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# Vocational rehabilitation: **an effective, cost-efficient solution to help employees back to work**

Fifth in a series

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In a series of white papers beginning in August 2014, Aetna has been exploring many of the issues surrounding disability. This process has led us to the conclusion that many people who qualify for disability under their employers' disability policies continue to have functional work capabilities. In our view, we are doing both those individuals and their employers a disservice by relegating them to the status of disability recipients, instead of helping them regain the dignity and self-worth associated with productive employment.

As a consequence of this exploration, we have essentially redefined the mission and role of disability insurance, from one of issuing checks to one of assisting individuals who have disabilities to rejoin society as full participants and contributors. One of the most useful tools available to assist persons who are disabled on this journey is vocational rehabilitation. This paper examines the vocational rehabilitation process, its success statistics and financial benefits.



Economists and psychologists have long known that humans are poor statisticians.<sup>1</sup> We will routinely buy lottery tickets where the odds are staggeringly against us, in the tens or hundreds of millions to one, with the simple rationale that “somebody” is going to win. And yet often we will turn down an absolute sure thing. What if we were to offer you \$8.90 for every dollar you give us, would you take it? Would you take \$11 in exchange for every dollar you give us? You would probably think this is a scam, right? And in fact, many businesses given this option will decline the opportunity.

But those numbers are real. They reflect the possible returns on investment when adding vocational rehabilitation services to a disability program, to help people with disabilities maximize their usefulness. Every dollar invested in helping a person with a disability get back to work pays off in multiples. This is proven. We’ll get more into the numbers later in this paper. But first, we’ll look at what vocational rehabilitation involves.

### Basic concepts and tools

There are many definitions for rehabilitation and vocational rehabilitation. Put simply, rehabilitation generally relates to restoration of functionality in people following injuries or illnesses. Vocational rehabilitation is whatever helps someone with a health problem stay at, return to and remain at work. Vocational rehabilitation is directed to, and has the primary goal of, improving capability for work, and translating that into actually working.<sup>2</sup>

**Vocational rehabilitation is multidisciplinary.** It has to be. To help someone who has a disability get back on their feet and find a suitable training program or job, the vocational rehabilitation counselor needs to:

- Understand the physical limitations and expected recovery process from the disabling condition
- Understand the psychological ramifications of the disabling condition (depression because of new limitations, fear of reinjury, etc.), and have appropriate counseling skills to assist people with the psychological baggage
- Understand the impact of the disabling condition on the disabled person’s social environment and support systems, and how to access alternative support systems if necessary
- Be sufficiently oriented to the local economy to have a sense of which local industries are growing and which are disappearing, as well as which employers are open to hiring disabled persons
- Be sufficiently aware of federal, state and local legislation and regulations to be able to access legal and financial assistance for individuals if necessary or advisable
- Have sufficient knowledge of college and applied training programs to be able to advise individuals intelligently on their options
- Understand abilities and aptitude test scores from tests that are often administered to people looking to reinvent themselves

<sup>1</sup>Kahneman, Daniel. Thinking, Fast and Slow. New York: Farrar, Strauss, & Giroux, 2011.

<sup>2</sup>Waddell G, Burton A, Kendall N. Vocational rehabilitation: What works, for whom, and when? Report for the Vocational Rehabilitation Task Group. TSO, London. 2008. Available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209474/hwwb-vocational-rehabilitation.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209474/hwwb-vocational-rehabilitation.pdf). Accessed March 27, 2015.

In the U.S., rehabilitation counselors must have a minimum of a master's degree, and then meet additional certification criteria. Most counselors undergo certified rehabilitation counselor (CRC) certification through the Commission on Rehabilitation Counselor Certification, which requires both completion of an acceptable internship and passing of a comprehensive exam. But in keeping with the multidisciplinary nature of the field, others may be accredited as a certified case manager (CCM) or a certified disability management specialist (CDMS), which have similar criteria. At Aetna, all our vocational rehabilitation counselors must have one of these certifications as a condition of employment.

The vocational rehabilitation process typically follows a kind of road map. The counselor must first learn about the individual who has a disability — their strengths, vocational interests and specific job skills. Often this can be done by reviewing vocational, educational and personal histories, but sometimes aptitude and other tests may be administered to get a fuller picture.

Once the counselor has a sense of the lay of the land (i.e. the person's starting point, current state and desired end), then they work with the individual to develop a goal and a plan to achieve that goal. The counselor then identifies the various steps in implementing the plan and sets appropriate time lines for each step.

The participation of the individual who is disabled is essential every step of the way. Vocational rehabilitation is not something that happens to the recipient of the services. It's a process that allows such individuals to create their own futures, with professional assistance.

Depending on the goal and the road map, specific vocational rehabilitation tools and processes may be used as the person progresses. These might include job search skills training (how to identify suitable jobs in the local area); performing actual job searches; on-the-job training in a temporary placement, or formal skills training; and job readiness skills training (how to apply, how to present oneself, how to navigate interviews, etc.).

In some cases, the process will be fairly straightforward and short. For example, if the employer is willing to take the disabled employee back, the vocational counselor may simply need to identify modifications that will allow him or her to do the job. If the employee needs to train for a new job, however, the process may be quite a bit longer. With some disabling conditions and where retraining is involved, the process can last more than a year before reaching a successful final placement. Achieving a successful final placement is how "success" is defined.

There is a lot of information on who is likely to benefit from vocational rehabilitation. Factors such as age, education, whether involvement in vocational rehab is mandatory or elective, time since onset of disability, and attorney involvement, have all been shown to correlate with successful placements.<sup>3</sup> A young, well-educated, motivated person who was injured recently and is not involved in litigation would have a very high chance of success. However, as we know, everybody is different. And factors such as the person's perception of their ability to succeed<sup>4</sup> and fears associated with return to work<sup>5</sup> have also been shown to impact success.

**To best assist the individual who is disabled, the vocational rehabilitation counselor needs to be both aware of the research literature and to be attentive to the person's unique set of skills, personality, attitudes, motivation and general attributes. Success is accomplished one person at a time.**

<sup>3</sup>Blackwell T, Leierer S, Haupt S, Kampitsis A. Predictors of vocational rehabilitation return-to-work outcomes in workers' compensation. *Rehabilitation Counseling Bulletin*. 2003; 46: 108-114.

<sup>4</sup>Braathen T, Veiersted K, Heggenes J. Improved work ability and return to work following vocational multidisciplinary rehabilitation of subjects on long-term sick leave. *J Rehabilitation Medicine*. 2007; 39: 493-499.

<sup>5</sup>Øyeflaten I, San C, Hysing M, Eriksen H. Prognostic factors associated with return to work following multidisciplinary vocational rehabilitation. *J Rehabilitation Medicine*. 2008; 40: 548-554.

## Does vocational rehabilitation really work?

In a very widely cited, comprehensive review, Waddell et al.<sup>2</sup> reviewed 450 studies on the scientific effectiveness of vocational rehabilitation. The review considered the effectiveness of vocational rehabilitation separately for different types of diagnoses. Among their conclusions with respect to the effectiveness of vocational rehabilitation services for musculoskeletal conditions, which are the most common diagnoses in disability and workers' compensation claims in the U.S.:

- There are good epidemiological and clinical reasons and widespread acceptance throughout the literature that early return-to-work and stay-at-work approaches are appropriate and beneficial for most people with most musculoskeletal disorders.
- There is strong evidence that occupational outcomes for people with most musculoskeletal disorders are improved by increasing activity, including early return to some work.
- There is moderate evidence (and wide consensus) that vocational rehabilitation entails a number of elements, which must take account of the individual, their health condition and work. Additionally, involvement of the workplace is crucial.
- There is strong evidence that temporarily modified work (transitional work arrangements), can facilitate early return to work.
- There is strong evidence that commitment and coordinated action from all the players is crucial for successful vocational rehabilitation. Especially important is communication between health care professionals, employers and workers, which should be initiated at an early stage of absence.

With regards to other conditions, the authors concluded that, here also, in most cases there is clear and compelling evidence that staying at or returning to work should be part of the rehabilitation program. However, they noted that in general, the emphasis has been weighed much more heavily on medical rehabilitation rather than on vocational rehabilitation. With that emphasis, it's easy to see why some people may have been shortchanged by our various disability systems.

## To succeed — employer buy-in is absolutely essential

There is a trump card in every vocational rehabilitation counselor's deck. A trump card almost guarantees success every time. That trump card is the employer's cooperation.

The extensive literature review by Waddell and colleagues could not make the point any more strongly<sup>2</sup>:

- There is strong evidence that the return-to-work process and vocational rehabilitation interventions are more effective if they are closely linked to, or located in, the workplace.
- Vocational rehabilitation can't be considered in isolation, but must be integrated into company policies for health and safety, occupational health, sickness absence management and disability management.
- There is strong evidence that temporary provision of modified work reduces duration of sickness absence and increases return-to-work rates. It is often low-cost, and can be cost-effective.

Indeed, the research literature on vocational rehabilitation provides strong support for the notion that when employers show their employees that they care about them, employees respond in kind. Studies show that employees who trust their employers are much more likely to return to work.<sup>6,7</sup> In a large study involving 1,836 injury claims, satisfaction with the employer actually trumped satisfaction with the treating physician in terms of predicting return to work over the long term.<sup>8</sup>

**The message is clear:** Workers who are happy with their employers want to get back to work. Those employers who help them get back to work make the vocational rehabilitation counselor's work easy. The vocational rehabilitation challenge then becomes one of finding suitable accommodations. Most typically through ergonomic adjustments or devices — by modifying work schedules or moving the disabled individual to a more suitable job. A review of the impact of employers' willingness to accommodate concluded that injured employees who are offered modified work, return to work about twice as often as those who are not. Similarly, modified work programs cut the number of lost work days in half.<sup>9</sup>

<sup>6</sup>Coventry White Paper. Trust and Belief: Critical Elements in Recovery from Injuries and Disability. January 2015. Available at: [www.coventrywcs.com/web/groups/public/@cvty\\_workerscomp\\_coventrywcs/documents/newsletter/c137701.pdf](http://www.coventrywcs.com/web/groups/public/@cvty_workerscomp_coventrywcs/documents/newsletter/c137701.pdf). Accessed June 11, 2015.

<sup>7</sup>Thomas A, Robinson JD. WCRI identifies trust in the workplace as a "key" predictor of outcomes important to injured workers. LexisNexis Workers Compensation eNewsletter. Available at: [www.lexisnexis.com/legalnewsroom/workers-compensation/b/recent-cases-news-trends-developments/archive/2014/07/06/wcri-identifies-trust-in-the-workplace-as-a-key-predictor-of-outcomes-important-to-injured-workers.aspx](http://www.lexisnexis.com/legalnewsroom/workers-compensation/b/recent-cases-news-trends-developments/archive/2014/07/06/wcri-identifies-trust-in-the-workplace-as-a-key-predictor-of-outcomes-important-to-injured-workers.aspx). Accessed March 27, 2015.

<sup>8</sup>Butler R, Johnson W. Loss reduction through worker satisfaction: The case of workers' compensation. Risk Management and Insurance Review. 2011; 14: 1-26.

<sup>9</sup>Krause N, Dasinger L, Newhauser F. Modified work and return to work: A review of the literature. J Occupational Rehabilitation. 1998; 8: 113-139.

A willingness to accommodate often translates into an employer developing a formal return-to-work program. A recent RAND Corporation study of 33 large employers in California found that employees in firms with return-to-work programs return to work an average of 15 weeks sooner than employees who don't work in firms with such programs (median of 3 – 4).<sup>10</sup>

Our experience at Aetna has been consistent with the RAND study outcomes. We recently completed an internal comparison of three employers in similar industries, with similar patterns of disabling injuries. The employer with a more accommodating philosophy enjoyed much better return-to-work statistics, much lower rates of migration from short-term to long-term disability, and much better success from vocational rehabilitation efforts when vocational rehabilitation services were requested.<sup>11</sup>

### Is vocational rehabilitation a good investment?

While we may wish it were not always so, the reality is that businesses have to be accountable to the bottom line. The business cemetery is filled with well-intentioned, well-designed and well-run programs that simply could not prove themselves in an environment that evaluates everything in terms of the return on investment (ROI). Historically, social programs run by the states were not subject to the same rules. But even that has begun to change and some states have published their ROIs for vocational rehabilitation, although not consistently. Let's look at some sample ROIs from state vocational rehabilitation programs, and then we will share our Aetna experience.

From a state perspective, ROI can be most simply evaluated in terms of the direct costs associated with a vocational rehabilitation program for disabled citizens (the investment), compared with the wages earned when those individuals move into paying jobs as a result of the program (the return on that investment). An even more accurate ROI description will factor into the "return" part of the equation, the taxes paid back to the state by those individuals once they start working, as well as the savings from Social Security and other disability payments.

From there, the equation has the potential to become much more complicated, such as how many years of income should be used. One? Three? Five? Lifetime earnings and savings? And once that's done, the next things to consider are economic assumptions. In addition, some states often cover a full range of disabilities, including intellectual or congenital conditions that wouldn't normally be covered by insurance companies and which aren't covered by other states. This leads to apples and oranges comparisons.<sup>12</sup> Consequently, every state ends up developing its own sets of calculations, which means the numbers are not easily translatable from one state to another. So, what do the state numbers show?

State ROI sample figures for vocational rehabilitation				
	South Carolina	Minnesota	West Virginia	Oregon
ROI for every dollar invested	\$11.26	\$8.90	\$5.75	\$5.20

The good news is that the numbers are all positive. Just to give a flavor of what the numbers look like, possibly the largest reported ROI from state vocational rehabilitation programs has been reported by the state of Alabama, which reported an ROI of \$21.95 for each dollar invested in rehabilitation.<sup>13</sup> That number is an outlier.

<sup>10</sup>McLaren C, Reville R, Seabury S. How effective are employer return to work programs? RAND publication prepared to the Commission on Health and Safety and Workers' Compensation. 2010. Available at: [www.rand.org/content/dam/rand/pubs/working\\_papers/2010/RAND\\_WR745.pdf](http://www.rand.org/content/dam/rand/pubs/working_papers/2010/RAND_WR745.pdf). Accessed March 27, 2015.

<sup>11</sup>Lessons for plan sponsors: The impact of mandatory rehab, accommodations, and vocational rehabilitation on STD claims. Internal Aetna document, July 31, 2015.

<sup>12</sup>Rowe K, Schmidt R, Stern S. The VR-ROI project: Vocational Rehabilitation Return on Investment for four state VR agencies. Seventh Annual Summit: Performance Management in Vocational Rehabilitation, Louisville KY, September 8-9, 2014. Available at: <http://vocational-rehab.com/training/summit-2014-presentations/>. Accessed June 2, 2015.

<sup>13</sup>Alabama Department of Rehabilitation Services. VRS-Business Partnerships: Return on investment. 2007 ADRS Annual Report. Available at: [www.rehab.alabama.gov/docs/business-relations-program/roiandrive.pdf?sfvrsn=0](http://www.rehab.alabama.gov/docs/business-relations-program/roiandrive.pdf?sfvrsn=0). Accessed December 23, 2015.

The state of South Carolina reported an ROI of \$11.26 for the year 2011, and that is consistent with their ROI numbers going back to 2005.<sup>14</sup> Minnesota reports an ROI of \$8.90 for every dollar invested.<sup>15</sup> The state of West Virginia uses a more conservative methodology, and reports an ROI of \$5.75 three years out.<sup>16</sup> Montana reports an ROI of \$4.21 after three years.<sup>17</sup> Oregon reports an ROI of \$5.20.<sup>18</sup> Again, bear in mind that these are all calculated a bit differently, with the “return on investment” term over a fairly short period of time. But, again, they are all positive.

Insurance companies are able to do a straightforward calculation because claims have a certain dollar amount set aside in “reserves.” The claims reserve is money that is earmarked for the eventual claims payment. The claims reserve funds are set aside for the future payment of incurred claims that have not been settled and thus represent a balance sheet liability.<sup>19</sup> Factored into the reserves are things such as the claimant’s diagnosis, prior earnings, estimated length of disability, duration of coverage, etc. Estimating the ROI for a given claim does need careful consideration. There has to be a calculation of how much time the vocational rehabilitation counselor has spent on a case, any ergonomic aids they may have purchased, etc. The details can become challenging. However, there is a fairly simple way to calculate the overall ROI for vocational rehabilitation services. That is by calculating the total wages and benefits paid to vocational rehabilitation staff assigned to the vocational rehabilitation claims over a period of time (e.g., year), as well as all expenses incurred on these claims. Thereafter, calculate the total decrease in reserves on the files referred for return-to-work assistance over that same period. **Aetna’s ROI calculation was 11:1. Every dollar invested in vocational rehabilitation resulted in \$11 reduced from the amount reserved on the claims.**

Employees who are able to return to work full capacity who were earning 50 or 60 percent of their pre-disability income while on the claim are now back to earning a full salary.

Many stakeholders associated with the employee’s claim can benefit when the employee healthily returns to work. Vocational rehabilitation is a worthwhile addition to a disability benefits program.

## **But ultimately it’s really all about the people**

And what is a sound business decision from a disability benefits program management perspective, also turns out to be an even better result when you look at the lives that were enriched. As we documented in our first white paper, disability carries a huge human cost, and the vast majority of people on disability would actually prefer to be working. Here are some real-life examples that we presented at a recent conference<sup>20</sup>:

- An associate in a food services department (heavy job) with a back fusion was successfully moved to a less strenuous position. He then helped create a training program in his department for employees to learn new skills.
- A pharmacy assistant with a rotator cuff tear was provided with a one-handed keyboard. This allowed her to continue working before surgery, and she returned to work full-time after surgery.
- A manager with stage 3 cancer was unable to continue working because chemotherapy robbed her of stamina. She was given a sit/stand stool and mobile scooter and was able to work reduced hours. Eventually she returned to work full-time with permanent accommodations.

Aetna is committed to a fundamental change in how we treat disability. We will continue to provide financial support to those whose disabilities are so severe that they have no realistic prospect of rejoining the working world. However, we have made it a highly important component of our program offerings to assist disability claimants who have residual skills and a willingness to aspire to a return to fulfilling, productive lives. We desire to help them stretch and achieve their dreams.

<sup>14</sup>South Carolina Vocational Rehabilitation Department. 2010-2011 Accountability Report. September 15, 2011. Available at: <http://dc.statelibrary.sc.gov/handle/10827/9679>. Accessed December 21, 2015.

<sup>15</sup>Minnesota Department of Employment and Economic Development. Vocational Rehabilitation Services Return on Investment. Available at: <http://mn.gov/deed/images/return-on-investment.pdf>. Accessed December 23, 2015.

<sup>16</sup>West Virginia Division of Rehabilitation Services. Economic Impacts of the DRS Program on Consumers with Significant Disabilities in West Virginia. Available at: <http://interwork.sdsu.edu/drupal/system/files/West%20Virginia%20ROI.pdf>. Accessed December 21, 2015.

<sup>17</sup>Davis G, Sylvester J. Bureau of Business and Economic Research, The University of Montana. A study of the post-vocational rehabilitation earnings attributable to the Montana vocational rehabilitation program. Available at: [www.bber.umt.edu/search/..%5Cpubs%5Csurvey%5CVocRehabReport.pdf](http://www.bber.umt.edu/search/..%5Cpubs%5Csurvey%5CVocRehabReport.pdf). Accessed December 23, 2015.

<sup>18</sup>Northwest Economic Research Center. Vocational Rehabilitation: Return on Investment in Oregon. April 2013. Available at: [www.pdx.edu/nerc/sites/www.pdx.edu/nerc/files/Voc%20Rehab%20Final%20Report\\_0.pdf](http://www.pdx.edu/nerc/sites/www.pdx.edu/nerc/files/Voc%20Rehab%20Final%20Report_0.pdf). Accessed December 21, 2015.

<sup>19</sup>Investopedia. Definition of ‘Claims Reserve’. Available at: [www.investopedia.com/terms/c/claims-reserve.asp](http://www.investopedia.com/terms/c/claims-reserve.asp). Accessed September 18, 2015.

<sup>20</sup>Smalley M, Lacroix JM, Karickhoff L. (Spallone A, Chair). Developing a game plan for win-win return to work outcomes. Panel presentation at the Disability Management Employer Coalition, Las Vegas. August 12, 2014.

For more information about how you can tailor your disability and absence management programs to meet your organization's and employees' unique needs, contact your Aetna representative. Or visit [www.whyaetnadisability.com](http://www.whyaetnadisability.com).

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