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Sedgwick White Paper *Integrated Disability Management*



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Every day, valuable employees are absent from work resulting in lost productivity. It has never been more important to understand the impact of absenteeism on your business in order to get employees back on the job sooner, simplify the process, and improve the employee experience.

For many employers today, the direct and indirect costs of absence, and the need to improve employee productivity are critical competitive issues. More effective absence management has become a key initiative for many companies.

As a result, integrated disability management (IDM) is gaining more recognition as a solution that can help employers streamline disability, workers' compensation, and absence programs; improve tracking; ensure regulatory compliance; and enhance their company's productivity and bottom line.

Why consider an integrated approach?

There is a growing need for employers to be consistent in their approach to absence management regardless of the cause. There is increasing employer compliance risk due to tighter regulations associated with the Family Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), and the ever-changing state workers' compensation systems. Employers must comply with FMLA and ADA regulations while employees are off work with occupational and non-occupational illnesses and injuries.

For companies that use separate outside vendors to manage disability, workers' compensation, and leave of absence benefits, the information is not easily shared or

integrated between all parties. With multiple processes and vendors to oversee, managing the details of each benefit can become a challenging task for an employer's risk management, human resources (HR), and legal teams, as well as the employee's direct supervisor.

It is not unusual for an employee to receive multiple follow-up requests from two or three different administrators all tied to one absence event. Consider all the details arising from one absence related to an illness or injury that must be reported and tracked. Employees may receive simultaneous requests from different vendors for similar information, which can cause confusion. Differing rules for job protection and return-to-work (RTW) can also be confusing – and lead to decreased employee satisfaction. Similarly, supervisors and HR managers may be perplexed by multiple communications from all of the different vendors.

A non-integrated program for disability, workers' compensation, and absence management can lead to increased costs and reduced outcomes. Common characteristics of this type of program include:

- Two, three, or more partner contracts
- Differing contact points for reporting an absence

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- FMLA, leave of absence, workers' compensation, and disability benefit entitlements often overlap or intersect – making resolution between vendors time consuming
- Multiple forms are required from various vendors and providers typically charge for each completed form, which increases the cost
- Overlapping benefits among multiple vendor partners may lead to inaccurate information that can result in over or under payments
- Employees receive conflicting messages and multiple follow-up requests related to benefits and RTW, which can have a negative impact on the overall employee experience
- Three or more different technology interfaces are often required with ongoing updates for each when changes occur
- Separate processes and systems can result in inconsistent data definition and conflicting report data
- Without reliable information that can be viewed side by side, it can be more difficult to determine the real impact of absences, measure program changes, and develop effective solutions

Advantages of an IDM program

By combining all types of disability, leave of absence, and workers' compensation under a consistent IDM program, companies can establish a single source for claim intake, improve the overall employee experience, manage both occupational and non-occupational disabilities more effectively, and see a comprehensive view of all absences in a single reporting package.

In an integrated program, coordinated leave and disability management activities avoid duplication of effort, and save time and resources. As an example, information is typically needed from the employee and the medical provider, and integration can eliminate redundant communications with multiple administrative vendors. Contacts with the HR team

and the employee's supervisor can also be simplified, which reduces interruptions and conflicting information. In addition, benefits are coordinated, which avoids duplication and ensures employees receive accurate, timely payments.

Integration also means that absence and lost time information can be defined, collected, and managed across all benefits through a single control point. Having comprehensive program information from one source gives the employer expanded capabilities to drill down into comparative data to determine trends in overall absenteeism (i.e. frequency, duration, cause, occupation, and business unit). This helps companies target areas where it may be possible to reduce costs and improve productivity – key factors that can enhance their ability to stay competitive.

SEEING RESULTS

OVER THREE YEARS, EMPLOYERS THAT IMPLEMENTED IDM PROGRAMS REDUCED THEIR INTERNAL ADMINISTRATION COSTS BY AN ESTIMATED 10% – 20%. THEY ALSO DECREASED DAYS AWAY FROM WORK BY 10% – 25% DEPENDING ON PAST ADMINISTRATIVE PRACTICES.

IDM models

The following pages summarize two conceptual models that include core IDM services and the emerging vision for integrating health and productivity programs.

The core IDM services model reflects the similarities in managing various types of employee absences, including workers' compensation, leave of absence, FMLA, short- and long-term disability, and ADA. This simpler model focuses largely on absence and disability management processes.

Today, many employers are moving to the emerging vision model. In this evolving state, the processes include links to wellness, prevention, and health management services, and provide employers with more comprehensive feedback, analysis, and trending.

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Core IDM services

The best practices model below starts with a single-contact claim intake system, integrated data collection, and specialty case management assignment for all leave of absence, FMLA, short- and long-term disability, ADA and workers' compensation claims.

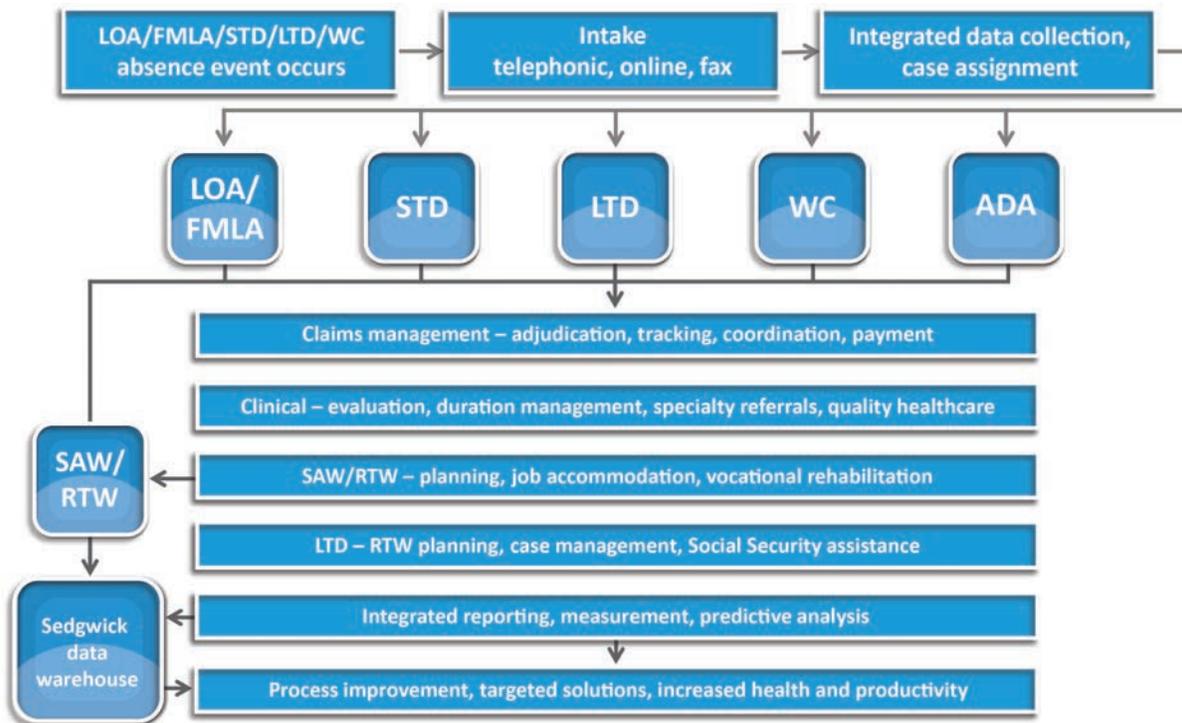
A claims specialist oversees each step in the claims management process, including adjudication, tracking, coordination, and payment.

Both occupational and non-occupational cases include triage, early intervention, and clinical oversight. Under workers' compensation, additional emphasis is placed on directing employees to quality care.

The disability and care management teams handle the clinical steps, such as evaluation and duration management, stay at work (SAW) and RTW planning, job accommodation, and vocational rehabilitation. For long-term disability (LTD) cases, integrated services include RTW planning, case management, and Social Security assistance.

Integrating all absence information in a single data warehouse offers key advantages. An effective system should contain comprehensive data on disability, workers' compensation, and absence cases, and track all of the disability management and SAW/RTW activities. Sedgwick's integrated system is designed to support and enhance the workflow for our clients and IDM professionals, and ensures all parties have the tools and resources they need.

Core IDM services



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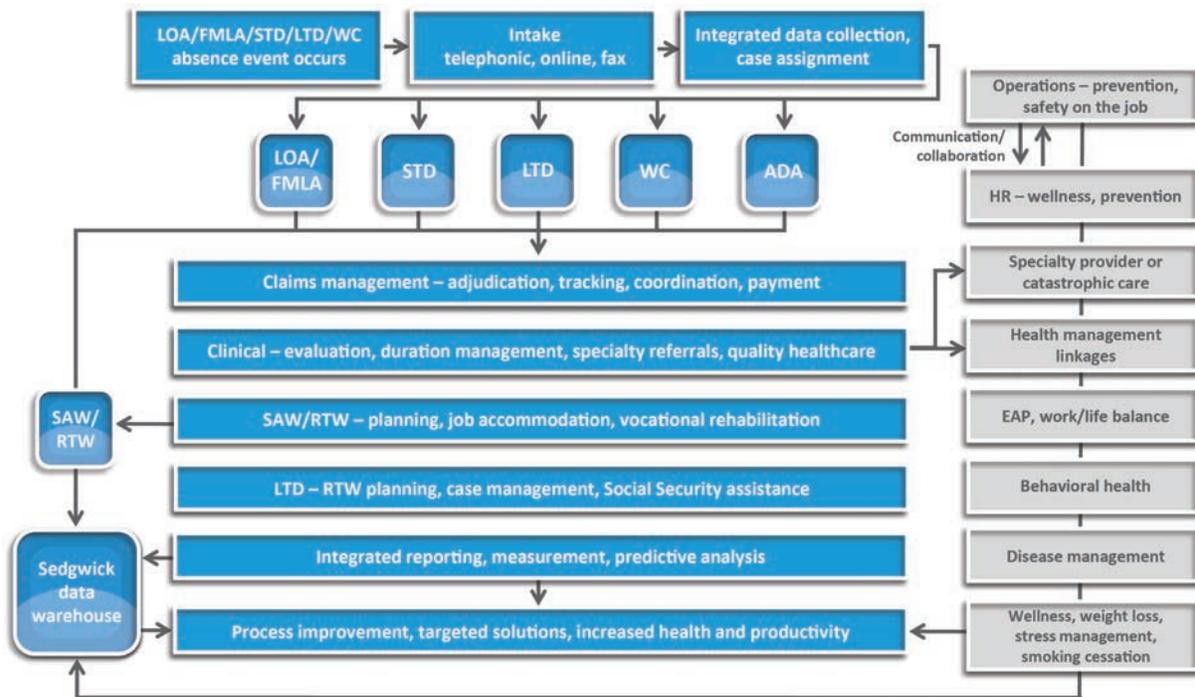
Emerging vision

The model below shows the linkages between core IDM services and the emerging vision, which offers an expanded framework for managing employee health and productivity. HR and operations staff can enhance prevention, wellness, and safety programs by strengthening communication and collaboration efforts. Employee health can benefit from referrals to specialty providers, and to prevention and wellness resources. By connecting employees with resources to help with issues such as disease management, work/life balance, behavioral health, and weight loss, absence can be reduced.

In addition, by linking these programs together, employers gain a more holistic view and can optimize the impact of employee benefits. It requires expertise and high-quality execution to support the important connections between vendors in accordance with privacy and other regulatory requirements, and create a positive employee experience. This expertise is an important part of the emerging vision and one that Sedgwick's clients benefit from today.

As IDM programs evolve, Integrated data analysis will continue to grow in importance, and form a strong base for ongoing process improvement in disability management, safety, prevention, and wellness efforts.

Emerging vision for integrating health and productivity programs



IDM expertise

Today, we are already helping employers create emerging vision programs that bring together their employee benefits and risk management programs. Sedgwick offers in depth expertise, a broad perspective, and the technology to help employers build their own emerging vision of IDM.

Contact Sedgwick today to learn how an IDM program could help your business.

800-625-6588

Sedgwick@sedgwick.com

www.sedgwick.com



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www.sedgwick.com | 800.625.6588

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