



## CROSSING OVER

# DO BENEFITS AND RISK MANAGERS HAVE ANYTHING TO TALK ABOUT?

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## EXECUTIVE SUMMARY

### Background

Many employers still manage their occupational and non-occupational disability systems in separate short-term disability (STD) and Workers' Compensation (WC) silos – often with little or no sharing of claimants' health risk information, coordination of engagement, prevention, or return-to-work (RTW) and remedial interventions. This may lead to missed opportunities to identify employees who are at a high-risk for future lost work time and to develop intervention strategies for preventing costly recurrences of illness or injury from crossing over from one disability system to the other.

To shed light on risk and benefits managers' overlapping interests in a more coordinated approach to disability prevention and case management, IBI analyzed three years' of claims data from four large employers with STD and WC programs managed by Sedgwick Claims Management Services. We examined over 20,000 claims – about 14,000 non-pregnancy STD claims, about 1,100 WC temporary total disability (TTD) claims and about 6,600 WC medical-only (WCMO) claims (claims that involve medical care, but no compensable lost work time). The following questions guided our analysis:

- Overall, how many claimants in the STD and WC systems cross over from one system to the other?
- How often do claimants for sprains and back pain have a recurring claim for the same diagnosis in either system over the subsequent two years?
- How much of the observed claim costs are attributable to recurrent injuries and illnesses?
- What are the implications for coordinated strategies to identify high-risk claimants and to develop engagement, prevention RTW and remedial interventions across disability siloes?

### Key Findings

- **Claimants with multiple claims over time are common, and frequently utilize both the occupational and non-occupational systems.** About one-third of claimants have at least one later claim in the two years

after their initial claim. Nine percent of employees with an initial claim in one system cross over into the other system with a later claim.

- **Information sharing and coordinated engagement, prevention, RTW and remedial strategies may be especially valuable for risk management professionals.** In any given year, about 13% of TTD claimants had prior experience in the non-occupational system, compared to about 8% of STD claimants with an earlier TTD or WCMO claim.
- **Recurrent episodes of back pain and sprains often cross over from one system to the other.** About 30% of TTD back pain claimants and 22% of TTD sprain claimants have a later STD claim for the same diagnoses. At the same time, almost 5% of TTD back pain claimants had a previous STD back pain claim. The relatively small risk of a recurrent TTD claim nonetheless carries high costs.
- **Developing coordinated strategies to identify high-risk claimants and prevent recurrences could produce large savings.** The average STD claim costs were \$4,200 for sprains and \$7,000 for back pain, compared to \$21,000 and \$46,000 respectively for the same diagnoses in the TTD system. In a population of more than 5,500 employees with initial claims for sprains and back pain, recurrences of claim diagnoses account for about 13% of observed three-year claim costs in both the occupational and non-occupational systems combined.

## Implications for Employers

- **Claimants with multiple claims are common, and claimants cross over from one system to the other more often than risk and benefits managers may realize.** This warrants the development of coordinated strategies to identify employees with a high risk of repeat disabilities, and to cultivate their sustained engagement with remedial and preventive care efforts.
- **Regardless of whether an employee initially claims in the occupational or non-occupational system, remedial and preventive interventions could help mitigate costly medical treatments and lost productivity.** Coordinated strategies may be particularly valuable for the management of costly occupational illness and injury claims. Nonetheless managers of non-occupational disability benefits stand to gain from the occupational system's depth of experience in return to work strategies.
- **Risk and benefits professionals must recognize their mutual position as stakeholders in workforce health more generally.** This will entail developing better information about the types of demographic and health-risk factors (such as unhealthy body weight) that indicate a high risk for claiming in either system. Encouraging risk and benefits professionals' involvement in the development, implementation and evaluation of engagement, preventive and remedial interventions could also help them recognize the advantages of a coordinated, organization-wide health and productivity strategy.

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