



Scott R. Green, Founder and CEO

Setting the Standard

With the passage of sweeping new workers' comp reform legislation, things have finally begun to turn around for the embattled California workers' comp system. Now is the time for California employers to take the reform to the next level. The rest of the country will follow suit. BY SCOTT R. GREEN

While several states have addressed the direction of medical care and provider networks to varying extents, none has programs in place that contain all of the provisions of California's Medical Provider Networks.

The ability of employers to optimally manage the medical care of their injured workers through the establishment of MPNs is one of the most important provisions of California's sweeping reform legislation, SB 899, which became effective in January. No single program has a greater potential to reduce medical costs and liability, when established correctly and managed efficiently through strategic thinking and innovative technology.

While previous attempts to curb spiraling claims costs, utilization, lost time and litigation have barely made a dent, recent legislation is clearly having a profound effect. Milestone bills are requiring employers and insurance carriers to establish a utilization-review plan based on American College of Occupational and Environmental Medicine treatment guidelines and implement new physical therapy, occupational therapy and chiropractic limits to 24 visits, among other things. Additionally, employers now have the opportunity for lifetime medical control and direction of care, through the creation and management of MPNs.

TAKING CONTROL

It has been a long, hard road to finally reach this turning point. Previous attempts at workers' comp reform in California often stalled in political bipartisan battles. Throughout the 1990s and even over the last few years, when legislation was passed, it was watered down or so ineffective it was nothing more than a proverbial "band-aid."

SB 899 was the first serious therapy for the quickly spreading cancer of out of control workers' compensation claims costs, utilization and insurance premiums. The creation of MPNs was a brilliant and strategic change toward a results-driven treatment through direction of care and utilization of providers and facilities that do the best job of getting patients healthy and back to work. Combined, the series of reforms, bridging two administrations, was expected to reduce costs by more than \$10 billion.

The California workers' comp industry hopes that the expanding use of MPNs, considered one of the crown jewels from this last round of workers' comp reform, will both guarantee the quality of medical care to injured workers and control medical costs. But as with any new law, to ensure that the true benefits of the law reach the intended, implementation of legislation is left to those impacted by it. Leveraging the power and advantages of MPNs will only become a reality when its administrators develop systems or strike partnerships with technology resources to monitor and strategically manage care, costs and outcomes.

To clarify, an MPN is created by the unique needs (i.e., geography, industry, history) of insurers or self-insured employers. A MPN must be submitted to and approved by the Department of Workers' Compensation. The MPN must contain a sufficient level and mix of providers, including providers that are competent to treat occupational injuries.

In general under SB 899, employees will be required to obtain treatment from the designated MPN throughout the course of their claim. Care provided by the MPN physicians must meet the utilization schedule and treatment guidelines adopted by the DWC. The employer or insurer selects the initial treating physician from within the MPN.

Historically, private industry and technology move faster than the changes in the workers' compensation laws, thus creating an environment ripe with

inaccuracies. For example, providers in California bill 2005 fees, yet the fee schedule is based on 1994 and 1997 CPT codes! Accordingly, effective bill review technology has to properly adjust the provider's bills in order to pay what is allowable by law.

The key to successfully utilizing MPNs and staying current with the law is the ability to identify, collect, adjudicate, track, manage and report on the component parts of the MPN process. Not only to ensure that you are effectively managing medical direction and care, but also that you are paying—or not paying—claims correctly; that utilization review decisions are incorporated in the bill review process; and that you are collecting the data you need to strategically analyze the effectiveness of the program and make changes where needed. Today's leading edge bill review technology is the necessary link that should connect all the functional components.

Other value-added features that technology offers include linking medical payment information back to the claims system, and performance benchmarking all areas of the bill review process including utilization review, MPN and PPO penetration and data warehousing for robust reporting capabilities. Also, technology can create paperless workflow processes for accepting electronic bills, paper conversion and web-based document management systems including online approval by claims adjusters.

In the near future, California payers will be required to accept electronic billings. Once this requirement is implemented (anticipated for late 2006) payers will have only 15 days to accept, review, and pay the bills. Meeting this time frame can only occur through the use of robust software technology.

As CEO of StrataCare for many years, I have witnessed the positive and powerful impact that the proper technology can have on workflow, savings, management of claims and legislative responsibilities. It is clear that all technology companies in this industry are not alike—and I encourage any administrator of an MPN to invest in substantial due diligence of software and technology alternatives to ensure you select the most appropriate tools for your unique situation.

However, the development of an MPN in and of itself will not lead to better patient outcomes and a reduction in costs. You must either develop the automation tools with internal resources or partner with the proper software company to leverage and manage the benefits—and keep up with what the law requires.

GETTING RESULTS

A number of California workers' compensation industry leaders are taking advantage of the reform legislation, and specifically MPNs.

"Republic Indemnity sees MPNs as one of the centerpieces of the effort to fairly reform the workers' compensation system," says Dave Mitchell, senior vice president of Republic Indemnity. "However, the effectiveness of MPNs could be significantly diminished if implementation is not done in a disciplined and thoughtful manner and with the best technology available. Above all, MPN implementation must contribute to the reduction of 'friction,' and foster a more positive and constructive relationship between the insurer and the injured worker."

The recent California workers' compensation reform legislation "has provided opportunities to bring real managed care and technology solutions to workers' compensation," says Tim Hoops, president of workers' compensation for Wellpoint's Blue Cross of California. "Our primary goal is to provide injured workers with access to quality care. This can be accomplished through quality MPNs and utilization of evidence-based treatment guidelines. In addition, MPNs allow us to better manage treatment outcomes and provide choice for injured workers."

Combining innovative technology with true workers' compensation reform is a major opportunity for California and perhaps even the nation.

A frequently voiced saying in quality management circles is that "If you can't monitor a given item or entity, you can't manage it." Today's technology gives us the ability to monitor anything we are willing to provide input on. With the coming requirements for reporting line-level medical bill data for California's Workers' Compensation Information System, California payers will certainly have the ability to gather the data to evaluate the success or need for modification of just about any aspect of medical services and their attendant costs.

Although it's too early to know the long-term impact of the reform, we do already notice that medical utilization trends and overall costs are down. Whether that means that quality of care has improved, only time will tell... but I'm confident that we're headed in the right direction.

While those of us in the software and technology field acknowledge it takes great time and resources to stay current on all legislative and other changes affecting workers' compensation, we see this as the key to the success of any effective program. By strategically utilizing technology, payers will continue to be on the leading edge of ensuring the successful management of changes brought on by this reform. ■

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