



Achieve Significant Savings in Your Self-Insured Long-Term Disability Program by Providing Expert Assistance to Employees Who Are Eligible for SSDI Benefits

By **Jennie Gailey, Esq.**,
Vice President of
Social Security Services,
Genex Services

Many employers utilize self-insured programs to offer long-term disability (LTD) coverage to employees. Since these companies take on the financial risk of these policies, it's important for them to know and remember that LTD policies generally contain provisions to offset coverage, dollar for dollar, with benefits that employees may receive from Social Security Disability Insurance (SSDI).

Many LTD policies state that claimants must pursue SSDI if they're entitled to this benefit. Such offset provisions enable self-insured employers to offer LTD coverage to employees at affordable rates. Otherwise, policies could be prohibitively expensive for both employers and employees. Reaping potential offset savings, however, depends on programs being able to successfully identify SSDI-eligible candidates and providing assistance with this complex application process.

Applying for SSDI benefits is complex. Employers can simplify the process for employees by making a quality Social Security vendor available to those who are likely to qualify.

Assistance in Navigating Social Security

Today, applying for SSDI benefits has become increasingly more complex. The Social Security Administration (SSA) continually modifies its procedural requirements. It's extremely difficult for employees to apply, let alone navigate the process or achieve a successful award outcome on their own. Due to funding and staffing issues at the SSA, it's virtually impossible for claimants to reach the right representatives when they have questions or concerns.

Employers can help simplify the process for their employees by making a quality Social Security vendor available to those who are likely to qualify. A Social Security vendor that is specialized in this niche has a high-level of expertise in the process. This expertise enables the vendor to achieve a high initial award rate — nearly twice as high as the national average.

A quality Social Security vendor also keeps up with all of the procedural changes and ensures protocols are carefully followed — which contributes to award success. The vendor provides eligible employees with legal assistance and representation throughout the SSDI application process, and their services includes support for filing initial applications, reconsiderations, representation during hearings, appeals to the Appeals Counsel and education of claimants each step of the way.

Having representation from a well-established vendor offers many advantages. The vendor will be intimately familiar with the process and have connections within the SSA. It will know when something has gone awry because it understands how long it takes an application to move from one office to the next. When delays occur, it has ready-made contacts within the SSA and can resolve issues quickly to keep the process moving forward.

Employers should take the reins and ensure their claims administration team is using a Social Security vendor with extensive expertise, a track record of success, and a commitment to providing an outstanding customer experience.

Selecting a Quality Social Security Vendor

Many self-insured employers use third-party administrators (TPAs) to manage their LTD claims, but TPAs don't offer a Social Security program themselves. Instead, they outsource this function to other vendors. When this occurs, employers often have little to no transparency or accountability over the performance of these Social Security vendors.

Employers should take the reins and ensure their claims administration team is using a vendor with extensive expertise, a track record of success, and a commitment to providing an outstanding customer experience. Otherwise, the SSDI process might become time-consuming and overwhelming for the employer's disability management staff, as well as for the employees who are already struggling to deal with impairment and treatment.

By taking control of vendor selection, employers can ensure their employees will have the assistance they need to secure the federal benefits to which they're entitled, and at the same time, employers would be saving significant costs for their self-insured LTD programs.

Qualifying for SSDI

A Social Security vendor will know all the requirements and ensure the right information is provided so a fair and accurate determination is made. SSDI pays benefits to people who cannot work due to a medical or mental health condition. It is funded through FICA Social Security payroll taxes that workers pay, and it's considered a form of insurance earned by accumulating enough work credits throughout a person's working life.

To qualify for SSDI benefits, a person must be under full retirement age and have a qualifying severe impairment as designated by the SSA. Once it's determined that a person meets the work requirements to be eligible, the severity of the impairment is assessed. Social Security bases disability on a person's inability to work. Individuals fit the definition if they:

- Cannot do the work they once did.
- Cannot adjust to other forms of work because of this medical or mental condition.
- Have an impairment that has lasted or is expected to last for at least one year.

Employee Education on Additional SSDI Benefits

The employer's self-insured LTD program pays for the SSDI application service, so it's completely free to employees. However, for a variety of reasons, employees often do not want to apply for SSDI. In these situations, the Social Security vendor provides valuable education, helping them to understand the plethora of benefits available under SSDI.

Although an employee may not obtain additional income on a monthly basis, other benefits do make it worthwhile. See box on the next page, "Extensive SSDI Benefits for Employees."

Employees find that the vendor's education is so helpful that they want to move forward and apply for SSDI. It's often a no-brainer since SSDI provides such comprehensive, long-term value, and employers are providing a complimentary, expert service to assist them with the application process.

Extensive SSDI Benefits for Employees

No Durational Limits

Most LTD policies have specific durational limits for certain types of impairments. An employee may have a mental health issue or a condition with self-reported symptoms, such as headaches or back problems that have no identifiable physical cause. In these situations, LTD benefits are subject to a 24-month durational limit, so coverage would be terminated after 24 months. Meanwhile, SSDI does not have this type of durational limit, so an employee who suffers from depression could be awarded SSDI benefits for an indefinite period.

Return-to-Work Programs

Other employees may not want to apply as they feel they'll be able to return to work the following year. The Social Security vendor would explain that SSDI is not a permanent benefit. In fact, if employees recover and want to go back to work, SSDI offers a return-to-work program with unique features, such as an "unsuccessful work attempt" and "trial work period" — both of which provide a safety net to employees who may want to return but perhaps in doing so find their impairment is still holding them back. The safety net enables them to return to SSDI benefits, if needed, without starting over in the application process.

Disability Freeze

This relates to Social Security retirement benefits. If an employee is 40 years old and is out on disability until retirement but doesn't apply for SSDI, the SSA would add zeros into the person's earning record from the point when they're out until they reach full retirement age. By then, the person may not have accumulated enough credits to qualify for retirement benefits. However, if that same employee, who is 40, is out on disability and obtains SSDI benefits, the SSA would place a disability freeze on the individual's earning record. This is a huge advantage, which helps to safeguard retirement benefits.

Healthcare Coverage

This is yet another SSDI benefit. With LTD coverage, employers typically terminate coverage after a year. Two years after SSDI entitlement, beneficiaries become Medicare eligible.

A sophisticated SSDI vendor will leverage iterative machine learning to identify likely beneficiaries.

Use a vendor with a high initial award rate to avoid a prolonged SSDI process.

Leveraging “Smart” Systems to Identify SSDI Beneficiaries

It can be difficult to identify the LTD claimants who would qualify for SSDI benefits. These days, all vendors use technology to help them in this process. However, many are still using old analytic models, which may be making predictions based on an algorithm written 10 years ago.

A sophisticated vendor will leverage the most cutting-edge technology in the form of iterative machine learning to help identify claimants who are most likely to be eligible. Iterative machine learning is precise and accurate because it’s able to use new data to retrain the analytic model on an ongoing basis. As a result, it can predict claimants who would qualify based on the most current trends. For example, if there’s a change in how California hearings are being awarded, and new judges rule in different ways, the model would account for those changes and predict accordingly.

An advanced vendor would use iterative machine learning to not only identify those who might be approved for SSDI, but also to predict other factors that assist with the self-insured’s financial planning. Oftentimes, employers won’t have an analytics team capable of making predictions in relation to their LTD programs. For example, a self-insured employer might have 1,000 LTD cases and want to know when it can anticipate offsets being put in place. A vendor with iterative machine learning can forecast these figures and more. The vendor could anticipate what the potential awards would be, what level in the process cases will reach, how long the award processes will take, and how much retroactive benefits will be.

Avoiding Reconsiderations & Hearings

Today, the SSDI process is becoming increasingly prolonged. As such, it’s important to use a vendor with a high initial award rate. It takes only three to six months to obtain an initial award decision. If the application gets denied, it goes through a longer, more convoluted process. Some states have a reconsideration process; some don’t. The average national award rate at reconsideration is very low. So, most likely, the application will be denied at reconsideration, and the vendor will have to file a request for hearing.

A quality SSDI vendor will educate claimants to assure successful collection of overpayments.

Hearing wait times have become a major issue. Previously, it took 12 months from the time a request was filed to the actual hearing date. These days, it can take 16 to 24 months.

However, if the vendor obtains an initial award, there's no need to file for a hearing. Employers should look for a vendor with strong capabilities in terms of early intervention, so it can get claimants awarded at the first level, avoiding reconsiderations and hearings whenever possible.

Recovering Overpayments

Once an SSDI application is filed, it can often take up to six years for claimants to be awarded their benefits. Once this occurs, claimants begin to receive monthly SSDI benefits going forward, but they may also receive a lump sum retroactive benefit. In some cases, the lump sum could be as high as \$100,000 if the claimant has been waiting for several years. However, these funds are typically owed back to the self-insured LTD program, which in the interim has been overpaying their share of disability benefits.

Recovering these overpayments is a huge challenge for self-insured LTD programs, and it's another area where a quality Social Security vendor can help. It will typically educate claimants about the offset provision and what it means in relation to their SSDI benefit award from the onset, as well as throughout the process, so by the time claimants receive their SSDI benefits, they understand that the lump sum payment is not theirs to keep.

Education is vital to ensuring successful collection. The claims administrator may handle the collection part on their own, but a vendor will often offer collection services as well.

Monitoring for Credits for Additional Earnings

When a claimant receives an initial award, the SSA often does not have the last year of earnings information for the claimant. Most of the time, people earn more as they progress year to year in their careers. Once the SSA obtains the latest earnings information, it will recalculate the benefit amount. If claimants have higher incomes, the benefit goes up, but it can take a full year for the recalculation to occur. At that point, the SSA will issue a credit for additional earnings.

Tracking credits is difficult. Claimants aren't aware that they need to inform the LTD program of such changes. But, the Social Security vendor can track credits. Ideally, the vendor will be part of the SSA's third-party requester pilot. With this program, it obtains benefit verifications and changes directly from the SSA, which helps it to identify credits, so it can perform the recalculation and ensure the right offset amounts are in place. Perhaps a credit is only \$10 a month, but self-insured employers appreciate these recalculations. When they're applied across a large number of claimants over many years, it can add up to significant savings.

Genex offers a high-level of expertise in applying for SSDI — and consequently a higher likelihood of being awarded. It also provides a “gold standard” in customer experience.

Leveraging a Gold Standard

Employers choose to self-insure their LTD program to exert more control over costs and risks. One area where they can shore up significant LTD costs is by optimizing their offset provisions, especially in relation to SSDI benefits. The first step is to ensure their claims administration team is leveraging a high quality Social Security vendor — like Genex Services.

Genex offers employees who are out on LTD a high-level of expertise in applying for SSDI — and consequently a higher likelihood of being awarded these benefits. Genex also provides a “gold standard” in customer experience. This includes education on SSDI's benefits, which often makes the value so clear to employees that they want to move forward and apply.

Genex uses machine learning to identify employees most likely to be eligible for SSDI benefits. Its experts have familiarity with the inner workings of the SSA to help employees navigate complex procedural requirements. The company achieves a high initial award rate and avoids reconsiderations and hearings, whenever possible. If applications must reach those stages of the process, Genex has the expertise to ensure optimal results. Finally, the company helps to educate employees on the offset provision, which enables successful collection of any overpayments — ensuring the employer can capture and maximize savings.

About the Author

Jennie Gailey, Esq., vice president of Social Security Services at Genex Services, oversees the operation and delivery of this program to insurers, employers and employees. With nearly 15 years of experience as an attorney in this space, she manages an expert team, which provides long-term disability claimants with representation throughout the entire Social Security Disability Insurance (SSDI) application process. Her team ensures a high initial award rate, excellent customer service and successful collection of overpayments.

About Genex Services, LLC

Genex's Disability and Absence Management Services (www.genexservices.com/disability) is a national provider of managed care and vocational services to the disability and leave management industry. Genex serves the top underwriters of disability insurance, third-party administrators and a significant number of Fortune 500 employers. The company's specialized disability expertise helps mitigate the challenges of compliance, high disability costs, lack of resources, and legal expenses. Our in-house disability experts provide comprehensive services throughout disability, FMLA, and ADAAA environments, including medical evaluations and clinical reviews, vocational expertise, ADAAA accommodation reviews, and Social Security Services. Genex's integrated Absence Management Services help administrators and employers achieve better FMLA and ADAAA outcomes and enable faster and sustained return to work.



Genex Services
440 East Swedesford Road > Wayne, PA 19087
888.GO.GENEX > genexservices.com