



Coverage and Enrollment of Accepted Disabling Claims in Workers' Compensation Managed Care Organizations in Oregon During 2004

Information Management Division

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MCO coverage

In 1990, the Oregon Legislature passed reforms to the workers' compensation system. One such reform allowed insurers (which includes self-insured employers) the ability to contract with department-certified managed care organizations (MCOs). Workers' compensation insurers may opt to enroll injured workers in a contracted MCO where workers receive a variety of health care services through a panel of medical providers.

Table 1 displays the number and percent of Oregon employers and employees covered by MCO contracts through workers' compensation insurers. Estimates for 2004 show an increase in both the number and percent of employers and employees covered by MCO contracts.

MCO enrollment

Insurers may enroll covered workers in contracted MCOs if workers experience work-related injuries. In such cases, the insurer sends notification to an injured

worker that any future treatment he or she seeks must be by a provider on the MCO's panel. Legislation passed in 1995 allows insurers to require injured workers to receive medical treatment in an MCO prior to claim acceptance. If the insurer subsequently denies the claim, the insurer must pay all reasonable and necessary medical costs until the worker receives notice of the denial or until three days after the denial notice is mailed. (For exceptions, refer to ORS 656.245). Table 2 illustrates how insurers enroll workers – either immediately upon receiving the claim, at acceptance of the claim, or after the claim is accepted.

Currently, the department receives data only on accepted disabling claims (ADCs), or claims that include time-loss benefits. Medical-only claims, which represent approximately 80 percent of all claims, are not included in this analysis.

Table 1. Oregon employers and employees covered by MCO contracts, 1993-2004

Date	Employers		Employees ¹	
	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%	1,116,000	69.1%
October 2002 ²	62,457	71.3%	1,164,000	72.9%
October 2003 ³	52,914	59.0%	913,000	57.6%
October 2004	53,013	59.3%	968,000	59.2%

¹The number of employees covered by MCO contracts is estimated. Figures were updated for October 2001-2003 based on revised workers' compensation subject employment data. The workers' compensation subject employment estimate was derived from data provided by the Oregon Employment Department, U.S. Bureau of Labor Statistics Current Employment Survey, the Oregon Department of Human Services, the City of Portland (Fire and Police Disability and Retirement Fund), and the Pacific Maritime Association.

²October 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.

³Liberty Northwest canceled most of its MCO contracts between March and June 2003 and disenrolled most injured workers covered by these contracts.

MCO enrollment by insurer

Figure 1 displays the percentage of ADCs enrolled in MCOs by type of insurer. In 2004, 41 percent of ADCs were enrolled in MCOs, representing the highest percentage since enrollment data collection began in 1998.

SAIF

Since 1998, SAIF Corp. has enrolled more than two-thirds of their ADCs each year. In 2004, SAIF's enrolled rate was 70 percent, unchanged from 2003.

Private insurers

Private insurers continue to have the lowest rate of MCO enrollment in the Oregon workers' compensation system. In 2004, private insurers enrolled 10 percent of ADCs, the second lowest rate of enrollment since 1998. The lowest rate occurred in 2003, when enrollment was only 8 percent.

Among private insurers, American Home Assurance Co. enrolled the most claims (177) in 2004, followed closely by ACE American Insurance Co. (167). Both insurers enrolled nearly all of their ADCs in the Providence MCO.

Liberty Northwest Insurance Corp. had more ADCs than any other private insurer in 2004 (3,270), but only enrolled 63 claims (2 percent). In 2003, Liberty Mutual companies canceled all but one MCO contract (OHSU Workcomp) and disenrolled injured workers previously covered by other contracts.

Self-insured employers

MCO enrollment by self-insured employers continued an upward trend in 2004. Nearly one-third (31 percent) of all ADCs for self-insured employers were enrolled in MCOs in 2004.

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

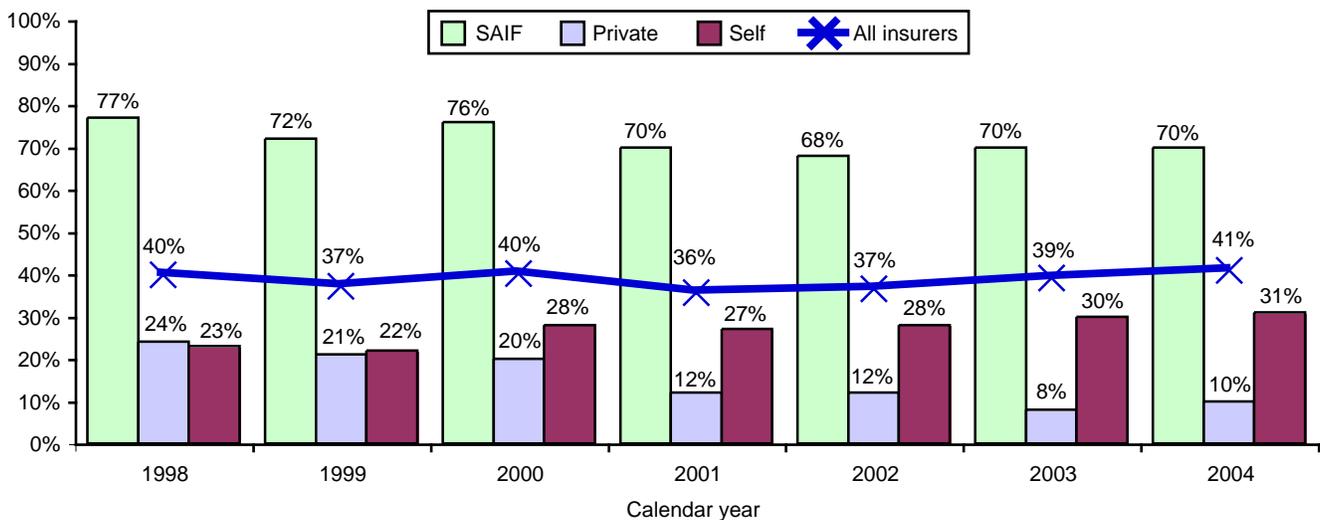


Table 2. Percentage of claimants enrolled according to claim acceptance date, calendar years 2003 and 2004

Type of Insurer	Enrollment occurred					
	Before acceptance		At acceptance		After acceptance	
	2003	2004	2003	2004	2003	2004
SAIF Corp.	6.2%	7.3%	92.2%	90.8%	1.7%	1.8%
Private insurers	47.1%	57.3%	49.0%	39.8%	3.9%	2.9%
Self-insured employers	58.9%	54.2%	38.2%	43.5%	2.9%	2.4%
All Insurers	17.0%	18.2%	81.1%	79.8%	2.0%	2.0%

Notes: For this table, "at acceptance" is an 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 enrolled in managed care organizations, calendar year 2004

Type of insurer	Total ADCs	Total enrolled claims	Number and percent of enrolled claims in managed care organizations													
			Oregon Health Systems		Managed Healthcare NW		Providence MCO		Kaiser On-the-job MCO		First Health Plus MCO		OHSU Workcomp		First Health Group Corp.	
SAIF Corp.	10,122	7,060	3,207	45.4%	2,439	34.5%	844	12.0%	570	8.1%	0	0.0%	0	0.0%	0	0.0%
Private insurers	8,177	851	186	21.9%	1	0.1%	487	57.2%	3	0.4%	113	13.3%	61	7.2%	0	0.0%
Self-insured employers	3,848	1,183	7	0.6%	135	11.4%	778	65.8%	263	22.2%	0	0.0%	0	0.0%	0	0.0%
Total	22,147	9,094	3,400	37.4%	2,575	28.3%	2,109	23.2%	836	9.2%	113	1.2%	61	0.7%	0	0.0%

The self-insured employer with the most MCO enrollments in 2004 was Fred Meyer Stores Inc. Fred Meyer enrolled 284 ADCs, or 83 percent of their total ADCs in 2004. The self-insured employer with the second-highest number of enrollments in 2004 was Safeway Inc., which had 150 (77 percent of their ADCs). Both employers had increases in enrollments over 2003.

ADC enrollment by MCO

Of the seven active MCOs in 2004, Oregon Health Systems received the highest number of enrolled ADCs (3,400), representing 37 percent of all enrollments. Managed Healthcare Northwest (2,575, 28 percent) and Providence MCO (2,109, 23 percent) had the second- and third-largest enrollments, respectively. This order and distribution is virtually unchanged from 2003.

Both Oregon Health Systems and Managed Healthcare Northwest received nearly 95 percent of their enrollments from SAIF, and together represented 80 percent of SAIF’s enrolled claims in 2004. Consistent with the past four years, Oregon Health Systems 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 insurers in 2004. In addition, Providence MCO represented nearly 66 percent of the claims enrolled by all self-insured employers in 2004. All of OHSU Workcomp’s 61 enrollments were from Liberty Northwest Insurance Corp. First Health Group Corp. had only one self-insured employer contract and no enrollments in 2004.

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