

**REPORT TO
THE NINETY-SECOND
LTD FULL BOARD**

Re: Rehabilitation Report # 36
Date: March 6, 2007
From: Tom McLeod
Manager, LTD Benefits & Rehabilitation

This report will cover the period of January 1, 2006 to December 31, 2006.

LTD Cases

At the beginning of 2006 there were 1401 members collecting LTD benefits. This number includes 232 members who were 100% offset and collecting collateral benefits only. Over the course of the year the total collecting LTD gradually increased by 56 member to a total of 1457 members on LTD. Again, this total includes 254 members who receive collateral benefits only as they are offset 100%.

The breakdown of these members shows that 929 are in category 01 (totally and permanently disabled), including 147 members who are offset 100% and just receive collateral benefits. The average age of this group of members is 53 years. There are also 81 members in categories 02A and 02 (rehabilitation), with 40 of those not collecting regular LTD cheques as yet. The average age of this group is 43 years. In addition to these groups, there are 447 members in the medical category 03 and 76 of these members are not receiving a regular LTD cheque yet. The average age of this group of members is 48 years.

The following charts compare the category and average age of claimants for the past 5 years.

Year	Category	Age
2002	01	56
2002	02	45
2002	02A	47
2002	03	49

Year	Category	Age
2003	01	55
2003	02	45
2003	02A	46

Year	Category	Age
2004	01	55
2004	02	44
2004	02A	48
2004	03	49

Year	Category	Age
2005	01	53
2005	02	42
2005	02A	46
2005	03	47

Year	Category	Age
2006	01	53
2006	02	45
2006	02A	43
2006	03	48

Although the charts above show the average age of the Plan's claimants by category, the following chart shows the actual age of members in each category. It is interesting to note that of all the members on LTD, 931 were between the ages of 51 and 60. The following breakdown shows the number of claimants by age in each category.

Category 01		Category 02		Category 02A		Category 03		Total
Age	Count	Age	Count	Age	Count	Age	Count	
						<21	1	1
21-30	4	21-30	0	21-30	6	21-30	19	29
31-40	27	31-40	15	31-40	8	31-40	48	98
41-50	199	41-50	19	41-50	14	41-50	169	401
51-60	699	51-60	14	51-60	8	50-60	207	928
Totals	929		48		36		444	1457

The number of 01 claimants continues to get larger each year and in 2006 it increased by 47 to 929 members collecting LTD Benefits. This number includes those who are offset 100% and only get collateral benefits, along with those who collect both a cheque and collateral benefits from LTD. Last year our year-end report showed 1401 total LTD claimants and in 2004 there were 1309, down from the 1327 in 2003. Like the tide, LTD category 01 claims seems to rise

and fall although each time we reach a high mark the next rise is slightly more than the previous one. This is related to the reality of our present day population, which is an aging population.

New Claims Approved

The new claims approved for last year was slightly less than 2005, with 323 claims approved for LTD. This is below the previous 5-year average of 300 new claims approved and below the 359 approved last year.

The chart below give a picture of the new claims approved over the past 5 years.

Year	Total Approved
2002	361
2003	261
2004	253
2005	359
2006	323

Placements & Early Intervention

During the past year our counsellors continued to work with a high volume of cases and in total there were 512 new referrals to the counsellors during the year. In 2005 there were 516 new cases referred to rehabilitation so a total of 512 is not abnormal. Of these new referrals plus existing LTD cases assigned to them, the rehabilitation counsellors were successful in assisting forestry workers back into employment regardless of whether they were on LTD or still on Weekly Indemnity Benefits. During 2006 the LTD Plan was able to help 330 members back into suitable employment. Of the 330 members who returned to employment, 206 of them were still on WI and the other 124 were on LTD. In total, 271 members were assisted back into Forest Industry jobs with their old employer and 59 left the Industry but found jobs in new occupations.

The chart below shows the number of members returning to work over the past five years.

Year	LTD RTW in The Industry	LTD RTW Outside Industry	LTD Totals	WI RTW in the Industry	WI RTW Outside the Industry	WI Totals	Total All LTD and WI RTW
2002	37	56	93	198	10	208	301
2003	43	61	104	156	10	166	270
2004	50	59	109	212	11	223	332
2005	70	44	114	190	12	202	316
2006	79	45	124	192	14	206	330

As can be seen by our success in returning members to work, early intervention continues to be one of the most effective tools we have. The Southern Interior H&W Plan continues to do their own return to work program but are diligent in early referrals of cases that they recognize as being long term. The other H&W Plans that use Pacific Blue Cross to adjudicate send us the cases at the 90-day point in the members WI claim.

Unfortunately, the same cannot be said for the Canfor H&W Plan as Sun Life appears to be unable or unwilling to make the 60-day referrals requested by the Trustees of that Plan. In early January, I wrote to Sun Life with clear instructions on the referral practice, referral forms and suggestions on allowing them to share the medical reports with us. To date we have not received any referrals, with the exception of a 62-year old stroke victim and a lady who was placed on STD retroactively for a claim that started 2 years ago. These referrals did not come with any medical information, but simply a name, an address and phone number. I hope that things will improve and that we will get the referrals at the 60-day point in their STD claims as the Trustees have requested.

Counsellors Caseloads, Duties & Territories

Our permanent staff is unchanged since last year although the one person we had on contract has moved on. It is my plan to bring another person on contract to work at Prince George with Brian Smith. His caseload has always been over 100 cases, but he was able to manage that as he used a physiotherapist in Prince George to help him with the work. That person has now expanded her business and is unable to help Brian as she did before. At the present time he is managing, but he will start to fall behind if we don't bring someone on soon.

As of January 1, 2007 there were 542 cases assigned to the counsellors for an average of about 77 case per counsellor. Of course with Brian Smith having 116, the average is slightly askew and everyone else has a manageable caseload, but him.

The counselling assignments continue with Lincoln Cundiff, at the Penticton Regional office, managing the Southern Interior Cases. This territory starts at the Okanagan and goes east to the Alberta border. It also runs from the US border on the South, North to the TransCanada Highway.

Gordon Philip, who has done such good work with CPP Appeals, manages the rest of the Southern Interior and his territory includes Princeton, Merritt and all other areas up the Yellowhead Highway, which are in the Kamloops Union Locals jurisdiction.

Cliff Dundas continues to work from his Nanaimo office and provide sound rehabilitation counselling and return to work programs for his clients in the South Island.

His protégé and well trained Island work mate, Brian Lukyn, holds down the North Island for his office in Comox and managed to get 48 members back to work in their own occupation on the North Island.

Gabriel Horvath works from our Vancouver office and travels to Terrace and Prince Rupert along with managing a lower mainland case load and Steve Matovic, who also does CPP Appeals works from our office and has a lower mainland caseload.

Each of the counsellors brings their own unique rehabilitation experiences to the job and complements each other expertise. Gabriel Horvath for example has a wealth of experience as a job developer in a past life where he concentrated his efforts in actually finding work for the unemployed. Gabriel knows what job searching is all about. Gabriel has a university degree and has an RRP designation.

Brian Smith, has many years of rehabilitation experience working with folks with mental health issues and their employment problems. Brian has consistently juggled the biggest caseload of all since moving to Prince George a few years ago. Brian has a University Degree and is both a RRP and a CCRC as well as a disability management certificate.

Lincoln Cundiff has extensive training working with and understands the problems of brain-injured persons. This is one of the most marketable skills around for a rehabilitation counsellor to have and although there isn't a great demand for it in our business, there is enough to keep him interested and busy. Lincoln has a University Degree and has both an RRP and CCRC designation.

Cliff Dundas, at Nanaimo not only also has the most vocational rehabilitation counselling experience, but also has training to work with brain-injured people. In a past life, Cliff served in the role of a specialist counsellor working with the most demanding and difficult group of Claimants the Alberta WCB had on its books. Cliff has a University Degree and is both a CCRC and RRP and has an Insurance Industry certification in disability management.

Brian Lukyn is the most recent addition to our group and came on to us as a contract worker when we first started getting early intervention cases at the 90-day point from the H&W Plans. We have kept him busier than when he was counselling for the HRDC contract firm he was with when he came to work with us. As with the other counsellors he has been a welcome addition to our organization. This Brian is also an RRP and has a CCRC designation.

Gordon Philip also has many years of experience as a rehabilitation counsellor with both Alberta WCB and the Alberta Teachers disability Plan. Gordon has done good work for us and saved the LTD Plan a great deal of money in perfecting the appeal process for Canada Pension Plan Disability Benefits. Not only does the Plan benefit from a successful appeal, but members also benefit as they accumulate credits towards regular CPP benefits for when they turn 65 and collect their regular Canada Pension. Gordon has a professional certificate from a College and many years experience as a counsellor.

Finally, one of the first two counsellors I hired after taking over in 1995 was Steve Matovic; Lincoln was the other. Like everyone in Canada, or at least until recently, learning to be a rehabilitation counsellor has always been by training on the job and hands on experience. There is a lot to be said for that system and Steve is one who started as green as could be and has evolved into a productive and sound counsellor. Academically, Steve was trained in Kinesiology, but ended up a counsellor with us. Currently, he is completing a night program at UBC to attain one of the first masters programs in rehabilitation counselling in Canada. Steve also has a university degree and is both a CCRC and an RRP.

Our counsellors continue to operate with the philosophy of providing client centred rehabilitation to our clients. They also adhere to the ethics and the philosophy of the Canadian Association of Rehabilitation Professionals. In practice they adhere to the Plan's Rehabilitation guidelines by

both making the member's rehabilitation a, "*Team Effort*" and by treating the each member "*As an Individual.*" Rehabilitation is a helping profession and by keeping that in perspective our counsellors are able to display empathy and understanding, for each client, while creating opportunities to assist him/her overcome the hurdles of recovery and return to productive lives.

The strategy of our rehabilitation activity is to be proactive with all clients. This goes hand in hand with the early intervention strategies that are currently in place. Being proactive has been practiced by our counsellors as best they could, before early intervention was in place. Our guidelines describe early involvement as being "*Critical to Success*". Along with early involvement proactive involvement is necessary in ensuring members receive the counselling in a timely manner and as early into their claim as reasonable. This helps members avoid the pitfalls of extended layoffs and enables them to cope with the illness or injury plus the recovery and treatment of it. It is crucial to a successful return to work that each member have professional rehabilitation intervention early, when counsellors bring a positive message of return to employment rather than leaving members to the mercy of their own imagination.

Our Plan Text is unique in that it has a two-year rehabilitation component, which is not found in other Plans and certainly not in any Insurance Industry LTD Plan document. The very nature of the way our Text is written makes it imperative that rehabilitation counsellors are involved in the case management of all cases, from the earliest point onwards till the member is safely back to work. Case management by others with a non-rehabilitation perspective simply invites miss management and problems for the all concerned.

Also, both the Plan Text and Rehabilitation Guidelines make it clear that the Plan must be managed on a rehabilitation model and not a medical model. The difference is that a medical model requires *passivity and compliance* while the rehabilitation model encourages *independence and participation*. The rehabilitation guidelines identifies this when it says; "*Each Individual Must Take Responsibility For His Own Rehabilitation*". That and the two-year window for rehabilitation make it clear that a rehabilitation model is the proper model to manage the Plan on.

LTD/Rehabilitation department's goal, remains consistent in focussing on returning members to suitable employment or in preparing them for employment by getting them job ready. Trained and experienced counsellors have no difficulty identifying with this goal as they have the knowledge and the ability to counsel their clients and enable them to make a smooth transition from benefits back to employment. The LTD Plan Rehabilitation Guidelines describe this action as "*The Accepted Return-To-Work Objectives*" and our counsellors make every effort to facilitate a return to work with the old employer, as it is always best for the member and employer and usually the most cost effective for the Plan.

Rehabilitation Expenditures

This years totals show that once again we have managed to stay on target with our budget. This is generally the case, but certain line items vary from year to year, but our overall budget remains quite constant and our targets are usually met.

This year, even after a slight reduction in the education-retraining budget from last year, we again came in considerably lower than predicted. This year it appears that this item is down again as we continue to find ways of returning members to work without the same level of

retraining that there once was. Two things influence this item, first the cost of the training programs and also the number of programs we have approved. If we use a lot of private training institutions the cost will be higher as these training facilities are considerably more expensive than public training institutions. During the past year we recorded that just 11 members returned to work after retraining, while in 2005, 12 members were closed as retrained. As we see there are not a lot of members who are placed into retraining situations and it should be recognized that on top of the 11 who completed retraining in 2007 there may also be that many again that have just started a program and will not complete it till next year. Their statistics will not show up until their file is closed sometime this year or in 2008, if they were in a two year program that was just paid for at the end of the year. Our expenses for rehab education were down to \$81,600 and we budgeted \$95,000, spending just 86% of our budgeted amount.

Our costs for vocational consultants were just \$26,100 and we had budgeted \$50,000 so on this item. We used just 52% of what was expected. We also budgeted \$30,000 for self-employment projects, but spent just 10% of that amount or \$2,700.

On other items such as client travel and accommodation we spent 95% of what was budgeted or \$128,900 of a \$138,000 budget. This expenditure is closely related to our cost for physical rehab such as work conditioning and work capacity evaluations. We direct our members to the Physio facilities that provides this and in the rural areas these facilities are few and far between, members must travel and stay away from home while being conditioned or evaluated for a return to work. Members are paid at a negotiated rate and although it is less than the standard travel rate for employees, members never are out of pocket for their expenses and are reimbursed promptly for their expenses.

The big cost to our Plan is for physical conditioning and evaluation programs that were mentioned above. These programs are expensive, but important to the return to work planning needed to return a member back into his place of employment. The standard practice is to have a member, who has been moved to a 02 category, evaluated and then placed into an individualized conditioning program so that he may become fit for a successful return to work at his old occupation with the same employer. In 2006 this happened to 79 members who were on LTD and another 10 members who had not finished their short-term disability claim when we returned them to work.

This item cost us \$325,100 in 2006 and I recall that for the same service in 1995, we paid over \$300,000, but only had 50 members returning to work including those who were retrained along with others who were put on job search. Over the years we have limited the amount of conditioning done to those who will benefit from it and need it to return to their old occupations. There is no need to do conditioning on someone who will be soon be adjudicated 01 or for someone attending classes for the next 18 months in preparation for life outside the Forest Industry in a sedentary occupation.

We also work at controlling these costs by asking for individualized programs. Physio and Occupational therapists like to sell a standard package and a very expensive package I might add, that evaluates a lot of things not needed by our client or us. Evaluating finger dexterity might be a nice thing to do for a therapist, but when our member is simply recovering from a knee injury and we need to know how much conditioning he will need, finger dexterity is not needed. It has taken us a number of years to get some therapists to individualize their program while others refuse to and those people don't get our business until they do.

As I mentioned our expenditures were \$325,100 for this service in 2006 and our budget was only \$322,000, which results in being over budget with this item. Overall our budget for 2006 for rehabilitation was \$635,000, but only \$570,900 or approximately 90% of the budget was spent.

Investigations

During the past two years we have not done the same number of investigations as done previously. When we first started doing investigations in 2002 there were many people on LTD we had our suspicions about and we spent \$49,000 doing investigations. In 2003 our costs to do investigations went down to \$17,000 and in 2004 we also spent \$17,000. The need to do investigations dropped in 2005 as we only did two at a cost of \$4,500. Last year, we only investigated one person and the invoice for that was not received until January 2007 so our cost in 2006 was nil.

Investigations normally cost in the region of \$3,500 – \$4,000 each, so therefore I am very reluctant to do these without some serious indications someone is defrauding the Plan. We also have problems with some of our investigations which turn a \$3,500 investigation into \$5,000-6,000 one very quickly.

Investigations are a very useful tool and have ended LTD payments for a number of people who were blatantly abusing LTD. At the same time it has also confirmed that some members were every bit as disabled as claimed. We have made it a policy to use this tool very discriminately as we don't want to spend more on investigations than we spend on rehabilitation. The Plan's credibility depends on a certain amount of trust between claimants and the Plan and we don't want to gain a reputation of investigating every claimant, as that will affect our working relationships with or members. No doubt members will cheat us, but fortunately they are a very small minority.

Cost Sharing And LTD Plan Requested Expedited Medical Procedures

All of the requests for cost sharing on expedited medical procedures have come from the Southern Interior H&W Plan. However, with the 26-week qualifying period in every case there was no cost benefit for SIH&W Plan, as the members would come onto LTD before they were able to return to work. LTD paid the full costs of each intervention and we also became the full beneficiaries of the cost saving as members received their treatment, surgeries or tests months before these could be arranged in the Public Health system.

In total we paid out \$37,915 on seven Southern Interior claimants or on average \$4,739 per intervention. Of the 7 members who had private intervention, 4 had major joint surgery at a cost of almost \$7,000 for each and one member's surgery and private care cost \$9,400.

The other two members for whom we paid for expedited service were different, as one had a specialist consultation and will never come to LTD and another is receiving special counselling and has applied for LTD. In total their interventions have cost the Plan just \$600.

Those that have had surgery have been a real success story, as two members returned to work just after STD ended and never completed the LTD Kit. Of the other three, no one ever received

an LTD Cheque, but they all received collateral benefits for one month, two months and three months before returning to work.

The saving ranges from case to case, but based on the original estimates suggested by Columbia of the waiting times for Public Medical surgeries, we can estimate these member may have been on LTD for up to 1 year before they each even had their surgery and that being the case, the cost in benefits to the Plan during the first year of each LTD claim would have been 16 weeks of collateral benefits (16 week or 4 months x \$200 = \$800) plus 8 months of LTD (8 months x \$2000/ month = \$16,000 + \$800 = \$16,800 x 5 members = \$84,000).

Both FIDAS and the rehabilitation counsellors have been advised to watch for members who could receive private expedited medical intervention that would result in savings to the LTD Plan. During 2006 the Plan did spend \$49,400 on expedited medical procedures for 9 LTD Claimants. Of these members, 5 have returned to work, but the others are experiencing various problems that have impacted on the surgeries. For example, three are complaining that the surgeries did not help and in fact made their problems worse and the fourth was done so recently in 2006 that he has not had time to recover.

Based on what has happened in 2006 and this is a small sample to be making any assumptions about, it seems that surgeries done earlier in the claim have a better chance of returning to work than those who end up on LTD. Certainly, those who are younger tend to have a faster recovery and the availability of one's old job may also have a barring on the recovery as well. It appears that the one person with a WCB claim and the one with an ICBC claim are having difficulty, as both cases have not returned to work and also claim that the surgery has made them worse.

Should we continue to fund expedited medical interventions? The answer is yes by all means as we definitely have experienced savings on every member still on STD when we intervened and paid for major joint surgeries. We also have savings for those members who were on LTD and were able to return to work as well. The members who from this small sample who are more problematic, are the ones who have been on claim a longer period time.

CPP Appeals

Please review the attached report from Steve Matovic and Gordon Philip on the outcome of CPP appeals