RIMS CourseCast

Workers’ Compensation Cost Containment Strategies

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Presented by:
Elise M. Farnham

Moderated by:
Nicole Moya
Presenters

Elise M. Farnham
Elise M. Farnham is President of Illumine Consulting, which provides professional development and continuing education programs. She is an internationally acclaimed speaker and educator and has over 40 years of experience in risk management and insurance having held executive positions with Crawford & Co., GAB Robins N.A., The Harmonie Group, and CSB Group.

Ms. Farnham is a member of the CPCU Society (past S.E. Regional Governor and past-President of the Atlanta Chapter), RIMS, and International Association of Insurance Professionals (Past National President and past-President of NAIW of New York City). She is a member of the Board of Directors for the Registered Professional Adjusters Society.

In 1993, she was named National Claim Professional of the Year by IAIP. She was recognized as Insurance Woman of the Year by the Insurance Professionals of Atlanta in 2003, 2004, and 2009. In 2011, she was named Instructor of the Year by the Atlanta Chapter of CPCU.

Ms. Farnham is a frequent speaker and her articles have appeared in Business Insurance, Claims Advisor, Claims Magazine, CPCU Claim Quarterly, Today’s Insurance Professional, National Underwriter and Insurance International (a U.K. publication.) She can be contacted at www.elisefarnham.com

Nicole Moya
Nicole Moya is the Risk Manager for Zappos.com, Inc., whose headquarters are based in Las Vegas, NV. She oversees the workers compensation, employee safety training, insurance, and business continuity programs for the organization. She strives to promote a culture of safety at Zappos through the “top down” approach by constructing creative leadership safety training programs. Prior to coming to Zappos, Nicole was working at US Foodservice overseeing their site safety, OSHA and DOT compliance, and management training programs. She has a 15 year career in the Risk and Safety fields with experience in retail, transportation, and warehousing markets. Since she has spent her entire career in the corporate sector, she hopes to obtain an Associate in Risk Management designation in the near future. Nicole received her undergraduate degree in finance from San Diego State University.
Agenda

I. Introduction

II. Utilization Review (UR)
   a. Voluntary or mandatory
   b. Timing
   c. Ancillary reviews

III. Bill Review
   a. Fee schedule or usual and customary
   b. Important edits

IV. Preferred Provider Organization (PPO) Networks
   a. Penetration
   b. Specialties

V. Pharmacy Benefit Management (PBM) Networks
   a. Convenience – first fill
   b. Drug formulary

VI. Case Management
   a. Engaging nurses to improve outcomes
   b. Catastrophic injuries
   c. Life care planning

VII. Integrated Disability Management (IDM)
   a. Synergy of WC with Benefits coverage
   b. Integration of administrative aspects
   c. Cost impact

VIII. Outcome Reporting
   a. Used for analysis of savings

IX. Questions and Answers

X. Final Thoughts/Conclusion
Pre CourseCast References

It is suggested that you take a moment to read through these valuable references before you begin the course.


CourseCast Outline

Please follow along with the presentation.

- **Utilization Review (U/R)**
  - Mandatory / Voluntary
  - Pre-Certification
    - authorize treatment before it occurs (recommended surgical intervention)
  - Concurrent Review
    - review of treatment while it is occurring (length of stay)
  - Retrospective Review
    - match treatment to authorization, takes place after treatment
  - Causality Review
  - Peer Review
  - Service Fees –
    - Flat Rate
    - Hourly

- **Medical Bill Review**
  - Review of Pharmacy, Provider and Hospital Bills
  - Electronic Claim Feed
    - Related to Diagnosis (ICD 9 or ICD 10)
  - Fee Schedule or usual & customary Guidelines
  - Duplicates
  - Clinical Edits
- RN Review Unit
- Integration with Claims Process
- Service Fees
  - Per Line
  - Per Bill
  - Percentage of Savings

- Preferred Provider Organizations (PPO)
  - Network of Physicians and Providers
    - Geographic Coverage
    - Alignment with Group Health Network
  - Credentialing
    - Workers’ Compensation
    - Licensure / Board Certification
    - Physician Specialty
    - Insurance Coverage
  - Extended Discount
  - Service Fees – Percentage of Savings

- Pharmacy Benefit Management (PBM)
  - Network of Pharmacies
    - Geographic Coverage
    - Alignment with Group Health Network
    - Extended Discount
  - Workers’ Compensation Drug Formulary
  - Drug Utilization Procedures
  - First Fill / Card Program
  - Service Fees – Percentage of Savings

- Prescription Overuse
  - Myths
    - Chronic pain is undertreated
    - Opioids are safe
    - Addiction rare
    - Opioids use is rare
    - That long-lasting opioids would be abused less
    - Advertising doesn’t sway physicians
  - Problematic Behavior
    - Drug-seeking
    - Drug-diversion
    - Drug addiction
    - Drug overdose
    - Drug non-compliance
**Bill Review Process**

1. **Bill**
   - Provider Pharmacy Hospital

2. **Vendor**
   - Level 1 F/S U&C
   - Level 2 Clinical edits
   - Level 3 PPO or PBM Discount
   - Level 4 Drug Util RN Review

3. **EOB**
   - Agree
   - Dispute
   - Reconsider
   - Agree

4. **Issue Check**

**Case Management Intervention**
- Catastrophic Case Management
- Telephonic Case Management
- Limited Task Assignments
- Medical Case Management
- Vocational Case Management
- Life Care Planning or Long Range Medical Projections
- Service Fees
  - Hourly
  - Flat Rate
  - Activity Based

**Outcome Reports**
- Specific to Cost Containment Strategy being Utilized
  - UR Percentage of Denials
  - UR Savings / ROI
  - Bill Review, PPO and PBM Total vs. Gross Savings
  - Case Management RTW Data
  - Case Management Hard Savings
- Parameters
- Geographic Location
- Monthly, Quarterly, Semi-Annually or Annually
- Stewardship Meetings
Adding value

The Adjuster

The Nurse Case Manager

Improved Outcomes

- Integrating WC and Group Benefits
  - Alignment of Risk & Benefit Management
    - (workers’ compensation and STD/LTD coverage)
  - Coordinated Administration
  - Coordinated Medical Care and Networks
  - Coordinated RTW Policy and Program (occupation and non-occupational)

- What impacts your costs?
  - ______________________________________________________
  - ______________________________________________________
  - ______________________________________________________
  - ______________________________________________________
  - ______________________________________________________
Vendor Selection
  - People
    - URAC Certification (UR / Case Management)
    - Licensed RN’s
    - Master’s Level Vocational Consultants
    - Medical Directors
    - Insurance Coverage
  - Process
    - Policies, Procedures and Workflows
    - Regulatory Compliance
    - Quality Initiative
  - Technology
    - Electronic Process
    - Integrated
    - Outcome Reporting
    - Service Fees

Bottom line...

- People
- Processes
- Measurable Results

“There are no traffic jams when you go the extra mile.”
Anonymous

Post CourseCast References

- Attendance at RIMS’ “WC Management” 2-day RF program.
- State statutes available at each state’s Department of Insurance website.