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Emerging Strategies for Risk



A NEW workers' comp model, based on the importance of physicians in determining the outcome of a claim, has injected some excitement into the marketplace as traditional methods of controlling costs falter.

● MANAGED CARE

The Doctor is(Butting) In

A new, doctor-centered model for treating workers' comp patients is challenging the traditional managed care PPO giants.

BY MADDY BOWLING AND DAVID HUTH

As workers' compensation claims costs continue their rapid upward march, it sometimes seems as if payers and providers are paddling in opposite directions. As investment returns vanish, combined ratios are on the rise again, and many payers and employers appear increasingly convinced that their only option is

to use blunt managed-care tools to attempt to beat treating physicians into submission.

However, several innovative programs suggest that workers' compensation payers may indeed get farther "with honey rather than vinegar" when it comes to changing treating provider behavior and

ultimately reducing claims costs.

Let's face it, traditional workers' comp managed care as we know it is no longer having the impact it once did. Many of our managed-care tools—nurse case management, provider bill review and PPO networks, for example—have been in place since the 1980's and their

effectiveness appears to have peaked.

According to the latest National Council on Compensation Insurance Inc. "State of the Line" report, the average indemnity cost per claim is up 4 percent in the last year, while medical costs have increased by nearly 6 percent.

NCCI also reports that, if current trends hold, medical costs will likely represent 70 percent of total national workers' compensation payments by 2017. Clearly, the traditional managed-care tools are no longer effectively controlling costs, but where should the industry turn next?

The dramatic turnaround of the California workers' comp market may provide some important clues to answering those questions. As many readers surely remember, California's worker's comp system was spinning out of control from the mid-1990s through the reforms of 2004.

Most of the carriers refused to write new business, resulting in the emergence of the state fund as the nation's largest workers' compensation insurer and employers facing double-digit annual premium increases.

Just prior to the flurry of state reforms in 2003-04, we asked a room full of California claims professionals, "What do you believe is the single most important factor in determining the successful outcome of a workers' compensation claim?" They

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—Scott Lawson, CEO, Comp-SIGMA

unanimously answered, "The treating physician."

While the system reforms in California ultimately tweaked everything from the permanent disability guidelines to the medical fee schedule, we are convinced that the most far-reaching aspects of the reform package will be the shift to give more power over the selection of the initial treating physician to the employer/payer, along with the ability of payers to select the providers in their network based on economic profiling, or "outcomes."

The treating physician is at the center of virtually every significant aspect of workers' comp claims, including deciding which medical treatments to use, whether an injured worker should lose time from work and if/when they are ready to return to work.

Rather than leverage this fact to try to improve claims outcomes, most employers and claims-payers instead simply treat providers as commodities by building massive, "any willing provider" discount networks that injured workers seek treatment from.

One of these "commodity" networks recently boasted that they had exceeded the millionth provider mark nationally. The goals of those networks would appear to be simple geographic coverage ("increase my penetration rate") and finding providers who are willing to give a small unit-cost discount on treatment.

Given the physician's critical role in determining the result of workers' comp claims, a more effective model is for companies to identify the "best doctors" who can make the right diagnosis and provide evidence-based care to drive stay-at-work and/or return-to-work outcomes and

build strong relationships with these physicians.

While the concept of providing injured workers access to the best doctors is not new to workers' comp, the ability to systematically identify, measure and engage those providers is reaching new heights with several programs recently introduced to the market.

ENTER BDOHI

Best Doctors Occupational Health Institute (BDOHI) has actually implemented just that philosophy with several workers' comp payers.

Boston-based BDOHI was founded in 2004 with the mission of improving quality of care for employees with work-related injuries. BDOHI is a part of Best Doctors Inc., an international healthcare improvement organization recognized for bringing medical expertise to all parts of the globe.

Perhaps best known for originally building an expert medical community by asking respected doctors questions like, "If you or a loved one needed a doctor in your specialty, to whom would you refer them?" BDOHI has built a unique community of occupational health centers and specialty affiliates that are delivering outstanding documented outcomes for workers' comp payers, employers and injured workers

Thus far, BDOHI is composed of 65 primary occupational health centers located throughout Massachusetts and New Hampshire supported by an extensive and nationally recognized team of 200 "expert" medical specialists, who understand that clinical success for the injured employee includes excellent medical care and also a return to productivity.

BDOHI goes well beyond the credentialing process of traditional PPO networks and limits affiliation to those occupational health centers and physicians who share their passion for excellence and quality, evidence-based medicine.

Its rigorous selection process includes examination of clinical capabilities, understanding of workers' comp dynamics, actual workers' comp experience, disability duration outcomes, prescribing

summary

- Traditional workers' comp managed care is no longer having the effect it once did.
- A new model based on "the best" doctors is emerging with promising results.
- In one case, losses are projected to decrease by 22 percent in 2008 compared with 2007.

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patterns and results in actual onsite visits to qualified providers.

It provides tools for its clients and best doctors in the form of automated risk assessments, a value-based pharmacy formulary and proprietary clinical pathways for the six most common workers' comp diagnoses.

In addition, BDOHI uses "nurse advocates" to help injured workers navigate the very complex medical environment. The BDOHI nurses use their unique relationship and direct access to the physician affiliates to help injured workers get rapid appointments and critical diagnostics with a focus on facilitating stay-at-work and/or return-to-work plans.

In each state in which BDOHI builds their physician community, it first identifies medical experts or thought leaders who will serve as the local medical directors of BDOHI.

BDOHI specifically selects medical directors whose reputation will help draw other best doctors into the BDOHI community, while also ensuring that their clinical expertise and peer-to-peer discussions help improve and influence the quality of both diagnosis and treatment provided by the general population of local providers.

"BDOHI provides injured workers, employers and workers' comp claims executives with a dynamic new level of medical expertise, skill sets and tools that, when used prudently, assures that every injured employee has access to the same level of medical expertise as his/her company's CEO," says BDOHI Managing Director Michael Shor. "It also assures that the unique and identifiable risk factors for compromised recovery are appropriately addressed at the time of injury, rather than after the claim has become a 'creeping catastrophic' frustrating the injured employee, the employer and claims executive."

AIM Mutual, a workers' comp carrier headquartered in Burlington, Mass., more than three years ago became BDOHI's first client and implemented the complete model, including the occupational health centers, affiliated specialists, medical directors, risk-factor assessments, occupational nurses, a value-based

pharmaceutical formulary, clinical pathways and data analytics.

"AIM was interested in finding a solution that would change behavior; the behavior of the physicians and allied health professionals delivering medical services, the behavior of the employers and the behavior of the claims professionals," says John Myers, AIM Mutual CEO.

"We had another primary goal ... not to add work to the claims handler," says Michael Kelly, AIM's claims vice president. "So we built the tools directly into the claims system, put the occupational nurses in the claims units and provided for onsite time with the medical directors to quickly address concerning medical issues."

Adjusters channel into the "best doctor community" whenever possible to ensure appropriate treatment and a focus on stay-at-work/return-to-work.

AIM Mutual has found that the injured workers genuinely value the opportunity to be cared for by the same physicians who treat many of Massachusetts' professional sports teams or a specialist with an international reputation for clinical excellence. Using the risk-factor assessments, potential high-dollar claims are identified early and are reviewed by the occupational nurses for additional intervention.

Myers notes that most workers' comp programs treat everyone equally, but now, at AIM Mutual, they know which types of claims and claimants have the potential to turn into those "creeping catastrophics," and the BDOHI program helps them change the behavior of all the stakeholders on those particular claims.

Using this integrated approach to change behavior on the claims that traditionally were at risk for higher costs and delayed resolution, AIM and BDOHI have produced dramatic results for employers and payers.

The program results over the last three years have dramatically beaten both industrywide medical cost trends, as well as AIM's own actuarial projections, every year the program has been in place.

While NCCI's results show that the average annual increase in medical

costs has been 7.8 percent over the last four years, AIM Mutual has actually averaged a 7 percent decline in medical costs per year.

The institute's impact for AIM Mutual has not just been on medical costs. The average number of lost time days per indemnity claim has decreased by more than 27 percent since the program inception.

Perhaps even more importantly, according to Myers, "this program has differentiated us from everyone else and has allowed us to meet our objective of changing behavior."

Comp-SIGMA, a New Hampshire-based third-party administrator, reports a similar experience with the BDOHI program.

According to Scott Lawson, Comp-SIGMA CEO, their philosophy has always been, "When a worker gets injured, the goal is to create the best outcome for the injured worker and the best, not necessarily the lowest, price for the claim."

When Comp-SIGMA realized that they were paying hefty access fees to a PPO network that contained almost all the doctors in New Hampshire, including both "good" and "bad" performers, they decided to seek a clinical partner that was more in line with their vision.

In their first meeting, Comp-SIGMA realized that BDOHI's collaborative approach to working with the "best" treating physicians meshed perfectly with their outcome-oriented mission.

As a result, Comp-SIGMA implemented the BDOHI program a year ago, including risk-factor assessments, occupational health centers and affiliated specialists. Lawson is excited about the early results as Comp-SIGMA has already seen markedly better outcomes on their more severe claims.

One notable example that epitomizes BDOHI's different approach to managing care focuses on a Comp-SIGMA injured worker who fell and broke his ankle, necessitating ankle fusion surgery.

Follow-up visits to the treating physician indicated that the ankle was not fusing properly. The case was flagged early by BDOHI's risk-factor assessment based on the employee's

smoking and overweight status. At BDOHI's recommendation, Comp-SIGMA provided a smoking cessation program at the workplace, which the injured worker, his wife and several co-workers attended.

The injured employee (and his wife) successfully quit smoking, and his ankle began to fuse properly, enabling a rapid, successful, full-duty return to work. The employer was extremely pleased with the outcome as the cost of the individual claim was contained and unhealthy behaviors of several other co-workers were also stopped. The injured employee felt as if the company was investing in his and his family's general well-being, and Comp-SIGMA was able to live its philosophy of delivering the best

outcome for both the injured worker and the employer.

While it is still too soon to complete a programmatic evaluation of overall results, the early indicators are extremely positive, as the number of days from injury to return-to-work has dropped in half and Comp-SIGMA's mix of medical-only to lost time claims has improved to 87/13, versus industrywide results of 77/23, according to NCCI.

Total incurred losses, adjusted for any changes in the underlying book of business, for 2008 are actually projected to decrease by 22 percent versus 2007, which will mean that, if the current trend holds, Comp-SIGMA's results will be the best they have experienced in over five years.

There's an old saying that goes, "If you do what you always did, you get what you always got."

Given the dramatic rise in medical and indemnity costs in our industry, it is time to get something other than what we always got; time to get out of our "comfort zone" and do something new that will get us a better result.

The companies noted above did just that; they decided that selecting the "best" treating provider will make a difference in the overall claims results, and they have outcomes to prove it. Now it's your turn!

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