

# Coverage and Enrollment in Workers' Compensation Managed Care Organizations in Oregon During 2003

Department of Consumer & Business Services

January 2005

By Julie Sutton

## MCO Coverage

The 1990 legislative reforms introduced managed care into Oregon's workers' compensation system, allowing workers' compensation insurers to contract with department-certified managed care organizations and establishing conditions under which covered workers must obtain treatment within MCOs.

In 2003, the percent of Oregon employers covered by workers' compensation managed care organizations (MCO) dropped from 71 percent in 2002 to 59 percent. This represents a loss of more than 9,500 employers. The percent of Oregon workers covered by MCOs in 2003 also dropped from 73 percent in 2002 to 58 percent in 2003, a decrease of about 252,000 employees.

## MCO Enrollment

Insurers may enroll covered workers in MCOs if they experience a work-related injury. The insurer sends notification to injured workers that any future treatment they seek must be provided by those on the MCO's provider

panel. Under SB 369 (OR LAWS 1995), insurers gained the ability to require covered workers to receive medical treatment in the MCO prior to claim acceptance. If the insurer subsequently denies the claim, the insurer must pay the medical costs until the worker receives notice of the denial or until three days after the denial notice is mailed. (For exceptions, refer to OAR 656.245). Table 2 illustrates how insurers enroll workers – either immediately upon receiving the claims and paying all related medical bills on denied claims, or after the claim is accepted.

In 2003, 39 percent of accepted disabling claims were enrolled in MCOs, a slight increase from 37 percent in 2002.

## MCO Enrollment by Insurer

Since data collection began in 1998, SAIF has enrolled slightly over two-thirds of its accepted disabling claims in MCOs. The percentage of accepted disabling claims enrolled in managed care by SAIF rose slightly from 68 percent in 2002 to 70 percent in 2003 (see Figure 1).

**Table 1. Oregon employers and employees covered by MCO contracts, 1993-2003**

Date	Employers		Employees <sup>1</sup>	
	Number	Percent	Number	Percent
January 1993	26,211	38.3%	393,900	30.7%
November 1993	28,320	40.0%	462,500	35.1%
December 1994	33,083	44.8%	484,000	35.1%
October 1996	40,128	51.8%	648,500	43.6%
October 1997	47,200	59.3%	901,900	58.3%
October 1998	52,608	64.7%	969,200	61.5%
October 1999	52,048	63.7%	993,600	62.0%
October 2000	57,532	68.3%	1,121,000	68.9%
October 2001	58,884	69.3%	1,117,000	69.1%
October 2002 <sup>2</sup>	62,457	71.3%	1,164,000	72.9%
October 2003	52,914	59.0%	912,000	57.6%

<sup>1</sup>The number of employees covered by MCO contracts is estimated. Figures are updated for October 1997-2003 based on revised workers' compensation subject employment data. The workers' compensation subject employment estimate was derived from data provided by the Oregon Employment Department ES-202 and BLS 790, the City of Portland (Fire and Police Disability & Retirement Fund), and the Pacific Maritime Association.

<sup>2</sup>October 2002 includes estimated data from Liberty Northwest. Liberty was unable to provide data for October 2002, but confirmed that October 2001 data would serve as an adequate estimate for October 2002.

The number of Oregon accepted disabling claims enrolled in MCOs by private insurers has dropped nearly 60 percent since 2000 to a low of 8 percent in 2003. Ace American Insurance Company enrolled the largest number of claims of any private insurer (86), followed closely by American Home Assurance (82). This is the first time since the department began collecting enrollment data in 1998 that Liberty Northwest was not the insurer with the largest number of injured workers enrolled in MCOs. This change reflects the fact that, in 2003, Liberty Mutual Companies (WCD Insurer # 0127, 0240, 0277, 0509, 0514, 0515, 0516, 0520, 0951, 0952, and 0954) canceled all but one (OHSU Workcomp contract with Liberty Northwest Insurance Corporation) of its MCO contracts and disenrolled most of the injured workers covered by these contracts. In 2003, Liberty Northwest enrolled just one percent (41) of its accepted disabling claims in MCOs; nearly a 90 percent (363) drop from 2002.

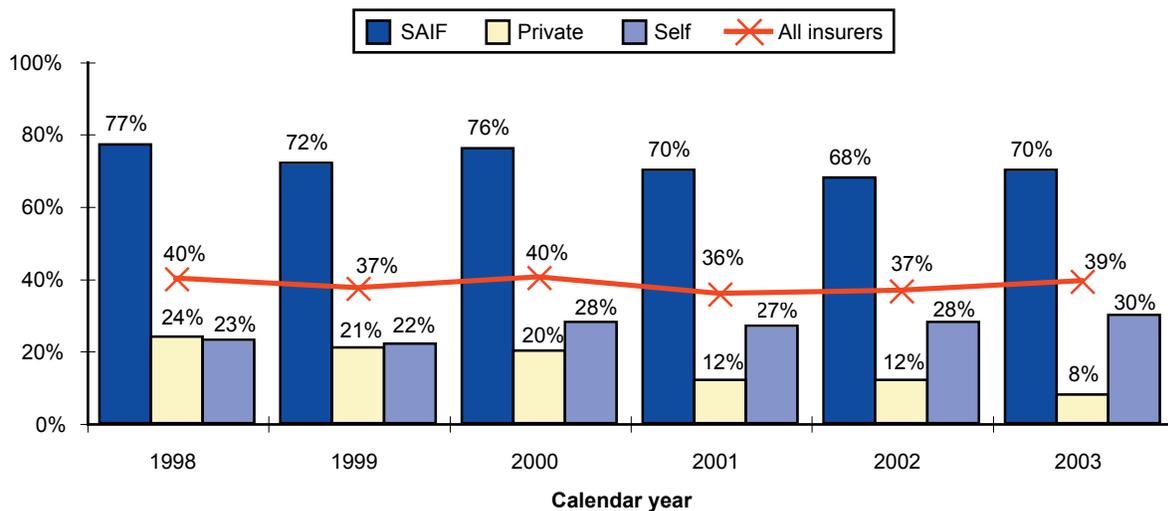
As in prior years, self-insured employers enrolled less than one-third of their accepted disabling claims in managed care organizations in 2003. Similar to the last five years, Fred Meyer enrolled the largest number of claims of any self-insurer in 2003, representing 79 percent of its accepted disabling claims, a slight decline from 81 percent in 2002.

### Enrollment by MCO

There were seven active MCOs in 2003. For the third consecutive year, Oregon Health Systems received the highest number of enrolled claims (3,281), about 39 percent of all enrollments in 2003. Managed Healthcare NW (2,438) and Providence MCO (1,890) had the second and third largest numbers, respectively.

Both Managed Healthcare NW and Oregon Health Systems received over 90 percent of their business from SAIF, and together represent 81 percent of SAIF's enrolled claims in 2003. Consistent with the past three

**Figure 1. Percentage of accepted disabling claims enrolled in managed care by type of insurer**



**Table 2. Percentage of claimants enrolled according to claim acceptance date, calendar year 2003**

	Enrollment occurred			Total
	Before acceptance	At acceptance	After acceptance	
SAIF	6.2%	92.2%	1.7%	100.0%
Private insurers	47.1%	49.0%	3.9%	100.0%
Self-insured	58.9%	38.2%	2.9%	100.0%
All insurers	17.0%	81.1%	2.0%	100.0%

Notes: For this table, "at acceptance" is the MCO enrollment date occurring within three days of the original acceptance date. This definition allows paperwork-processing time. Claims for which the department does not have original acceptance dates are excluded from the table.

**Table 3. Number and percent of accepted disabling claims (ADCs) enrolled in managed care organizations, calendar year 2003**

Type of Insurer	Total ADCs	Total enrolled claims	Number and percent of enrolled claims													
			Oregon Health Systems		Managed Healthcare NW		Providence MCO		Kaiser On-the-job MCO		First Health Plus MCO		OHSU Workcomp		First Health Group Corp.	
SAIF Corporation	9,430	6,636	3,106	46.8%	2,280	34.4%	823	12.4%	426	6.4%	0	0.0%	1	0.0%	0	0.0%
Private Insurers	8,363	682	160	23.5%	3	0.4%	297	43.5%	7	1.0%	165	24.2%	37	5.4%	13	1.9%
Self-Insured Employers	4,035	1,214	15	1.2%	155	12.8%	770	63.4%	273	22.5%	0	0.0%	0	0.0%	1	0.1%
<b>Total</b>	<b>21,828</b>	<b>8,532</b>	<b>3,281</b>	<b>38.5%</b>	<b>2,438</b>	<b>28.6%</b>	<b>1,890</b>	<b>22.2%</b>	<b>706</b>	<b>8.3%</b>	<b>165</b>	<b>1.9%</b>	<b>38</b>	<b>0.4%</b>	<b>14</b>	<b>0.2%</b>

years, Oregon Health Systems (OHS) was the MCO with the largest number of SAIF-enrolled claims.

Providence MCO, Oregon Health Systems, and First Health Plus MCO represent over 90 percent of claims enrolled by all private insurance companies in 2003. In

addition, Providence MCO represented 63 percent of the claims enrolled by all self-insured employers in 2003. The fourth and fifth MCOs most active in total enrollments were Kaiser On-the-job MCO (706) and First Health Plus MCO (165), respectively.

In compliance with the Americans with Disabilities Act (ADA), this publication is available in alternative formats. Please call (503) 378-4100 (V/TTY).

*The information in this report is in the public domain and may be reprinted without permission. Visit the DCBS Web site, <http://www.cbs.state.or.us>.*

*To receive electronic notification of new publications, see the Information Management WebBoard, <http://www.cbs.state.or.us/imd/notify.html>.*



Information Management Division  
 350 Winter St. NE, Room 300  
 P.O. Box 14480  
 Salem, OR 97309-0405  
 (503) 378-8254