

Disability Management in the Age of a Pandemic

Munich Re Life US

COVID-19: Addressing and preparing for the new “normal” in disability claims management

Over the last few months the industry has been extremely focused on the COVID-19 pandemic and its effects on our industry. The disability management community has shared customer service challenges and observations about the pandemic's impact on products, particularly Short Term Disability (STD). But what about Long Term Disability (LTD) and Individual Disability? How will COVID-19 impact these lines of business? The vast majority of people infected by the disease to date are experiencing temporary illness and recovery in a short period. As of today, there is little information about the potential long-term effects of having suffered from COVID-19. Not to mention, the economic effects of the pandemic and what it may mean for disability claims incidence and elongated durations, impacted by mental health and financial factors.

In this document we will provide some considerations regarding how best to manage a few of these elements.

Munich Re's business continuity and employee safety

Early in the outbreak, Munich Re instituted policies supporting the health and safety of our employees while also keeping our clients' needs front and center. Our ability to quickly move to a work-from-home operation meant no interruption in service to our clients. Our teams in New York, Chicago and Atlanta continue to safely and effectively work remotely as the federal and state governments establish measures and timelines that ensure a safe return to the office. Please continue to connect with your usual Munich Re claims contacts via email or telephone.

Current and future challenges in disability claims management

Review your data and business needs

As the effects of COVID-19 continue to unfold, the industry has seen a downturn in the economy. Recessions typically have long-term impacts such as increased claim incidence and extended claim durations with increased anxiety and mental health issues. How can your disability claims operations prepare for this?

Key Considerations

Assess current and future claim volume and complexity. Plan staffing and technology needs accordingly.

Changes in headcount and case-loads, availability of medical consultants, dashboard metrics, and claims management platforms may all be immediate considerations for your operations preparedness for the future. Are claimants being directed to Employee Assistance Programs (EAP) or a similar resource to support their financial health, mental health, and overall wellness? And don't forget your own employees' mental health. Being a claim examiner is a challenging job that carries significant responsibility, even without the effects of COVID-19. It is important not to underestimate the burnout factor that can be prevalent in this occupation, especially with the additional stress brought on by the pandemic.

Closure or limited access to healthcare practitioners and documentation

Claimants are certainly being impacted by office closures of healthcare providers, restricted office hours, or just general cautiousness regarding being in physicians' offices during this time. Many non-urgent surgeries or procedures have been postponed indefinitely.

However, we are also seeing new efforts in virtual care by healthcare providers, as well as surprising availability of timely medical documentation in some cases. Numerous physicians have increased their communication electronically and via telephone, and many have started having video consultations with their patients. We are also seeing rehab professionals mobilize to offer remote intervention to support claimants' recovery and return-to-work preparedness. We hope that, as people become more comfortable with healthcare's risk containment efforts, claimants will seek and receive the care they need in a timely manner.

Key Considerations

Ask questions. Communicate. Get information.

Contact with the claimant and employer continue to be the claims examiner's best resource. Telephone interviews with claimants are a primary disability management tool. It is always important for claim examiners to validate information, find out more about the claimant's access to care, and do what we do best - evaluate and manage disability claims.

Now is a great time to explore using current technology to find new different ways of communicating with claimants.

Employer shut downs, layoffs, and returning to the workplace

Options for return to work are challenging in the best of times and this is exacerbated by the pandemic and the associated economic environment. Sometimes the claimant's position is no longer available, or their work is delayed - possibly indefinitely. In some cases the work itself may look drastically differently compared to when the claimant stopped working. All of these variations are still emerging. In the face of these difficult times, there needs to be a fair and balanced approach to disability management and customer service, all the while keeping contract provisions in mind.

Key Considerations

Assess disability in the absence of job availability. Alternate work or retraining options.

Be clear in your communication and, when appropriate, assist the claimant by directing them to available government benefits. Does the claimant's education, training, and experience provide them with alternate forms of employment? Have any government subsidies or retraining programs become available that would suit the claimant's needs and facilitate their re-entering the workforce? Some investigation into available, free-of-charge programs to the claimant and insurer would be an effective reference tool for your claim examiners and vocational rehab consultants.

A discussion with the employer where businesses are eligible for reopening will also help you to understand if the claimant will be called back to work or if they should be directed to an emergency response benefit. Find out under what parameters the employer is handling the return to the workplace and pay for all employees.

Approach to financials and expenses for claimants

Determination of disability, benefit reductions, and residual calculations

Is your Individual Disability claimant submitting a claim after his or her business has already shut down? Has the reported monthly loss of income suddenly increased significantly from previous months without any change in reported work hours or duties? Are there changes to hours or duties that do not appear connected to disability? Or is the claimant receiving a government emergency benefit (e.g. unemployment benefits) in addition to disability benefits? It is important to look at the circumstances of the claim to determine what factors are related specifically to disability or where circumstances impacting the claim are related to employment changes or business slowdowns due to COVID-19.

Key Considerations

Revisit the contract

Be alert to the impact on disability if the insured's business is not active. Investigate loss of income further and consider alternate means to calculate true income loss and eliminate the pandemic's market impact.

Business overhead expenses

Is your claimant's business receiving the Coronavirus Aid, Relief, and Economic Security (CARES) benefit? Do they also hold business interruption coverage? A business owner claiming for overhead expenses may be receiving similar benefits from other sources given the current state of affairs.

Key Considerations

Refresh your understanding of the contract. Review any wording related to exclusions or offsets.

Contact claimants to ask about the impact of COVID-19 on their business and any new benefits they may be receiving. If they are receiving the CARES benefit, it may provide further validation of the state of their business prior to the onset of disability.

Tax returns

Financial documentation is a key element to assessing both Individual Disability and Group Disability claims. Given the announcement of extended personal and corporate tax filing deadlines, insurers can expect delays in availability of assessed tax returns.

Key Considerations

Connect with claimants about how they are handling tax returns.

Often the self-employed claimant will provide the insurer with access to their accountant for discussion of available documentation while awaiting final returns.

Vendor considerations

Your vendors have had to adjust their business models during this time also. Along with assessing staffing and technology needs, make sure you're up to date on your vendors' current capabilities. Opportunities for interventions at the optimal moment will be even more essential in the future of disability management.

Munich Re is happy to partner with you as we navigate this continued challenging environment. Please reach out to your business development representative or our claims management team (contacts below) for assistance.

Contact us



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