

ReedGroup Research Points to Over \$6B in Avoidable Medical Costs

Ground-breaking research in the area of medical costs associated with disability episodes points to dramatic cost savings for employers, payers and providers

March 28, 2017

WESTMINSTER, Colo.-- During a presentation at the Integrated Benefits Institute Annual Forum in San Francisco today, **ReedGroup** is unveiling research findings from a 10-month study revealing that companies can save approximately \$6 billion a year in "avoidable medical costs" associated with disability claims among the 55 million U.S. workers with short-term disability benefits. On a larger scale, these findings show that medical costs, which contribute significantly to the overall cost of disability (along with wages, benefits, and replacement labor), can be controlled. Specifically, ReedGroup has found that significant medical costs can be saved by returning employees to work within expected recovery time frames.

The research involved analyzing how medical and pharmaceutical costs change over time during the course of an individual's absence from work. The analysis was based on a longitudinal database of more than 885,000 disability claims and 41 million healthcare records from employers and payers, associated with more than 1,400 unique diagnoses, over a 7-year period. This comprehensive database allowed ReedGroup's researchers to build sophisticated models that considered important case characteristics such as severity of disease and history of past illness.

"For years, employers and payers have been trying to determine how to significantly lower costs associated with employees who leave work due to short-term disability," said Kevin Curry, National Practice Leader at ReedGroup. "This is the first time we are revealing how active case management and the usage of evidence-based medical guidelines can shorten the duration of time employees are out of work, allowing employers to more directly control expenses."

ReedGroup's research found that there was a direct link between incurred costs and the duration of an employee's disability, with significant costs occurring even at later stages of the disability case. For example, among the 13,000 cases in the research cohort that experienced treatment for one of the highest-frequency disabilities in the work force --meniscus disorders-- there were \$10.4 million in medical and pharmaceutical costs incurred after the point when the individuals could be expected to return to work. Similarly, for the 1,200 cases who had a carpal tunnel release surgery (another of the highest-frequency disabilities), ReedGroup's research showed that there were \$957 in excess costs per case that could have been avoided had employees returned to activity within expected time frames.

Katie Zaidel, a Data Research Scientist at ReedGroup who led the research project, explained, "While we confirmed our hypothesis that most medical costs occur at the start of an individual's disability, we were encouraged to find that there are significant and measurable expenses that can be saved throughout the

disability episode. Even shortening a person's disability by a few days, through interventions like active case management and adherence to evidence-based guidelines, can represent significant savings in healthcare costs for employees, employers, and payers."

ReedGroup's innovative research in the area of medical costs is continuing, with new initiatives underway to study how the adherence to treatment guidelines affects disability durations and medical costs, and how employers can model costs for employees with chronic conditions such as asthma and diabetes.

About ReedGroup

[ReedGroup](#), a wholly owned subsidiary of the [Guardian Life Insurance Company of America](#)[®], is a leading health and productivity organization providing services to over half of the Fortune 100 companies. With more than 2000 employees, ReedGroup has operations across the United States, Canada, and India. ReedGroup's flagship product, [MDGuidelines](#), is the industry's leading solution for total health management and workplace productivity. MDGuidelines features the world's most trusted disability duration estimates and evidence-based Practice Guidelines from ACOEM. MDGuidelines is a proven approach to managing and measuring the impact of evidence-based care across entire populations.

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