



INTEGRATED
BENEFITS
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CROSSING OVER

DO BENEFITS AND RISK MANAGERS
HAVE ANYTHING TO TALK ABOUT?

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About IBI

- 501(c)(6) non-profit business association
 - Established 1997
 - 1,000+ organizational members
- Help business leaders to:
 - Understand the toll that illness takes on workers' productivity
 - Recognize the competitive advantages of helping employees get and stay healthy
- Research, data, tools and educational activities



Background

- Many employers manage STD & WC claims separately
 - Missed opportunities to identify employees at high risk of future lost work time and to coordinate preventive or remedial strategies
- Results in recurrent episodes of illness crossing over from one system to the other
 - How often does cross over occur?
 - What are the added costs of recurrent injuries and illnesses?
 - What are the implications for claims management?



Summary results

- Subsequent claims are common
 - About one-third of claimants had another claim over the next two years
- Almost one in 10 claimants in one system cross over with a second claim in the other system
 - In any given year, about 13% of TTD claimants had a prior STD claim, compared to about 8% of STD claimants with a prior WC claim
- Diagnoses that appear routinely in both systems frequently cross over from TTD to STD
 - 30% of TTD back pain claimants have a later STD back pain claim (22% of sprain claimants)
 - Compared to 5% & 8% for STD crossing over to WC
- Recurrences account for about 13% of three year costs of sprain and back pain claims

Data description

- Employers identified from Sedgwick Claims Management System's book
- 4 employers provided STD and WC claims
 - One manufacturer with about 97,000 EEs
 - One manufacturer with about 33,000 EEs
 - One utility with about 7,000 EEs
 - One insurance carrier with about 99,000 EEs
- Claims occurred from January 1, 2012 through July 31, 2014

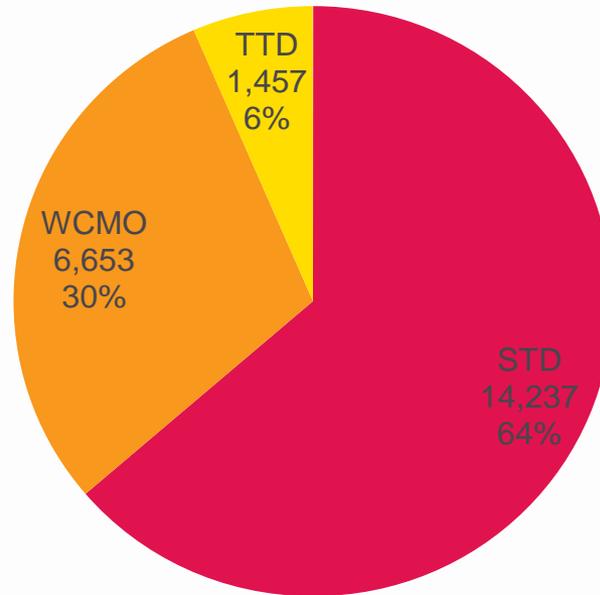
Analytic Strategy

1. Start with all claims that first appear in 2012
 - Allows at least 18 subsequent months to observe claimant (average = 25 months)
 - Claimant must not have a termination date prior to July 31, 2014
 - STD pregnancy claims are excluded
2. Particular focus on claims with similar diagnoses
 - STD and WC medical only (WCMO) and TTD claims for sprains and dorsopathies (i.e. “back pain”)
3. Describe patterns of claims that occur after the initial claim
4. Simulate total disability costs including recurrent claims
 - STD payments
 - TTD payments
 - WC medical payments

A majority of initial claims in 2012 were for STD

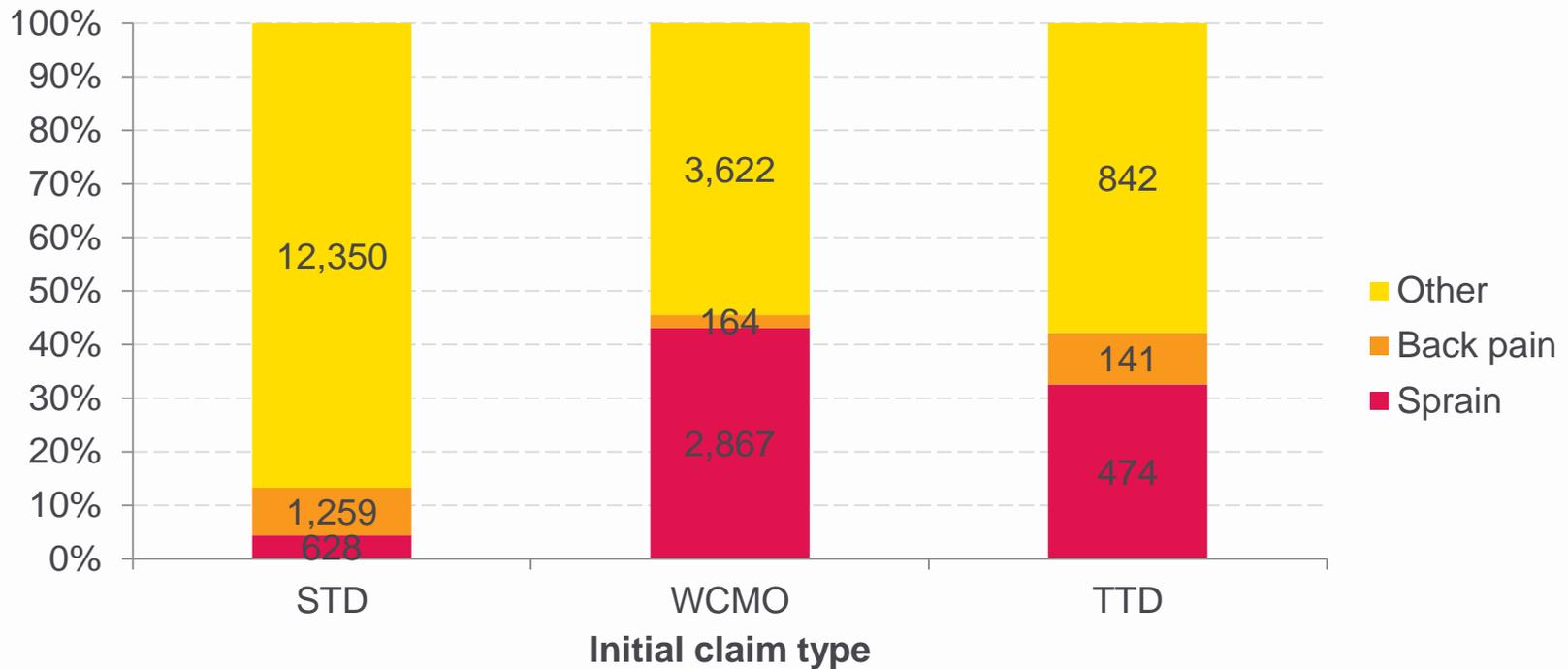
Initial claim types

22,347 total claims



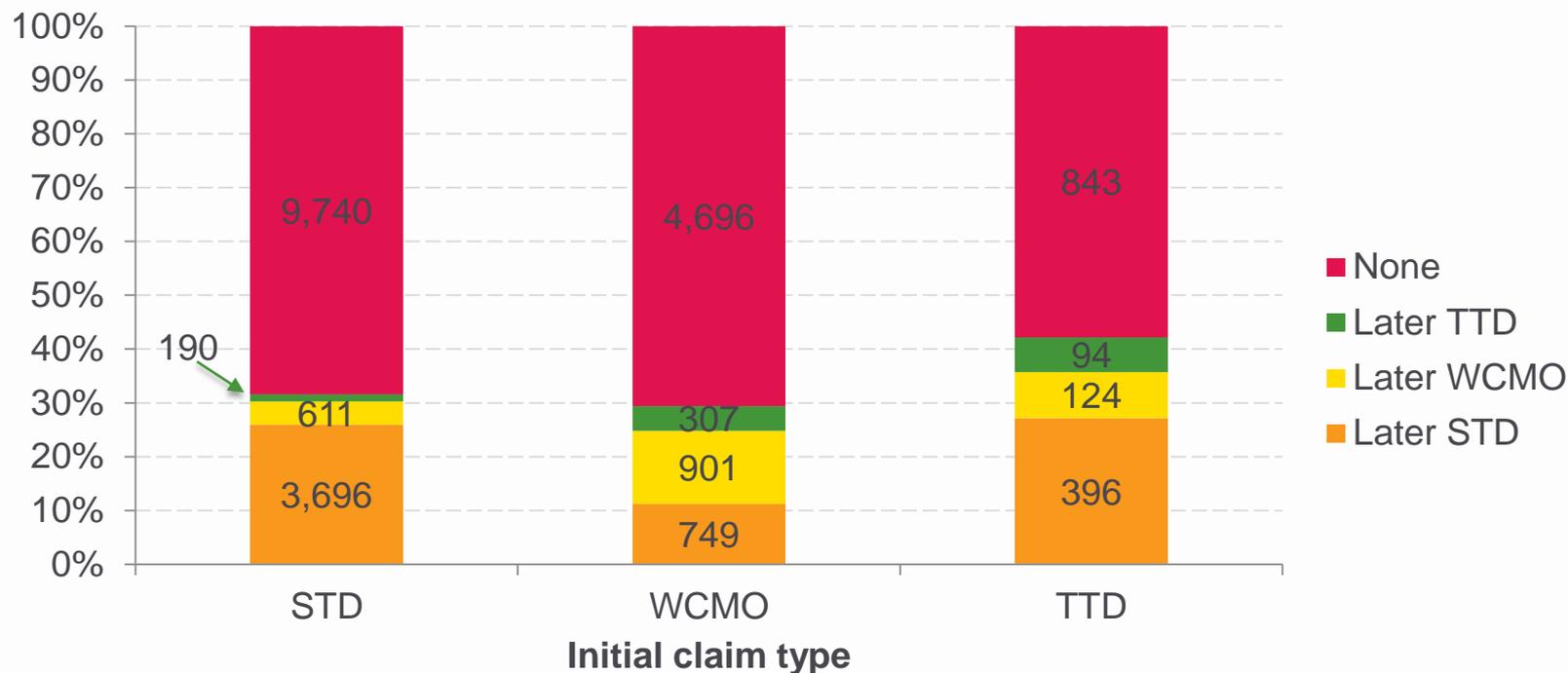
Sprains are 30-40% of WC claims – Back pain almost 8% of STD claims

Diagnosis by claim type



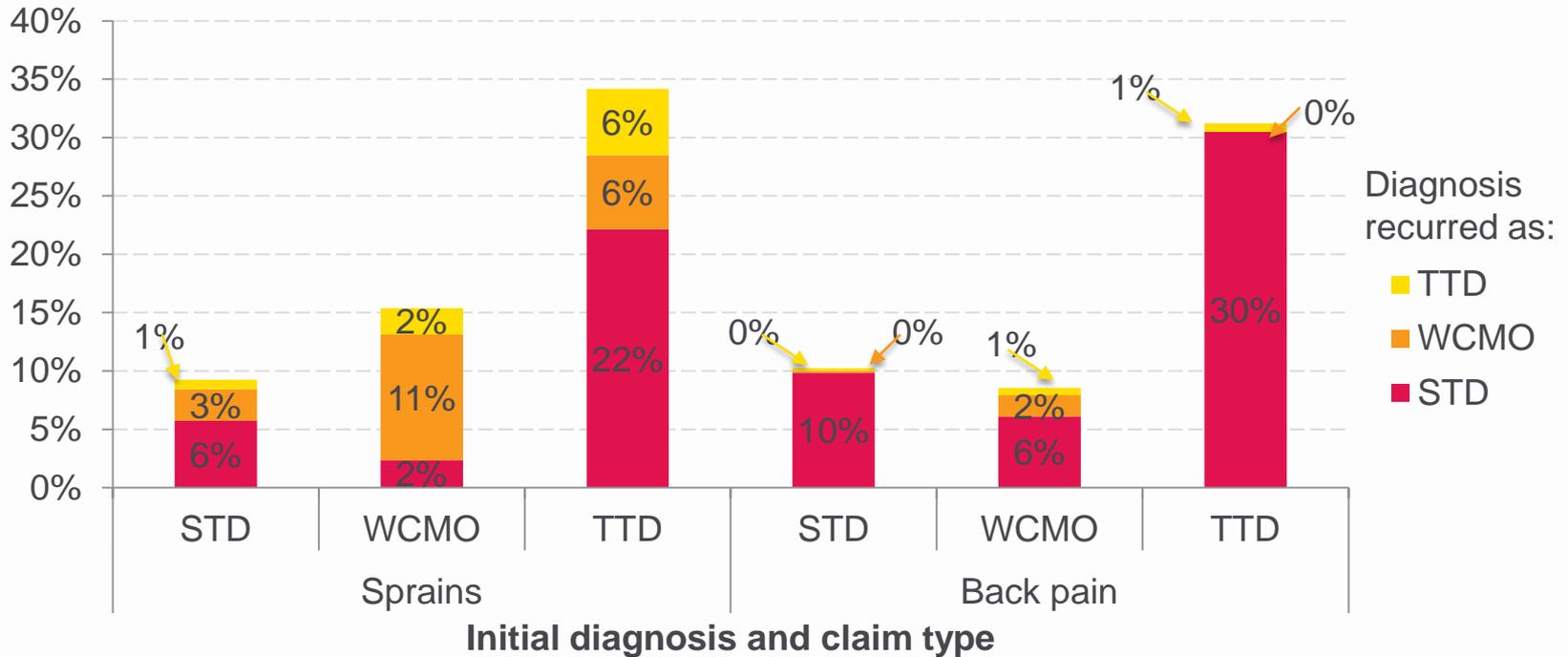
About one-third of claimants had another claim over the next two years

Claimants with a later claim



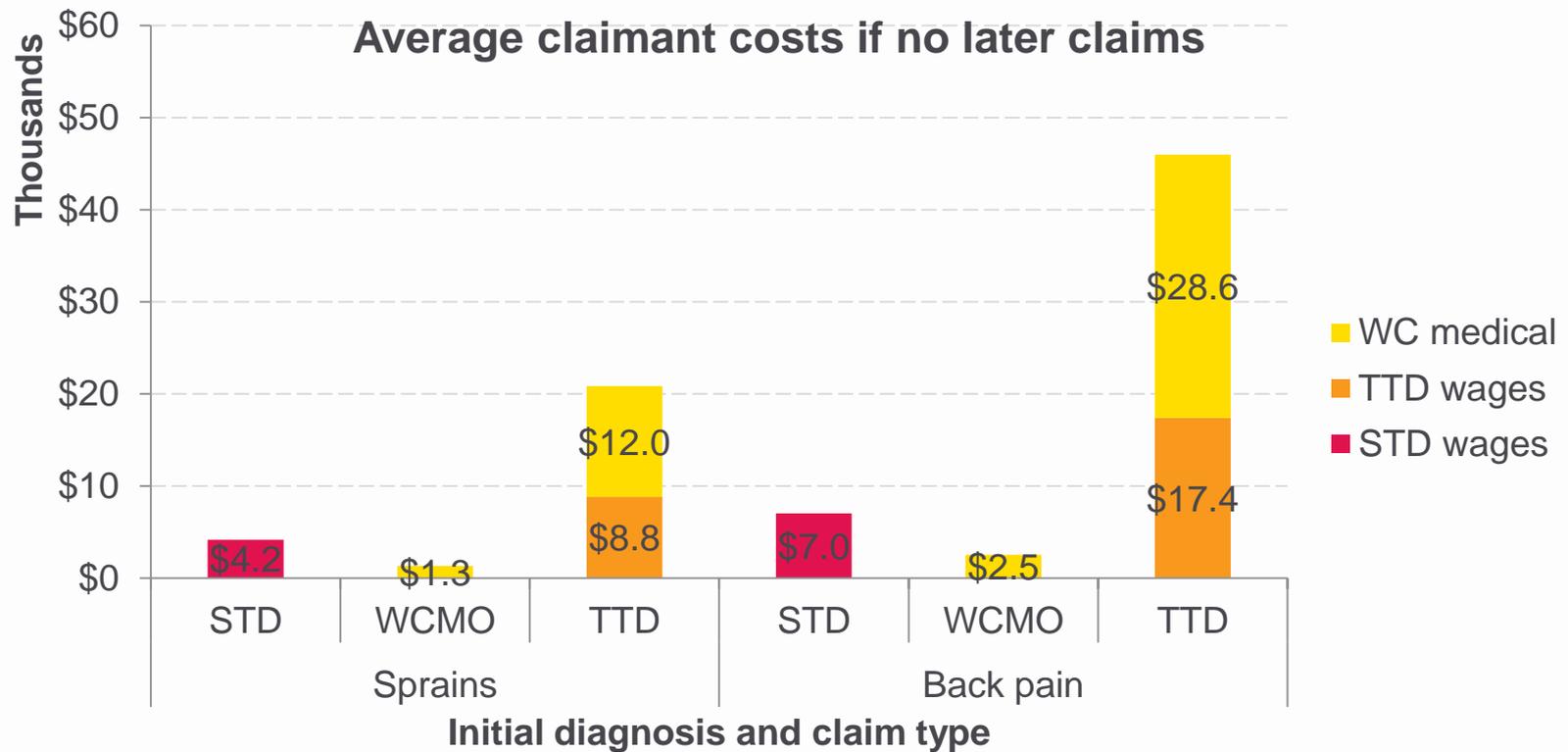
One-third of TTD back pain claimants had a recurrence that crossed over to STD

% of claimants with a recurrence of the initial diagnosis



Compared to 22% of TTD sprain claimants; About 4% of STD sprain claimants crossed over

Medical payments account for most sprain and back pain WC costs

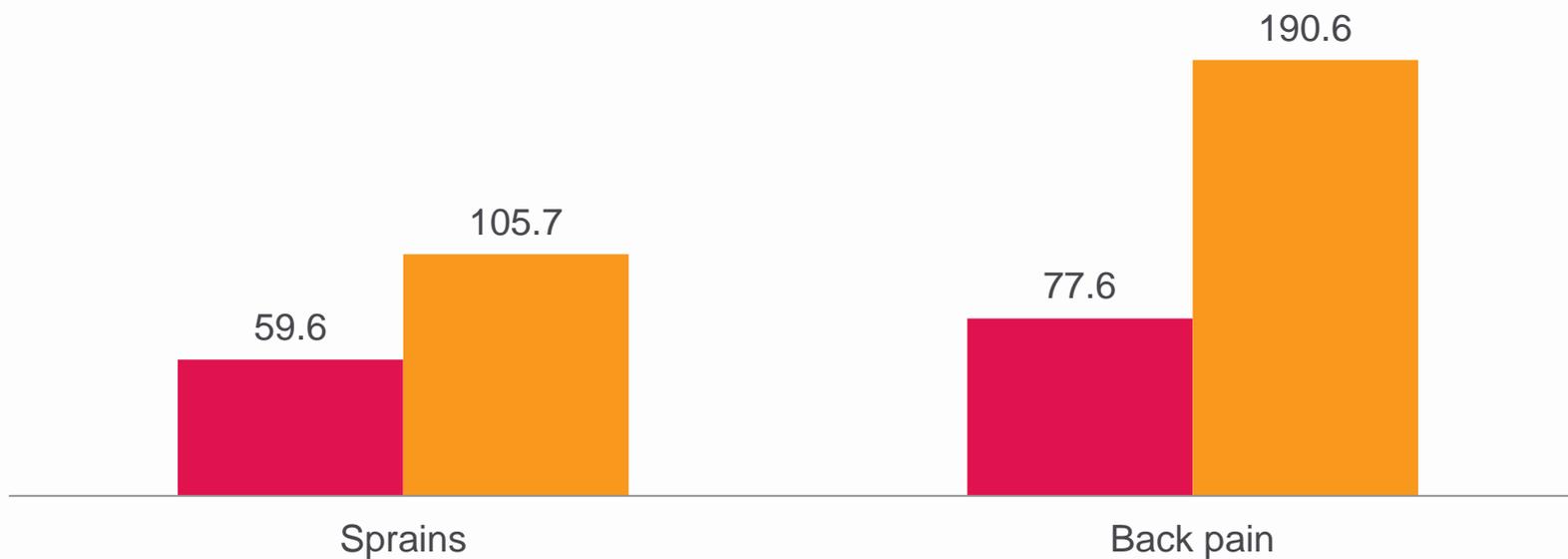


But even without medical costs, TTD claims would be about 50-60% less expensive if they occurred under the STD system.

Lost work days account for the wage replacement gap

Average paid lost work days if no later claims during the subsequent two years

■ STD ■ TTD



Recurrences of sprain and back pain diagnoses add about 13% to claim costs

Simulated costs for 5,533 sprain and back pain claimants with and without recurrences



* At rates of recurrence shown in slide 10.



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.
- Coordinated, organization-wide strategies to identify and engage high-risk claimants could help mitigate costly medical treatments and lost productivity.
- Risk and benefits professionals must recognize their mutual position as stakeholders in workforce health more generally.

QUESTIONS?

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