



Progress Report on Ohio's Health Partnership Program

March 2002



Ohio Bureau of Workers' Compensation
Governor Bob Taft
Administrator CEO James Conrad

Health Partnership Program

Over the past five years, the Health Partnership Program (HPP), has continued to live up to its promised goals of speeding up the Ohio workers' compensation system, providing high-quality health care to injured workers and improving customer service. With unique aspects, such as open access to providers certified by the Ohio Bureau of Workers' Compensation (BWC) and the Injured Worker Pledge of Service, HPP has become a model of study for several states and foreign countries.

Ohio has succeeded with HPP where other states' similar programs have failed because it's a partnership, uniting BWC, managed care organizations (MCOs), providers, employers and workers in a managed-care workers' compensation model. BWC employees work with MCOs, health-care providers and employers to ensure fast, effective medical treatment is given to injured workers so they can safely and quickly return to work.

HPP's success also is attributed to the fact that we're constantly responding to industry demands. Rather than sitting back to enjoy our success, we strive to remain informed regarding prevention and treatment strategies – always raising the bar on our workplace safety and injury management programs. The system, which covers 275,000 employers and a workforce of more than 4 million, must continue to find avenues of improvement, especially in the face of increasing health-care costs and a challenging economy.

HPP design stakeholders

AFL-CIO
 Council of Retail Merchants
 Communications Workers of America
 National Federation of Independent Businesses
 Ohio Bureau of Workers' Compensation
 Ohio Business Roundtable
 Ohio Chamber of Commerce
 OCSEA
 Ohio Hospital Association
 Ohio Manufacturers Association
 Ohio Osteopathic Association
 Ohio Pharmacists Association
 Ohio Podiatric Association
 Ohio Self-Insurers Association
 Ohio State Chiropractic Association
 Ohio State Medical Association
 Ohio Trial Lawyers Association

Finding solutions

Survey results continue to show that injured workers and employers are satisfied with HPP.

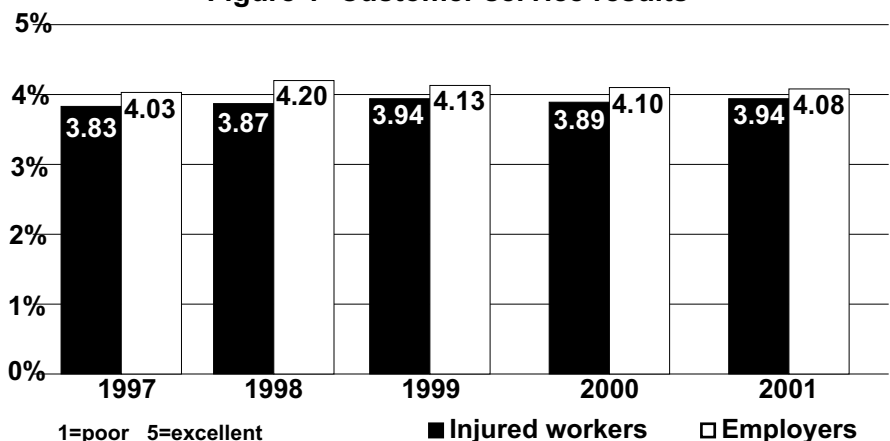
In 2000, BWC, MCOs and the 19 stakeholder organizations made the following recommendations to improve the workers' compensation system. Each of these recommendations has been implemented under HPP.

Issue: Employers and injured workers found the workers' compensation system to be complex and difficult to navigate. Benefits and programs were not always obvious.

Solution: BWC launched the Dolphin Project, an e-business strategy that addresses many of these concerns through interactive, Web-based access for employers, injured workers, MCOs, BWC and the general public. Services supporting the Dolphin Project include:

- 24-hour access delivering seamless and tailored services for injured workers, employers, MCOs and providers to interact with BWC at their convenience;
- Interactive systems to allow providers to query and track treatment reimbursement decisions. MCOs and BWC resources now have more time to interact directly with injured workers, employers and providers on services that require a human touch;
- Standard BWC claim-filing documents are accessible on the site.

Figure 1- Customer service results



Issue: The provider community indicated injured workers accounted for approximately 7 percent of their patient base, yet providers spent much more of their administrative efforts dealing with workers' compensation.

Solutions: BWC introduced presumptive authorization to reduce the administrative paperwork for providers and MCOs, as well as to assist in timely return-to-work expectations for injured workers. Presumptive authorization allows physicians to provide certain services necessary to treat soft tissue and musculoskeletal injuries that are allowed conditions in a claim without waiting for prior authorization.

BWC also included features on Dolphin to help reduce the amount and duplication of data exchanged between BWC and MCOs. These features include:

- Electronic filing of first report of injury applications to eliminate or reduce paper processes, duplicate requests for information and to accelerate BWC and MCO decisions on claim allowance, treatment and reimbursement;
- A centralized medical information repository to electronically store medical documents that support claims and medical activities. BWC and MCOs access these documents, which helps reduce repeated requests for information from providers.

Additional Dolphin service enhancements currently are being designed. Features include offering medical providers the ability to search for bill payment data under specific claims or date-of-service ranges; an Internet-based central document repository to allow attorneys and employer representatives to access information directly and enable physicians and providers to view medical records online; a guided HPP tour to learn how to locate medical documentation and specific claim information; and an expanded frequently asked questions section.

Issue: Disputes on medical issues between an MCO, BWC, employer, injured worker and/or medical provider caused costly delays on treatment decisions.

Solution: Alternative dispute resolution (ADR) resolves disputes on medical issues before filing a formal appeal to the Industrial Commission of Ohio (IC).

Year-end 2001 statistics show 78 percent of disputes heard through ADR were resolved without being appealed to the IC. Without ADR, the IC would have heard an additional 8,015 cases. This resulted in administrative savings of more than \$1.5 million*, not to mention the cost and time savings to injured workers, employers and providers.

ADR was implemented as part of HPP to bring mutual agreement between all parties to ensure the system responds quickly to the injured workers' and employers' needs. ADR is less costly and quicker than other legal processes, and reduces delays in the claims process while eliminating unnecessary costs to injured workers.

* Cost savings are based conservatively on processing cost of \$200 per appeal.

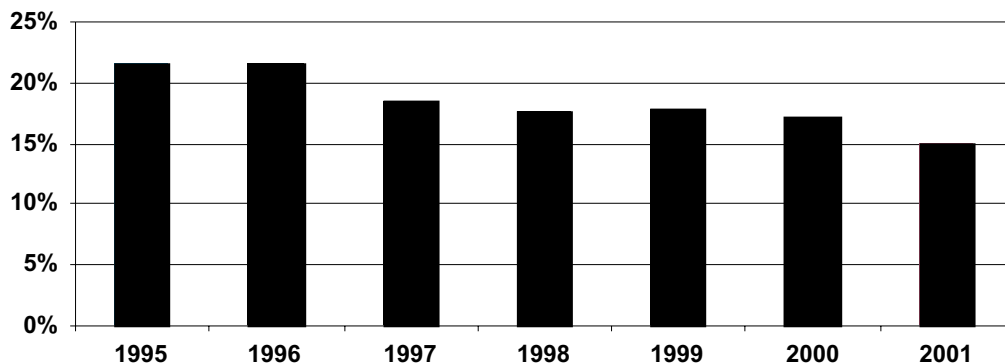
Issues ADR addresses include:

- Quality assurance;
- Utilization review;
- Service coverage determination;
- Treatment or service necessity;
- Issues involving health-care providers.

Measuring success

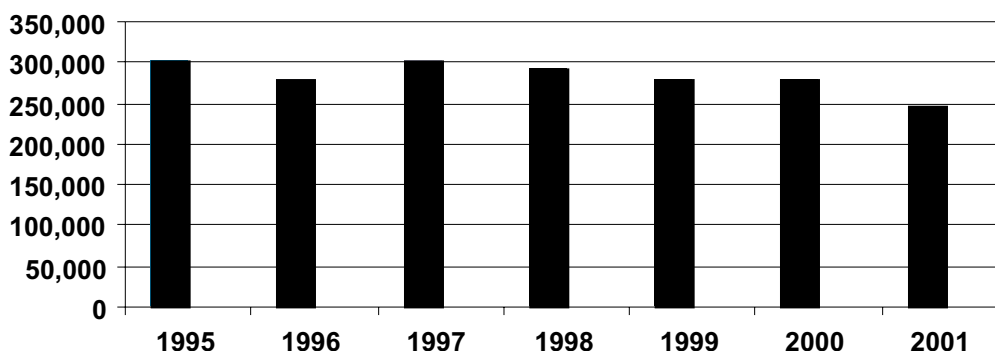
The statistics shown below illustrate the improvements HPP has brought to the workers' compensation system. These measurements make the HPP system a national and international leader, introducing innovative — and successful — approaches in workers' compensation.

Figure 2 - Percent of claims identified as lost time



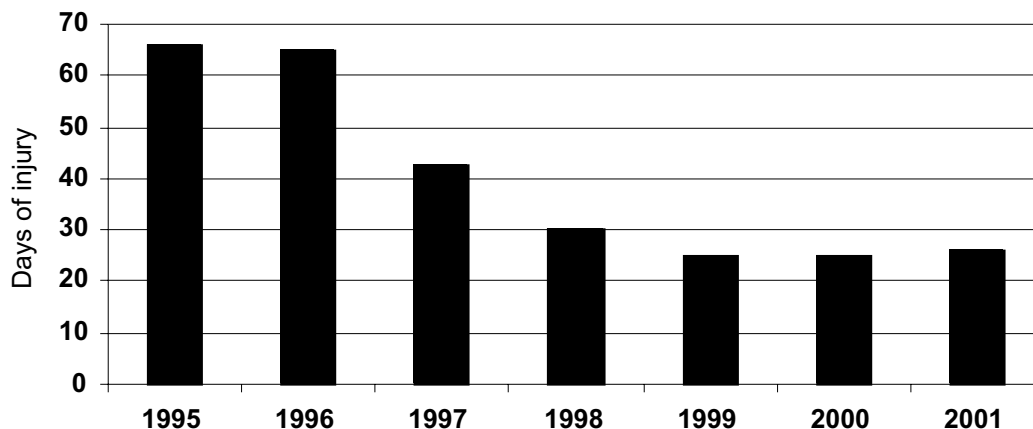
An injury that results in more than seven lost days of work is referred to as a lost-time claim. HPP helps prevent minor claims from turning into more severe and complex lost-time injuries by delivering to the injured worker earlier and more effective medical intervention. From 1995 to 2001, the percentage of lost-time claims fell from 22 percent to 15 percent. Faster intervention has led to fewer lost days from work, resulting in quicker recovery and lower costs.

Figure 3 - State-fund claims filed by year



In 2001, 246,792 state-fund claims were filed. This was a decrease of 30,797 claims from 2000. State-fund claims include those claims medically managed under HPP since March 1, 1997.

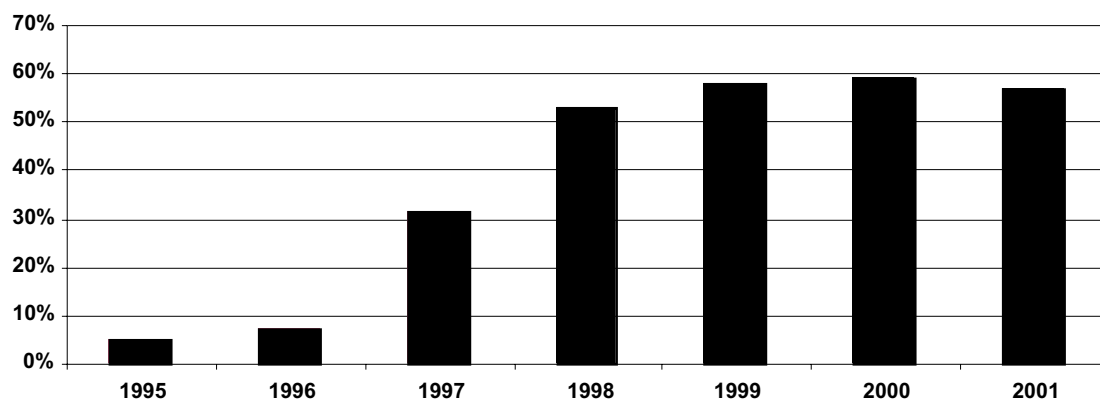
Figure 4 - Claim filing lag time



The sooner the claim is filed, the sooner medical treatment benefits can be delivered, and the sooner the injured worker can return to work. Claim filing lag time continued its downward trend from 1997 to 2000.

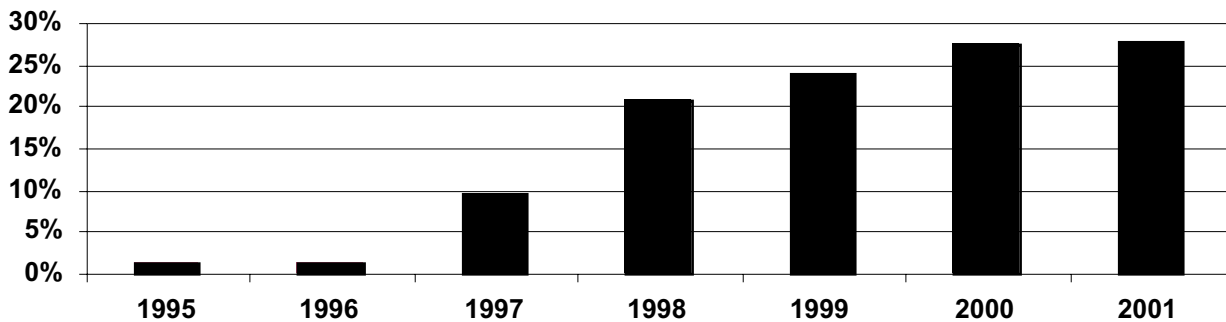
While the average lag time for the total number of claims filed in 2001 was 26 days, 95 percent of all claims in 2001 were filed in less than 11 days.

Figure 5 - Percent of claims filed within one week of injury



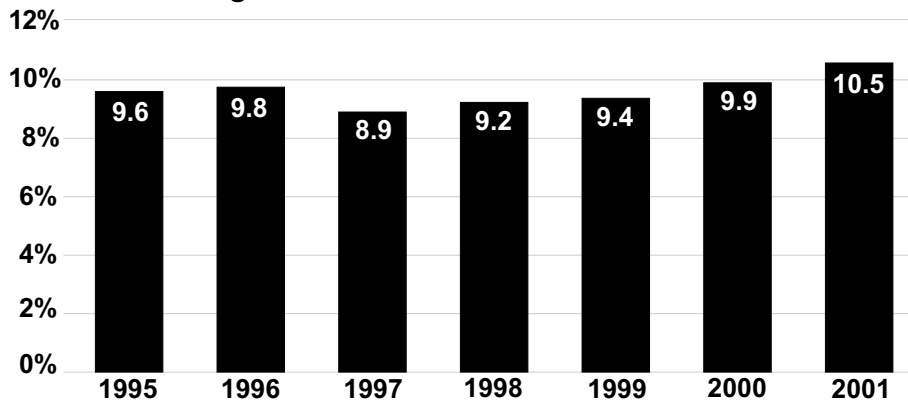
HPP's success in reducing the overall delay in claim filing held steady into 2000 and 2001, with nearly 60 percent of claims being filed within one week of injury. Prior to HPP and our Dolphin online services, less than 7 percent of claims were filed within a week.

Figure 6 - Percent of claims approved or disallowed within two weeks of injury



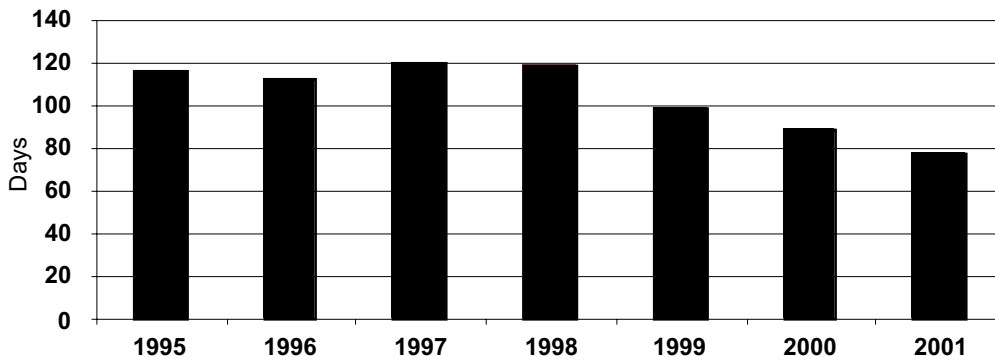
Injured workers are best served by reducing the time it takes to process a claim. In 2000 and 2001, 28 percent of all claims filed were determined within two weeks of the date of injury. This demonstrates a significant improvement over 1995 figures, when only 1 percent of claims was determined within two weeks of the date of injury.

Figure 7 - Percent of claims disallowed



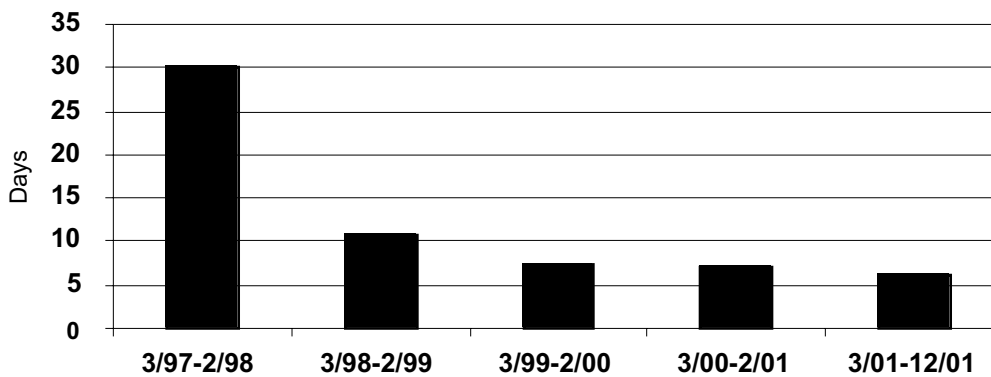
The percent of claims disallowed has remained relatively stable, varying only 1 percent over the past five years. This stability has defused HPP critics, who had predicted an increase in the percentage of disallowed claims. This allows for programs, like presumptive authorization, to function more effectively. Presumptive authorization allows physicians to provide certain services necessary to treat soft tissue and musculoskeletal injuries that are allowed conditions in a claim without waiting for prior authorization.

Figure 8 - Overall bill timing - date of service to payment



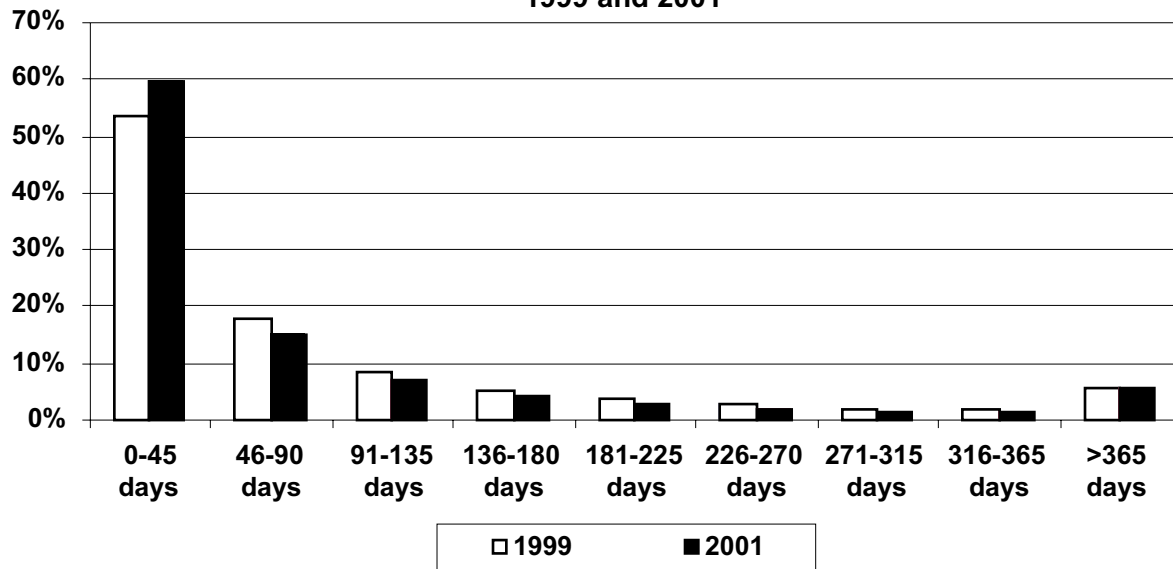
The time between the date of service and the date payment for services is rendered shows improvement, falling from a high of 117 days in 1995 to a low of 78 days in 2001.

Figure 9 - HPP bill timing - MCO to BWC



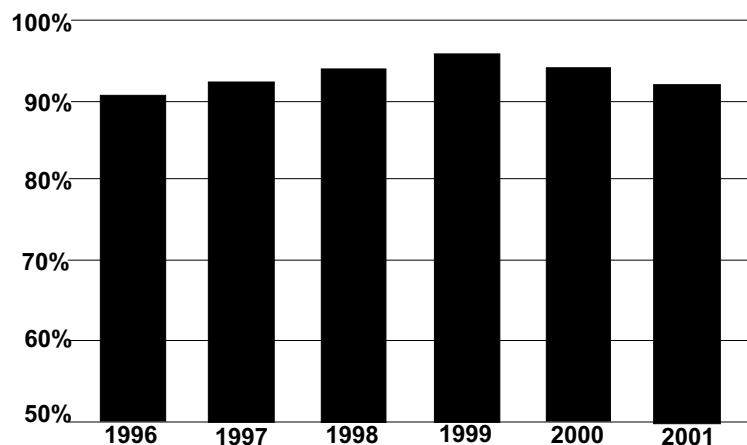
Bill processing time from the MCOs to BWC continues to improve. This lag time has been reduced from more than 31 days at the beginning of HPP to six days in 2001.

**Figure 10 - Date of service to receipt of medical bills
1999 and 2001**



The greatest delay in the medical-bill payment process is the lag time from the date of service to the date the MCO receives the provider's bill. Improvement in this area is still needed. In 1999, nearly half of all medical bills took more than 45 days to reach the MCO, and 16 percent took more than six months. In 2001, 40 percent of all medical bills took more than 45 days to reach the MCO, and 14 percent took more than six months.

Figure 11 - Return-to-work rate



HPP has continued to produce a return-to-work rate above 91 percent since implementation. With a decrease in the total number of claims (figure 3) and a decrease in the percentage of lost-time claims (figure 2), those claims requiring return-to-work initiatives are more severe or complicated in nature.

The safe and quick return of injured workers to the job is one of the system's most important goals. Most injured workers want to return to work as soon as possible. Quick return to work also benefits an employer's bottom line and can improve workplace morale.

Solid foundation for quality

BWC spent the first five years of HPP building its infrastructure and defining its two lines of business: safety/loss prevention and injury management. These lines of business were based on BWC's goals to improve customer satisfaction and reduce workers' compensation costs. With our vision for this new workers' compensation managed-care model in place, we developed programs and services to support our operations.

Safety/loss prevention

The best claim is the claim that never happens. Through safety/loss prevention strategies, employers can lower the incidence of workplace injuries, decrease their claim frequency – and ultimately reduce their workers' compensation premiums. BWC offers programs and services to help employers with these strategies.

Drug-Free Workplace Program (DFWP): DFWP offers a premium discount eligible employers can use to implement a workplace program to address the use and abuse of alcohol and other drugs. The program is designed to help employers deter, detect and take corrective action related to substance use.

SafetyGRANT\$: Cumulative trauma disorders (CTDs), such as carpal tunnel syndrome, tendinitis and thoracic outlet syndrome, are caused by repetitive, stressful movements that often are required to perform job duties. The SafetyGRANT\$ program is designed to help prevent CTDs by providing eligible employers with a matching grant to conduct research, buy equipment or provide training to reduce the number and severity of CTD claims. SafetyGRANT\$ also are available to implement DFWP programs.

Premium Discount Program (PDP) Plus: PDP Plus assists employers establish a safer workplace. For implementing BWC's *10-Step Business Plan*, employers will receive premium discounts of up to 10 percent for each of the first two years of participation and up to 5 percent the third year, after meeting the program requirements. Participating employers can earn a bonus of as much as 20 percent, bringing the total savings to 30 percent.

Employers who enroll in PDP Plus work with a BWC employer services specialist to develop a plan of action. Employers will implement a safety program that meets the needs of their business. They also will use risk-management techniques to control their future workers' compensation costs.

Consultations, education, training and more: BWC's Division of Safety & Hygiene provides a broad spectrum of services including on-site consultations, education, publications, training videos, research and local information networks. Our safety consultants have expertise in industrial safety, construction, industrial hygiene and ergonomics.

Injury management

HPP provides quality health care to injured workers with the goal of returning the injured worker to work safely and quickly. To achieve these goals, we rely on employers and MCOs to provide injury management. Injury management programs are the actions employers and MCOs take to address the severity – or cost – of a claim after a workplace accident occurs.

Components of effective injury management are:

- **Injury reporting:** The faster the injury is reported, the faster we can start managing the injury and managing the claim. Prompt attention to workplace injuries can help prevent a medical-only claim from becoming a more costly lost-time claim.
- **Quality providers:** BWC recruits providers who adhere to industry-recognized standards of health-care quality. We also promote and provide continuing education courses to help physicians and health-care providers stay current with rehabilitation trends.

Injury management programs, such as return to work, remain at work, transitional work, vocational rehabilitation and presumptive authorization, impact the quality of the injured worker's care.

Return to work: Key factors in return-to-work success are HPP's focus on quality and the total claim. While a certain medical procedure may incur a higher, up-front cost, the impact on a more timely and safe return to work often offsets that cost.

While lost-time claims still account for the majority of benefits, the percentage of costs associated with these claims dropped from 80 percent to less than 75 percent of BWC's total benefit payments. This means many of the claims that previously would have incurred more lost days from work are now being managed better and remain medical only. That translates to more injured workers returning to work safely and quickly.

Remain-at-work: Managed by the employer's MCO, this program provides injured workers with rehabilitation services that help reduce or eliminate the number of days the injured worker is off work, and keeps medical-only claims from becoming lost-time claims.

Transitional WorkGRANT\$: A transitional work program uses real job duties to accommodate injured workers' medical restrictions for a specified time period to gradually return them to their original job. It includes company analyses and job analyses of the employees' job tasks, labor-management collaboration, program-policy development and program evaluation for effectiveness. Also, the program may include on-site therapy tailored to the injured worker.

If the employer is eligible, BWC's Transitional WorkGRANT\$ will provide the employer with up to 80 percent of the program development costs up to a set limit. The remaining 20-percent investment could save the employer thousands of dollars in disability costs. The Transitional WorkGRANT\$ are funded through the insurance fund. Grant money is paid directly to employers.

Expanded vocational rehabilitation services: MCOs manage each lost-time claim with the goal of an optimal return-to-work date. If an injured worker has not returned to the job 30 days after that optimum date, BWC and the MCO will work together to provide the injured worker with specialized in-depth services to prepare and integrate him or her back to the work force.

Presumptive authorization: Presumptive authorization allows a physician to provide basic treatment for the most common work-related injuries up to 45 days from the date of injury. The injured worker can get immediate care, as opposed to the physician waiting several days for written authorization from the employer's managed care organization and then arranging treatment around the injured worker's schedule.

The programs highlighted above form HPP's foundation by helping to protect workers and to reduce workers' compensation costs. For additional information on our safety/loss prevention and injury management programs, visit www.ohiobwc.com or call 1-800-OHIOBWC.

Quality expectations

BWC and MCOs continue to engage in ongoing initiatives to improve service delivery. Emphasizing quality medical and disability management to promote early, safe return to work is an HPP priority.

To ensure our health-care quality standards are met, BWC has required MCOs be URAC accredited by 2003 in order to become BWC-certified. As of today, 22 of the 34 BWC-certified MCOs have achieved URAC accreditation.

URAC, also known as the American Accreditation HealthCare Commission, establishes standards for the health-care industry, and promotes continuous improvement in the quality and efficiency of health-care delivery. URAC's member organizations represent employers, consumers, regulators, health-care providers and workers' compensation and managed-care industries. URAC members participate in developing their health-care standards.

To achieve URAC accreditation, an organization's processes and structures are thoroughly reviewed. The accreditation process includes a review of an applicant's documents and policies, as well as an onsite operational assessment. URAC accreditation is granted by its Accreditation and Executive Committees, which are composed of industry experts representing a broad range of health-care stakeholders.

Next steps

With HPP's launch, we realized significant cost savings due to the dramatic restructuring of the workers' compensation system. Savings experienced going forward will be much more modest. However, to continue the trend, the responsibility for improving workplace safety and injured workers' care must include the efforts of our partners – employers and MCOs.

BWC has laid the foundation for continued improvements with our product offerings, such as Drug-Free Workplace program, SafetyGRANT\$ and Premium Discount Program Plus. Employer cooperation and commitment to these programs are vital to advancing HPP. Employers must continue to educate their workers on safety practices and procedures.

MCOs must work with employers to ensure claims are filed quickly, treatment for injured workers begins promptly and work site recovery programs, such as return to work, remain at work, Transitional WorkGRANT\$ and vocational rehabilitation, are implemented.

Our next step is to measure our programs' successes and report these findings to HPP stakeholders. Through measuring the outcomes of our safety/loss prevention and injury management programs, we can determine the impact we're having on the workers' compensation system, and what changes if any are needed to build on our success.

We need to ensure BWC-certified providers remain compliant with managed-care regulations, are meeting industry health-care quality standards and promoting safe, early return-to work. We need to monitor injured workers' care to make sure they are getting the care they need promptly, and that their rehabilitation is effective.

Three years ago, Administrator Conrad made the recommendation to Governor Taft to continue the Health Partnership Program. HPP has performed well. It is designed to adapt and change with the industry's needs and the economic trends. With the continued support of our MCO and employer partners, HPP will continue to make a positive impact on the workers' compensation system and achieve our goals to improve customer satisfaction and reduce workers' compensation costs.

Health Partnership Program timeline

1993: In response to the workers' compensation crisis and the cry for help from Ohio's injured workers and employers, the Ohio Legislature passed House Bill 107, which set in motion the transformation of Ohio's workers' compensation system.

The legislation created the Health Partnership Program (HPP), Ohio's managed-care program designed to improve the delivery of medical care for Ohio's injured workers. Faced with tremendous public scrutiny, successful implementation of HPP was imperative.

1995: The Ohio Legislature passed a second piece of reform legislation aimed at the system's administrative functions. House Bill 7 created a more streamlined and accountable administration, with a governor-appointed bureau chief and a Workers' Compensation Oversight Commission.

1996: BWC implemented the Qualified Health Plan (QHP). BWC designed QHP as a managed-care complement to HPP for Ohio's self-insuring employers who are not part of HPP.

1997: BWC introduced the Pharmacy Benefits Manager (PBM). PBM is an online pharmacy bill adjudication program. It provides a statewide network of pharmacy services that improve service to injured workers by eliminating most out-of-pocket costs for medications, expanding Ohio's network of pharmacies and reducing the chance of negative drug interactions. PBM also is credited with speeding up payments to pharmacies. The bureau launched HPP on March 1, and phased in the program over a nine-month period.

1999: In December, the Ohio Supreme Court removed a potential impediment to HPP with its *Haylett Decision*. This ruling, subsequently referenced in other court decisions, upheld the constitutionality of HPP and removed a major challenge to the system's continued success.

2001: The Dolphin Project revolutionizes the way BWC does business, making it faster, easier and more convenient for our customers: injured workers and employers. When our customers visit BWC online at www.ohiobwc.com they can file a claim and immediately receive a claim number; report payroll and pay premiums with a credit card; submit online forms; update personal claim or policy information; and learn about return-to-work and cost-saving programs.