

Rethinking Rehabilitation: An Australian Perspective

The life industry has been contemplating how to optimise the use of rehabilitation resources in a claims environment since back in the previous century when Australian life insurers started to use external rehabilitation providers in the mid-to-late '90s. These early providers, however, were often more familiar with workers' compensation and traffic accident compensation systems than with life insurance. In 2001 Mercantile Mutual (now OnePath) brought the first full-time rehabilitation consultant in-house and others followed suit. Soon insurers and reinsurers started seeing how these professionals brought a different type of expertise to the life claims environment, namely skills in disability/injury management, experience assisting individuals to return to work, and the ability to work collaboratively with treating health professionals. While insurers have tried different models of organising their rehabilitation and claims units, most are aligned in their thinking: rehabilitation resources allow claims departments to deliver a superior service proposition to the end customer, positively impact the bottom line, and are likely to play an increasingly vital role especially within the group space (both in tenders and product redesign) with piqued interest in absence management and wellness.

So why then, despite the myriad of benefits rehabilitation resources bring to life insurers, is this resource under such constant scrutiny? What causes it to polarise people, and in comparison to other specialist resources seen as integral to the claims management process, why is it required to prove its 'worth' over and over again? Most troublesome of all — why is it that the claims versus rehabilitation divide is emerging within some businesses, and what can be done to avoid it?

This article seeks to unbundle the factors giving rise to, or perpetuating, the division between claims and rehabilitation professionals, who by the very nature of claims management should be close bedfellows. It also encourages readers to consider whether their organisation's model of rehabilitation is integrated in a way that promotes optimal claims outcomes, and whether current performance metrics for the rehabilitation and claims teams are properly aligned. ▶



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With many organisations commencing their claims transformation journeys, there has never been a more apt time to reflect on current rehabilitation practices in your organisation and ask three key questions:

The Rehabilitation Mandate

What do we really want this specialist resource to do?

The most effective rehabilitation operations have a clearly defined mandate or philosophy that unambiguously explains the purpose of the team, what the team espouses, the services it will provide, and which claims it provides them to. Whilst at first glance this may seem straightforward, it is important to be aware that each rehabilitation function in the industry has its own unique nuances which have usually evolved in response to a number of influencing factors such as: claims operating model; customer centricity; number of specialists; nature of claims in their book, etc. Whilst these factors are not always issues in and of themselves, poor communication and transparency regarding the rehabilitation mandate often leaves claims assessors guessing as to what, when and which claims to refer, consequently resulting in sub-optimal use of the resource.



Considerations when seeking clarity around the mandate of your rehabilitation function should include questions such as:

- Is the primary function of the rehabilitation specialist to 'mentor' or 'manage'?
- Will the specialist seek opportunities to assist an individual even when there is questionable engagement?
- Will the specialist be involved in claims where a return-to-work (RTW) outcome is unlikely but opportunities to enhance claims management are available?
- Will the specialist be prioritising some referrals over others — if so how will this work?
- Does the specialist require an individual to have recovered prior to deploying resources?

Key warning signs that your rehabilitation mandate may not be clearly defined and requires closer attention include:

- Rehabilitation specialists not being engaged on appropriate claims
- Rehabilitation specialists being engaged too late on claims

Alignment of Goals

Is this specialist resource aligned with, and meeting the needs of the claims department?

Failure to closely align the goals of your rehabilitation function to the goals of the overall claims department can lead to disparity, confusion, frustration and, at times, conflict. The sharing of common, closely aligned goals is the only way to bring these two functions back together and to ensure they work collaboratively for the good of the organisation. It is human nature for individuals to focus

on their own goals above those of others. Unfortunately, when this occurs, significant problems with the flow of information across the various teams arise.

In realigning the goals of your rehabilitation function to that of your claims department, the first step is reviewing the goals already set by your rehabilitation function

and analyse these against the goals of the claims team. Which of these goals are common, if any? Are these goals compatible or are they mutually exclusive? Do the goals devised for the rehabilitation function drive the right behaviours and will they ensure rehabilitation resources are available on those claims the claims team determines as the priority?

For example: A claims department has a book of business notorious for performing badly. In response, the claims manager sets goals for the team to engage rehabilitation resources for all new claims in this book. Unfortunately, the rehabilitation team has already set their own goals around expense management and it has been determined rehabilitation costs will only be expended when a RTW outcome is anticipated, which is unlikely with any of these referrals.



Consequently, while both teams are striving to achieve the best results they can for the claims operation, the goals of these teams aren't aligned and the claims can't access the support they require nor will they be able to achieve their goals.

Considerations when seeking clarity around whether your specialist resource is meeting the needs of your claims department should include questions such as:

- Are the goals of your specialist resource aligned with the overall goals of the claims department?
- Do the goals of your specialist resource conflict, or have the potential to conflict with the claims department goals?
- Are the goals of your specialist resource driving the right behaviours?
- Are budgetary, expense or resource restraints impacting on the claims the specialist resource becomes involved with?
- Are the goals of all claim functions transparent to all and openly discussed?

Key warning signs that your specialist resource may not be meeting the needs of the claim department include:

- Claims regularly being 'referred back' by the rehabilitation specialist as unsuitable from a rehabilitation perspective
- Rehabilitation specialists not being engaged on appropriate claims
- Claims not being referred to the specialist resource
- Claims assessors bypassing the rehabilitation specialist to manage rehabilitation themselves
- Rehabilitation specialists believing there is no benefit to being involved with already long-duration or long-tail claims (note: often rehabilitation is the only avenue left to resolve such claims)
- Rehabilitation specialists being excluded from in-house claims training

Performance Indicators

How can this resource assist us in creating the claims operation we aspire to in the future?

Similar to a misalignment of goals, performance metrics where there is no clear association or correlation between the rehabilitation function and the claims team can be extremely problematic. This is most evident when analysing the rehabilitation metrics of reserves, return on investment, and RTW rates, and the negative consequences each can have on whether a rehabilitation referral is accepted or declined. While in isolation these metrics may be valuable to assess the efficacy of the rehabilitation function and to ensure that rehabilitation resources are being well managed, from a claims perspective they may carry the risk of driving behaviours and decisions which are not necessarily in the best interests of the company.

The importance of getting rehabilitation appropriate performance metrics cannot be understated. Too broad and you will be unable to determine the efficacy of your rehabilitation resource. Too narrow and you run the risk of the specialist function becoming obsolete as it precludes those claims most in need of services, due to the negative impact it will likely have on the team's overall performance.

This is where I challenge insurers to consider moving away from the generic metrics teams have relied on in the past, and toward metrics which are meaningful and relevant to their unique claims operation. That is, consider designing metrics that extend rehabilitation specialists beyond their usual RTW boundaries and challenge them to use their expertise to solve specific problems within the claims department (e.g. have them target an underperforming book of business, working through X% of tail claims with high reserves, etc.), or have them assist in building capabilities for the future (up skill X% of assessors in a particular competency, provide one-on-one coaching to X% of assessors). The opportunities are endless if you take the time to really understand what gaps exist in your claims operation and how your specialists are best able to assist. Don't constrain your company to just monetary or RTW metrics. 

For example, since rehabilitation specialists first appeared in this market, our industry has sought ways to measure the impact of these services. Over time the most important metric, or at least the one that yielded the most success in securing additional resources, was reporting on the 'release of reserves' where rehabilitation had contributed to the claim closure. Most rehabilitation professionals in this industry will attest that this measure, whilst far from being an accurate and 'true' representation of the monetary impact of rehabilitation on claims, served a purpose for a time, and is likely the key determinant for the strong rehabilitation presence in our industry today. It is now time to be more progressive.

Considerations as to whether your specialist resource is assisting in the creation of the claims operation you are aspiring to in the future should include questions such as:

- Are the key performance indicators (metrics) of your rehabilitation and claims functions complementary and aligned?
- Are your current rehabilitation specialists completely embedded and integrated into your claims operation?
- Is the rehabilitation 'model' utilised the most effective for your specific claims operation (e.g. should your resources be interspersed within specific teams or should they sit as a separate specialist unit, are your resources activated via a referral process or are they a core component of a multidisciplinary team from the outset of the claim)?
- Does the structure/set-up of your specialist resources encourage collaboration or does it create a silo effect?
- Are the performance indicators (metrics) of all claim functions transparent to all and openly discussed?

Key warning signs that the performance metrics of your specialist resource may be negatively impacting the teamwork and results your claims department could achieve include:

- Claims assessors using rehabilitation as a 'last resort'
- Assessors asserting that rehabilitation specialists only want to work on the 'easy' cases
- Assessors believing that by 'claiming' reserves, rehabilitation specialists are attempting to 'own' the outcome independent of other contributors

Moving forward

Any of the factors and warning signs listed here, if identified within your claims operation, signal that broader issues exist and most likely require your close attention. At its most basic level, it signifies that silos are emerging within your operation which, if not addressed, will impact your agility as a department and eventually hinder your ability to seize opportunities to improve overall efficiency and productivity.

Silos usually arise as a result of a particular function (or team) acting primarily in their own interests rather than in the best interests of the whole department. They occur quite innocently, as the team (unintentionally) tends to focus their efforts in their own area of expertise, setting their own priorities, often with limited oversight and consideration of how their actions impact other areas. Before long, silos impact teamwork, and communication across teams becomes fragmented or, at worst, non-existent. This is clearly not an ideal situation for any claims operation!

In the unfortunate event you recognise some of these characteristics in your operation, all is not lost. Primarily, your attention should be focused on the area you identified as the potential or probable cause of division between your rehabilitation and claims functions with the aim of addressing this with practical solutions.

Having worked directly with and alongside the majority of rehabilitation professionals in my 14-year history in this industry, I can attest to the fact that the Australian market is fortunate to have some of the most experienced, skilled, passionate and well-respected rehabilitation professionals in existence, none of whom mind being held accountable for the value and benefit they bring to their respective claims operations. In order to get the best from these specialists and ensure they are fully integrated within the wider claims team, however, there must be alignment with department goals, and the performance metrics used to measure their effectiveness and 'worth' must be meaningful and tailored specifically to the aspirations of your unique claims operation.

"Not finance. Not strategy. Not technology. It is teamwork that remains the ultimate competitive advantage, both because it is so powerful and so rare."

– Patrick Lencioni, 2002 ■