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Disability Management and Return-to-Work: Do employers get what they pay for?

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Workers' Compensation

Poll—Impact of disability management

% Reduction in disability cost	%
Cost of disability management as % of savings	%

Policy Concerns

- **Return-to-work interventions are touted as effective at reducing disability duration and related cost**
 - **But, but research focuses almost entirely on small, resource intensive, highly managed interventions**
 - **Cost-effectiveness almost never addressed**
 - **Replication on large scale rarely tracked**

Focus of Study

- **Can widely implemented interventions, outside of the “laboratory” be effective?**
- **More importantly, can they be cost effective?**

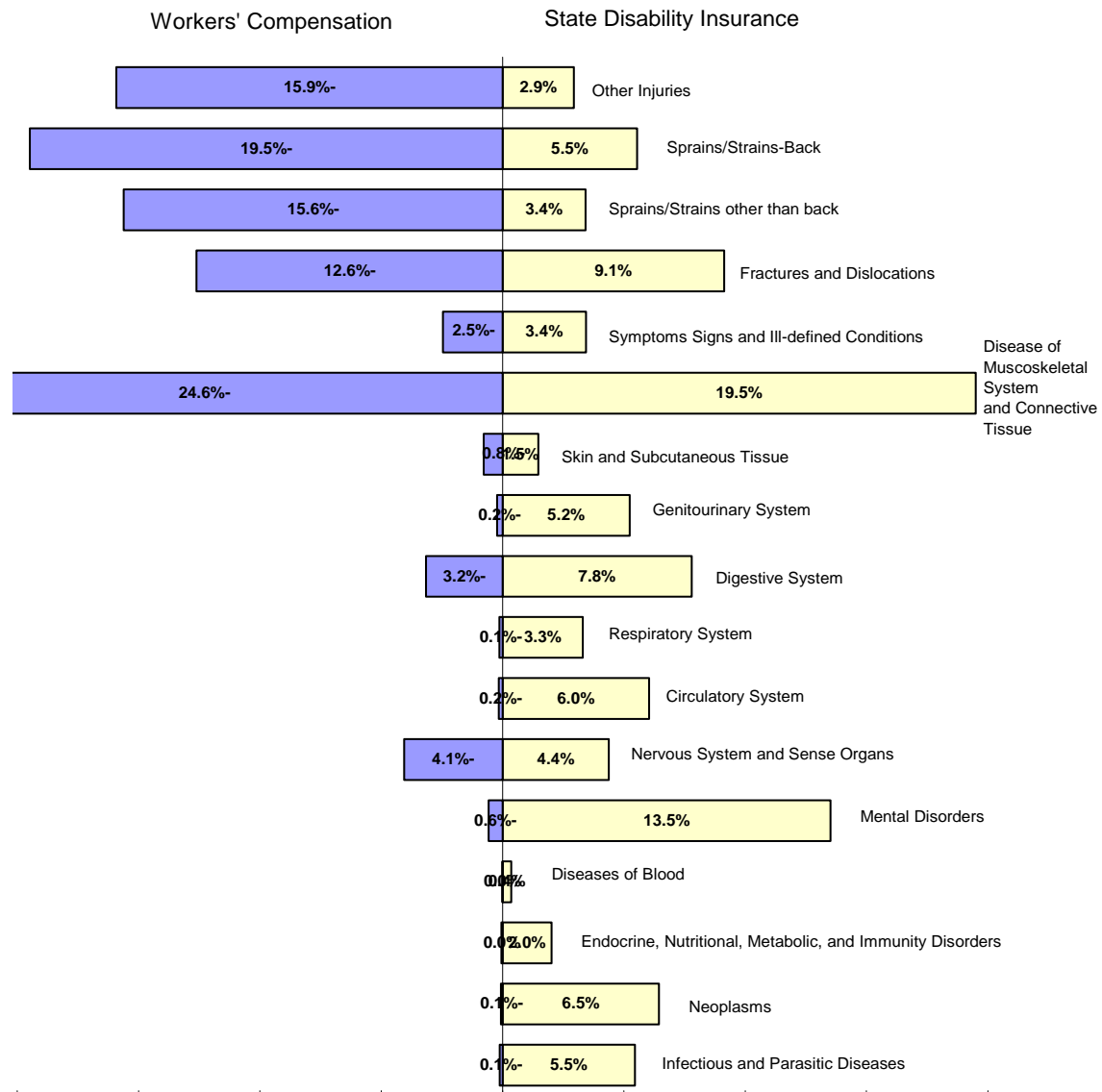
Methods

Comparison

- **Treatment—workers' compensation**
 - Intensive case management by insurers, employers, claims administrators and medical providers
- **Controls—California State Disability Insurance**
 - No disability management

Methodology

Distribution of Illness and Injuries: Occupational vs. Non Occupational



Methodology

- **Weight the distributions in SDI to match distribution of conditions in workers' compensation**
- **Match age**
- **Gender (unnecessary)**

Comparison of Disability Durations Between WC and SDI Weighted to WC (Adjusted for censoring for benefit exhaustion)

	Workers Compensation	State Disability Insurance
Mean duration (days)	107.39 (.273)	114.08 (0.271)
Portion of cases lasting at least 365 days	0.0659 (0.0003)	0.1136 (0.0008)
Number of observations	106,578	183,703

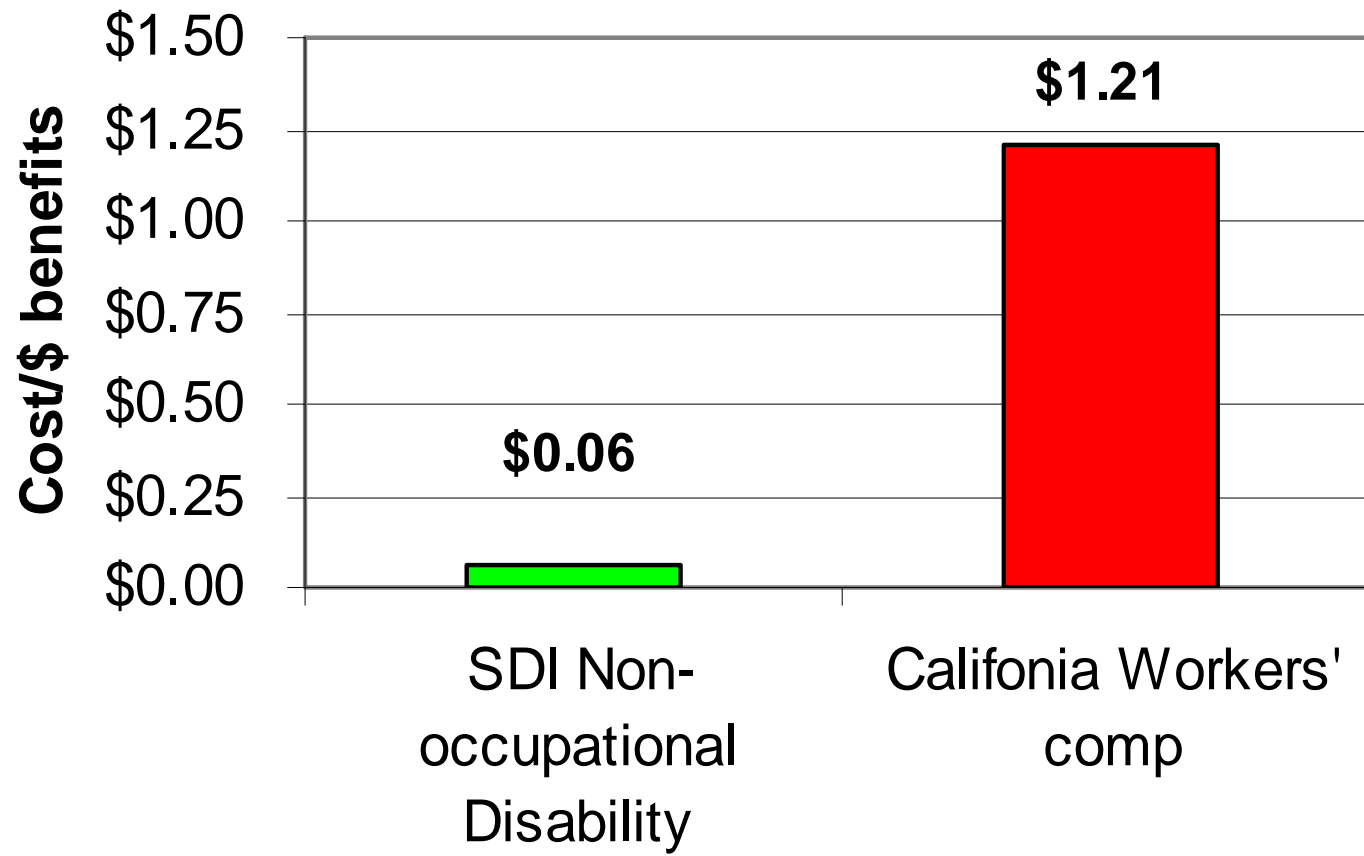
Standard errors in parentheses

Cost-Effectiveness

- Modestly shorter durations (5.9%) in workers' compensation
- But at what cost?

Cost-Effectiveness

Cost of delivering \$1 of disability benefits



Discussion

- **Perception of value**
 - Laboratory experiments
 - Highly managed
 - Resource intensive
- **Broad application**
 - Less management
 - Fewer resources

Discussion

- **Alternative answer—disability management much more effective**
 - **Does claiming effect disability?**