

WORKERS' COMPENSATION NETWORKS 101

BACKGROUND

All 50 states and the District of Columbia have workers' compensation laws on their books. The exact provisions vary from state to state. Some states always require employers to carry it while others don't; in some states it is required based on the number of employees. But in all states:

- WC is a state-regulated insurance system that pays medical bills and some lost wages to employees who are injured on the job or who have work-related diseases or illnesses. Employees get benefits based on the type and severity of their injuries and/or illness.
 - Job-related injuries and illnesses can include injuries workers sustained while performing assigned work, during work travel, while on work errands, and/or attending work-related business functions. Injuries and illnesses can be sudden or brought on by a repetitive action, such as carpal tunnel syndrome or repeated exposure to chemicals, air pollution, or radiation.
- WC treatment is provided through preferred provider (PPN) or medical provider networks (MPN) – an entity or group of health care providers set up by an insurer or self-insured employer to treat workers injured on the job.

Under state regulations each PPO/MPN:

- Must include a mix of doctors specializing in work-related injuries and doctors with expertise in general areas of medicine.
- Is required to meet access to care standards for common occupational injuries and work-related illnesses.
- Must follow all medical treatment guidelines established by the state entity regulating WC provider networks and allow employees a choice of provider(s) in the network after their first visit.
- Must offer an opportunity for second and third opinions if the injured worker disagrees with the diagnosis or treatment offered by the treating physician.
- Must provide some process for independent arbitration of employer-worker disagreement about injury diagnosis.

CLAIMS FRAUD

Based on estimates by the National Insurance Crime Bureau (NICB), workers' compensation fraud is a \$30 billion problem annually in the United States.¹

Fraud is defined as when a claimant, employer, or healthcare provider knowingly fabricates an injury or claim for an injury to gain an advantage, savings, money, or other benefit. WC fraud costs are passed on to consumers in the form of higher premiums. Insurance fraud is a crime punishable by fines and/or jail time if convicted.



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PROVIDER CONTRACTING

Clarity and transparency in contracting documents are vital to creating and maintaining strong working relationships among PPN/MPNs, payers and physicians. PPN/MPNs and payers have various administrative approaches to managing their contracting process and resolving any issues or concerns. Physicians need advance information on how the PPN/MPN and payer will administer the agreement in order to determine whether their practice can support such an administrative approach.

Any WC PPN/MPN provider agreement should:

1. Identify all parties to the agreement.
2. Detail the arrangements contemplated by the agreement (i.e., whether the agreement may be subject to rental by a third party).*
3. Provide the physician a complete list of the current PPN/MPN rental customers prior to signing and state how the physician will be notified of future customers that will have access to the agreement if the agreement is rentable.
4. Describe how the PPN/MPN will require third parties (e.g. payers) that rent the agreement to identify the source of the contractual discount taken by the third party on each remittance advice or explanation of payment.
5. Describe how the PPN/MPN will require third parties (e.g. payers) that rent the agreement to adhere to the underlying contract terms.
6. Make available the fee schedule for the codes reasonably expected to be billed by the physician for each treatment/service type or the method by which the physician may obtain the fee schedule for each treatment/service type prior to signing. The PPN/MPN or payer should provide access to the complete fee schedule for each treatment/service type the physician has agreed to perform at signing.
7. Address the time frame in which payment of covered services is required under the agreement.
8. Identify any benefits the physician will receive, including any advertising that promotes the physician's practice, any incentives that patients will be given to choose the physician and any timely payment requirements.
9. Indicate when and in what manner the contract may be terminated, including how third parties that have rented the agreement will be notified of the termination. Additionally, the agreement should address how the parties will ensure compliance with continuity of care requirements after termination.
10. Describe the claim or other dispute resolution process and procedures.
11. Describe how, where and in what manner participating physicians will be listed.
12. Describe how the logo or network information will be identified on the health insurance identification (ID) card. The PPN/MPN should provide the physician with the ID card standards.
13. Provide the participating physician with information on how pre-service patient eligibility notification and the underlying PPN/MPN agreement will be obtained prior to the delivery of care.
14. Provide applicable credentialing requirements prior to contracting and during the term of the contract upon request.

CLAIMS FRAUD

AAPAN believes that any entity that takes a health care provider discount without the contractual right to do so or without disclosing when a network contract is applied to a claim is a "silent PPO." Moreover, AAPAN supports the disclosure of contractual intents, purposes and commitments, the disclosure of the network contract applied to a claim, and mutually agreed upon consideration in exchange for the provider contract discount. We believe it is in the best interest of providers and networks to pursue contractual relationships based on fair business practices and principles to ensure a mutually satisfactory business association.

¹ <https://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/25-wc-conv/>

* Third party means an organization that enters into a contract with a contracting entity or with another third party to gain access to a provider network contract.

