



REPORT TO THE BOARD OF TRUSTEES

From: Steve Matovic

Date: February 21, 2019

Subject: Rehabilitation Report # 73 - LTD Full Board Meeting 133

EXECUTIVE SUMMARY

This report covers the period from January 1, 2018 to December 31, 2018. At the beginning of the year 613 members were in receipt of LTD benefits. This included 522 members who received payments and 91 (14.8%) members who received ancillary benefits only.

At the end of December 2018, the total claimants declined by 6% to 576 members on LTD, including 504 who received payments and 72 (12.5%) who received ancillary benefits only.

Please refer to the Appendix for tables with the number of members in each claim category by age range at December 31, 2018.

At the end of December 2018, there were 396 cases assigned to six and one half (6.5) Rehabilitation Counsellors, for a caseload average of 61. (Two of our rehabilitation counsellors were on leave for 3 months each during 2018, thus the reduction of half of a full time position).

490 members returned to work during 2018, which was an 11.9% increase compared to 438 in 2017. 424 members returned to work during the weekly indemnity period, and 66 returned to work from LTD. 469 (95.7%) members returned to work with their own employer.

Rehabilitation expenditures (unaudited) for 2018 totalled \$238,595 and were \$39,905 under budget.

The Plan's rehabilitation counsellors continue to assist members with applications and appeals for the Canada Pension Plan (CPP) Disability Benefit. Over the period January 1, 2018 to December 31, 2018, they have successfully assisted with and appealed six (6) Canada Pension Plan Disability claims for an estimated total offset of \$420,960.

More detailed information follows in the body of the report.

NEW LTD CLAIMS APPROVED

From January 1, 2018 to December 31, 2018, the Plan approved 138 new LTD claims, an increase of 2.2% from the 135 new LTD claims approved in 2017.

CASELOADS

In 2018, there were a total of 730 new referrals to rehabilitation services (STD* and LTD). This is an 8.1% increase compared to the total of 675 referrals in 2017.

At the end of December 2018, there were 396 cases assigned to six and one half (6.5) Rehabilitation Counsellors, for a caseload average of 61. (Two of our rehabilitation counsellors were on leave for 3 months each during 2018, thus the reduction of half of a full time position). This compares to a total of 407 cases and a caseload average of 58 at the end of 2017.

197 of the 396 rehabilitation cases assigned at December 31, 2018 were for members referred for early rehabilitation services during the weekly indemnity period. So 49.7% of the average rehabilitation caseload was comprised of members on weekly indemnity claims.

*Note: in this report STD is an abbreviation for “short term disability” which is synonymous with weekly indemnity.

RETURN TO WORK OUTCOMES

490 members returned to work during 2018, an 11.9% increase from 438 in 2017. 431 members returned to the same occupation and 38 to a modified or different job with their employer; so 469 (95.7%) returned to the same employer in the forest industry. Eight members found work with a different employer in the forest industry, and 11 members found jobs outside of the forest industry. Two members retrained during LTD and are working in new jobs outside of the forest industry.

Of the 490 members who returned to work, 424 were early STD cases and 66 were LTD cases.

411 (96.9%) of the 424 STD claimants returned to work with the same employer; 382 to the same occupation and 29 to modified or alternate work. Six members found work with a new employer in the forest industry, and seven members found new employment outside of the forest industry.

58 (87.9%) of the 66 LTD claimants returned to work with the same employer; 49 in the same occupation and nine in a modified or alternate occupation. Two members found work with new employers in the forest industry. Four members found work in new jobs outside of the forest industry. Two members retrained during LTD and are working outside of the forest industry.

Overall, out of a total of 509 members who were on STD or LTD and fit to return to work, 490 (96.3%) successfully returned to work. 14 cases involved members where a return to work was expected or pending at the time of case closure. Five cases involved members who received retraining during LTD but were not working at closure of their claim.

42 rehabilitation cases were closed for reasons other than a return to work or fitness to return to work. Five (11.9%) transitioned from STD to a WCB claim, and three (7.1%) transitioned from LTD to WCB. One (2.4%) who had received an ICBC settlement that totally offset their LTD payment decided to come off LTD to work in employment outside of the forest industry. Nine (21.4%) were closed as inactive/non-compliant with rehabilitation during the STD period (six of these cases later returned to work in the forest industry). 19 (45.3%) cases (17 STD & 2 LTD) were closed due to an inability to locate the members (five of these members later returned to work in the forest industry, four had resigned from employment, one was terminated as AWOL, one has submitted an application for LTD that is pending review, and one member discontinued contact with the plan when his commitment agreement ended). Five (11.9%) cases closed due to termination of LTD (three cases for LTD ending at age 60, one member was no longer disabled and later returned to work in the forest industry, and one member missed an independent medical examination appointment).

There were 28 rehabilitation case closures for members who retired in 2017. This compares to 20 retirements in 2017.

REHABILITATION EXPENSES

Rehabilitation expenditures (unaudited figures) for 2018 totalled \$238,595 and were \$39,905 under budget. The largest segment of rehabilitation expenditures was applied to the funding of physical conditioning, physical activation and assessment services to prepare members for return to work (\$134,542). The other main expenses were the sponsorship of vocational assessments, education and training programs to help members secure work in alternate occupations (\$61,968); costs of travel and accommodation to help members to access services (\$20,638), and psychological/clinical counselling services (\$15,203).

CPP DISABILITY BENEFIT: APPLICATIONS, RECONSIDERATIONS & APPEALS

Rehabilitation counselors from the Plan continue to work in cooperation with the medical adjudicators from FIDAS to identify members who require assistance to apply or appeal for the CPP Disability Benefit.

Over the period January 1, 2018 to December 31, 2018, they have successfully assisted with three claims at the initial application and appealed three Canada Pension Plan Disability claims at the reconsideration stage for an estimated total offset of \$420,960. During this period one additional appeal has been submitted to the Social Security Tribunal.

PERCENTAGES OF 01 & 03 CATEGORY CLAIMS WITH THE CPP DISABILITY BENEFIT

275 (81.8%) of the 336 members in the 01 claim category; and 23 (10.7%) of the 215 members in the 03 claim category had qualified for the CPP Disability Benefit as at December 31, 2018.

Some members will not qualify for the CPP Disability Benefit because they have insufficient contributions to CPP within the timeframe required to support eligibility, some do not meet the

Canada Pension Plan's definition of disability, and others have exhausted the opportunity for any further appeal.

REHABILITATION COUNSELLORS – SUCCESSION, COVERAGE & ADJUSTMENTS FOR EVERGREEN CASES

The rehabilitation team was challenged in 2018 to provide coverage for two rehabilitation counsellors on medical leave for three months each. This is in addition to the usual coverage required for vacations or scheduled absences. One rehabilitation counsellor remains on medical leave since late-September 2018 with coverage for cases shared between three of the counsellors. Six rehabilitation counsellors are currently in service.

Gordon Philip, senior rehabilitation counsellor, has confirmed his plan to retire on June 30, 2019. Gordon has been with the plan since June 2001 and he will complete 18 years of highly valued service as the specialist for CPP disability cases in addition to covering a rehabilitation caseload, most recently in the southern interior and Cariboo regions.

Two counsellors received training from Gordon to assist members with CPP Disability Benefit applications and appeals, but one of those counsellors is on leave. Gordon and Angeline Donald with help from the director are providing members with assistance for CPP disability matters.

Succession planning will involve considerations for the ongoing provision of quality rehabilitation services for members at sustainable caseloads, and assistance to members with CPP Disability Benefit applications and appeals.

The actuarial expectation is for the total number of LTD claims to continue to decline from 576 claims at the end of 2018 to just over 300 claims within ten years. The cluster of workers aged 50 to 59 driving the anticipated steady reduction in LTD claims are not typically the focus of rehabilitation efforts. The work demands on the rehabilitation team have not declined in step with the decrease in LTD claims. The number of new LTD claims has remained relatively stable at just over 100 per year. The number of referrals to Evergreen for early intervention has remained strong as reflected in the average caseloads that have held steady in the range of 54 to 61 cases. 2018 was a busy period with 730 rehabilitation cases opened, and 734 closed (437 of these closures were for early intervention cases). Rehabilitation services continue to serve the interests of the plan's beneficiaries by helping members to return to work prior to LTD and by shortening the duration of LTD claims. It will be necessary to replace the retiring rehabilitation counsellor to sustain the current level of service for the plan. The director's recommendation is to target the hire of a new rehabilitation counsellor by early May to allow for a smooth transition in anticipation of Gordon's retirement.

The early intervention services from the Evergreen Rehabilitation Management Society (Evergreen) have been available over the past four years with no age limit to members covered by the four contracted health and welfare plans. This has provided support for some older workers to recover and stay employed in the forest industry, but many of the members referred later in life are not candidates for recovery to return to work. The potential savings to the LTD Plan of early rehabilitation for older workers are marginal given that LTD benefits normally conclude at age 60 or in the exceptional cases of

Return to Own Job Employees for up to a 12 month period of benefits between age 60 and 65. Currently the recovery of rehabilitation costs by the Evergreen during weeks 14 to 26 of each STD claim is conditional on these members' return to work or claim closure prior to the 26 week maximum. It is recommended that the fee schedules be changed in the Evergreen service agreements with the four health and welfare plans so that all of the early rehabilitation costs for workers aged 60 and over are recovered.

A further consideration to improve the effectiveness of Evergreen's rehabilitation services would be to require that all claims referred to Evergreen have been approved for STD benefits. To date Evergreen has accepted rehabilitation referrals for members with pending STD claims. Member's STD claims may be held pending due to various reasons such as outstanding medical reports, late applications, or labour relations issues. Members with pending claims are not being paid and may not be amenable to engage in early rehabilitation services on a voluntary basis since their focus is on the approval of their claim. Members referred to Evergreen with pending claims will often ask the rehabilitation counsellors to assist with their claim for STD benefits which is a role better served by union representatives. It is recommended that Evergreen change the referral criteria so that only members who have been approved for STD benefits are referred for early rehabilitation services.

APPENDIX

AGE DISTRIBUTIONS FOR LTD CLAIM CATEGORIES - DECEMBER 31, 2018

Of the 576 members receiving LTD benefits at year-end, 336 (58.3%) were in Category "01" (permanent total disability); 215 (37.3%) were in Category "03" (temporary disability), and 25 (4.4%) were in Categories "02" (commitment agreement in place) or "02A" (rehabilitation assessment and planning).

CATEGORY 01			CATEGORY 02		
Age	Count	%	Age	Count	%
21 - 30	1	0.3%	21 - 30	3	21.4 %
31 - 40	6	1.8%	31 - 40	6	42.9 %
41 - 50	40	11.9%	41 - 50	4	28.6%
51 - 54	74	22.0 %	51 - 54	1	7.1%
55-59	215	64.0%	55-59	0	0%
AVG: 55	Total: 336	100%	AVG: 39	Total: 14	100%

CATEGORY 02A			CATEGORY 03		
Age	Count	%	Age	Count	%
21 - 30	4	36.3%	21 - 30	5	2.3%
31 - 40	2	18.2%	31 - 40	30	14.0 %
41 - 50	1	9.1%	41 - 50	54	25.0%
51 - 54	2	18.2%	51 - 54	38	17.7%
55-59	2	18.2%	55-59	84	39.1%
>60	0	0%	>60	4	1.9%
AVG: 40	Total: 11	100%	AVG: 50	Total: 215	100%