

just one of the benefit plans, or for none.

With *Wausau CareManaged Disability*, employers can elect to include any of the following products in their own IDM program: workers' compensation, STD, LTD, group claims, flexible spending accounts, wage continuation, a Social Security advocacy program, and other elements of the employer's benefits programs.

*Wausau CareManaged Disability* applies managed care principles to workers' compensation, STD, and LTD. It includes a network of preferred providers and specialists that support a return-to-work policy, nurse case managers, treatment protocols, and negotiated fee schedules.

The program provides a single point of contact for benefit inquiry and delivery regardless of whether the illness or injury is work-related, seamless delivery of benefits, integrated medical case management, and assistance navigating through the health care and disability system. Upon the first report of injury or illness, Wausau refers the case simultaneously to a nurse case manager to coordinate medical care and obtain medical verification of disability, and to a benefits examiner.

"Employers already are aggressively managing workers' compensation and nonoccupational medical costs," said Terry Bolz, Wausau vice-president for casualty managed care. "Now they're realizing that short and long term disability is an area that can be effectively managed to significantly improve company performance in most major areas. IDM is hot today because employers realize it can help them improve the overall performance of their companies, including return to work, productivity, administrative redundancy, and customer satisfaction." ♦

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## **Employers Must Take Responsibility For Disability Management**

"The future of disability management lies with employers and their awareness that they are an integral part of the equation to manage disability," Sara Taylor, president of Structured Health Resources (SHR), Inc., a Chicago-based disability management consulting firm, said in an interview with the *Employee Benefit Plan Review*.

"Employers traditionally have looked to their insurance carriers and TPAs to resolve their disability claims problems," Ms. Taylor continued. "Carriers and employers often blamed physicians, attorneys, unions, and uncooperative employees for their inability to resolve claims, when one of the main stumbling blocks was the fact that the employer was not managing the disability before and as it occurred."

As with personal counseling, disability

management involves understanding the root of the problem, working to resolve issues, and taking responsibility for changes that ultimately incorporate healthier behaviors, she explained. The problems will not be resolved if someone else always is blamed and expected to change. “Employers must recognize that there is no magic person or organization that will resolve their disability issues,” Ms. Taylor stressed.

#### **NO PLACE LIKE HOME**

Another obstacle to disability management can be external insurance managers who do not represent the company in the same way that internal employer representatives can, Ms. Taylor continued. “I believe that the current movement to outsource human resources, benefits, administrative services, and other company functions will be a significant detriment to disability management. Organizations must have effective disability management programs already in place and staff to oversee the disability management process internally

before they consider outsourcing.”

The closer to the workplace disability is managed, the more successful the outcomes and the lower the costs, because internal staff is better able to identify return-to-work opportunities, Ms. Taylor asserted. She added, however, that employers also must recognize when more specialized expertise is needed and when it is more cost-effective to obtain it from an external resource.

“Employers must start looking within to become familiar with their workers and the environment in which injuries and illnesses occur. They need to develop interventions that support employees’ continued work and successful recovery, which in turn allows the organization to remain productive and healthy. Implementing programs such as safety, wellness, early injury identification and intervention, transitional program development and support, and vendor and provider management and education will have the most sustaining impact on disability costs, experience, and management,” Ms. Taylor said.

For example, by taking control of its disability experience and cost, one SHR client cut its direct costs of disability from 6% of payroll to 3% in one year, Ms. Taylor said. Another employer reduced annual lost work days from 600 to 16 over a three-year period even while doubling its work force.

Benefit integration, managed care, and cost containment are effective ways to manage claims and medical utilization after an employee injury. Ultimately, employer-based impetus is necessary to facilitate quick, creative, and successful coordination of disability services and events, Ms. Taylor concluded. ♦

## Anti-Fraud Programs Become An Integral Part Of Disability Management

BY MIRIAM BASCH SCOTT

As the legislative, health care, business, and social environments have redefined disability, claims have increased, and so has the incidence of disability fraud. The National Insurance Crime Bureau estimates that workers' compensation fraud costs the insurance industry \$5 billion annually. This trend has made anti-fraud programs, including special investigative units, an integral part of effective disability management program, assert two major insurers, CNA and Hartford Life, Inc.

Special investigation units (SIUs) are an important weapon in the battle against insurance claim fraud, according to Susan Sendra, senior vice-president of disability accounts at CNA. SIUs, which focus on investigating and helping to resolve fraudulent insurance claims, save companies about \$10 for every dollar invested, the Insurance Information Institute says. In 1996, CNA Investigations, the insurer's SIU, saved \$6.5 million in anticipated claim payments that might otherwise have been paid for fraudulent claims. The CNA unit handled 500 claims in 1996.

Case managers must be trained to detect the "red flags" of fraud and to refer apparently fraudulent claims to the insurer's SIU for investigation, Ms. Sendra emphasized. According to Gary Traina, customer team leader for CNA Investigations, Special Benefit Claims, some "red flags" for disability claims include the following situations:

- The claimant is a relatively new employee.
- The employee claims a work-related in-

jury on a Monday or Tuesday, which could in fact be a sports injury sustained during the weekend.

- The presumably injured employee continues to work at another job during the period of claimed "disability."
- The claimant hires an attorney right away, before the claim even is adjudicated.
- The claimant pressures the adjuster for quick settlement of the claim.
- The claimant presents obviously altered documents, such as doctors' reports.
- The claimant has a history of frequent address changes.
- The claimant often cannot be reached at home by telephone.
- Shortly after the individual's claim is denied for one condition, the individual files another claim for another condition.

CNA Investigations also carefully evaluates claims for certain alleged medical conditions such as fibromyalgia, chronic fatigue syndrome, or carpal tunnel syndrome. The unit's functions include investigating the facts of a case and training adjusters on how to identify red flags and what steps they should take, Mr. Traina explained.

CNA Investigations' mission is primarily to verify the facts in a claim, not necessarily to ferret out fraud, he said, adding that, in some cases of claims without merit, the claimant might merely be misinformed.

SIU personnel must be skilled in a variety of investigative techniques, including field investigations, interviews, and surveillance, Ms. Sendra said. Therefore, most of CNA