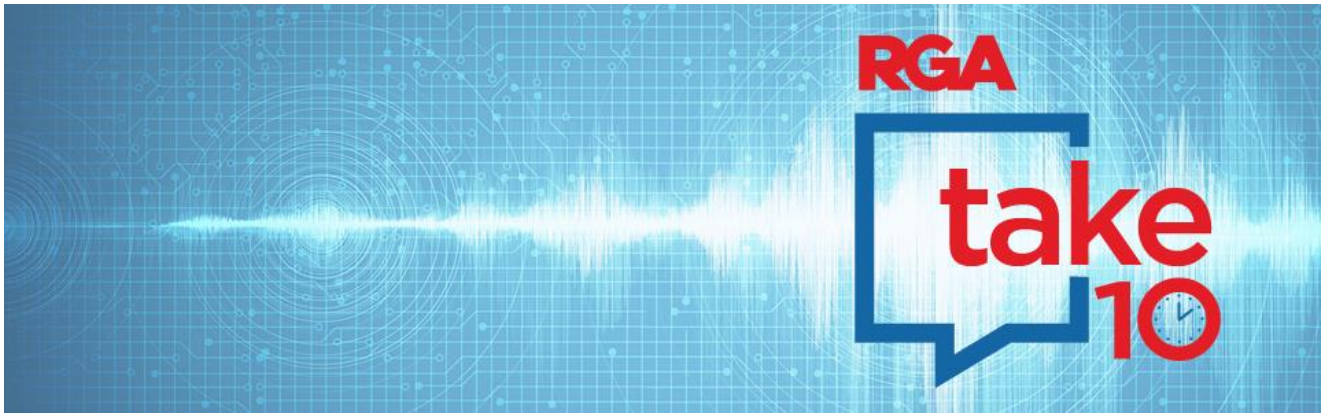

Looking Ahead - A Discussion on Managing "Change of Definition" Claims

Take10 Podcast Transcript

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GK

Welcome back to RGA's Take10 podcast series, disability income claims in under 10 minutes.

Managing a disability income claim with a change of definition clause presents both opportunities and challenges. On one hand, it triggers holistic intervention to assist an insured person back to alternative work and a more normal and potentially more rewarding life. But on the other hand however, it changes the landscape considerably for the insured. They may feel that the insurer's focus has shifted more towards their own risk management than helping them.

I'm Gayle Kanchanapume and with me today is RGA Senior Disability Claims Consultant, Jill Underhill, and RGA Director, Claims Consultant, Kari Briscoe.

Welcome.

JU/KB

Thank you, Gayle.

GK

Now you both work in the US market, is change of definition a relatively standard term in your business? Could you tell us a little bit about this feature and how prevalent it is in disability income products in the US market?

JU

Sure, this is Jill. I'll go ahead and start with this question.

Return to work is always the intention of long-term disability policies, as they replace a portion of the claimant's income to help them during recovery, but not so much that they are disincentivized to return to work. In the Group * LTD market * C.O.D. or

change of definition is very common and usually applies at 24 months or two years but can range from 12 to 60 months.

There is a purpose for including this provision. For the insurer, it would reduce liability for the full duration of the claim. For the employer, it keeps the premiums affordable and could reduce rehiring costs and efforts. For the claimant, it provides clear expectations for the life of the claim, reduces the disability mindset and guides them toward return to work.

As research shows work is beneficial for people physically, psychologically, and financially, our goal as disability professionals is to help those on claim return to a fulfilling life that includes work.

KB

Totally agree with you Jill. That's our goal, get folks back to a fulfilling life that includes work.

All right, I'll pick it up from here and explain a little bit about how *C.O.D. works. For the own occupation period, the definition of disability is generally the claimant's inability to perform the material duties of the occupation they were performing when they stopped working. At the *C.O.D. date, the definition of disability changes to whether the claimant has the ability to perform the material duties of any occupation, which they could be reasonably capable of performing, given their education, training and experience. Earnings are also a factor in determining *C.O.D. decisions. With any alternate occupation identified, the earnings would have to be reasonable, as defined by the policy language and usually they're in line with the claimant's gross *LTD benefit amount. Insurers certainly don't expect people with high wages to return to a significantly lower wage and consider that to be an alternate occupation.

GK

Yeah, thanks for that Kari, it seems that it operates in a fairly similar fashion to other markets that I'm familiar with.

Let's talk about timing. At what stage in the claims process should a change in definition adjudication typically commence. So, what represents best practice case management and what do those first steps in that process look like?

JU

Well in the US the *C.O.D. review is usually completed by the same examiner who completes the initial claim adjudication. Some larger US Group Insurers have a separate team that handles only *C.O.D. decisions, but this is much more rare. *C.O.D. should generally commence six to nine months before the *C.O.D. date. Best practice suggests discussing *C.O.D. at claim approval and at frequent intervals during the own occupation period. To start the process, the claim manager should notify the claimant, gather updated medical information and decide whether they need any outside medical and or vocational assessments.

The examiner will need to know the claimant's education, training and employment history gathered via the initial claim forms or potentially during a claimant telephone interview. If they are able to clearly determine the claimant's restrictions and limitations, in other words, they clearly understand the claimant's functionality, they can proceed with the vocational analysis. If the medical information is scant, vague or

if there are conflicting medical opinions among the claimant's providers, they may need an external peer review or an independent medical examination to gain clarity and consensus. A peer review by an external practitioner of equal or superior credentials to the claimant's attending physician can include a call with the attending physician to gain additional information and insight.

KB

With regard to the occupational analysis, these are generally done by the vocational case management team or externally through a vendor. The vocational specialist's goal is to identify alternative occupations that the claimant is suited to perform, of course, considering their current functionality as well as their education, experience and training.

If the extent of the claimant's transferable skills is unknown, the vocational case manager can complete what's called a transferable skills analysis or a *T.S.A. to determine what skills the claimant has and how these may directly transfer to an alternate occupation. So once the occupational analysis is completed, the vocational case manager can then look at alternative occupations, considering their availability in the market as defined by the policy. Now in the US that's usually defined as a national economy.

To help determine availability and salary, a vocational case manager will often request a labour market survey or an *L.M.S., which is performed by an external vendor. Once the vocational specialist has completed the occupational analysis, this information is discussed with and provided to the claim examiner and really forms the basis of the *C.O.D. decision.

GK

Yeah, really good points.

So, in a similar manner to other podcasts in the series, I'm sensing that communication is going to play a really crucial role here.

Can you talk to us a little bit about the importance of communication in this type of case management? What's the key messaging and who are the important stakeholders in that process?

KB

Yeah, you're right, Gayle. You know, as in all areas of claim management, communication is absolutely critical. It should be frequent with the claimant, open and clear. It's really important that the claimant understands this provision in their policy and is allowed the opportunity to ask questions so there's no surprises for them.

Oftentimes a claimant interview can be helpful at the beginning of *C.O.D. to ask the claimant about any changes, their current status, and to help the claim examiner fill in any missing information and of course, answer questions.

Early in the claim process if you realize that the claimant will likely not pass beyond the *C.O.D. date based on the current information you have in the file, be honest with them. It's really important to manage communication and expectations so that claimants are not caught off guard. Engagement with the claimant is important and if you're honest from the onset they will be more willing to work with you towards a new future.

GK

Great points Kari.

So it's fine for us to talk about best practice *C.O.D.case management outside of an actual claim scenario, when in reality we know that it can present some challenges.

I'd like to ask each of you now to share one guidance tip for claims adjudicators from your own experience, managing this policy feature, perhaps reflecting on some common pitfalls or difficulties and how these can be successfully overcome.

JU

Sure. My opinion is that you should focus on abilities versus disabilities when talking with the claimant. Of course, you want to seek to understand the things that he or she is unable to do, but then spend as much time seeking the same understanding of what they can do. Ask what aspects of their former occupation did they like? What are their interests? Discuss how to bridge the gap from where they are now to being employed again, give them hope and give them vision. Could they be retrained? Do they have skills that could transfer them into other lines of work? Would they be able to do a job that was of a lighter physical exertion? Utilize abilities to focus on other career opportunities the claimant may be interested in and capable of performing?

KB

Well, I guess coming from an appeals background prior to coming to RGA, I saw a lot of claims overturned because the vocational review was a little weak. So, I guess my recommendation is to have a really good claim assessment at *C.O.D. You cannot overlook the importance of a really thorough vocational review.

You want to be sure that you have all the pertinent information. Again, the work history, the education, your wage requirements and of course the claimant's functionality. Utilize resources that are available, whether they're inside your company or through external vendors. So, you want to do the due diligence of the analysis to include those *T.S.A.’s and *L.M.S.’s.

A sound vocational review and assessment will make the difference if a decision to close a claim at *C.O.D is ultimately made. Too many times we've seen inadequate reviews, which often lead to an adversarial response from the claimant and the likelihood that they're going to appeal and the claim will be reopened.

GK

That's super, thanks for that.

So, key takeaways for me here, I guess are, as you said Kari, the importance of a sound vocational review. I really liked your point as well Jill, about focusing on abilities versus disability when talking with the claimant.

I'd like to thank you both for sharing your insights today and for providing some really useful tips for all of us managing these types of claims.

That's all we have time for today. Thank you for listening and I hope you'll join us again for future Take10 episodes.

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***Acronyms**: LTD = Long Term Disability; COD = Change of Definition; TSA = Transferrable Skills Analysis; LMS = Labour Market Survey