

Disability claims bias: Mind the traps!

Introduction

Efficient management of disability claim files that lead to fair, just outcomes for all parties is a key responsibility of every claims assessor. Before making decisions, whether on disability income or total permanent disability claims, prudent claims assessors must evaluate each claim's information fully and correctly. It can be all too easy to fall into well-worn patterns of investigation and analysis that have been successful in the past.

In this Briefing Note, we look at the many traps that can adversely affect a disability claims assessor's decision-making process, and how they can be identified, recognised and ultimately avoided. Familiar and oft-used patterns, no matter how effective, might not always be the best approach. Problems can occur at any time during the processing of a disability claim that can make the claim difficult to manage and delay the final decision. When a claims assessor's personal beliefs and assumptions, and the influence they can have on the assessor's claimant communications and interactions, are factored in, it is easy to see how decision-making traps can trip even the most conscientious assessor.

The 1998 Harvard Business Review article 'The Hidden Traps in Decision Making,' by John S. Hammond, Ralph L. Keeney and Howard Raiffa, states:

- We have a tendency to stick with the status quo
- We tend to only look for evidence that confirms our preferences
- We are likely to throw good money after bad to defend our position and avoid admitting a mistake

The article further suggests it is the 'invisibility' of these traps that makes them dangerous ... and because they are

hardwired into our thinking process, we fail to recognise them – even as we fall right into them.

Avoiding decision-making traps

Decision-making traps are many. They include over-reliance on video surveillance, considering only paper-based evidence rather than the results of medical examinations, making assumptions about a claimant's physical abilities and the physical requirements of his/her occupation without obtaining supporting information, and not providing full medical evidence when instructing the medical professionals who will be performing the examinations.

Here are four of the most frequently encountered decision-making traps.

The Anchoring Trap

What it is: When the mind gives disproportionate weight to the first information received, initial impressions, estimates or data 'anchor' (or prejudice) subsequent thinking and judgments.

An example: A disability claims assessor might rely only on the initial medical information received to assess a claim, rather than communicating further with the claimant, the physician and the employer to render a fuller evaluation. Only relying on initial information will unduly and wrongly influence the claim decision.

How to avoid:

- Always view a claim from several perspectives. Try using different starting points and points of view rather than sticking to the first line of thought.

- Validate the information with an open mind.
- Seek opinions and collaboration from internal resources to widen your frame of reference.
- At referral time, avoid 'anchoring' your medical consultant or rehabilitation specialist by providing a complete picture of the claim, including all documentation, and asking unbiased questions.

The Status Quo Trap

What it is: We all have biases that influence our choices, and are predisposed to perpetuating status quo choices. It's inherent to human thinking – and it's easier not to question or change.

An example: The (infamous) perpetual 'Attending Physician Statement (or General Practitioner Report) Cycle.' The cycle is thus: Claim approved based on initial APS ~ request an updated APS in three months ~ review APS ~ continue benefits ~ request an updated APS in three months ~ review APS ~ continue benefits, and on and on.

How to avoid:

Maintain a proactive claim action plan that:

- Is focused on the outcome of the claim
- Is structured with set actions that have clear timelines
- Makes the best use of claim management opportunities so that functional and vocational possibilities are analysed and any barriers to returning to work identified so as to increase the chance of a positive return-to-work outcome

- Is mindful of alternative (and potentially more effective) ways of gathering evidence, such as making a phone call or sending a detailed letter instead of a standard form

The Sunk Cost Trap

What it is: Almost everyone is biased in favor of defending and justifying flawed past choices. This bias usually emerges when we are unwilling, consciously or not, to admit a mistake.

An example: Although a claimant's rehabilitation program has plateaued, the claims assessor or rehab specialist will approve continuation of the program in the hopes it will finally produce positive results.

How to avoid:

- Obtain fresh perspectives from others not involved in the claim.
- Be honest! Admit you made a mistake. (After all, you're only human!)
- Cultivate a culture that accepts that errors occur and offers support to correct them.

The Confirming Evidence Trap

What it is: Seeking information that supports one's existing point of view, giving too much weight to the information supporting that view, and not paying enough attention to conflicting information.



An example: An assessor, needing an independent medical examination to strengthen his decision to decline a claim, will schedule the examination with a specialist/ expert who he knows will draw conclusions likely to support his position.

How to avoid:

- Ensure that every piece of evidence in the claim file is evaluated with equal rigor.
- Be your own devil's advocate, or ask a colleague to argue against your decision.
- Avoid relying only on individuals who you know will always support your position.

Conclusion

The disability claims assessor job is to make the right decision about the validity of every claim, based on all the evidence presented. In reaching these decisions, an assessor must have made a thorough analysis of all of the evidence.

At every stage of the decision-making process, misinterpretations, biases, personal beliefs, and unwillingness to change or modify our behaviors can influence the choices we make and trap us into poor case management practices. The best protection against these traps is awareness and a willingness to take actions to avoid them. Don't be afraid to take a step back, and think again ... ■

For more information, please contact:

Charles Déragon

Director, Disability Claims
Group Reinsurance
RGA Life Reinsurance Company of Canada
T +1.514.985.5518
cderagon@rgare.com

Peter Barrett

Global Head of Claims
RGA UK Services Limited
T +44 (0) 207.710.6890
pbarrett@rgare.com