

Organizational Strategies to Support Effective DM

IFDM 2010

A Comprehensive Societal Disability
Management Strategy

Tuesday 21st September

Creating the VCH Burning Platform for Transforming Disability Management

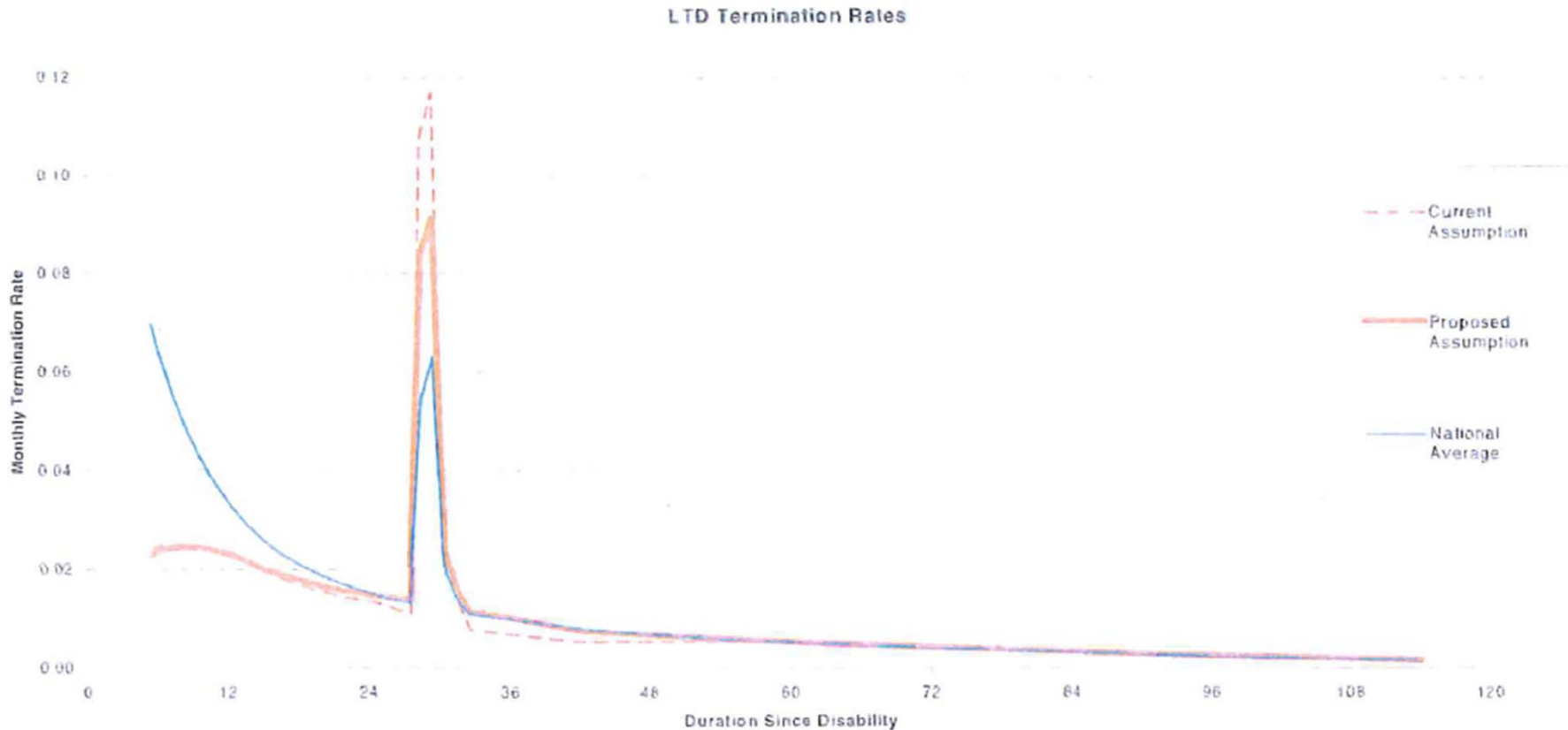
- LTD premium costs increased by 86% between 2005 and 2009
- 723 FTEs lost to LTD in a labour market characterized by international skill shortages of health care workers
- Case management not happening until employee almost at end of own occupational period (2 years). Average duration of claim 4.5 years
- Triple laying of operational responsibilities for rehab/return to work with triple operating costs and delays
- Ineffective Early Intervention Program and 13 of 38 Duty to Accommodate cases in 2008 received inadequate or inappropriate rehab
- No funds for transition work to keep staff engaged
- Provincial government funding for NIDMAR audits for demonstration employers in various industries and sectors

VCH Benefit Costs and Percentage Increases (\$ in millions)

Benefit Component	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Budget*	2009/10 Estimate
Life Yr over Yr % change	\$1.591	\$1.706	\$1.792	\$1.831	\$1.831 15.0%
LTD Yr over Yr % change	\$14.994	\$16.580	\$16.029	\$22.568	\$27.900 86.0%
Extended Health Yr over Yr % change	\$10.354	\$12.156	\$13.472	\$14.420	\$15.863 53.0%
Dental Yr over Yr % change	\$13.555	\$15.039	\$14.130	\$14.172	\$14.881 10.0%
Total	\$40.494	\$45.481	\$45.423	\$52.991	\$60.475

LTD Termination Rates (Oct 2008)

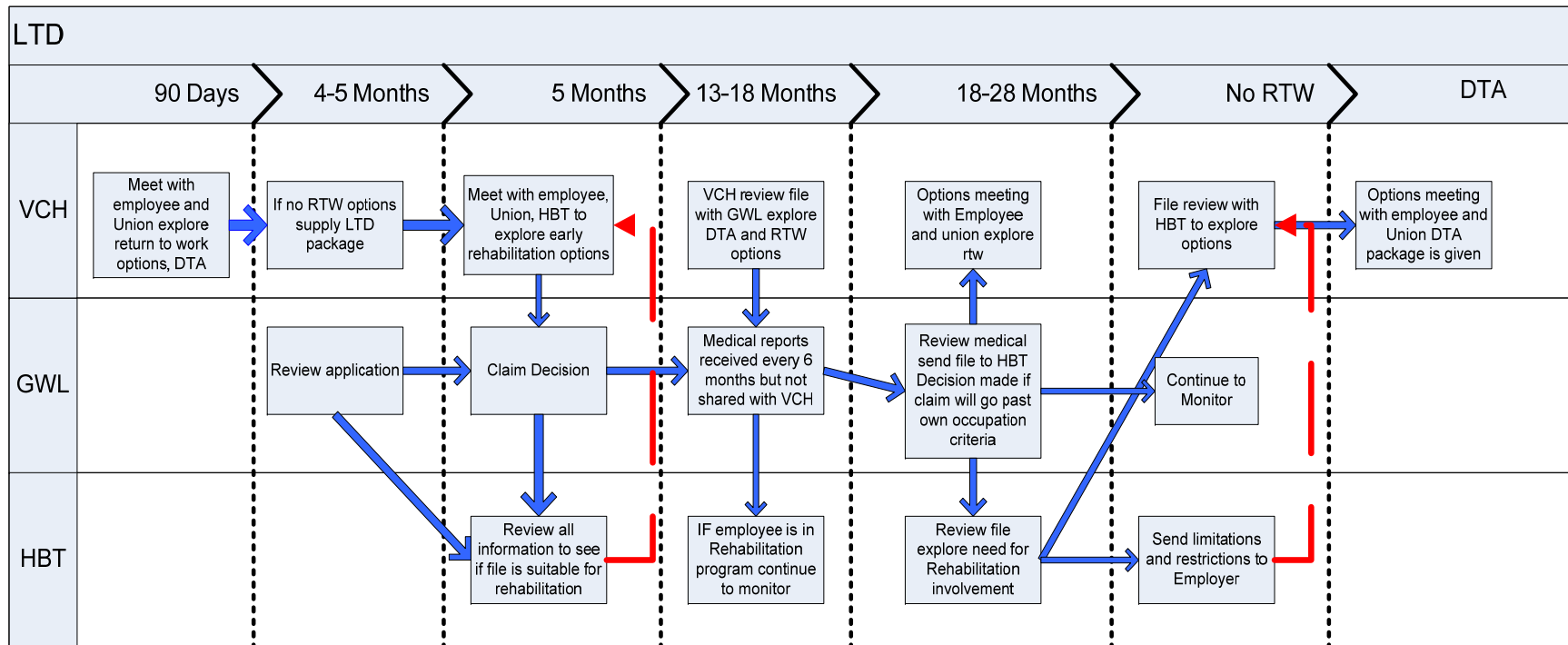
The following chart depicts the National termination rate benchmark, HBT's prior termination assumption and the revised assumption applicable to the prospective 4 year claims experience period.



Note: The termination rates are expected to be different than the National average because the National average includes all LTD plan designs, occupations and different demographic profiles. Nonetheless, the slope should be similar and therefore there continues to be opportunity to improve the termination rates for LTD claims in the 6 to 18 month duration period.

Restructure Disability Claims Management to increase return to work, and reduce costs

LTD PROCESS



NIDMAR audit recommendations focus on moving Disability Management service provision away from third parties

Finding the mutual interests to make the change

- VCH senior executive wanted to reduce costs and retain more skilled workers
- British Columbia Nurses Union wanted nurses to be returned to work before the two year “own occupation” mark so they stayed in the profession
- NIDMAR was looking for a large health sector employer to demonstrate the utility of their audit process

Pilot project established March 2009

- NIDMAR audit objective confirmation that 3rd party involvement was creating costly delays
- Negotiated a Letter of Understanding with BCNU (and later 2 other bargaining associations) to redesign disability management process without the 3rd party involvement mandated in the collective agreement
- Negotiated an agreement with the agency to provide vocational rehab to employees directly and allow VCH direct access to carrier for data
- Put together a business case to show return on additional investment in disability management based on projected cost savings from forestry industry
- NIDMAR provided advice, and training for Union stewards & VCH staff to change Disability Management culture

Joint Pilot Project Principles and Scope

- Principles: Employee Centered, Employer Driven, Union as Partners approach.
- Covered the full spectrum of Disability Management, including the Early Intervention Program, Transitional Work, Workplace Rehabilitation Program up to and including Long Term Disability
- Initial pilot focused on BCNU members who had recently begun sick leave or had been on LTD for 18 months or less
- Pilot informed working committees involved in implementing new provincial collective agreements for all 4 union bargaining associations

Primary Areas of Program Development

- Developing plan for engagement in the DM process for:
 - » DM staff
 - » Union stewards
 - » Employees
 - » Managers and Directors
- Establishing new bi-partite DM processes with joint advisory committee, agreed employee information releases and joint training
- Establishing a process for resolving cases where an employee's LTD claim has been denied and/or dispute resolution between the employer, union and employee

Primary Areas of Program Development

- Establishing a single point of contact for the program
- Building software to track the DM process for each case & integrating tracking with DM data collection
- Developing process and structures to enable employer/union partnership
- Establishing a plan to creatively implement early intervention and vocational rehabilitation with central funding
- Developing a Transitional Work Program

Pilot Project Results

Output Indicators	
Referrals	89% increase in referrals
Agreement to Participate	Increased by over 200%
Participation Rates	Increased from 69% to 94%
Time to first contact	Reduced by 50%
Time to full return to work	Reduced by 23%

Pilot Project Results

Immediate Outcome Indicators	
Duty to Accommodate Requests (most accommodated into own jobs)	Reduced by over 50%
Return to Full Duties	30% increase in return to full duties
LTD Claims Accepted	Reducing - but too early to determine as a result of pilot
Employee Satisfaction	Ongoing: results +ve
Union Satisfaction	Ongoing: results +ve
DM Staff Satisfaction	Ongoing: results +ve

Challenges to Effective Implementation of Organizational Change

- **Legacy Challenges**

- Culture of return to work but not transitional work
- No tracking software and existing hardware with insufficient capacity
- Organizational Precedents – the way we did it before
 - Existing Programs
 - Existing responsibilities
 - HR
 - Managers
 - Employees
- Legacy relationships with External Agencies
- Existing understandings and collective agreements

Challenges to Effective Implementation of Organizational Change

- **Process Challenges**

- Developing trust with unions and employees
- Workload of Disability Management Advisors
- Insufficient depth of knowledge and experience in DM
- Distinction between HR and DM processes
- Fragmentation of responsibilities and information sources
- More communication needed with:
 - Employees
 - Unions
 - Managers and Directors
 - External Providers

Successful Mechanisms for Overcoming Challenges

- Clarified the roles of key actors, DM staff, Union Stewards, Managers, HR advisors, insurance carrier
- Hired more Disability Management Advisors and clerical staff and provided them with more training
- Using an Action Planning approach which allows changes to respond to emerging issues
- Using Logic Models to specify the aims, actions and intended outcomes of the program;
- Establishing a small 'Think Tank' representing all interests in the process to identify and resolve problems
- Creating marketing material targeted at the employees to attract them to the program
- LEAN management approach for review of work processes and development of standard operating procedures.

Successful Mechanisms for Overcoming Challenges

- Using existing internal resources such as Learning and Development to develop new supports and interventions;
- Responding to concerns in real time – taking issues raised by the Think Tank and dealing with them immediately;
- Bringing in external expertise to complement the team in terms of mentoring and dispute resolution;
- Providing education to managers and advisors to upgrade knowledge, skills and attitudes;
- Making the process more accessible and efficient by introducing new and more easily understood formats;
- Using Access to create data management tools to unify and streamline the information management system.

Key Performance Indicators for Long Term Evaluation

- Reduction in the number of new LTD cases
- Increase in the number of LTD claims successfully closed in first two years
- Increase in the number of employees returned to work and accommodated into positions
- Fewer employees lost from health care because of LTD conversion to “any occupation”
- 7 Million dollar reduction in LTD Premiums over 3 years
- Clear metrics; business unit friendly reports

Learnings and Future Development

- Changing culture of DM is a 5-10 year journey
- Design and development of database to measure metrics very challenging
- Operational cost reductions from reduced claims and duration will take at least two years to prove conclusively
- Actuarial savings are difficult to quantify and will take up to 5 years to prove conclusively
- We need to find incentives for insurance carriers to move to more progressive DM contracts and practices
- Avoid integrating with 2 other health authorities during the DM change initiative