

Coverage and Enrollment of Accepted Disabling Claims in Workers' Compensation Managed Care Organizations in Oregon During 2005

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The legislative reforms of 1990 established managed care organizations (MCOs) in the workers' compensation system. MCOs manage the treatment of injured workers through contractual agreements with panels of health care providers. They also use utilization review (including treatment standards, guidelines, and protocols), peer review, and internal dispute resolution processes to manage treatment. Workers' compensation insurers and self-insured employers may contract with MCOs to manage the treatment of their injured workers.

Currently, four department-certified MCOs have active contracts with Oregon workers' compensation insurers or self-insured employers. The active MCOs are Oregon

Health Systems Inc. MCO (OHS), Managed Healthcare Northwest/CareMark Comp MCO (CareMark Comp), Providence MCO, and Kaiser On-the-Job MCO. First Health Group Corp., OHSU Workcomp, and First Health Plus MCO had contracts during 2005 but are no longer active.

MCO coverage

The majority of subject Oregon employers and employees are covered by MCO contracts through their workers' compensation insurer or self-insured employer. Estimates for October 2005 show an increase in both the number and percentage of employers and employees covered by MCO contracts (Table 1).

Table 1. Oregon employers and employees covered by MCO contracts, 1993-2005

Date	Employers		Employees ¹	
	Number	Percent	Number	Percent
January 1993	26,206	38.3%	393,100	30.7%
November 1993	28,287	40.0%	462,300	35.1%
December 1994	33,081	44.8%	484,000	35.1%
October 1996	39,868	51.8%	648,500	43.6%
October 1997	46,846	59.3%	902,400	58.3%
October 1998	51,995	64.7%	969,300	61.5%
October 1999	51,786	63.7%	993,700	62.0%
October 2000	56,225	68.3%	1,121,400	68.9%
October 2001	58,084	69.3%	1,116,900	69.1%
October 2002 ²	60,200	71.3%	1,163,600	72.9%
October 2003 ³	50,333	59.0%	913,400	57.6%
October 2004	51,066	59.3%	965,300	59.2%
October 2005	52,639	60.4%	1,073,100	63.8%

¹The number of employees covered by MCO contracts is estimated. Figures were updated for October 2001-2004 based on revised workers' compensation subject employment data. The workers' compensation subject employment estimate was derived from data provided by the Oregon Employment Department Quarterly Census of Employment and Wages, the Bureau of Labor Statistics Current Employment Survey, and agricultural data; the Oregon Department of Human Services; the City of Portland (Fire and Police Disability & 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

Insurers (or self-insured employers) may enroll covered workers in contracted MCOs after they experience a work-related injury. At enrollment, the insurer notifies the injured worker that any compensable treatment subsequent to enrollment in the MCO must be delivered by providers on the MCO's panel. The insurer may require the injured worker to receive medical treatment in an MCO at any point after the claim is filed. If a worker is enrolled prior to claim acceptance and the insurer subsequently denies the claim, the insurer must pay for all reasonable and necessary medical services not otherwise covered by health insurance that were provided between enrollment and the worker's receipt of a denial notice or until three days after the denial notice is mailed. (For exceptions, refer to ORS 656.245(4)(b)(B)).

The majority (80 percent) of MCO enrollments occur at the time of claim acceptance (Table 2). Almost all SAIF enrollments (91 percent in 2005) occur at the time of claim acceptance. Private insurers and self-insured employers more commonly enroll workers before claim acceptance. Self-insured employers and large employers with MCO coverage through private insurers tend to enroll claims immediately after injury since they are more likely to carry general health insurance and would be liable for the cost of all medical claims for their employees, regardless of whether the claim is work related. Thus, if a worker's compensation claim is subsequently denied, the privately insured or self-insured employer pays for the worker's medical treatment through its general health benefit. By enrolling early, the employer takes advantage of the managed care service provided by MCOs.

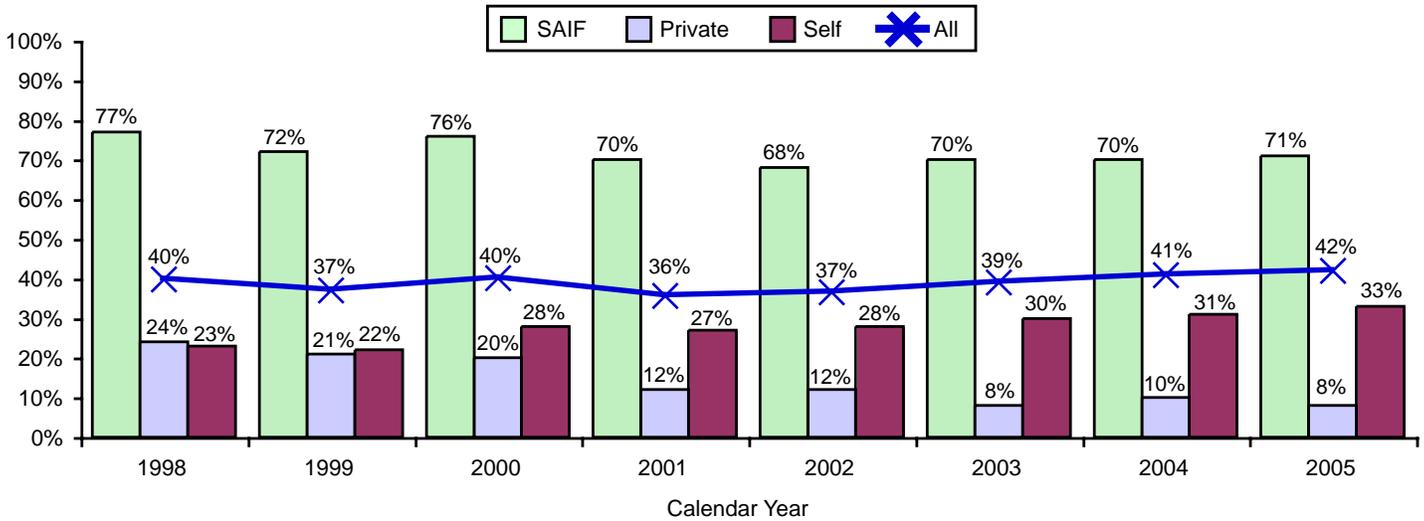
Table 2. Percentage of claimants enrolled according to claim acceptance date, calendar years 2003-2005

Insurer	Claim reference year		
	2003	2004	2005
SAIF			
Before acceptance	6.2%	7.4%	7.4%
At acceptance	92.3%	90.9%	91.2%
After acceptance	1.5%	1.8%	1.4%
Private insurers			
Before acceptance	47.6%	57.7%	66.3%
At acceptance	49.5%	39.7%	29.5%
After acceptance	2.9%	2.5%	4.2%
Self-insured employers			
Before acceptance	59.4%	54.4%	58.1%
At acceptance	38.6%	43.7%	39.7%
After acceptance	2.0%	1.9%	2.2%
Total			
Before acceptance	16.9%	18.2%	18.1%
At acceptance	81.4%	79.9%	80.2%
After acceptance	1.7%	1.9%	1.7%

Notes: "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.

Since enrollments can occur years after claim acceptance, "After acceptance" only includes enrollments within 180 days of claim acceptance date. This allows for an accurate year-to-year comparison.

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



It is important to note that all analysis in this report includes only accepted disabling claims (ADCs). Nondisabling claims, which represent approximately 75 percent of all claims, are not included because the department does not receive accepted nondisabling claim information from insurers.

MCO enrollment by insurer

In 2005, 42 percent of ADCs were enrolled in an MCO, representing the highest percentage of enrollment since data collection began in 1998 (see Figure 1).

SAIF

Since 1998, SAIF Corporation has enrolled more than two-thirds of its ADCs each year. The 2005 enrollment rate of 71 percent is the highest rate since 2000.

Private insurers

Private insurers continue to have the lowest rate of MCO enrollment in the Oregon workers' compensation system. In 2005, private insurers enrolled only 8 percent of ADCs.

Among private insurers, ACE American Insurance Company enrolled the most claims in 2005. All 153 of its enrollments were with Providence MCO. No other private insurer enrolled more than 60 claims.

Liberty Northwest Insurance Corporation had more ADCs than any other private insurer in 2005 (2,910), but enrolled only 60 claims (2 percent). In 2003, Liberty Mutual Companies cancelled 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 2005. One-third (33 percent) of all ADCs for self-insured employers were enrolled in an MCO during 2005.

The self-insured employer with the most MCO enrollments in 2005 was Fred Meyer Stores Inc. Fred Meyer enrolled 249 ADCs, or 76 percent of its total ADCs. The self-insured employer with the second most enrollments in 2005 was Safeway Inc., with 159 (82 percent of its ADCs).

Table 3. Number and percent of accepted disabling claims (ADCs) enrolled in managed care organizations, reference year 2005

MCO	Enrollments by insurer type			Total enrolled	Percent of total
	SAIF corporation	Private insurers	Self-insured employers		
Oregon Health Systems	3,455	113	26	3,594	38.8%
Managed Healthcare NW	2,427	3	142	2,572	27.8%
Providence MCO	903	324	800	2,027	21.9%
Kaiser On-the-Job MCO	605	10	302	917	9.9%
First Health Group Corp. (voluntarily decertified)	0	76	0	76	0.8%
OHSU Workcomp (inactive)	0	59	0	59	0.6%
First Health Plus MCO (voluntarily decertified)	0	14	0	14	0.2%
Total	7,390	599	1,270	9,259	100.0%

Note: ADC totals include claims from noncomplying employers and claims with unknown insurers.

Enrollment by MCO

Of the seven MCOs active during 2005, Oregon Health Systems received the highest number of enrolled disabling claims (3,594), representing 39 percent of all enrollments. Managed Healthcare NW (2,572, 28 percent) and Providence MCO (2,027, 22 percent) had the second and third largest enrollments, respectively. This order and distribution is virtually unchanged from 2004. First Health Plus MCO, OHSU Workcomp, and First Health Group Corp. were active during 2005, but are no longer active. OHSU Workcomp is currently in an inactive status while First Health Plus MCO and First Health Group Corp. chose voluntary decertification.

Both Oregon Health Systems and Managed Healthcare NW received approximately 95 percent of their enrollments from SAIF, and together represented 80 percent of SAIF's enrolled claims in 2005. Consistent with the past five years, Oregon Health Systems was the MCO with the largest number of SAIF-enrolled claims.

The majority of claims enrolled by private insurers in 2005 were with Providence MCO (55 percent). In addition, Providence MCO represented nearly 63 percent of the claims enrolled by all self-insured employers in 2005. All of OHSU Workcomp's 59 enrollments were from Liberty Northwest Insurance Corporation.

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