



The tide is turning

The shift from claims payer to productivity partner

Disability insurance white paper

Seventh in a series

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The changing world of disability insurance

In this series of white papers on disability issues, we explore some of the factors that help people bounce back from adversity. While some of these factors are individual, others are subject to outside influences, notably by the employer and the insurer.

In this paper, we focus on what insurers can do to better help their members return to work after a disability claim as soon as possible, or even stay at work and avoid a disability claim altogether. As a disability insurer, we have redefined our mission from simply issuing checks to helping people with disabilities rejoin society as full participating and contributing partners. We explore how far we have come toward this goal as an industry, and how much further we still need to go.

Our industry needs an overhaul

Consumers want — and deserve — more

Question: What do insurance companies, used car salesmen and politicians have in common?

Answer: The general public holds low opinions of all of them.¹

In a way, negative perceptions of insurance companies may not be all that surprising. After all, insurance is a very complex subject that most people do not understand.² Moreover, insurers sometimes deny claims.

And while the denials may be for perfectly good and legal reasons, those folks who are denied coverage are not generally happy about it. They may become both angry and vocal about their feelings. Having said this, insurers also need to ask themselves if perhaps there is room for improvement in the way they deal with their members.

What constitutes good customer service?

We carried out an informal survey among Aetna's disability senior staff, asking what they would expect if they were disability claimants. Here are the top ten answers:

1. Phone calls that are answered quickly and knowledgeably
2. Claims reps who are respectful, care about you and empathize with your current difficulties
3. Clear instructions on what to do, what happens next and what to expect by when

4. Fewer transfers, and if transferred, your information has been relayed so you don't have to give it all over again
5. Simple forms/lack of duplication/easy process to navigate
6. Quick processing/decisions/payments
7. A contact phone number for the decision maker on my claim
8. Phone calls that are returned quickly
9. Information on my options, specifically if the claim is denied
10. User-friendly website

Customer service, it turns out, is not brain surgery. We all know it when we see it — and when we don't see it. Some companies, such as Amazon and Apple, are renowned for having mastered it, and that mastery is reflected in their financials and their growth curves.³

¹Gallup. Honesty/ethics in professions. Available at: gallup.com/poll/1654/honesty-ethics-professions.aspx. Accessed June 14, 2016.

²Burand C. Public perception of insurance is reality — accept reality. Insurance Journal. October 5, 2015. Available at: insurancejournal.com/magazines/features/2015/10/05/383185.htm. Accessed June 15, 2016.

³Sauter M, Frohlich T, and Stebbins S. 2015's Customer service hall of fame. USA Today. August 2, 2015. Available at: usatoday.com/story/money/business/2015/07/24/24-7-wall-st-customer-service-hall-fame/30599943/. Accessed August 4, 2016.

A call to arms

In an extensive review of published studies on how people with disability claims interact with “the insurance system,” Dr. Elizabeth Kilgour and colleagues examined how well the system works from the point of view of the claimant and sought to identify opportunities for improvement.^{4,5}

This perspective is unusual, but it is an important one, and one worth emphasizing. Studies on disability, whether occupational (workers’ compensation) or nonoccupational (disability), have almost always focused on health or return-to-work outcomes. This review was through the perception of the disability insurance consumer (that is, member, patient, claimant). The peer-reviewed literature surveyed comprised studies from Canada, Australia, New Zealand, Sweden and the United States.

How is the disability insurance industry doing?

From the perspective of the consumer, not only did the authors find that “the majority of the interactions were negative,” but they also determined that these negative interactions actually worsened the patients’ conditions.⁴ They concluded that their findings “support the growing consensus that involvement in compensation systems contributes to poorer outcomes for claimants (in that these interactions) influence the development of secondary injury in the form of psychosocial consequences instead of fostering recovery.”⁴

One of the main findings was the consumers’ perception that the system is fundamentally adversarial and that claims managers and others in the insurance system have an attitude of distrust. There’s a sense that claims managers don’t really listen and don’t understand the impact of the medical condition, nor the patient’s individual needs. Furthermore, as the claim develops over time, there are sometimes multiple supposedly “independent” medical assessments requested. This often leads to conflicting medical opinions. And it’s perceived that the opinion that can deny the claim is conveniently chosen.

A second area of concern is the consumers’ perception of a disorganized system. This was seen in a number of ways, including claims managers who were uninformed about system processes, haphazard service approvals, absent or incorrect information and untimely payments. Paperwork was often reported as lost by the insurer or used out of context to deny claims. Claims managers were often difficult, if not impossible, to reach. Finally, written communication from the insurer was often hard to understand, written in legalistic jargon and somewhat threatening in nature. This was considered a particularly

critical issue by low-literacy and non-English-speaking claimants. As a consequence of the consumers’ lack of knowledge of the system, they developed a larger sense of lack of control over their situation.

Other concerns included a perception that many of the claims decisions were fueled by a “cost containment mentality,” and that insurers used tactical or coercive methods to reduce service provisions or entitlements. Some clients complained that they were coerced into attending painful or unhelpful evaluations, and forced to return to work too early, in fear of potential loss of financial support. There were also reports that some medical personnel would not provide services because they did not want to have to deal with the disability insurance system.

These perceived negative interactions with the disability insurance system were not simply unpleasant; they bred negative psychological and psychosocial consequences. These included fear, insecurity, anger, frustration, low self-esteem, as well as anxiety and depression (even suicidal ideation in some cases). Psychosocial sequelae included financial stress, defaults on loans and damaged credit ratings, impacted family life, social isolation, as well as difficulties in obtaining employment at modified duties or in alternate fields.

The news was not all bad. The review identified three studies that reported positive interactions with the claims staff, including clear communication, timely payments, and respectful and understanding claims managers. When claims managers were considered supportive, the consumers viewed them as allies and held the insurer in high regard. Overall, not a great report card. No wonder the general public lumps the industry with used car salesmen and politicians!

⁴Kilgour E, Kosny A, McKenzie D, and Collie A. Interactions between injured workers and insurers in workers’ compensation systems: A systematic review of qualitative research literature. *J. Occ. Rehab.* May 25, 2014. Available at: [dx.doi.org/doi:10.1007/s10926-014-9513-x](https://doi.org/10.1007/s10926-014-9513-x). Accessed June 15, 2016.

⁵While the focus of the article is on workers’ compensation insurance, the conclusions apply equally to disability insurance.

We've made quite a bit of progress already

The Kilgour analysis surveyed scientific articles published until 2012. This means that the evidence is dated, with the articles valid up to about 2010. (It usually takes a couple of years to get scientific papers in a journal.) And most of the articles were published in the early to mid-2000s. So any changes made by the industry in the last ten years could not have been included in the analysis. Of course, the perception of pervasive problems typically lingers long after changes have been made. Fortunately, much has happened in the last few years to address the issues — although much still remains to be done.

At Aetna, perhaps the biggest change has been our mission. As Aetna Chairman and CEO Mark Bertolini has stated on a number of occasions, Aetna is reinventing itself from an insurance company into a health care IT company.⁶ This paradigm shift has infused all parts of the organization, including disability. As a disability insurer, we no longer simply issue checks — we now actively assist our members with disabilities rejoin society as full participating and contributing partners.⁷ This has required a fundamental shift from focusing on disability to focusing on remaining abilities. It also has required very significant investments in ongoing education for our frontline claims managers, as well as developing all the ancillary services needed to help our members regain functionality, return to work and get their lives back. This revolution in thinking has been the focus of the present series of white papers. Many of these investments are evident and available to members filing a disability claim:

- We have written all member communications in plain language, which is at a grade seven reading level or lower.
- Many of our written communications are available in Spanish and other languages.
- We automatically approve and pay simple claims, such as pregnancies and simple surgeries (for example, appendectomy, gall bladder surgery). Members don't even have to speak to a claims manager.
- We have developed a web portal, as well as an app, that allow members to file a claim, keep abreast of its progress and make additions to their claim online (see below).
- We reroute claims with a behavioral or mental health component (primary or secondary diagnosis) to our Behavioral Health Unit (BHU)⁸ on day one of the claim. A licensed behavioral health clinician takes charge of the interface with the member and their health care providers. This means that mental health issues can be addressed both early and professionally.

- We conduct rigorous audits on the usual metrics (speed with which calls are answered, turnaround times for payments and returning phone calls, inclusion of all information relevant to the claim), as well as on softer measures (quality of interaction with member, politeness, empathy, use of active listening skills). With many employers, there are performance guarantees — if the audit scores fall below 98 or 99 percent, we pay a penalty.
- To further enhance personal interaction with members, we encourage our disability managers to send handwritten notes and small gifts to members who have just had a baby or are dealing with a difficult diagnosis or the loss of a loved one.
- Many members have access to vocational rehabilitation (VR) services⁹ to help them get back on their feet and return to work. VR counselors can help with scheduling prescribed physical therapy, negotiating work accommodations with the employer and carrying out abilities testing to advise on retraining options. VR return-to-work (RTW) services generate an 11:1 return on investment.
- We have introduced a suite of stay-at-work services to help members and employers make accommodations preemptively, so members stay at work and prevent a disability claim altogether.
- In 2016, we introduced a revolutionary new concept in disability insurance, namely an abilities (rather than disability) contract. The abilities contract is based on the extensive literature showing that people who work live longer, healthier and happier lives than those who do not (see our earlier white papers in this series). The basic idea is that we partner with both the member and the employer from day one of a disability claim. We further provide enhanced financial benefits to members who are willing to become active participants in efforts to return to work as soon as medically advisable. Employers who are willing to accommodate these members will further benefit from lower premiums.

⁶Aetna: Building a healthier you. Available at: news.aetna.com/2017/04/aetna-building-a-healthier-you/.

⁷Disability leave and returning to work. Available at: aetna.com/individuals-families/disability-insurance/disability-leave-returning-to-work.html.

⁸Aetna's BHU won a coveted Decision Health Platinum Award in 2014.

⁹Aetna's VR services won a coveted Decision Health Platinum Award in 2015. We also won for leadership in disability in 2016, and for innovation in case management in 2017.

Raising the bar

Many of the concerns raised in the Kilgour review have already been addressed, at least at Aetna. However, the bar has since moved, and so the industry has been challenged to go further.

Much has changed since the Kilgour review, but consumer expectations have also been raised. Consider that the iPhone® mobile digital device was introduced in 2007, and by 2016, over 200 million Americans were estimated to be using a smartphone.¹⁰ Not only do we use smartphones to talk, text and email, we now use them to run our lives: We book airline tickets, buy from Amazon, order an Uber pickup, check our vital signs and contact a telemedicine physician when we feel under the weather. Consumers expect to do pretty much everything from their smartphones and tablets — why should managing their disability claim be any different?

Beyond the smartphone, however, consumers now expect prompt and targeted service. And through Yelp and similar review sites, they will let everyone else know how satisfied they are — or are not — with obvious implications for the business.

Consumers have become empowered. The implications for disability insurers are clear: We will either deliver, or we will be left behind in the way of the horse and buggy. And so all insurers are now very busy building websites and developing apps. But there is more to it than having an app or a website. As the Oracle Corporation noted in a recent white paper¹¹:

“Too many companies are failing to execute self-service in a manner that actually serves customers and prospects. Initially, organizations primarily focus self-service on customer acquisition over customer support and retention ... Web-based companies force people to search their websites endlessly before they can find a contact number. Some companies don’t publish their phone numbers and force customers to email their questions or submit them online. Even worse, some companies are penalizing customers by charging fees when a customer needs help from staff ... Rather than helping, poorly executed self-service can leave the customer feeling frustrated, incensed and exhausted by the hoops they have to jump through. It increases the risk of neglecting — and ultimately losing — their customers.”

In other words, to do it right, customer focus cannot simply be another check mark on a to-do list. The customer (not the app or the website) has to become the central focus. To quote the Oracle white paper again¹¹:

“Digital disruptors like Uber and Airbnb have shown that self-service — when done right — can fundamentally change entire industries in just a few years. How can organizations design self-service in a way that empowers their customers rather than forcing additional burdens on them? It all comes down to focusing on the customer in every part of the business. Creating standout experiences requires companies to aggressively study their customers, understand them on multiple levels, and constantly innovate. This can present a major challenge especially for large, mature organizations suffering from inertia ... When customers have the right tools, they’re happy to do the work themselves. In fact, they prefer it.”

¹⁰Statista. Number of smartphone users in the United States from 2010 to 2019. Available at: [statista.com/statistics/201182/forecast-of-smartphone-users-in-the-us/](https://www.statista.com/statistics/201182/forecast-of-smartphone-users-in-the-us/). Accessed June 20, 2016.

¹¹Oracle Financial Services. Redefining customer experience through self-service: Thirteen principles to creating customer interactions in the digital age. Oracle White Paper. March 2016. Available at: cdn.insurancenetworking.com/pdfs/Redefining_Customer_Experience_Through_Self-Service_2-29-16.pdf. Accessed June 28, 2016.

Imagine a time when ...

Consumers will be able to do all of the following via an app on their smartphone or tablet:

- File a disability claim
- Check on the status of their disability claim, including what information may be missing
- See if their disability payment has been issued
- Access a library of information from their insurer to help them understand their diagnosis and overcome their disability
- Request VR assistance to get them back to work
- Appeal a denied disability claim

Well, the future is here. We have all of these capabilities right now — no need to wait for next week, let alone next year. In fact, at Aetna Disability and Absence Management, we registered over 3.4 million separate log-ons on our claims system in 2015, a 21 percent increase over 2014, and going up all the time.

So once people find out that they can manage their claims via the web, smartphone or tablet, many of them jump on the opportunity and provide themselves with the quality of service they want. Still, we can do better and socialize this information to members and providers before they file their claim. In the first six months of 2016, only 5 percent of short-term disability claims were filed via the web, smartphone or tablet, and 9 percent came in via fax and snail mail. We received the bulk of the claims (86 percent) by phone calls. Providers, similarly, have been slow on the uptake, with the vast majority of provider reports coming in via fax or mail. You've heard the saying, "If you build it, they will come," but "they" need to know that "it" has been built and is available for their use. There are huge opportunities for improvement in this area. And we are racing to the challenge.

Customers are also asking for integration. For both legal and historical reasons, insurers typically offer their products in silos. If you have health, life and disability insurance with Aetna, and you call your disability claims manager, they should be able to tell you if there's a medical service covered under your Aetna health plan that may help you. In the future, a single point of entry will allow members to access all of their insurance products and will provide similar visibility to an Aetna concierge trying to help that member. That's in the works.

But we need to keep in mind that there are still many people who have not bought into the IT revolution. If 200 million Americans have smartphones, that leaves 120 million who do not. We can't leave them behind. Moreover, even IT-savvy millennials sometimes feel the need to talk to a human. And the downside of integration sometimes is confusion. From a consumer perspective, there can be such a thing as too much information. We are seeing this with health insurance. In the days before the Affordable Care Act, the typical employer offered a very limited number of options in their health plans. Options are now growing in leaps and bounds, and what many people pine for is one contact person they can call who will be able to look knowledgeable at their situation and provide guidance. In other words, a concierge. As

our society has grown more and more complex with more and more options in so many areas, the concept of concierge has caught on. Marquee companies like American Express and expensive hotels have had concierges for years, but we are now seeing "concierge doctors."¹² And banks and insurance companies are also moving into concierge services,¹³ including Aetna. While this type of service costs a little more, our internal data with health care concierge services indicate that these increased costs are offset by markedly higher levels of customer satisfaction. So expect this type of service to expand to disability and other insurance products.

Customer service

To be effective, customer service has to be much more than a notch on a checklist. It has to be baked into our corporate DNA and be present in each and every interaction with our members. We should always be placing ourselves in the shoes of our customer and asking ourselves how we can do better. After many years of moving at a glacial pace, the disability insurance industry is finally grasping the reality that individual customers, not just employers, increasingly have choices and that how well members are served by the choices they make impacts both their employers' and their insurers' bottom lines.¹⁴

As an industry, vast improvements have been made in the way we relate to our members by making the process of applying for and managing a disability claim more user-friendly and in the quality of the interaction between member and insurer. The IT revolution is further redefining how clients manage their disabilities. And their use of the technology, once they are aware of it, tells us that this provides a level of control that they want. Similarly, customer insistence on more personalized service in many areas, and their enhanced satisfaction when such service is provided, will inevitably lead to a more concierge-like focus. We may still be some distance from Amazon- or Apple-like quality service, but we are making progress, with more to come ... soon.

¹²Goodman J. Everyone should have a concierge doctor. Forbes. August 28, 2014. Available at: forbes.com/sites/johngoodman/2014/08/28/everyone-should-have-a-concierge-doctor/#2ed1bd196323. Accessed August 9, 2016.

¹³Buck C. Do you want or need concierge-style insurance? Sacramento Bee. June 1, 2014. Available at: sacbee.com/news/business/personal-finance/claudia-buck/article2600177.html. Accessed August 9, 2016.

¹⁴Lacroix M. Workers' comp and disability insurance: Two worlds or one? Public Risk. April 2016; 14 – 18.

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Policy form numbers issued in Idaho and Oklahoma include: GR-9/GR-9N and/or GR-29/GR-29N.

Policy form numbers issued in Missouri include: GR-29N-DIS 01 and GR-29N-STD 01.

