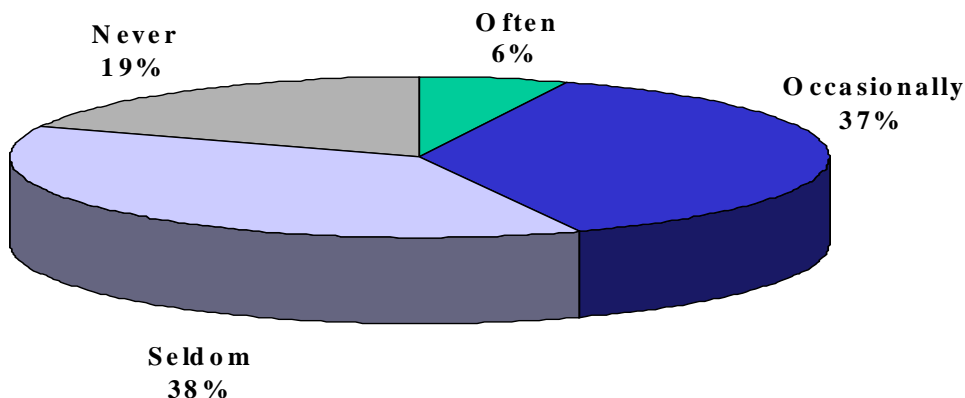
Almost all of the respondents to the survey use contractors in the disability management programs. Almost nine out of 10 (87 percent) of all companies have some written service standards for the providers/vendors contracted for their group programs. In addition, six out of 10 respondents require liability coverage for the staff professionals of their vendors.

Many of the same credentials that companies require of their in-house staff are required of the staff utilized by vendor contractors. Perhaps because companies do not have personal knowledge of the professionals used by vendors, as they do of their own staff employees, credentials are relied upon even more to demonstrate the expertise of contracted staff. Over nine out of 10 respondents (93 percent) require vendor staff to possess CRC, CDMS, and a master's degree in rehabilitation or a related field, a much higher percentage than indicated for in-house staff. All of these credentials were viewed as important or very important by the respondents. Other credentials required by a majority of the respondents are CCM (79 percent), active state license (71 percent), CRN (57 percent), and COHN (57 percent).

When contracting with outside vendors for rehabilitation services, respondents require a minimum of five years of experience. Respondents' programs frequently want contracted specialists to have experience in disability case management (88 percent), medical case management (63 percent), and with psychiatric cases (50 percent).

Over 80 percent of respondents (44 percent on a frequent or occasional basis) reported using state rehabilitation agencies to assist claimants with the coordination of certain services (Figure 7). Over half of respondents using these agencies thought they were at least somewhat effective in the services they provide.

**Frequency of claimants referred to state rehabilitation agencies
[group policies]**



Source: HIAA Disability Management Programs Survey 1998.

Figure 7

Program Effectiveness and Outcomes

Our survey has measured the effectiveness of rehabilitation/case management programs over a decade with results reported for 1986, 1993, and now 1997. These results have been represented by the cost/benefit ratio of these programs and presented in terms of the dollars expended compared to dollars saved. The first survey revealed that an average of \$11 was saved for every dollar spent on a rehabilitation/case management program. The report received widespread distribution and we believe placed these programs in the forefront for their cost-saving potential. The report in 1993 bore out the interest and increased use of these programs for their potential. The 1993 report estimated the savings at almost \$30 for each dollar spent on a rehabilitation program. Because that report displayed a three year trend, 1991 to 1993, and because a slight decline in the cost/benefit dollar ratio had already begun, we anticipated a continued decline in the ratio as programs became more widespread and utilized for a larger percentage of disability claims, in particular those with not as great a savings potential. In addition, this year's results may not be comparable to that of previous years because this year's survey more distinctly described, and therefore received more consistently reported data, the elements that companies were to use in their calculations of savings.

As in past surveys, companies were asked to calculate the cost savings from their rehabilitation programs based on the expenses involved with the programs compared to the savings from reserve reductions. Expenses of the programs included the cost of purchased services as well as the expenses of in-house staff. When calculating in-house staff expenses, all companies include

salary and 75 percent include benefits. Only four out of 10 include corporate overhead and other budget expenses in their in-house staff expenses.

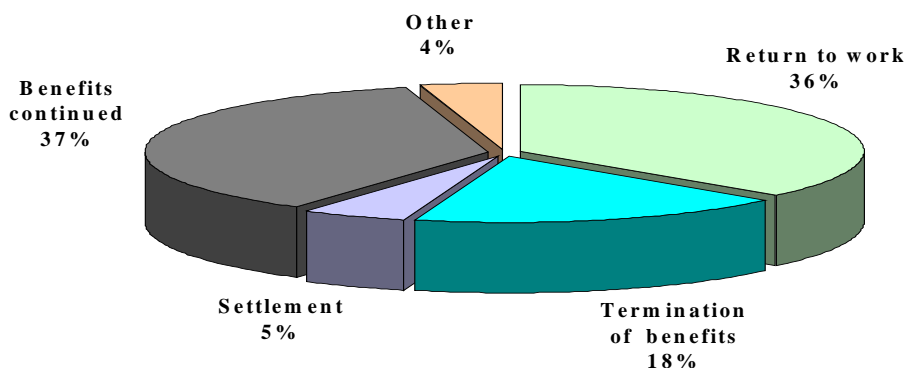
The method by which companies calculate their reserve reduction varies. Almost half the respondents (46 percent) use a reserve minus cost method. Full reserve is the next most common method utilized

(31 percent of respondents). The remainder used either a monthly benefit reduction (23 percent) or maximum potential liability (8 percent). For those companies that use reserve reduction (reserve minus cost), all include the cost of purchased rehabilitation services. Two-thirds include salary and one-third includes benefits.

Based on the above calculations, respondents reported a savings of \$13 for every \$1 spent on their rehabilitation/case management program.

The most frequent outcome from companies' rehabilitation programs is split between a return to work and continuation of benefits, both comprising 37 percent of the reported outcomes (Figure 8). Termination of benefits resulted in 18 percent of the cases, with a settlement in 5 percent. The results of this year's survey are similar to those of the 1993 survey, when return to work resulted in about the same percentage of cases (38 percent). For those closed in 1997, cases received services for approximately five months.

Percent distribution of outcomes of closed rehabilitation cases [group policies]



Source: HIA A Disability Management Programs Survey 1998.

Figure 8

Outcomes results were further analyzed this year by size of company. Results for both large and small companies were similar, with approximately a third of these companies' outcomes (33 percent for large and 36 percent for small) indicating a return to work, and about half (49 percent and 53 percent respectively) indicating that benefits were continued. For mid-size companies, the most frequent outcome, almost half (45 percent), resulted in a return to work. Another 25 percent of mid-size companies' outcomes resulted in a termination of benefits.

Social Security Disability Income (SSDI) Assistance Programs

Companies were asked about their rehabilitation/case management programs' interaction with the government's SSDI program. As in the past, many companies coordinate the benefit designs of their programs with the SSDI program's design, and company staff frequently assist SSDI claimants.

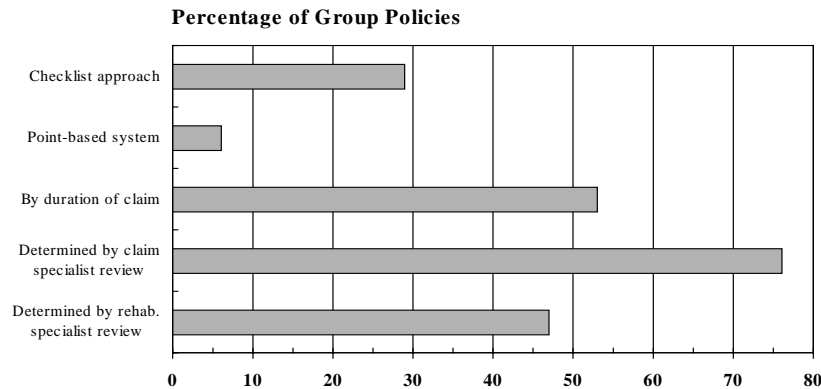
Most companies do not have their in-house staff that handle rehabilitation also handle Social Security cases. Only 12 percent of respondents have their in-house staff handle both, and only 40 percent have any in-house Social Security specialists to handle these cases. Most companies contract out for the services of vendors to handle their Social Security cases. When contracting with outside vendors, almost all companies (94 percent) look for specialists in Social Security. Forty-four percent do so through local contracted attorneys.

Just as in their rehabilitation cases, most companies look for certain background experience when contracting for Social Security assistance specialists. The majority of respondents look for Social Security Administration (75 percent) or disability determination (67 percent) experience. Four out of 10 respondents look for claims experience, and one-third want an attorney. Other backgrounds mentioned are vocational rehabilitation counselor, registered nurse, physician, and legal assistant. The median case load handled by these specialists is 79.

Because rehabilitation programs have potential cost savings effects and claimant benefits regardless of the source of benefit dollars, most companies' (59 percent) claim management philosophy calls for evaluation of rehabilitation potential before requiring claimants to apply for SSDI. Most programs, six out of 10, utilize claims examiners as the personnel that identify claims for SSDI assistance. Rehabilitation specialists and Social Security specialists are each utilized by about one in five programs.

In identifying claims as appropriate for SSDI assistance, rehabilitation/case management programs utilize many of the same methods here as they use for their disability cases. Over three-fourths (76 percent) utilize a claim specialist's review to determine appropriateness (Figure 9). Approximately half determine appropriateness by the duration of claim (53 percent) or through the review of a rehabilitation specialist (47 percent).

Percentage of respondents indicating methods used to identify claims as appropriate for SSDI assistance



Source: HIAA Disability Management Programs Survey 1998.

Figure 9

As in their disability management programs, companies were asked to calculate the cost savings resulting from approval of Social Security benefits based on the expenses involved with the programs compared to the savings from reserve reductions. Expenses of the programs again included the cost of purchased services, this time from both direct vendor payments and attorneys' fees for overpayment recoveries, as well as the expenses of in-house staff. When calculating in-house staff expenses, all companies include both salary and benefits. Almost all (83 percent) also include corporate overhead and other budget expenses.

Somewhat more diverse is the method by which companies calculate their reserve reduction for SSDI as compared to their disability management programs. Slightly more than a third (36 percent) of the programs use a full reserve "takedown" method of calculating savings. About one in five each use a reserve minus cost method, monthly benefit reduction, or overpayment recovery method. Fourteen percent utilize a reduction in maximum future liability method.

Based on the above calculations, respondents reported cost savings from approval of Social Security disability benefits of \$25 for every \$1 spent on SSDI assistance programs. This is slightly higher than the \$22 in savings reported in 1993.

Companies experienced a median/average Social Security approval rate for LTD claims of 69 percent. The percentage was 82 percent for claims two years or older in duration. Companies reported a median of eight as the number of months for which a case receives services.

Only 60 percent of respondents reported having been notified of any continuing disability reviews (CDR). Most companies indicated that this occurred only seldom and that the frequency of notification has remained about the same.

Future Trends

For the companies that responded with information on group rehabilitation/case management programs, 76 percent now offer an integrated STD/LTD product. And for those companies that do offer such a product, all provide early intervention/case management on STD claims.

Individual Disability Income

Seventeen companies responded to the survey indicating involvement with individual disability income products, eight of which had a program of rehabilitation services for these policies. The median length of time for which these companies have provided rehabilitation services has been 14 years.

When asked if their policies contained specific benefit provisions for return to work benefits, all respondents provided a partial/residual benefit compensating a percent of lost earnings. As standard benefit provisions, half provided compensation less some percentage of work earnings, and 13 percent had a work incentive benefit. When including companies that also provided these benefits on an optional basis, the above percentages increase to 63 percent for benefits less earnings and 26 percent for work incentive benefits.

As do programs for group disability policies, most companies having individual disability management programs provide other benefits that support their rehabilitation efforts, but with less variation. On either a standard or optional basis, 63 percent of responding companies provided return to work services. Other services, each provided by 25 percent of respondents, are reasonable accommodation, quality/compliance standards of medical care, and a provision for an increase in monthly benefit rate.

In-House Services

Companies were asked whether staff or vendors provided specified services. For staff professionals, companies responded with a median number of five, comprising professionals such as claims examiners, physicians, registered nurses, and vocational rehabilitation counselors. The number of professionals per thousand claims averaged at or below the number indicated for similar professionals associated with group programs. Programs associated with individual policies averaged 0.7 claims examiners, 0.4 registered nurses, and 0.4 vocational rehabilitation counselors. Insufficient data was received for on-staff physicians.

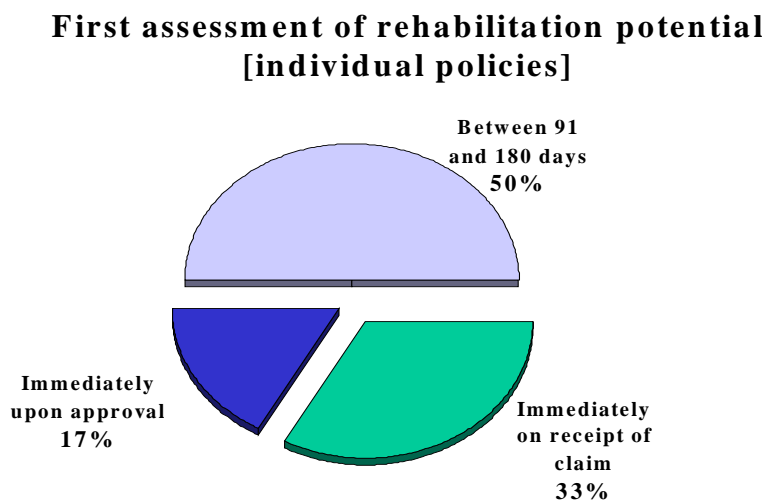
On-staff professionals employed by companies with disability management programs associated with individual disability policies require many of the same credentials as group programs. Similar to group programs, the most common credential required is a certified rehabilitation counselor (CRC, 75 percent of respondents). A master's degree and/or active state license was the next most common credential, each required by 50 percent of the respondents. Other

required credentials are certified case manager (CCM), certified disability management specialist (CDMS), and certified rehabilitation nurse (CRN), each required by 25 percent of respondents.

Within individual disability management programs, staff professionals handle multiple cases, but for each category of professional handling cases, the number of cases is less than the number handled by professionals on staff for group programs. Claims examiners currently handle a case load averaging 107 cases with an additional five consultations. Registered nurses and vocational rehabilitation counselors both average a smaller case load of approximately 50, but a much larger number of consultations, averaging 30 for RNs and 60 for counselors. Unlike group programs, all responsibility for claim payment lies with staff other than rehabilitation/case management staff.

Without exception, all respondents' rehabilitation programs report to the claims department.

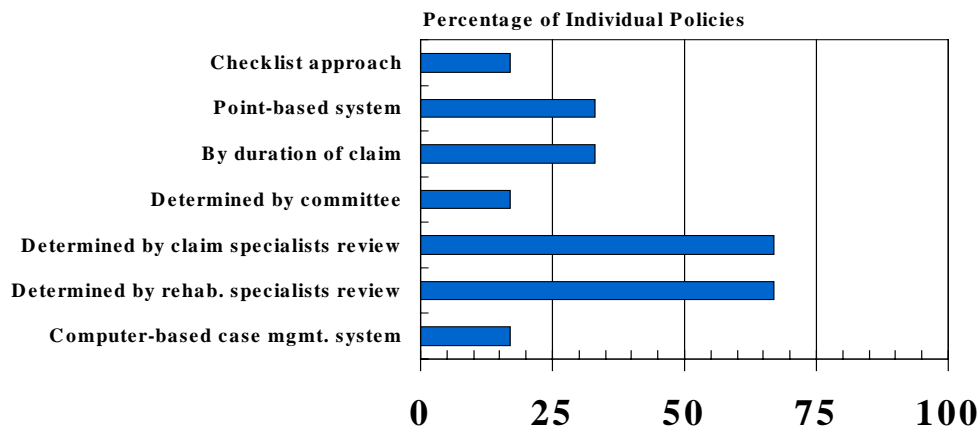
Half of the respondents for individual programs indicated that their first assessment of rehabilitation potential occurred between 91 and 180 days of disability (Figure 10). Thirty-three percent of respondents assessed rehabilitation potential immediately on receipt of claim, and the remainder (17 percent) did so immediately upon approval. The median number of months after onset of disability when rehabilitation services are first provided is six months, the same length of time as for group programs.



Source: HIAA Disability Management Programs Survey 1998.
Figure 10

The most frequent method used to identify claims as appropriate for rehabilitation was split between review determinations by claims specialists and rehabilitation specialists, with 67 percent of respondents indicating each (Figure 11). Other methods, not as common, were use of a point-based system and duration of claim as indicators, each used by 33 percent of respondents.

Methods used to identify claims as appropriate for rehabilitation



Source: HIAA Disability Management Programs Survey 1998.

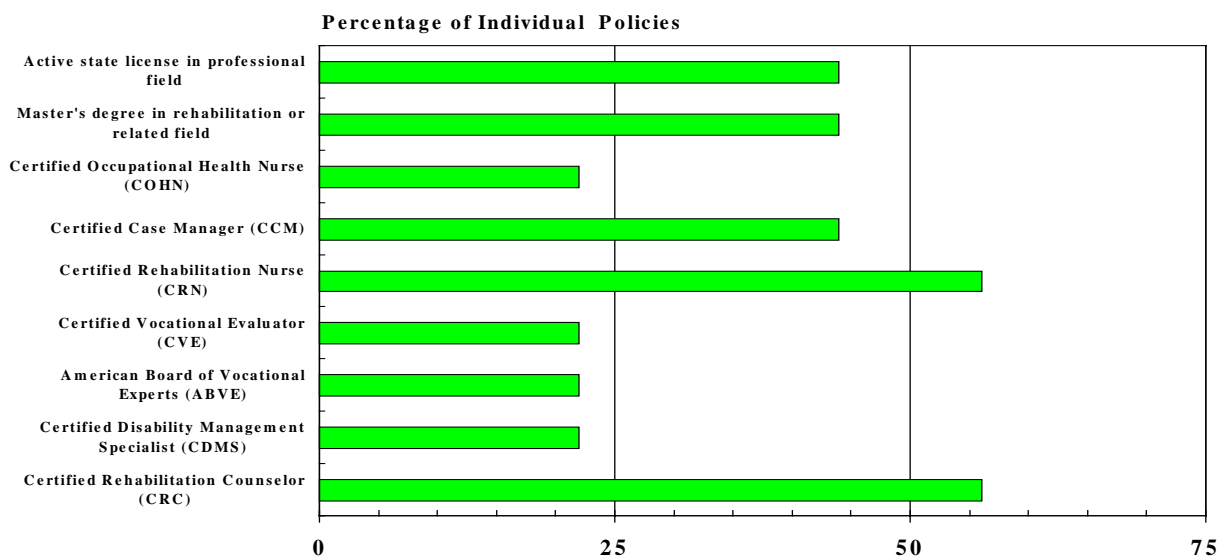
Figure 11

Purchased/Contract Services

While individual disability management programs, like those of group, use contract or purchased services, they are less likely to place requirements on these services, with only 50 percent requiring liability coverage and 25 percent having written service standards.

As in group programs, many of the same credentials that companies require of their in-house staff are required of the staff utilized by vendor contractors. But unlike group, where contract staff credentials are more frequently required than for in-house staff, credentials are frequently just as often required for in-house staff as for individual program contract staff. Only the CRC and CRN are required for contract staff by more than half (56 percent) of the respondents. Other frequently required credentials are CCM, a master's degree, and an active state license (Figure 12). The respondents viewed all of these credentials as important or very important.

Credentials required of outside vendors



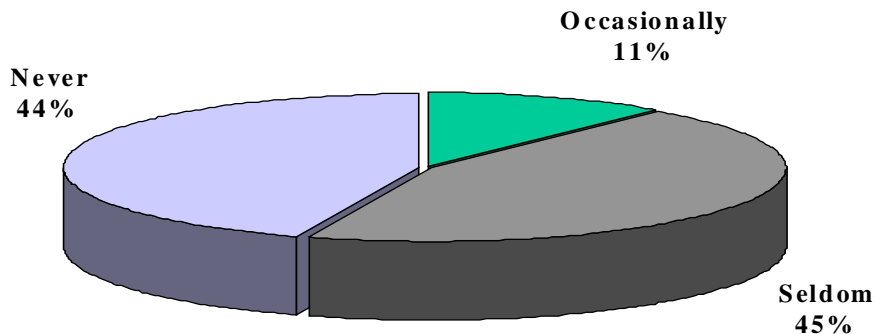
Source: HIAA Disability Management Programs Survey 1998.

Figure 12

When contracting with outside vendors for rehabilitation services, respondents require a minimum of three years of experience. Respondents' programs frequently want contracted specialists to have experience in disability case management (88 percent), medical case management (50 percent), and with psychiatric cases (50 percent).

Individual disability management programs do not use state rehabilitation agencies as often as group programs. Only 11 percent utilize these agencies on an occasional basis to assist claimants with the coordination of certain services (Figure 13). One-quarter of respondents using state agencies thought they were at least somewhat effective in the services they provide.

**Frequency of claimants referred to state
rehabilitation agencies
[individual policies]**



Source: HIAA Disability Management Programs Survey 1998.

Figure 13

Program Effectiveness and Outcomes

Here again, companies were asked to calculate the cost savings from their rehabilitation programs based on the expenses involved compared to the savings from reserve reductions. Expenses included the cost of purchased services as well as the expenses of in-house staff. For administrative purposes, when calculating staff expenses, all companies include salary and half also include benefits and other budget expenses.

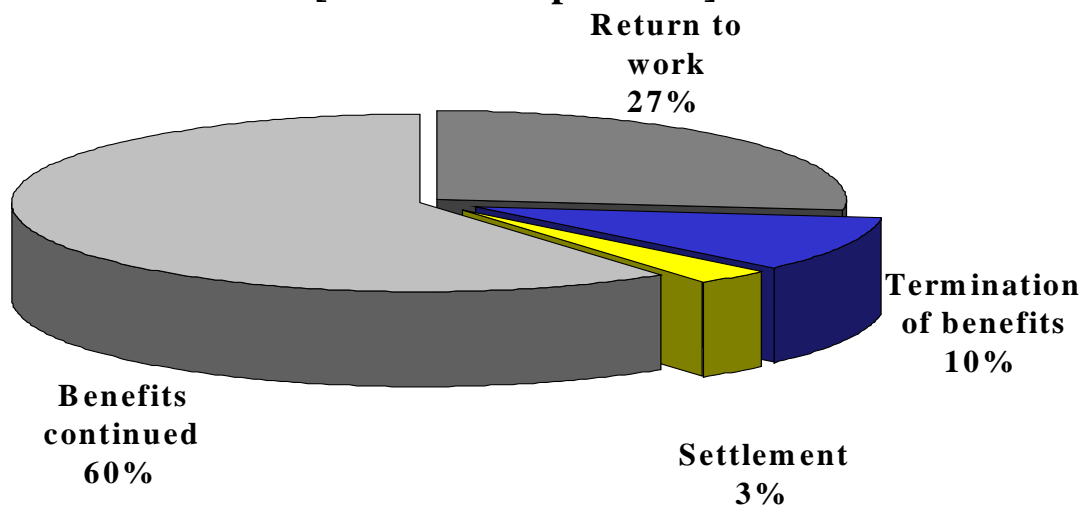
Respondents with individual programs indicated only two methods of calculating reserve reductions — reserve minus cost, used by 60 percent of respondents, and full reserve, used by 40 percent. For those companies that use reserve reduction (reserve minus cost), all include the cost of purchased rehabilitation services, but no other cost items.

For this survey, few companies having disability management programs associated with individual disability policies were able to provide actual dollar amounts upon which to calculate savings from their programs. Since only two companies were able to provide data for all pieces needed for the calculation, no totals are provided that would potentially identify the responding companies or their market positions. However, since both companies experienced similar savings results, it was thought appropriate to report this statistic. In terms of the dollars saved from reserve reductions compared to the expenses incurred for their programs, these companies saved on average \$20 for each dollar spent for an average savings of approximately \$1 million per company. Both these companies utilized only contract or purchased services with no in-house staff expenses.

The most frequent outcome from companies' rehabilitation programs is a continuation of benefits, with respondents indicating this outcome for 60 percent of their closed cases in 1997 (Figure 14). Return to work was indicated in 27 percent of the case outcomes. Only 10 percent

of cases resulted in a termination of benefits and 3 percent in a settlement. For those closed in 1997, cases received services for approximately five months.

Percent distribution of outcomes of closed rehabilitation cases [individual policies]



Source: HIAA Disability Management Programs Survey 1998.

Figure 14

Social Security Disability Income (SSDI) Assistance Programs

Respondents that have rehabilitation/case management programs for their individual policyholders have their programs interact, and staff assist, with the government's SSDI program on much the same levels as group programs.

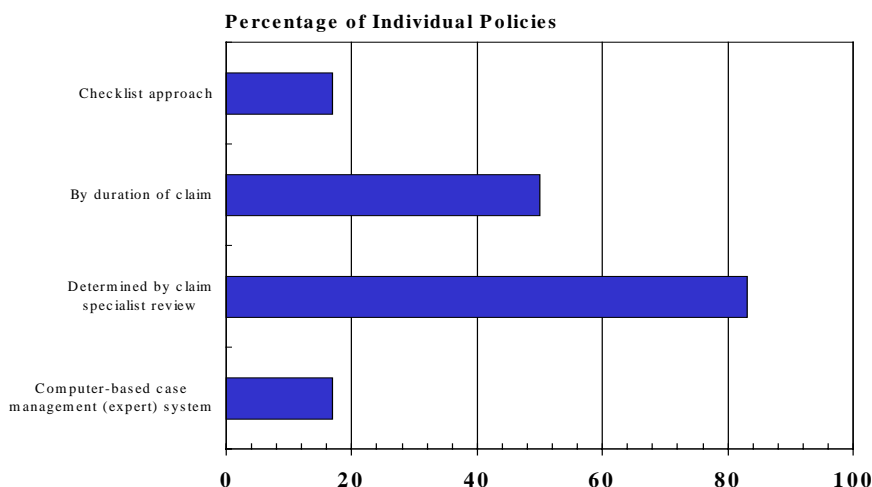
Individual programs are more likely than group programs to have the same staff that handle rehabilitation programs also handle Social Security cases, with 43 percent of respondents so doing. For those that do not utilize the same staff, only 25 percent have any Social Security specialists in-house. Most companies (86 percent) contract for the services of vendors to handle their Social Security cases. When contracting with outside vendors, all companies look for specialists in Social Security. A third of the respondents do so through local contracted attorneys.

Insufficient data was received for individual programs on the background experience sought when contracting for Social Security assistance specialists or the case load carried by them.

Individual disability management programs operate to the same extent that group programs do (57 percent and 59 percent respectively) in incorporating a claim management philosophy calling for evaluation of rehabilitation potential before requiring claimants to apply for SSDI. The vast majority of programs, eight out of 10, utilize claims examiners as the personnel that identify claims for SSDI assistance.

In identifying claims as appropriate for SSDI assistance, disability management programs utilize many of the same methods as they do for their disability cases. Over eight in 10 (83 percent) utilize a claim specialist’s review to determine appropriateness, and half use a duration of claim method (Figure 15). Unlike their methods used for disability cases, no respondent indicated using a point-based system or review by a rehabilitation specialist for SSDI cases.

Percentage of respondents indicating methods used to identify claims as appropriate for SSDI assistance



Source: HIAA Disability Management Programs Survey 1998.

Figure 15

For the section of the questionnaire asking about cost savings from Social Security disability activities, most respondents were able to provide information on the items that are taken into account in calculating in-house expenses and reserve reduction. For in-house expenses, all respondents included salary, but no other expense items, and, as in their disability management programs, the only methods indicated for calculating reserve reduction are reserve minus cost and full reserve (67 percent and 33 percent of respondents respectively).

While several companies reported cost savings from approval of Social Security disability benefits, the result is weighted heavily toward one respondent, so it is inappropriate to report these results for this survey. Similarly, data on approval rates was insufficient to reliably report on this activity. Sufficient data was received, however, to report that respondents indicated a median of 10 as the number of months for which a case receives services.

Only 33 percent of respondents reported having been notified of any continuing disability reviews (CDR), but half indicated that notification occurred often and that this was happening on an increasing basis.

Summary

Clearly, rehabilitation/case management programs have the potential to produce significant savings in programs providing disability income benefits. In this survey, rehabilitation/case management programs produced savings on average of \$13 for every \$1 invested in managing group disability claims and \$20 for every \$1 invested in managing claims under individual disability policies. Programs that coordinated with SSDI produced even higher savings ratios.

There are many factors that contribute to the actual cost/savings ratio experienced by individual companies. As more companies have implemented rehabilitation/case management programs, it should not be surprising to see these ratios decline. In fact, lower cost/savings ratios may be indicative of more successful programs as companies:

- establish new, lower reserve requirement assumptions;
- implement more rapid claims management; and
- refer more, less costly claims to these programs because of the potential savings.

Given the substantial aggregate savings realized by the companies participating in this survey, with savings ratios averaging in excess of \$10 to \$1, it is clear that the potential exists for substantial returns on investments in these programs.

APPENDIX TABLES

TABLE 1**Number of years company provided rehabilitation services**

	GROUP	INDIVIDUAL
Average	16	14
Median	15	14

TABLE 2**Percentage of companies with return to work benefits**

	GROUP		INDIVIDUAL	
	Standard Plan	Optional Plan	Standard Plan	Optional Plan
Partial/residual	100	6	100	50
Benefits less 50%-60% work earnings	56	19	50	13
Work incentive benefit	50	38	13	13

TABLE 3**Companies with other benefits supporting rehabilitation efforts**

	GROUP		INDIVIDUAL	
	Standard Plan	Optional Provisions	Standard Plan	Optional Provisions
Mandatory rehabilitation	19	38	0	0
Quality/compliance of medical care	38	19	25	0
Child care rehabilitation	19	13	0	0
Reasonable accommodation expense	38	31	25	0
Return to work services	56	19	50	13
Increase of monthly benefit rate	19	31	0	25
New employer wage supplement	6	13	0	0
Spousal vocational training	6	13	0	0

TABLE 4**Percent of cases receiving rehabilitation services**

	GROUP	INDIVIDUAL
Percentage of claims less than 2 years in duration	36	34
Percentage of cases currently receiving rehabilitation services	4	3

TABLE 5**Number of on-staff professionals dedicated to providing rehabilitation services**

	GROUP	INDIVIDUAL
	Average	Average
Claims examiners	8	2
Physicians	1	0.3
Registered nurses	4	5
Vocational rehabilitation counselors	4	4
Other	2	7

TABLE 6**Total dedicated on-staff rehabilitation services professionals**

	GROUP	INDIVIDUAL
Average	22	9
Median	17	5

TABLE 7**On-staff professionals dedicated to claim adjustment/adjudication**

	GROUP	INDIVIDUAL
Average	223	287
Median	20	37

TABLE 8**Percentage of companies requiring certification of rehabilitation professional and percentage of staff with certification**

	GROUP		INDIVIDUAL	
	Req.	Cert.	Req.	Cert.
Certified Rehabilitation Counselor (CRC)	54	36	75	43
Certified Disability Management Specialist (CDMS)	23	20	25	22
American Board of Vocational Experts (ABVE)	0	0	0	0
Certified Vocational Evaluator (CVE)	8	1	0	0
Certified Rehabilitation Nurse (CRN)	8	2	25	0
Certified Case Manager (CCM)	46	26	25	57
Certified Occupational Health Nurse (COHN)	8	7	0	0
Master's degree in rehabilitation or related field	38	38	50	70
Active state license in professional field	46	36	50	78

TABLE 8a**Percentage of companies requiring certification of rehabilitation professional, by size of company**

	GROUP RESULTS		
	Large	Medium	Small
Certified Rehabilitation Counselor (CRC)	50	60	33
Certified Disability Management Specialist (CDMS)	25	40	0
American Board of Vocational Experts (ABVE)	0	0	0
Certified Vocational Evaluator (CVE)	0	20	0
Certified Rehabilitation Nurse (CRN)	25	0	0
Certified Case Manager (CCM)	0	60	66
Certified Occupational Health Nurse (COHN)	25	0	0
Master's degree in rehabilitation or related field	25	60	0
Active state license in professional field	25	40	66

TABLE 9**Number of cases and consultations handled by on-staff professionals providing rehabilitation services**

	GROUP		INDIVIDUAL	
	Cases	Cons	Cases	Cons
Claim examiners	154	19	107	5
Registered nurses	63	45	50	30
Vocational rehabilitation counselors	64	44	52	63

TABLE 10**Percentage of programs where rehabilitation/case management staff assume responsibility for claim payment when rehabilitation becomes active**

	GROUP	INDIVIDUAL
Yes	23	0
No	77	100

TABLE 11**Department to which rehabilitation program staff reports**

	GROUP	INDIVIDUAL
	Percent of Programs	
Claims	33	100
Disability management	50	0
Customer-focused team	17	0

TABLE 11a

**Department to which rehabilitation program staff reports,
by percent of programs**

	GROUP RESULTS		
	Large	Medium	Small
Claims	75	20	33
Disability management	25	40	66
Customer-focused team	0	40	0

TABLE 12

First assessment of rehabilitation potential by percent of programs

	GROUP	INDIVIDUAL
Immediately on receipt of claim	33	33
Immediately upon approval	25	17
Within first 90 days	33	0
Between 91 and 180 days	8	50
Greater than 180 days	0	0
At the end of own occ. period	0	0
Only after denial of Social Security	0	0

TABLE 13

**Number of months after onset of disability when rehabilitation services are first
provided**

	GROUP	INDIVIDUAL
Median	6	6

TABLE 14**Methods used to identify claims as appropriate for rehabilitation**

Method used	GROUP	INDIVIDUAL
	Percent of Programs	
Checklist approach	23	17
Point-based system	8	33
By duration of claim	23	33
Determined by committee	15	17
Determined by claim specialist review	85	67
Determined by rehab. specialist review	100	67
Computer-based case mgmt system	8	17

TABLE 14a**Methods used to identify claims as appropriate for rehabilitation, by size of company**

Method used	GROUP RESULTS		
	Percent of Programs		
	Large	Medium	Small
Checklist approach	0	40	33
Point-based system	0	0	33
By duration of claim	25	20	33
Determined by committee	25	20	0
Determined by claim specialist review	100	60	100
Determined by rehab. specialist review	100	100	100
Computer-based case mgmt system	25	0	0

TABLE 15**Contracts with outside vendors**

	GROUP	INDIVIDUAL
	Percent of programs	
Having written service standards	87	25
Requiring liability coverage for on-staff professionals	60	50

TABLE 16**Percentage of programs requiring selected credentials of outside vendors,
and how highly credentials are ranked**

Rank (highest = 5 lowest = 1)	GROUP		INDIVIDUAL	
	Req.	Rank	Req.	Rank
Certified Rehabilitation Counselor (CRC)	93	5	56	5
Certified Disability Management Specialist (CDMS)	93	3	22	4
American Board of Vocational Experts (ABVE)	50	2	22	2
Certified Vocational Evaluator (CVE)	50	3	22	2
Certified Rehabilitation Nurse (CRN)	57	3	56	3
Certified Case Manager (CCM)	79	4	44	4
Certified Occupational Health Nurse (COHN)	57	3	22	3
Master's degree in rehabilitation or related field	93	4	44	4
Active state license in professional field	71	4	44	4
None	7	1	44	1

TABLE 17**Special experience/skills required of outside vendors**

	GROUP	INDIVIDUAL
	Percent of programs	
Companies requiring a minimum number of years of experience	44	3
Average number of years required	5	3
Medical case management	63	50
LTD/DI case management	88	88
Psychiatric experience	50	50
Bilingual specialist	25	0
References or referrals	44	38
No specific experience required	0	0

TABLE 18**Frequency of claimants referred to state rehabilitation agencies**

	GROUP	INDIVIDUAL
	Percent of programs	
Often	6	0
Occasionally	38	11
Seldom	38	44
Never	19	44

TABLE 19**Effectiveness of state rehabilitation agencies**

	GROUP	INDIVIDUAL
	Percent of programs	
Very effective	0	0
Somewhat effective	53	25
Not very effective	13	50
Not at all effective	20	0
Don't know	13	25

TABLE 20**Resulting cost savings from the rehabilitation services programs**

	GROUP	INDIVIDUAL
Cost of purchased rehabilitation services	\$1,187,115	na
Expenses of in-house rehabilitation staff	\$5,009,961	na
Total expenses	\$6,197,076	na
Reserve reduction or savings	\$79,560,591	na
Ratio of expense to revenue	1:13	na

TABLE 21**Percent of respondents including the following items in their in-house staff expenses**

	GROUP	INDIVIDUAL
Salary	100	100
Benefits	75	50
Corporate overhead	42	0
Other budget expenses	42	50

TABLE 22**Percent of respondents using the following methods to calculate reserve reductions or savings amounts**

	GROUP	INDIVIDUAL
Reserve reduction (reserve minus cost)	46	60
Full reserve	31	40
Maximum potential (future) liability	8	0
Monthly benefit reduction	23	0
Other	0	0
Do not evaluate	23	0

TABLE 23**Cost items included by those respondents using reserve reduction (reserve minus cost)**

	GROUP	INDIVIDUAL
Percent of Programs		
Cost of purchased rehabilitation services	100	100
Salary	67	0
Benefits	33	0
Corporate overhead	0	0
Other budget expenses	17	0

TABLE 24**Percent distribution of outcomes of closed rehabilitation cases**

	GROUP	INDIVIDUAL
Return to work	37	27
Termination of benefits	18	10
Settlement	5	3
Benefits continued	37	60
Other	4	0

TABLE 24a**Percent distribution of outcomes of closed rehabilitation cases, by size of company**

	GROUP RESULTS		
	Large	Medium	Small
Return to work	33	45	36
Termination of benefits	13	25	6
Settlement	6	2	5
Benefits continued	49	19	53
Other	0	9	0

TABLE 25**Number of months that a case receives services**

	GROUP	INDIVIDUAL
Median	5	5

TABLE 26

Percent of companies where same staff handles rehabilitation and Social Security

	GROUP	INDIVIDUAL
Yes	12	43
No	88	57

If no, respondent has Social Security specialists in-house		
	GROUP	INDIVIDUAL
Yes	40	25
No	60	75

Respondent contracts services out		
	GROUP	INDIVIDUAL
Yes	94	86
No	6	14

Types of contracted vendors		
	GROUP	INDIVIDUAL
Social Security vendors	94	100
Local contracted attorneys	44	33

TABLE 27

Case load handled by Social Security specialists

	GROUP	INDIVIDUAL
Median	79	na

TABLE 28**Percentage of respondents indicating the following background experience for their Social Security specialists**

	GROUP	INDIVIDUAL
Claims examiner	42	na
Registered nurse	17	na
Legal assistant	8	na
Attorney	33	na
Physician	8	na
Social Security admin. experience	75	na
Disability determination experience	67	na
Vocational rehabilitation counselor	25	na

TABLE 29**Percentage of respondents calling for evaluating rehabilitation potential before claimant applies for SSDI**

	GROUP	INDIVIDUAL
Yes	59	57
No	41	43

TABLE 30**Percentage if programs with selected personnel that identify claims for SSDI assistance**

	GROUP	INDIVIDUAL
Claims examiners	59	80
Rehab specialists	18	0
Social Security specialists	18	0
Other	6	20

TABLE 31**Percentage of respondents indicating methods used to identify claims as appropriate for SSDI assistance**

	GROUP	INDIVIDUAL
Checklist approach	29	17
Point-based system	6	0
By duration of claim	53	50
Determined by committee	0	0
Determined by claim specialist review	76	83
Determined by rehab. specialist review	47	0
Computer-based case management (expert) system	0	17

TABLE 32**Resulting cost savings from approval of Social Security disability benefits**

	GROUP	INDIVIDUAL
Reduced overpayment recoveries for attorneys fees	\$732,889	na
Direct vendor payments	\$1,529,726	na
Expenses of in-house Social Security staff	\$536,360	na
Total expenses	\$2,799,011	na
Reserve reduction or savings	\$69,185,581	na
The ratio of expense to revenue	1:25	na

TABLE 33**Percentage of respondents including the following items in their in-house expenses for SSDI**

	GROUP	INDIVIDUAL
Salary	100	100
Benefits	100	0
Corporate overhead	83	0
Other budget expenses	83	0

TABLE 34**Percentage of respondents using the following methods to calculate reserve reduction or savings amounts of SSDI**

	GROUP	INDIVIDUAL
Reserve reduction (reserve minus cost)	21	67
Full reserve "takedown"	36	33
Reduction in maximum potential (future) liability	14	0
Monthly benefit reduction	21	0
Overpayment recoveries	21	0
Other	7	0
Do not evaluate	7	0

TABLE 35**Number of months that an SSDI case receives services**

	GROUP	INDIVIDUAL
Median	8	10

TABLE 36**Percentage of claims, 2 years or older in duration, that are approved for Social Security benefits**

	GROUP	INDIVIDUAL
Median	82	na

TABLE 37**Percentage of all open, active claims that are approved for Social Security benefits**

Social Security Approval Rate for LTD Claims		
	GROUP	INDIVIDUAL
Median	69	na

TABLE 38

Percentage of respondents receiving notification of continuing disability reviews (CDR)

	GROUP	INDIVIDUAL
Yes	60	33

TABLE 39

Percentage of respondents receiving notification of CDR

GROUP				INDIVIDUAL			
How often		Change		How often		Change	
Often	0	Increasing	33	Often	50	Increasing	50
Occasionally	44	Decreasing	0	Occasionally	0	Decreasing	0
Seldom	56	Same level	67	Seldom	50	Same level	50
Never	0			Never	0		

TABLE 40

Percentage of respondents offering an integrated STD/LTD product

	GROUP	INDIVIDUAL
Yes	76	na

Percentage of respondents offering an integrated STD/LTD product that provide early intervention/case management on STD claims		
	GROUP	INDIVIDUAL
Yes	100	na