

Disability rising

At \$16 billion a year, disability is a frightening reality for employers. And disability management providers want to meet their needs.

By Anna Sharratt



MOST CANADIANS GRUMBLE ABOUT THE SLOW MEDICAL wait times in Canada. They complain it takes months to get a referral, see a specialist or receive an appointment for a diagnostic test. But Peter Berton, president of Meditours, a newly launched medical brokerage firm in Barrie, Ont. only sees opportunity in Canada's beleaguered medical system. Heading a company which gets employees back to work sooner through access to U.S. health providers, he's hoping to cash in like the many disability management companies springing up across the country.

"We've taken a look at the benefits industry and uncovered this need," he says. "We're helping Canadians access healthcare in a timely manner

when they can't get it in Canada."

Disability management has become an all-consuming concern for benefits plan sponsors. Whether it's the sudden recognition of mental health issues or the rapid rise of short-term and long-term disability (LTD) costs, employers are scrambling to find ways to tackle the issue. "We've seen a real increase in the number of [disability] claims," says Blair Richards, chief executive officer for Halifax Port ILA/HEA. "The environment is not conducive to managing them."

According to Berton, disability costs now amount to 8% to 10% of payroll for most firms. The Conference Board of Canada puts the cost of disability per employee per day at \$300. That doesn't include loss of productivity, overtime pay for healthy workers, dissatisfied customers, replacement staff, and low morale.

Other than the challenge of maintaining a healthy workplace, sponsors are finding that a lack of access to healthcare significantly lengthens treatment time. "The whole concept behind disability management and return-to-work is to shorten disability times," says Berton. "But if you can't access healthcare...how's it going to work?"

Meditours, for one, has agreements with clinics in Amherst, NY, where Canadian employees can be treated almost immediately—at the employer's

expense. The company plans to operate on two levels. One is to charge on a case-by-case basis; the other is to act as an enhancement of an existing insurer-offered benefits program, with an additional premium charged for each employee.

COST BENEFIT

Though disability is top-of-mind for plan sponsors, disability management programs such as Berton's are still a tough sell. To begin with, many employers are in the reactive stage of the disability management process. Many simply don't know where to start—whether to change their office culture or treat those employees who are disabled. "We're just dealing with them as one-offs as they come up," says Richards. He adds that in environment like his, where staff are largely casual workers, dealing with the issue is a tough proposition.

But Berton says the numbers can be a convincing factor, and an initial outlay of cash for access to medical care can save a lot of money in the long run. "They may not buy into a program where they're paying premiums every month, because then there's a risk. But if it comes on a case-by-case basis, where [they] can see it's going to cost \$100,000 [to deal with an employee on LTD], it makes sense to invest \$20,000."

That type of thinking certainly has sponsors' interests piqued. And it has spawned the entry of new firms into the market. Montreal-based Medisys, a healthcare solutions firm, has moved actively into the disability management field, offering independent medical evaluations, as well as executive health services.

North York Ont.-based ATF Oncidium is another new player in the disability management field and offers claims adjudication services and disability programs. On board as well are EAP providers such as FGI and Warren Shepell, who have expanded their disability offerings.

The question now is whether employers are ready to sign up. "I hope there's a place for them in the market," says Richards.

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