

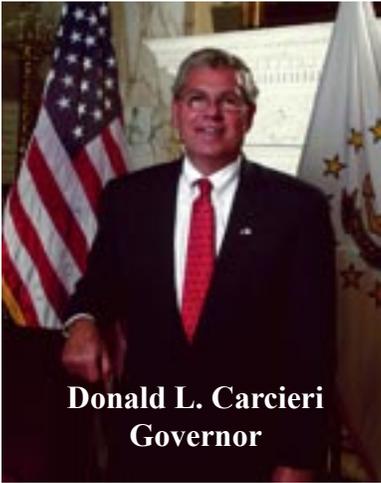
*Temporary Disability Insurance*

*Task Force Report*  
*September 2005*

Aligning the TDI interests of  
workers, employers and the medical community  
for the common good of the people of Rhode Island



Rhode Island Department of Labor and Training



**Donald L. Carcieri**  
**Governor**

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*Greetings from the Governor*

Dear Rhode Islander:

I am pleased to present to you the 2005 report of the Rhode Island Temporary Disability Insurance Task Force. I would also like to take this opportunity to thank the members for their participation and commitment. The Task Force was initiated for the purpose of reviewing the TDI program, identifying its strengths and weaknesses and exploring possible opportunities for improvement.

Through the combined efforts of employees, employers, organized labor, the medical community, the state legislature, the administration and the staff of TDI, the Task Force has accomplished much in aligning the interests of the worker, the employer and the medical community.

As a result of their work and commitment, several improvements to the TDI program have already been made:

- Legislation allowing the payment of partial TDI benefits upon partial return to work has been signed into law and becomes effective January 1, 2006.
- A Claims Management Unit is in the process of being established in TDI. Two registered nurses have been hired to join the unit to review and manage difficult TDI claims. Claims Management staff will work to educate claimants, employers, and physicians on their roles and responsibilities, and the purpose and operation of TDI.
- TDI purchased the Medical Disability Advisor software which will provide the TDI staff with greater access to medical certification guidelines.
- The impartial medical examination process has been improved. The fee schedule for impartial medical examiners has been reviewed and revised. A newspaper advertisement to recruit impartial examiners was successful. TDI has increased the number of qualified healthcare providers conducting impartial exams. Decisions to customers following impartial exams are more timely as examiners are now required to submit reports of their findings to TDI within twenty-four hours of the impartial exam.
- In order to provide a greater understanding of their roles and responsibilities, fact sheets and webpages, including frequently asked questions, have been developed for both employers and qualified healthcare providers.

The Task Force will be reconvening in the fall to continue their work to further improve the TDI program. Once again, I thank the Task Force members for their enthusiasm, diligence, and strong commitment to partnership and collaboration. They have done a great service to the people of Rhode Island.

Sincerely,

Donald L. Carcieri  
Governor



## *A Message from the Director*

In every large organization, undertaking an improvement process brings with it many challenges and risks. There are multiple constituencies to consider who may define improvement in very different ways. The layers of bureaucracy, established policies and procedures trigger an automatic reluctance to begin probing internally at how we do our business. State government is no different than any large organization in this regard. In undertaking a review of the Rhode Island Temporary Disability Insurance (TDI) program, a model program that has served Rhode Island workers for over 50 years, we had to consider these elements in order to be successful.

In the early stages, two factors helped to establish a viable process. First, the review was demand driven, prompted by requests from employers to initiate a review of the TDI system. The review was designed to balance the needs of its key constituents: employees, employers, and the medical community. Second, the review was data driven by a comprehensive, independent study of TDI data and trends spanning ten years. This enabled the Task Force to transcend anecdotal information and to focus its deliberations and recommendations on facts.

Without a doubt, the topmost factor contributing to the success of this initiative was the Task Force itself. Active participation, open communication, mutual respect and cooperation were hallmarks of the culture and conduct of the Task Force. In keeping with its mission to “align the TDI interests of the worker, employer, and medical communities for the common good of the people of the state of Rhode Island,” the Task Force embodied a model of employer and labor union collaboration, and captured the best thinking and ideas of its talented members toward this end.

Another success factor was the commitment of the TDI leadership and staff to finding and acting on opportunities for improvement. This ignited a proactive spark in the Task Force that resulted in the implementation of several significant improvements during the process.

I invite you to read this report, and invite your ideas and comments. By continuing the dialogue and strengthening the TDI program, we strengthen worker protection and economic development in Rhode Island.



*Adelita S. Orefice*

Director  
Department of Labor and Training



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# 1942

Rhode Island was  
the first state to  
enact a compulsory  
TDI program



## Executive Summary

The 2005 TDI Task Force Report is a review and analysis of the Temporary Disability Insurance (TDI) system that identifies strengths and weaknesses of the system, explores opportunities for improvement, and makes recommendations to enhance and enrich the efficiency of the TDI program.

The TDI program has not undergone a review in two decades, while other employee support programs such as Unemployment Insurance (UI) and Workers' Compensation (WC), have been more recently reviewed, yielding positive improvements in the efficiency and effectiveness of these important programs. As another vital program for Rhode Island workers, a timely review of TDI was in order.

A comprehensive, independent research project was initiated in early 2004 with the Schmidt Labor Research Center at the University of Rhode Island (URI). The research analyzed ten years of TDI data (1993-2002) and included a data sample of over 600,000 claims. The focus of the study was to identify trends in key areas of the program – customer population, usage, most common diagnoses, duration, and how Rhode Island TDI compares with similar programs in other states. The study was presented to the Task Force in October 2004. It found that the Rhode Island TDI program overall is an effective safety net and a model program. It revealed some areas that warranted further study.

- ◆ Pockets of high frequency users/high frequency certifiers
- ◆ Higher than average TDI usage in a few industries/sectors
- ◆ High concentration of claims in certain medical diagnoses
- ◆ Durations longer than recommended by medical duration guidelines

The researchers recommended conducting further study of these specific areas to assess the underlying reasons and ways to address them. The researchers also recommended considering some of the cost containment measures in other TDI states, such as offering partial return to work or light duty, private insurance options, or counting other forms of income in the TDI payment calculation. The latter measures would require changes to the Rhode Island TDI law.

The Task Force, representing the main constituents of the TDI program – employees (represented by labor), employers, medical community, RI legislature, the Governor's office, and the leadership and staff of TDI – discussed the URI research findings and recommendations.

Over the next several months, the Task Force gathered further data from the URI researchers as well as comprehensive information about the TDI system in order to understand how claimants and medical certifiers are currently using the TDI system as well as how administration of the program might be improved. Several issues were identified for improvement:

- ◆ More attention to durations, usage, and types of medical diagnoses outside of the norm
- ◆ A need to ensure more uniform duration guidelines for medical diagnoses
- ◆ Concern with industries, sectors, companies with unusually high numbers of TDI claims
- ◆ Attention to improving the Impartial Exam/second medical opinion process
- ◆ Providing more education about TDI to employees, employers and the medical community
- ◆ Considering legislation to allow light duty/partial return to work
- ◆ Considering an improved Claims Management system to address cases out of the norm

To shed some light on the possible underlying causes of some of these issues, the Task Force conducted a Pilot Project, taking a closer look at claims in companies with a high number of TDI claims and at select cases that were outside of the norm. The Task Force also responded to a request by several Rhode Island employers to attend a Task Force meeting to present some of their concerns and the results of a recent poll conducted by the Society for Human Resource Management in Rhode Island.



The cases studied in the Pilot Project all appeared to be legitimate claims. There were several findings that shed light on the results of the URI study:

- ◆ Several medical diagnoses on the TDI forms were found to be too general; some information regarding specialist referral or changed diagnosis had not been updated in a timely manner.
- ◆ Some forms did not have updated information from the specialist regarding their recommendation following the Impartial Exam.
- ◆ Some customers did not appear to be prompt in reporting their return-to-work date to TDI, but did so during the Pilot Project telephone interview.
- ◆ Several physicians acknowledged that establishing durations for medical diagnoses such as back, emotional, and other musculoskeletal disorders is difficult, and that they would welcome a uniform system with standards and duration guidelines for all patients.
- ◆ Several physicians said that there are some questionable claims, and that they would welcome a claims management system that would investigate and prevent any possible abuse.

An invited group of employers presented additional insights at the April meeting, including observed seasonal spikes of TDI claims, a possible correlation between TDI and Family Medical Leave Act (FMLA) duration, a high rate of claims in certain companies and in certain service industries. The employers stressed the difficulty of filling in for employees out on TDI when it was often not known when the employee might be returning. They suggested that the benefits calculations may result in some lower paid employees earning more while on TDI, thus providing an unintended incentive for them to remain out of work longer. They shared the results of a recent poll conducted by the Society for Human Resource Management in RI.

Based on further discussion and analysis of these valuable findings, the Task Force concluded that implementing certain changes would improve the effectiveness and efficiency of the TDI system for all. Several improvements to the current systems were identified and have already been implemented. The Task Force recommendations follow. An initial action plan and timelines were also approved.

1. Publicize the medical duration guidelines utilized by TDI to Qualifying Healthcare Providers to help them determine an appropriate duration and to provide more consistency in the certification process.
2. Offer a partial return-to-work option through proposed legislation that would modify current TDI regulations.
3. Implement a Claims Management system that can investigate situations where there may be abuse of the TDI program and resolve them.
4. Improve access to a specialty physician network to reduce the turnaround time for an Impartial Exam. Investigate how to beef up the current system through possible involvement of RI health centers and hospital-based occupational health and wellness programs. Provide diagnostic records to Impartial Examiners and at Board of Review hearings.
5. Develop an education/communications plan to improve information and outreach to key groups. Articulate the roles and responsibilities of employees, employers, the state, and medical providers - what each group needs to know; what each group is supposed to do.
6. Implement a TDI fraud program that will work with the Unemployment Insurance and Workers' Compensation fraud units.

The Task Force will continue to be involved during the implementation phase of the recommendations through regular progress updates, personal involvement of members on certain action steps, and participation in continued dialogue on how to improve the TDI system for the future.

## *Purpose of the TDI Task Force*

The purpose of the Task Force is to review and analyze the Temporary Disability Insurance (TDI) system to identify strengths and weaknesses, explore opportunities for improvement, and make recommendations to enhance and enrich the efficiency of the TDI program.

The overall goal is to align the TDI interests of the worker, employer, and medical communities for the common good of the people of the State of Rhode Island.



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## Rationale for Study

In 2004, the Department of Labor and Training (DLT) identified a need to conduct a review of the Rhode Island Temporary Disability Insurance (TDI) program. Several reasons prompted this decision.

The TDI program had not undergone a review in over two decades. Other employee support programs within DLT, such as Unemployment Insurance (UI) and Workers' Compensation (WC), had been more recently reviewed. The reviews had yielded positive improvements to update and streamline these important programs. As another vital program for Rhode Island workers, a timely review of TDI was in order.

In part, due to the long interval since the last review, diverse perceptions had arisen regarding the TDI system and benefits. There was a perception that some employees, employers, and medical providers might be overtly or unknowingly abusing TDI rules and benefits. A few employers had cited excessive usage of TDI within their companies that was affecting operations and raising production costs. Some claimed that TDI had a negative impact on employers' decisions to move to Rhode Island.

The basis for these perceptions was largely anecdotal - not based on actual data. In comparison to the number of claims, relatively few cases of abuse were identified each year, and TDI was well regarded as a national model and an effective safety net for Rhode Island workers during times of illness or injury. At the same time, however, the leadership of DLT and TDI felt that the review was important to understand the nature and dimensions of any possible abuse that might exist and address it. Equally important, they wanted to use this process to take a look at their own internal strengths and weaknesses, and to identify areas for improvement in administering the TDI program.

In order to ensure a credible review of TDI, a comprehensive, independent research project was initiated as the foundation of the review process. Researchers Carole F. Miller and Matthew M. Bodah of the Schmidt Labor Research Center, University of Rhode Island, were commissioned to conduct this study in the summer of 2004. The researchers worked closely with Ray Filippone, Assistant Director of Unemployment Insurance & Temporary Disability Insurance at DLT, and Rick Fitzgerald, Administrator of TDI, to gain familiarity with the TDI program and the purpose of the review. The study took four months and was completed in October 2004.

## Formation of TDI Task Force

Members of the TDI Task Force were selected from groups representing the main constituents of the TDI program – employees (represented by members of the labor community), employers, medical community, RI legislature and administration, and the leadership and staff of TDI. A facilitator, Eileen Moser of Organizational Development, was hired to work with the Task Force to ensure a successful process that would result in fulfilling its stated purpose. The Task Force held its first meeting on November 30, 2004 and subsequent meetings on January 11, January 25, March 23, April 4, and May 10, 2005.

### Purpose...

...to review and analyze the TDI system to identify strengths and weaknesses

...to explore opportunities for improvement

...to make recommendations to enhance and enrich the efficiency of the TDI program

From the first meeting, the Task Force displayed a positive spirit and a strong commitment to fulfilling its purpose. Task Force members often emphasized that TDI is a valuable program that needs to be protected. They also agreed that any abuses of the benefits or TDI rules should not be tolerated, and need to be rooted out. Throughout the process, there was excellent attendance, good participation, and respect for divergent views.

### Goal

To align the TDI interests of the worker, employer, and medical communities for the common good of the people of the State of Rhode Island.

## Rhode Island Temporary Disability Insurance Program Overview

The Temporary Disability Insurance (TDI) program protects eligible workers against wage losses resulting from a non-work related illness or injury. TDI provides workers with a measure of income support at low cost, regardless of their age or health history.

Rhode Island enacted the first compulsory Temporary Disability Insurance (TDI) program in the United States in 1942. The first benefit payments under the program were made on April 1, 1943. Only four other states and Puerto Rico offer offer a similar TDI program for workers: California, Hawaii, New Jersey, and New York.

### TEN YEAR HISTORY of TDI Claims and Payments

Calendar Year	Initial Claims	Total Payments	
		Number	Amount
1993	41,562	338,281	\$77,271,813
1994	42,071	342,470	\$82,468,523
1995	42,827	350,057	\$87,864,168
1996	44,045	382,358	\$94,223,289
1997	44,784	383,662	\$97,275,766
1998	45,131	394,260	\$103,808,666
1999	47,957	415,022	\$114,319,373
2000	47,674	434,154	\$125,438,154
2001	49,328	460,298	\$139,022,586
2002	49,265	479,742	\$150,968,709
2003	48,918	474,200	\$153,773,890

### TDI BENEFITS PAID – 2004

Total Initial Claims	48,317
Number of Payments	469,571
Total Amount of Payment	\$158,084,478
Average Weekly Benefit	\$337
Average Duration Weeks (BY)	12.7
Average Benefit Paid per Claim (BY)	\$ 4,284

\* BY = Benefit Year

### TDI BENEFITS AT A GLANCE – 2005

Taxable Wage Base –	\$49,000
Tax Rate –	1.4% of wages up to \$49,000
Weekly Benefit Amount	
◆ Minimum	\$ 63
◆ Maximum	\$607
◆ Dependents Allowance (up to 5)	\$819
Maximum Duration –	30 weeks

Individuals who are unemployed due to a medically certified, non-work related illness or injury, have worked for a covered employer, and have earned sufficient earnings during the base period are eligible for benefits. The table to the left shows the history of claims and payments during the ten years studied.

The data below gives more detailed information for 2004.

The Temporary Disability Insurance (TDI) program is financed entirely by employee contributions paid into the TDI Fund. The amount of a worker's contribution is based on his/her earnings while the overall tax rate is determined by the cost of the program. The financing formula was designed to minimize employee costs while maintaining an optimum level of reserves to ensure the continued solvency of the program. TDI replaces approximately 60% of a person's wages, for employees earning up to \$49,000.

Through the TDI tax, employees paid \$176,234,708 in 2004 to support the program. Total expenditures were \$161,504,607. Administrative costs to run the TDI program in calendar year 2004 represented 3.9 percent of the taxes paid.

The Temporary Disability Insurance fund ended 2004 with a reserve of \$100,135,443. The data to the left gives a more detailed look at the tax side and benefit limits of TDI for 2005.

In summary, TDI is an efficient model program that provides an important economic safety net to ill or injured RI workers at a low administrative cost.



The research analyzed ten years of TDI data (1993-2002) and included a data sample of over 600,000 claims. A major presentation to the Task Force on November 30, 2004 was followed by several smaller presentations in response to Task Force requests for additional data on industry usage, most frequent diagnoses, and duration. A Q&A Sheet was developed by TDI staff to provide information on eligibility, claims processing, impartial exams, and communications with customers and employers.



### **Characteristics of TDI Customers**

Over the ten-year period studied, about 62% of TDI customers were women, and 38% were men. The greatest factor accounting for the higher number of women filing claims was TDI coverage for childbirth. The average age of a female claimant was 41 versus 43 for men. Due to lower earnings of women, the average weekly benefit amount was \$250 for women, and \$304 for men. For initial medical certifications, women had a longer average duration at 4 weeks versus 3.5 weeks for men.

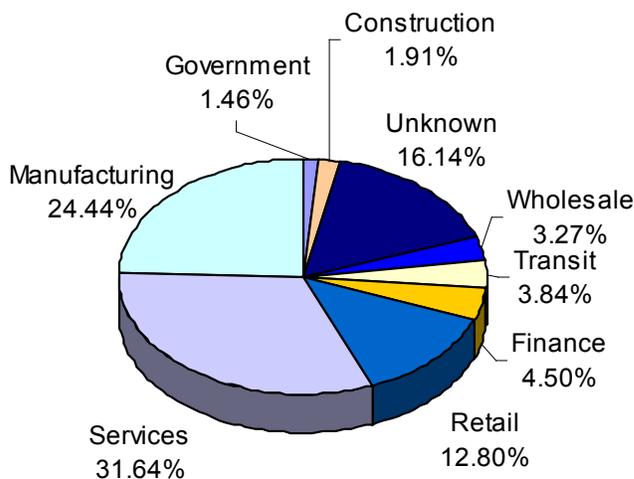
### **TDI Usage by Individuals**

Over the period of the study, between 8% and 9% of the workers covered by TDI filed a claim during the year. About 80% of those filed only one claim per year; about 20% filed two or more claims. Certain subsets of the claimants were labeled as “heavy users,” meaning that they filed multiple claims during one year or over the study years. About one half of one percent (0.5%) filed claims during six or more years of the study. Only 5 individuals submitted a claim for benefits in each of the ten years studied. A small percentage - 0.03% - submitted over ten claims within one benefit year. At any given point in the study years, between 2% and 3% of Rhode Island workers covered by TDI were out on disability.

### **TDI Usage by Qualifying Health Provider (QHP)**

The Qualifying Health Provider (QHP) is the medical professional who makes the medical diagnosis that certifies that a claimant is eligible for TDI. The research revealed that of those QHPs who certified medical claims over the ten-year study period, 33% certified one claim in any given year. There were a number of medical facilities (large medical practices and hospitals) that were labeled “heavy certifiers,” signifying that they certified 250 to 1,000 claims per year. Nine individual physicians were also heavy certifiers with 100 or more claims in one or more years of observation.

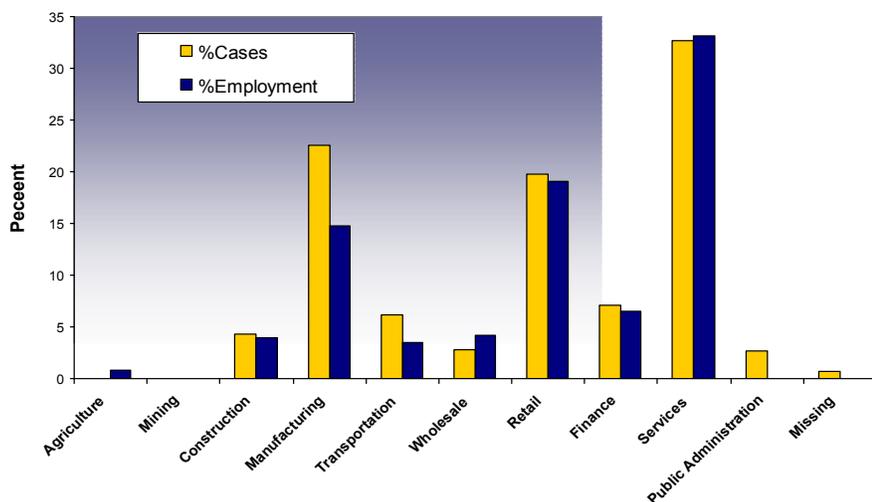
### **TDI Claims Per Sector 1993-2002**



The pie chart on the left shows that the majority of TDI claims come from the service and manufacturing sectors. This usage pattern is consistent with the largest employers in Rhode Island whose employees may be eligible for TDI coverage. (Note: The low percentage of claims by government is because, with few exceptions, government employees are not eligible for TDI.)

The chart below takes a more recent look at TDI claims compared with overall employment in these sectors. Again, the pattern illustrates that the percentage of claims (yellow bar) is fairly consistent with overall employment in the sector (navy blue bar).

**TDI Claims per Sector Compared with Employment per Sector  
2000-2002**



Drilling down further into the sectors, the researchers looked at the top ten industries within Rhode Island for TDI claims. With one exception (home health care), the top ten industries by TDI claims are also in or near the top ten industries in employment.

Comparing the percentage of claims against the industry’s representation in the labor force, about half were comparable. However, restaurants showed a lower rate of claims versus labor force representation, while temporary help, jewelry manufacturing, and home health care showed a higher-than-average number of claims for the relative size of the labor force. The underlying reasons for these

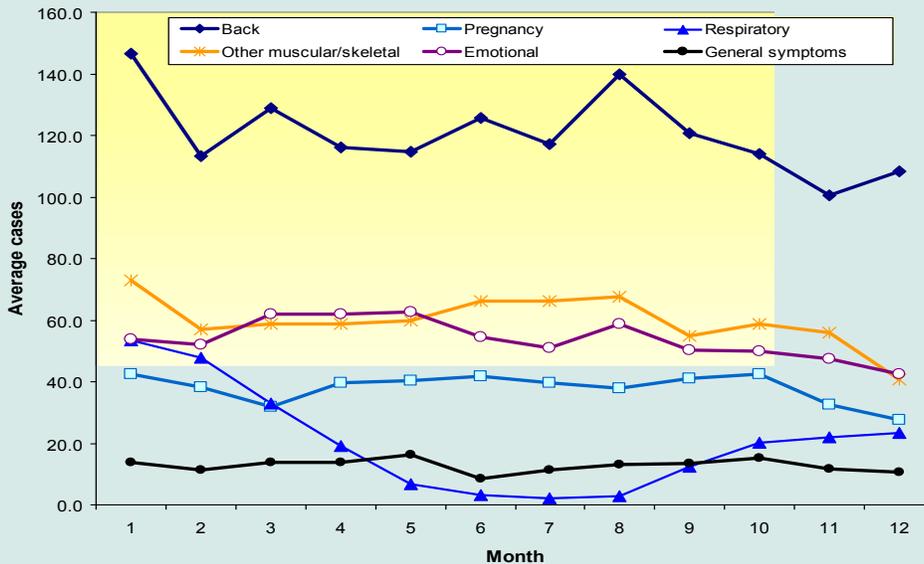
figures may warrant further investigation to identify whether the TDI system is not being used properly, or if proactive health education programs might help in industries that have high TDI claims rates.

Top Ten Industries for TDI Claims compared with Overall Employment			
Industry (SIC* code)	Percentage of Claims 1993-2002	Percentage of Labor Force 2002	Employment Rank - 2002
Nursing Homes	5.05	2.90	3
Hospitals	4.77	5.61	2
Restaurants	4.75	8.20	1
Temporary Help	4.29	2.27	6
Jewelry Manufacturing	3.65	1.31	13
Grocery Stores	2.22	2.51	5
Department Stores	1.87	1.33	12
Doctors Offices	1.71	1.91	7
Home Health Care	1.56	.73	36
Drug Stores	1.31	1.75	9

\* SIC - Standard Industry Classification

## Most Frequent Diagnoses for TDI Claims

**Diagnoses, Monthly Averages, Manufacturing, 2000 - 2002**



In the three-year period from 2000 to 2002, the medical diagnoses that came up most frequently on a month-to-month basis in the manufacturing sector were:

1. back
2. emotional and
3. other musculoskeletal

In the non-manufacturing sector, back-related diagnoses still ranked first, and were slightly lower than for the manufacturing sector. The second highest medical diagnosis for the non-manufacturing sector was pregnancy-related claims, followed by claims based on emotional diagnoses. The significantly lower number of pregnancy claims in the manufacturing sector can be explained primarily by the fact that

manufacturing is a male-dominated industry.

The researchers observed that back-related claims spiked in July-August and December-January, an observation that could not be explained by the medical diagnosis alone. Further tracking of these cyclical patterns and further investigation of the underlying causes may be warranted.

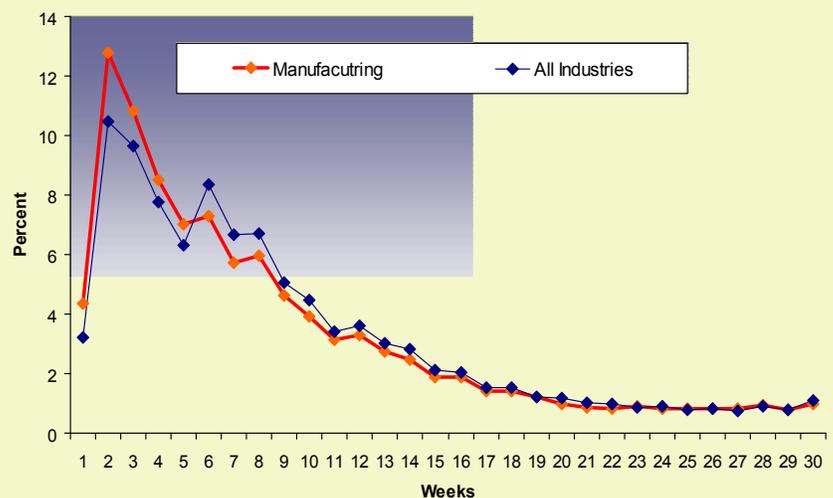
## Duration of Claims

TDI regulations stipulate that the duration for a TDI claim may not be less than one week, nor more than thirty (30) weeks. The adjacent chart shows the distribution of TDI Durations for the period 2000 – 2003. The chart shows that claims with a two week duration are most common – more so in the manufacturing sector.

After two weeks, there is a steady pattern of decline, interrupted only by spikes at the six and eight week points, particularly in the non-manufacturing sectors. These spikes are partly driven by pregnancy related claims, for which the average duration is 6.5 weeks. At around the 20-week mark, the curve flattens to 1%, showing that about 10% of TDI durations are in the 20 to 30 week range.

In examining the durations further, a random sample compared the RI TDI claim durations to the Reed’s Group, “Medical Disability Advisor”, a public medical reference with

**TDI Duration, Relative Frequency by Weeks**



recommended durations for over 10,000 diagnoses and procedures. It was discovered there was a wide variance between the Reed's medical duration guidelines and the actual Rhode Island TDI claim durations; in many cases, the Rhode Island durations were in excess of the medical duration guidelines. The reasons for this were not clear, but the researchers and the Task Force agreed that it warranted more study.

The researchers also noted a number of cases where the physician had indicated that the employee could return to work on either a part-time or light duty basis. This is not allowed under the current TDI statute; the employee may only return to work on a full-time basis. The Task Force was asked to consider supporting a change to the TDI statute to allow an employee to go back to work on a limited basis as recommended by their medical provider. This change would make TDI similar to Workers' Compensation in this regard. The Task Force weighed the advantages and disadvantages of this possibility. They voiced concerns that a return to work option should not put pressure on employees to return to work before they are ready. At the same time, the Task Force felt that an employee should be given the opportunity to ease back into work versus having to return full-time after a long illness or injury. There was agreement that for those who are able to return, and whose medical providers certify that they are able, it made sense to allow an option for partial return to work. The Task Force agreed that, if used properly, this option would benefit the employee, the employer, and the TDI system. (Note: On July 15, 2005, the RI TDI law was amended to allow individuals to collect a partial TDI payment when returning to work on a part-time basis. This law takes effect on January 1st, 2006.)

### Comparison of Rhode Island TDI with Other States and Jurisdictions

California, Hawaii, Rhode Island, New Jersey, New York and the Commonwealth of Puerto Rico have mandatory TDI programs. The Federal Railroad Retirement Board also administers a disability insurance program for railroad workers.

The New York and Hawaii programs require employers to purchase private insurance to cover employees. Public funds are used for the unemployed and to cover workers from bankrupt firms.

#### States and Jurisdictions that have TDI Programs:

**California**  
**Hawaii**  
**New Jersey**  
**New York**  
**Puerto Rico**  
**Rhode Island**

In California, New Jersey, and Puerto Rico, private programs approved by the state may be substituted for the state plan. Only Rhode Island has no provision for private insurance.



Programs are 100% employee-financed in Rhode Island and California. However, in California, the employer has the option of paying some or all of the cost of the plan. In New Jersey and Puerto Rico, premiums are shared. In New York, employers may ask employees to pay up to \$.60/week for the cost of private insurance

All jurisdictions require a seven-day waiting period.

Most programs allow a maximum duration of 26 weeks. California has the highest duration of 52 weeks and Rhode Island is second highest at 30 weeks.

Rhode Island is the only state that does not take into account non-wage income when calculating TDI benefits.

## *Key Findings of the URD Research*

The Rhode Island TDI program overall is an effective safety net and a model program.

### **The following areas may warrant further study and possible change:**

- ◆ Pockets of high frequency users/high frequency certifiers
- ◆ Higher-than-average TDI usage in a few industries/sectors
- ◆ High concentration of claims in certain diagnoses
- ◆ Durations longer than justified by medical duration guidelines
- ◆ Rhode Island only state without private insurance option
- ◆ Rhode Island only state not counting other forms of income
- ◆ Partial return-to-work may be approved by a physician, but is not allowed

### **Other Recommendations from URI Research**

- ◆ When a medical facility or practice is the Qualified Health Provider, include the name of the individual practitioner.
- ◆ Develop a flagging system within TDI to identify frequent users and frequent certifiers
- ◆ TDI to implement duration guidelines within the claims system
- ◆ Study variance in the estimated time of recovery on medical certifications for possible improved method of standardization by morbidity code.
- ◆ Examine partial return-to-work options. (Note: Law was changed to address this issue effective January 1, 2006.)
- ◆ Consider some of the cost containment measures in other states that have TDI programs.

## *Task Force Discussion and Identified Issues*

With the URI research and TDI history in hand, the Task Force began to identify the priority issues that needed to be addressed to improve the system. In this analytical phase, the diverse makeup of the Task Force played a critical role. Members had been chosen as experts and advocates for the different groups they represented – employees, employers, the medical community, and state government - and they brought their varied and valuable perspectives to the table. At the same time, members shared a common commitment that the final recommendations must serve the interests of all vested groups. A hallmark of the success of the Task Force was the ability of members to act as strong advocates for their constituencies, but not to allow individual constituent agendas to overwhelm the common mission of the Task Force. An atmosphere of openness and good will at meetings allowed members to voice widely differing opinions, knowing that their views would be respected.



The Task Force engaged in several interactive and highly informative discussions, and identified the areas of greatest concern, as well as some actions to address them. Wherever possible, the Task Force endorsed remedial actions that could be implemented immediately to get the solutions underway.

*TDI Concerns and Targeted Issues with the  
Task Force Recommended Intermediary Actions*

Concerns/Targeted Issues	Task Force Intermediary Actions
Need for more Employee/Labor Representation on Task Force	Three additional representatives from the labor community were appointed to the Task Force.
More attention to durations of illnesses and injuries.  More uniform use of duration guidelines, such as the Medical Disability Advisor.	TDI began investigating software that would integrate standards and duration guidelines into the TDI system.  A Pilot Project was developed and conducted to look into high usage situations, and cases with durations that were far outside of the norm.
Consider light duty/partial return-to-work	Legislation was submitted by TDI to allow partial return-to-work option. Task Force discussed the legislation and endorsed it.
Concern about high usage certifiers and individuals	A Pilot Project was developed and conducted to look into high usage situations, and cases with durations that were far outside of the norm.
Concern about industries and companies with an unusually high number of TDI claims	The Task Force invited a group of interested employers to present their concerns about TDI and the results of their recent survey to the Task Force.
Impartial Exam/second opinion process is a weak part of the TDI process. In most cases, the review panel upholds the primary physician's opinion over the specialist's opinion.	The Pilot Project gathered information from MD's regarding the shortcomings of the Impartial Exam (IE) process. Also, new procedures were put in place:  1) customer required to bring medical records and test/lab work to IE.  2) IE physician is now required to fax results of exam to TDI within 24 hours.
Employees with two jobs may pay more than the maximum TDI tax. Greater awareness/education is needed.	TDI has several measures in place – news articles to alert the public about possible overpayment of TDI taxes, fliers to accountants, tax notices sent annually to prior recipients of a tax refund. These were improved and updated.
More education about TDI needed to inform employees, employers, medical community	TDI website and Q&A sheet were updated.
Case Management or Claims Management system needed to address cases out of the norm.	A Pilot Project was developed and conducted to look into high usage situations, and cases with durations that were far outside of the norm.
Need to study the interaction of Workers' Compensation and TDI	Task Force discussed the similarities and differences between Workers' Compensation and TDI, and current collaboration between these units.

## Pilot Project

In March, the idea for a Pilot Project emerged as a way to take a qualitative look at some of the key issues that had surfaced so far and to shed more light on some of the underlying causes. The Task Force also wanted to test two of its ideas for possible solutions - implementing a claims management system, and integrating medical duration guidelines into the TDI system.

The selected sample for the Pilot Project included twenty-five TDI customers from companies with a high number of TDI claims in recent years, and ten physicians who were treating these customers. A profile of the test companies follows:

Company/Industry	Average Employment	Employee Initial Claims BYE* 04-05	Total Claims BYE 04-05	Ratio Initial Claims/ Avg. Employment
Company A - Mfg	183	128	206	69.9%
Company C - Service	50	107	132	214.0%
Company E - Mfg	513	273	391	53.2%
*BYE - Benefit Year Ending				

As the table shows, these companies were far outside of the norm in terms of their high TDI claims experience. Within these companies, the cases that were selected represented some of the most frequent medical diagnoses and/or longest durations. In 50% of study cases, the customer had been out of work at least double the medical duration guidelines recommended by the Reed's Group Medical Disability Advisor for the identified diagnosis.

The study was done via telephone interviews. The customer interviews were handled by an experienced medical manager from TDI; the physician interviews were conducted by the advising physician to TDI. A standard set of interview questions was developed for each interviewer re: diagnosis, progress, and issues preventing return-to-work. The physician interviews were also used to obtain physician reaction to the value of using medical duration guidelines. In all interviews, the medical manager and the physician were asked to use their professional judgment and experience to assess whether they felt there might be a possible case of abuse.

### Findings from Customer Interviews:

- ◆ The diagnosis was sometimes too general, making it difficult to relate to the medical duration guideline categories.
- ◆ The customer report of injury/illness was often more severe than the physician's diagnosis indicated.
- ◆ Most customers felt that they were progressing in their recovery.
- ◆ There were three cases where the duration for an extension to a claim had expired.
- ◆ The interview seemed to prompt some customers to confirm a return-to-work date. Four offered it during the interview, and one called back after the interview.
- ◆ Customers gave various medical reasons as the reasons preventing them from returning to work. Some said they did not feel well enough yet.
- ◆ The interviewer felt that a couple of the cases should be scheduled for an Impartial Exam.
- ◆ There were no strong indicators of abuse regarding the diagnosis. The customer interviewer felt that customers had a legitimate claim and that the system was working well to support them.



## Findings from Physician Interviews:

- ◆ The diagnosis on TDI forms was often inaccurate due to the physician's failure to update it, or due to a changed medical diagnosis. The physician interviewer felt that the new diagnosis often justified the extended absence that might not have been justified by the initial diagnosis.
- ◆ Information regarding referral to a specialist was not always on the TDI record.
- ◆ There was little coordination between the primary physician and Impartial Examiner. IE physicians were handicapped without necessary records and results of tests that had been done.
- ◆ Issues preventing return-to-work were varied, and seemed medically appropriate.
- ◆ There were no strong indicators of abuse by physicians; Physicians interviewed seemed forthcoming.
- ◆ Two physicians said that some patients know how to "game" the system, and that they were not tolerant when they detected this.
- ◆ Physicians acknowledged that there are some questionable claims. Back, mental health and musculoskeletal disorders, they said, are hard to quantify.
- ◆ Several supported the idea of a claims management system, and said that they would welcome any leverage that TDI could use to identify, or prevent abuse.
- ◆ Some orthopedists would favor an earlier IE to help determine appropriate duration.
- ◆ There was good consensus on use of medical duration guidelines as a standard, with physicians stating that they would welcome a uniform system with standards and duration guidelines for all patients. One high end certifier indicated that medical duration guidelines standards would help him in reducing durations.

## Recommendations of Pilot Project

- ◆ Establish a claims management system to identify and track questionable claims, and to provide timely follow-up on claims with durations far outside of the norm.
- ◆ Establish and implement a medical duration guidelines system to help medical providers determine appropriate durations for many of the diagnoses they deal with in TDI claims. Make the guidelines accessible to Qualified Health Care Providers.
- ◆ Educate Qualified Health Providers on the use of medical duration guidelines; motivate them to use the system.
- ◆ Ensure that proper diagnosis codes are used and updated on TDI forms.
- ◆ Improve the Impartial Exam system by ensuring better coverage of specialists, and provide more complete information to the Impartial Examiner.
- ◆ Ensure better follow-up after the Impartial Exam.

Several improvements relating to the Impartial Exam process have already been put in place by TDI.



## Employers Feedback

Four representatives of Rhode Island employers attended the April 4, 2005 Task Force meeting to learn what had transpired within the TDI Task Force and to present some of their concerns. They also shared the results of a recent poll conducted by the Employers Association. The key points of the discussion follow:

- ◆ Some employers reported a high absence rate due to TDI in a range of 5% to 20% at any given time. (The average from the URI study was 2.3%.)
- ◆ They suggested that there were “pockets of abuse” - many in lower paid positions, and in certain service industries.
- ◆ Employers reported that the cost of filling in for absent positions is difficult, especially for companies with rates as high as 20%. It was agreed that a company could notify TDI of the problem for investigation.
- ◆ A serious problem for employers was that they often don’t know if an employee is out on TDI or when the employee might be coming back to work. There was a discussion about company policies that enable the employer to capture this information themselves. Several employers and unions conduct their own follow-up with employees and doctors, with varying degrees of success. It was felt that an improved claims management system would help in cases of extreme durations.
- ◆ Employers said that they observe “spikes” of TDI usage around December holidays, as well as in late summer (this was consistent with data gathered in the URI study).
- ◆ Employers noted an observed correlation between the 13 weeks of absence allowed under the Family Medical Leave Act and the TDI duration for employees who use both for the same illness. This may require further study.
- ◆ Employers noted that some employees can increase their weekly wages while on TDI, which may provide an incentive to remain on TDI longer. This appears to be due to the fact that overtime is part of the benefit calculation.
- ◆ The Task Force and employers discussed the value of regular safety and wellness programs that communicate the importance of healthy employees, and help them maintain good health.

Employers agreed that the Rhode Island TDI program does a very good job at serving an important need. Some employers felt that it is an attractive selling point for employers who may be considering locating in Rhode Island, as it is fully paid for by employees. The employers’ survey identified the following areas of the Task Force work as their priorities for improving the system:

- ◆ Return-to-work option/Partial payments
- ◆ Implementing and enforcing the use of medical duration guidelines
- ◆ Implementing protocols similar to those used in Workers’ Compensation
- ◆ Improving the claims management system
- ◆ Working closely with employers as part of the solution
- ◆ Educating employers, physicians, employees



## Task Force Recommendations

The Task Force synthesized their discussions and learnings of the past five months and developed recommendations to enhance the efficiency and effectiveness of the TDI program. At the April 4th meeting, the Task Force approved the following six recommendations. At its May 10th meeting, the action steps and timelines were reviewed and approved.

### **1. Publicize the medical duration guidelines utilized by TDI to Qualifying Health Care Providers in order to provide more consistency in the certification process.**

- ◆ Purchase new software that provides TDI staff with easy access to uniform Medical Duration Guidelines in processing TDI claims.
- ◆ Adjust TDI forms/reporting requirements in order to gather required Medical Duration Guidelines diagnosis from physicians/Qualified Health Providers.
- ◆ Determine feasibility of providing duration guidelines on-line to physicians/Qualified Health Providers.

*Timeline:* June – determine most feasible system to implement Medical Duration Guidelines  
September – install new system

### **2. Offer a partial return-to-work option through proposed legislation that would modify current TDI regulations.**

- ◆ Communicate with key legislators, informing them of the work of the TDI Task Force and the unanimous endorsement of the partial return-to-work legislation, and asking them to support passage of this bill. If bill is passed:
- ◆ Rewrite policies and procedures to implement partial return-to-work option.
- ◆ Assign staff responsibility, train employees, and hire required additional staff.
- ◆ Develop computer programming to manage partial benefits. UI may be used as an operating model.
- ◆ Modify telephone menu to handle partial benefits option, so customers can report wages by phone.
- ◆ Develop appropriate communications with physicians/Qualified Health Providers and work closely to monitor use of this option.

*Timeline:* July - Target date for passage. Develop new system by 12/1/05 Implement by 1/1/06

### **3. Implement a Claims Management system that can investigate situations where there may be abuse of TDI and resolve them.**

- ◆ Hire additional staff to help develop the claims management program and to review cases that match possible abuse criteria.
- ◆ Use research and work of Task Force to develop list of possible abuse criteria that can be looked at to prevent and detect abuse, such as high frequency users, high frequency certifiers, claims that extend significantly beyond the medical duration guidelines, and certain geographies, seasonalities, sub-sectors, and companies where usage and duration are far outside of the norm.
- ◆ Develop a claims management system with policies, procedures, and guidelines that can effectively monitor targeted claims data, and can identify and resolve cases of abuse.
- ◆ Educate employees, employers, and medical community about the claims management program.

*Timeline:* September - New claims management staff hired  
Over next year - Develop and fully implement claims management program



**4. Improve access to a specialty physician network to reduce the turn-around time for an Impartial Exam. Investigate how to beef up current system through possible involvement of RI health centers and hospital-based occupational health and wellness programs. Provide diagnostic records to the specialists and at the Board of Review.**

- ◆ Investigate with the state the possibility of contracting with the Rhode Island Health Centers and/or hospital-based occupational health and wellness centers to conduct impartial exams.
- ◆ Conduct a pricing review to ensure that the improved impartial exam process can be provided at a reasonable cost, but one that is attractive enough to the specialists.
- ◆ Implement new requirement that customers, in conjunction with their Qualified Health Providers, must provide medical records pertaining to the claim (clinical notes/test results) to the specialist.
- ◆ Implement new requirement that TDI will provide the Board of Review with the Medical Duration Guidelines for the diagnosis being reviewed.
- ◆ Implement new requirement that following Impartial Exam, the IE physician/Qualified Health Provider must fax his/her decision to deny or allow benefits to TDI within 24 hours.

**Timeline:** Develop procedures by 8/1/05 Begin to use the new network by 1/1/06

**5. Develop an education/communications plan to improve information and outreach to key groups. Articulate the roles and responsibilities of employees, employers, the state, and medical providers - what each group needs to know, what each group is supposed to do.**

- ◆ Draft FACT SHEETS for employers, employees/customers, and medical community with pertinent information for each group.
- ◆ Assemble a team of internal and external experts to serve as an Education Unit, to assist with the development of the education/communications plan.
- ◆ Determine the education needs of each group:
  - 1.) Who needs to know? (employers of a certain size, etc.)
  - 2.) What do they need to know? What are we trying to communicate?
  - 3.) How can we best reach them? What communication vehicles will work best?
  - 4.) Who can help us get the messages out effectively?
  - 5.) How can we convey TDI as a positive benefit – one that is a valuable benefit to employers as well as employees; one that promotes wellness, etc.

**Timeline:** Complete FACT SHEET by 7/1/05 Launch Education Unit by 9/1/05

**6. Implement a TDI fraud program that will work with the fraud units of UI and WC.**

- ◆ Educate employees, employers, and medical community about the TDI fraud unit and encourage them to report possible abuse for further investigation.
- ◆ Discuss possibility of cross-matching with WC to assess cases where customer files consecutive or concurrent claims with TDI and WC for the same injury or illness.
- ◆ Publicize the TDI fraud unit through successful fraud prosecutions.

**Timeline:** Implement changes by 9/1/06

The Task Force will continue to be involved during the implementation phase of the recommendations through regular progress updates, involvement and input of members on certain action steps, and involvement of members to continue the dialogue on improving the TDI system for the future.



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## *Acknowledgments*

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