

## Chapter 8

# 3sHealth—Managing Disability Claims

### 1.0 MAIN POINTS

Health Shared Services Saskatchewan (3sHealth) administers four disability benefit plans for certain healthcare employees (e.g., healthcare staff working in hospitals, emergency services, and long-term care facilities). In 2022–23, 3sHealth served 46,000 active plan members.<sup>1</sup>

By January 2024, 3sHealth improved its processes to manage disability claims for certain healthcare employees. It implemented two recommendations and partially implemented two other recommendations we originally made in 2022.

3sHealth does not always process incoming disability benefit applications on time, which delays adjudicators' decisions. 3sHealth's goal is to have claim decisions completed within eight days, 90% of the time. In our testing, we found 3sHealth met the eight-day target 73% of the time. Delays place more stress on plan members waiting for decisions and disability payments. In February 2024, 3sHealth was working on adding more resources to improve its processing times.

3sHealth began tracking the timeliness of appeals and documenting the rationale for delays—it expects staff to complete all appeals within 30 business days. However, its tracking spreadsheet contained errors, resulting in inaccuracies in its timeliness calculations. These inaccuracies reduced 3sHealth's results for completing all appeals within 30 days from 85% to 55% for the February 2023 to January 2024 period.

3sHealth started centrally tracking and analyzing plan member complaints regarding disability benefit claims in 2022. Additionally, 3sHealth improved its reporting to senior management and the Board of Trustees by including action plans to address barriers to meeting targets, along with analysis of key performance information (e.g., whether staff adjudicated benefit claim applications within eight business days and if not, why not).

Effective processes to manage disability claims help to minimize delays in plan members receiving the appropriate support and treatment needed to improve their health and return to work. In addition, effective and accurate data collection, analysis, and reporting supports management in adjusting and improving processes as needed.

### 2.0 INTRODUCTION

#### 2.1 Disability Claims Increasing

Through its service agreement with the Employee Benefit Plans' Board of Trustees, 3sHealth is responsible for administering 10 employee benefit plans (e.g., disability benefits, extended healthcare benefits) for certain healthcare employees (i.e., over 46,000

<sup>1</sup> 3sHealth, *Annual Report 2022–23*, p. 6.



plan members) in Saskatchewan.<sup>2</sup> Plan members include healthcare workers in hospitals, emergency services, and long-term care facilities across the province.

The disability plans protect plan members against loss of income due to injury or illness. In 2022, 3sHealth issued over \$52.4 million in disability income payments to plan members (2021: \$50.6 million).<sup>3,4</sup>

3sHealth reported the following top three medical diagnoses for disability benefit claims in the last five years:

- Musculoskeletal injuries (e.g., carpal tunnel syndrome)
- Mental disorders
- Cancer

The number of applications for disability benefit claims has increased by 718 claims or 30% between 2019 and 2023. **See Figure 1** for the average number of applications per month by year.

**Figure 1—Annual and Average Monthly Applications for Disability Benefits**

|                                       | 2019  | 2020  | 2021  | 2022  | 2023  |
|---------------------------------------|-------|-------|-------|-------|-------|
| <b>Total Annual Applications</b>      | 2,354 | 2,786 | 3,075 | 3,255 | 3,072 |
| <b>Average Applications per Month</b> | 196   | 232   | 256   | 271   | 256   |

Source: Adapted from information provided by 3sHealth.

In 2019, 3sHealth began its ‘Path to Health’ project to redesign its approach to disability claims management. The goal was to make the disability claims management process easier, provide additional support during the claim, and communicate with plan members earlier and more often. In 2022, 3sHealth implemented new disability claims IT management software as the final component to the Path to Health project. The new software has allowed 3sHealth to gain significant efficiencies by moving all client file management into a digital space and eliminated all paper files.

Effective methods to process incoming applications and review appeals reduce stress on plan members waiting for decisions on their disability claims and subsequent payment of benefits.

## 2.2 Focus of Follow-up Audit

This chapter describes our first follow-up audit of management’s actions on the recommendations we made in 2022.<sup>5</sup>

<sup>2</sup> 3sHealth’s Board of Directors signed a formal trust agreement with the Employee Benefit Plans’ Board of Trustees in January 2015, effectively making it the governing authority for four disability plans. The four disability benefit plans are: Canadian Union of Public Employees (CUPE), Service Employees International Union–West (SEIU–West), the General Plan, and the Saskatchewan Union of Nurses (SUN).

<sup>3</sup> 3sHealth, *Annual Report 2022–23*, p. 6.

<sup>4</sup> 3sHealth, *Annual Report 2021–22*, p. 5.

<sup>5</sup> *2022 Report – Volume 1*, Chapter 3, pp. 23–43.

In 2022, we assessed 3sHealth's processes to manage disability claims for certain healthcare employees. Our *2022 Report – Volume 1*, Chapter 3, concluded that, for the 12-month period ended October 31, 2021, Health Shared Services Saskatchewan (3sHealth) had, other than in the areas of our recommendations, effective processes to manage disability claims for certain healthcare employees. We made four recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). We used the relevant criteria from the original audit to evaluate 3sHealth's progress toward meeting our recommendations. 3sHealth management agreed with the criteria in the original audit.

To conduct our follow-up audit, we interviewed staff responsible for managing disability claims and reviewed work standards to test key aspects of managing claims. We tested a sample of disability claim applications and appeals, analyzed appeals data, and examined reporting related to processing disability claim applications and appeals.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2024, and 3sHealth's actions up to that date.

### 3.1 Continuing Delays in Processing Incoming Applications

***We recommended Health Shared Services Saskatchewan send completed disability benefit claim applications to adjudicators on time.*** (*2022 Report – Volume 1*, p. 30, Recommendation 1; Public Accounts Committee agreement December 14, 2023)

**Status**—Partially Implemented

3sHealth still experiences delays in processing incoming disability claim applications, which delays the adjudication of claims.

3sHealth expects benefit service officers to process incoming claim applications and provide them to adjudicators within three business days. After setting up plan member profiles in the claims management IT software and contacting the member to advise them that the application is complete, benefit service officers submit applications to adjudicators to assess members' eligibility and coverage.

For the 30 applications we tested, we found benefit service officers did not always make timely application submissions to adjudicators, which caused delays in decision-making. For example, for 13 out of 30 applications tested (43%), we found delays in submitting completed applications to adjudicators ranging from 4–10 business days after receiving a complete application. As a result, some members did not receive a claim decision for up to 15 days. 3sHealth's goal is to have claim decisions completed by adjudicators within eight days, 90% of the time, including benefit service officers processing and submitting claim files to adjudicators within three days. In our testing, we found 3sHealth met the eight-day target 73% of the time.



3sHealth monitors whether it processes applications within three days 90% of the time. For the 12-month period ending January 2024, 3sHealth met the three-day goal in 5 of 12 months. The lowest compliance occurred in November 2023 with 3sHealth processing only 30% of claim applications within three days.

3sHealth management noted that staff turnover, leaves, and an increasing volume of applications are major factors contributing to not meeting targets. 3sHealth took action to improve its processing of disability claims in February 2024 by filling four vacancies and adding two more staff to the benefits service team.

Delays in processing incoming applications affect timeliness of claims decision-making and payment of benefits to plan members.

## 3.2 Inaccurate Timelines for Completing Appeals Recorded

***We recommended Health Shared Services Saskatchewan follow its established timelines to complete appeal reviews on disability claims and document reasons for significant delays.*** (2022 Report – Volume 1, p. 37, Recommendation 2; Public Accounts Committee agreement December 14, 2023)

**Status**—Partially Implemented

3sHealth improved tracking the timeliness of appeals and documenting the rationale for delays; however, its tracking spreadsheet contained errors and inaccuracies.

As set out in the collective bargaining agreements, 3sHealth expects staff to review and decide on all appeals within 30 days of their receipt. In early 2023, 3sHealth enhanced its spreadsheet for tracking appeals by embedding calculations for timeliness of review, including noting when appeals were received, and any wait times because of waiting for additional information (e.g., documentation from a medical professional).

Between February 2023 and January 2024, 3sHealth's spreadsheet showed 109 appeals received with 97 appeals completed and 12 not completed. 3sHealth's records indicated that staff completed 82 appeals within 30 business days and 15 appeals within 31–135 business days (85% on time). Staff documented reasonable rationale for all 15 appeals that took longer to review. The two main reasons for delays were high volume or waiting for additional information (i.e., from members, employers, external adjudicators).

However, our review of the appeal spreadsheet found:

- Inaccurate calculations for the timeliness of appeals—we found errors in 3sHealth's calculations, which inaccurately reflect the actual business days taken to complete appeals. We found that 3sHealth's compliance rate with the goal of completing appeals within 30 business days was 55% instead of 85% for the February 2023 to January 2024 period.
- Incomplete information—we found four appeals recorded in 3sHealth's IT software that it did not include in the spreadsheet and another appeal completed in 2023, mistakenly recorded in the archived 2022 appeal spreadsheet.

In our testing of 11 appeals, we found 3sHealth calculated one appeal as being completed beyond the 30 business days (36 days), and documented rationale for the delay (i.e., waiting for information from the employer). However, when we did our calculations, our testing found two other appeals completed over 30 business days (ranging from 31 to 39 days).

In addition, our testing found data entry errors in dates for receipt of appeals, as well as completion dates, leading to inaccurate timeliness reported for appeal reviews—these data entry errors did not impact compliance with the 30 business-day standard.

Missing appeals and inaccurate calculation of timelines presents a risk of inaccurate reporting to management and the public. It also risks not identifying additional resources to address delays in completing reviews.

### 3.3 Complaints Centrally Tracked and Analyzed

***We recommended Health Shared Services Saskatchewan centrally track and analyze complaints from plan members regarding disability benefit claims.*** (2022 Report – Volume 1, p. 38, Recommendation 3; Public Accounts Committee agreement December 14, 2023)

**Status**—Implemented

3sHealth developed a complaint tracking spreadsheet, which management regularly reviews and analyzes.

In February 2022, 3sHealth developed a work standard for recording any complaints related to plan members' dissatisfaction with 3sHealth's services or products that it escalates to management. This standard provides clear instructions for what complaint information to record (e.g., dates received and resolved, outcome), as well as directions on how to coach staff to investigate complaints or take action as needed.

We found 3sHealth uses a tracking spreadsheet accessible as necessary to 3sHealth benefit specialists, managers, and director.

From February 2022 to January 2024, 3sHealth recorded 24 complaints. 3sHealth categorizes complaints by their nature (e.g., benefit eligibility, appeals, missed payment), and records the timelines of their receipt and resolution. Our review found most complaints related to benefit payments with few related to delays in processing applications or reviewing appeals.

We found 19 complaints resolved within three days, four complaints took 4–16 days, and one took 70 days due to delays in obtaining plan member's information and assessing eligibility for benefits.

We found evidence that management reviews and discusses complaints weekly during senior management meetings to determine whether any process changes are needed.



Tracking complaints centrally enables 3sHealth to know the number and nature of complaints it receives. Analysis of complaints helps management to improve disability management processes and address identified issues.

### 3.4 Key Claims Management Information Analyzed and Reported

***We recommended Health Shared Services Saskatchewan enhance its written reports to senior management and the Board of Trustees about its disability claims management processes.*** (2022 Report – Volume 1, p. 42, Recommendation 4; Public Accounts Committee agreement December 14, 2023)

**Status**—Implemented

3sHealth included written analysis on key performance measures in its reporting to senior management and the Board of Trustees about its disability claims management processes.

Starting September 2023, 3sHealth included a written analysis of why it did not meet performance targets and provided a corrective action plan in its monthly reporting to senior management. For example, reports showed for three months (October–December 2023) 3sHealth did not meet its target to adjudicate claim applications within eight days 90% of the time. It included an explanation for the backlog and a plan to prioritize this work.

In addition, 3sHealth’s monthly reports now also include information on reviews of appeals. The reports include results about meeting its target to review appeals within 30 business days and provide a corrective action plan for when a target is not met (e.g., prioritizing appeals in daily work).

Starting in spring 2023, 3sHealth also provided more analysis in its reports to the Board of Trustees. We found the reports now include information about barriers to meeting targets. For example, the report for the first quarter of 2023 explained that adjudicator vacancies caused delays in meeting its target of processing 90% of initial applications within eight business days (actual: 63%), along with plans to overcome barriers (e.g., vacancies filled and new adjudicators trained).

Additionally, the reports included information about achievement of targets for completing appeals and associated action plans. For example, 3sHealth reported completing 80% of appeals within 30 business days in the first quarter of 2023 (target 100%). The report identified clearing a backlog of appeals as the reason for not meeting the target and, at March 2023, they were back on track. We note inaccurate information about the timeliness of appeal reviews can affect senior management and the Board of Trustees’ full consideration of proposed actions to address barriers (see **Section 3.2**).

Having more information and analysis on its disability claims management processes allows senior management and the Board of Trustees to know whether the process works as intended and adjust as needed. In addition, it establishes accountability for proposed actions to improve disability benefit claim processes.