

North Carolina Department of State Treasurer

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## Retirement Systems Division

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October 2006

Benchmarking Survey of Disability Programs in North Carolina's Peer Retirement Systems: Benefits, Determinations, Management, and Workload



## SURVEY RECIPIENTS

In June 2006, a 13-question survey was distributed by email to the benefits administrators of the 16 retirement systems listed below. The questions were intended to detail the workload and management of long-term disability programs in North Carolina's peer retirement systems. Including North Carolina, thirteen systems completed the survey. Peer respondents are highlighted in **bold**.

- **Alabama Retirement Systems (ARS)**
- **Colorado Public Employees Retirement Association (COPERA)**
- **Public Employee Retirement System of Idaho**
- **Kansas Public Employee Retirement System (KPERs)**
- **Michigan Office of Retirement Services\***
- **Public Employees' Retirement System of Mississippi**
- Missouri State Employees Retirement System (MOSERS)
- **New Jersey Division of Pensions and Benefits\*\***
- **Ohio Public Employee Retirement System (OPERS)**
- **State Teachers Retirement System of Ohio**
- Pennsylvania Public School Employees' Retirement System
- **South Carolina Retirement Systems (SCRS)**
- Tennessee Consolidated Retirement System (TCRS)
- **Virginia Retirement System (VRS)**
- Washington State Retirement Systems (WSRS)
- **Wisconsin Retirement System (WRS)**

\*includes Michigan School Employees Retirement System and the Michigan State Employees Retirement System

\*\*includes the NJ Public Employees Retirement System and New Jersey Teachers' Pension and Annuity Fund

## GENERAL SUMMARY

- **Of the 13 systems included in this report, 11 offer a long-term disability benefit.**
  - Two of these systems use a third-party administrator to handle applications and claims.
  - Two systems use both staff and an outside vendor (TPA, insurance company, and a State Vocational Rehabilitation Department).
  - Seven of the systems use some combination of medical boards and staff members.
- **Of the eight responding systems that handle applications and claims internally, four use a case management system and four use a task management system.**
- The number of applications received monthly ranges from 23 to 226. The median number of applications was 85.
- The number of applications processed monthly ranges from 3 to 262. The median number of applications processed was 68. One responding system does not track this item.
- **The time lapse between application and approval or denial ranges from 30 days to 6 months.** One responding system does not track this item.
- **The time lapse from approval to receipt of first payment ranges from 3-5 days to 5 weeks.**

## DETAILED RESULTS

**Question 1: Does your state provide a long-term disability benefit that is internally processed by your retirement system?**

- Eleven systems provide the benefit and process it internally.
- Two systems do not offer long-term disability (Colorado and Michigan).

**Question 2: How are disability determinations made: by staff, medical board, or outside vendor? (Note: “Medical board” refers to a group of physicians responsible for reviewing the medical examinations and evidence submitted by applicants.)**

- In six systems, disability determinations are made by a medical board, though the process is somewhat different in each state (Alabama, Mississippi, Ohio PERS, STRS Ohio, and Virginia). STRS Ohio describes their process this way:

An applicant for a STRS Ohio disability benefit is evaluated by an independent medical examiner (IME) assigned by the Medical Review Board chair. The IME completes an examination of the applicant and submits a written report of his or her medical opinion to the Medical Review Board chair. The Medical Review Board chair reviews the IME report and makes a recommendation for approval or denial to the STRS Ohio Retirement Board. **The Medical Review Board chair can recommend approval without additional input from other Medical Review Board members; however, he must forward all potential denial cases to three other Medical Review Board members.** The selected Medical Review Board members review the medical file independently and then submit a written opinion to the Medical Review Board chair. If the three opinions are not unanimous, the case is discussed at the monthly Medical Review Board meeting, where a unanimous recommendation is submitted to the Medical Review Board chair. **That recommendation is then passed on to the STRS Ohio Retirement Board for confirmation.**

- In two systems, disability determinations are made by an outside vendor alone. Both use a third-party administrator (Idaho, Kansas). In addition to their traditional disability benefit plan, Virginia offers the Virginia Sickness and Disability Plan. The VSDP uses a third-party administrator and does not require that recipients be permanently disabled.
- New Jersey reported using both a medical board and staff members to make disability determinations.
- Two systems, South Carolina and Wisconsin, use an outside vendor and staff members to make disability determinations. South Carolina has a unique relationship with their state’s Department of Vocational Rehabilitation. They described the process as follows:

Our office utilizes the SC Department of Vocational Rehabilitation to collect medical records and issue a recommendation to the Retirement Systems. Our office makes the final determination. If the member is denied and files an appeal, our

office hires an independent vocational consultant to review the medical records and conduct a conference with the member before issuing a recommendation to the Director. The Director then makes the Final Agency Determination. If the member appeals the Director's determination, the file then goes to the Administrative Law Court for a determination. Any appeal of that determination is made to the Appeals Court through the Judicial System.

Wisconsin reported working with both a third-party administrator and an insurance company.

**Question 3: If disability determinations are made by an outside vendor, do you contract with an insurance company, a third-party administrator, or another entity?**

See detailed responses to Question 2.

**Question 4: If disability determinations are made by a medical board, please answer the following:**

**Question 4a: How many individuals serve on the board?**

- Four out of the seven systems that use a medical board have three individuals serving on the board. STRS Ohio has seven individuals on their medical board. Virginia has five members, with three alternates. North Carolina's medical board also has five members.
- In addition to a medical board, Mississippi has a Disability Appeals Committee; the committee has two panels, each with two physicians and a nurse/attorney who serves as chief hearing officer.

**Question 4b: Is the medical board comprised of general practitioners or specialists?**

- Ohio PERS' medical board is comprised of general practitioners.
- Four boards, Mississippi, STRS Ohio, Virginia, and North Carolina, have medical boards comprised of specialists. STRS Ohio indicated that the following specialties are represented on their board: cardiology, psychiatry, internal medicine, pulmonology, oncology, and orthopedic surgery.
- Alabama and New Jersey include both specialists and general practitioners on their medical boards.

**Question 4c: How often does the medical board meet? How long is each meeting?**

- Three of the systems convene their medical boards monthly. Alabama indicated that the length of their meetings is determined by the number of cases to be reviewed. Mississippi reported that their monthly medical board meeting is four hours long.
- North Carolina's board meets weekly for two hours.

- Virginia’s medical board meets weekly for an average of 2-3 hours.
- Ohio PERS convenes their medical board on an as-needed basis. They describe their process as follows:

The medical advisors do not operate as a committee, but instead render recommendations on an individual basis. The head advisor comes in to our office on a daily basis to review case files. His review sessions are for about 45 minutes or longer each day and sometimes he may come in twice a day. The other two advisors come in on an as-needed basis. However, if volume is heavy, we may be involved in multiple sessions with any one of the advisors on a given day.

- STRS Ohio staff meets with the medical board chair weekly. The entire board convenes monthly. (See detailed response to Question 2 regarding STRS Ohio process.) The weekly meetings with the chair are generally five hours long. The monthly meeting of the entire board is one hour long.

**Question 4d: How many cases does the medical board review when it meets?**

- Of the systems that convene the entire medical board on a monthly basis, the number of cases reviewed ranges from 20 to 100. The average number of cases reviewed is 53.
- STRS Ohio reports that the Medical Review Board chair reviews approximately 40 cases per week with staff members. If the entire board meets, a typical agenda would include three cases (see description in the response to Question 2).
- North Carolina’s medical board reviews an average of 100 cases at each weekly meeting.
- Virginia’s medical board reviews an average of 20-25 cases at each weekly meeting.
- Ohio PERS describes their process as follows (see Question 4c for the general composition of the board):

Based on the complexity and volume of the medical documentation, an advisor may review anywhere from 10 to 25 medical reports during a session (depends on session time). The results of these reviews are documented by the advisor in a written recommendation for each applicant/recipient reviewed. In turn, these recommendations are compiled in a consent agenda which is subject to acceptance by the retirement board of directors at a monthly board meeting. At the monthly meeting, the retirement board may adopt the medical findings on anywhere from 300 to 500 new applicant/existing recipient (re-exams) accounts.

**Question 4d: How is the medical board compensated?**

- Alabama: \$200 per meeting
- Mississippi: Under contract
- New Jersey: \$15,000 per year
- North Carolina: \$250 per session
- Ohio PERS: Per session rate

- STRS Ohio: Chair is under contract; all other board members receive a per case rate which is established by the system and reviewed annually.
- Virginia: Per diem and per case fee

**Question 5: If disability determinations are made by STAFF, what qualifications are required for new hires?**

- Two systems reported using staff members in the determination process: South Carolina and Wisconsin. (See response to Question 2 for a description of South Carolina’s process.)
- Wisconsin indicated that there were no specific qualifications required for new hires. They are recruited through a generic trust funds specialist examination.

**Question 5a: What type of disability determination training is provided for new hires?**

- Wisconsin staff are trained on required documentation from physicians and employer; this documentation serves as certification of disability.

**Question 5b: Who conducts the training?**

- In Wisconsin, existing staff conducts training for new hires.

**Question 6: How often do you require beneficiaries to be re-examined? (Note: “Re-examination” refers to a requirement that a recipient’s disability be re-verified by a medical authority.)**

- Of the eight systems that responded to this question, five require an *annual* re-exam, though each system has different terms, limitations, or exceptions:
  - Alabama: Annual for first five years; every three years thereafter until age 60
  - Mississippi: The system decides at the time of approval if a case is subject to re-exam; if re-exam *is* required, it is required annually.
  - Ohio PERS: medical advisor may require more frequent re-exam
  - STRS Ohio: medical board chair can waive re-exam requirement
- In New Jersey, re-exams are subject to Board determination or upon account audit.
- In North Carolina, a re-exam is required every three years.
- In Virginia, re-exams are subject to medical board determination. The normal recall time for these cases is one year.

**Question 7: Do you handle clients with a task or case management system? (Note: In a task management system, individual staff members are responsible for one particular task in the application process; in a case management system, one individual oversees the entire process for an applicant.)**

- Four systems reported using a task management system: Alabama, New Jersey, North Carolina, and Ohio PERS.
- Four systems reported using a case management system: Mississippi, STRS Ohio, Virginia, and Wisconsin.

**Question 8: If you use case management, how many cases can an individual disability analyst handle per week? (Note: “Disability analyst” refers to staff members who process disability claims.)**

- Mississippi: 75
- STRS Ohio: 45
- Virginia: 7-10
- Wisconsin: N/A—cases are ongoing

**Question 9: On average, how many disability applications do you receive each month?**

- The number of applications received monthly ranged from 23 to 226.
- The average number of applications received monthly is 98, though this number is likely skewed because of the high/low outliers (23 and 226). The median number of applications is 85, which is likely more representative of a typical workload.

**Question 10: On average, how many disability applications do you process completely each month?**

- The number of applications processed monthly ranged from 3 to 262.
- The average number of applications processed monthly is 97, though this number is likely skewed because of the high/low outliers (3 and 262). The median number of applications processed is 68, which is likely more representative of a typical output.
- Virginia does not track this item.

**Question 11: How many disability analysts do you employ?**

- The number of disability analysts employed ranges from 3 to 19.
- The average number of disability analysts employed is 10.

**Question 12: On average, how much time passes between receipt of application and approval or denial of benefits?**

- The time between receipt of application and a decision ranges from 30 days to six months. The individual systems report the following:
  - Alabama: 30 days
  - Mississippi: 60 days
  - New Jersey: 4-6 months
  - North Carolina: 12 weeks
  - Ohio PERS: 90-120 days
  - STRS Ohio: 3-5 months
  - South Carolina: 67 days
  - Virginia: 30-40 days
  - Wisconsin: not tracked—varies significantly from case to case

**Question 13: On average, how much time passes between approval and receipt of first payment?**

- The time between approval and receipt of first payment ranges from 3-5 days to 60 days. The individual systems report the following:
  - Alabama: 60 days
  - Mississippi: 3-5 days
  - New Jersey: 2-4 weeks
  - North Carolina: 1 month
  - Ohio PERS: 15-25 days
  - STRS Ohio: 4 weeks
  - South Carolina: 17 days
  - Virginia: 25-30 days
  - Wisconsin: 2-3 weeks