Washington State Department of Labor & Industries

SSB 5801: Implementation of the Medical Provider Network and Expansion of the Centers for Occupational Health and Education

REPORT TO THE LEGISLATURE

DECEMBER 2012

Washington State Department of Labor & Industries

2012 Legislative Report
Implementation of MPN and Expansion of the COHEs

Executive Summary

Substitute Senate Bill (SSB) 5801, establishing a Medical Provider Network (MPN) and expanding the Centers of Occupational Health and Educational (COHEs), is part of historic workers' compensation reform legislation passed by the Washington Legislature and signed by Governor Gregoire in 2011. These changes will reduce disability and provide higher quality medical care for injured workers.

Labor & Industries (L&I) has made excellent progress in the steps necessary to establish a Medical Provider Network that ensures delivery of effective health care treatment and access to quality providers. In July 2011, L&I formed a Provider Network Advisory Group of business, labor, and clinical representatives to help develop rules and policies. Network rules that set standards and requirements for participation in the Medical Provider Network were adopted January 3, 2012, and became effective February 3, 2012. In February 2012, the Department launched the provider application website www.JoinTheNetwork.Lni.wa.gov where providers can apply to join the network as well as find out information regarding the enrollment process, standards for the network, top tier incentives and other key information. Recruitment mailings to current L&I providers have been completed and L&I is pleased with the number of providers that have already applied to be part of the network. In addition, new credentialing database software has been installed and staff have been trained on the new business processes. As of January 1, 2013, injured workers in Washington State must use network providers for ongoing care.

Our priority is to ensure continuity of care for injured workers; therefore, in October 2012, L&I notified all injured workers with open claims about the requirement that they will need to use network providers. The notification included their current provider's network status and explained steps to take if their provider had not yet joined. Internal process and procedures have been put in place to assist injured workers who need help finding a network provider.

SSB 5801 also requires that COHEs be available to 50 percent of injured and ill workers by December 2013 and to all injured workers by December 2015. With four existing COHEs, the goal of 50% access has already been met. The project to expand access to COHEs to 100 percent of workers by 2015 is making great progress. L&I is testing our revised standards, sustainable financing and accountability with our existing COHEs. In addition, a COHE tool-kit with examples, templates, and tools, is available to clarify COHE operational processes. L&I works with Washington business and labor representatives to design and implement COHEs. In early 2013, L&I plans to release a request for proposal (RFP) for organizations interested in sponsoring COHEs, with a goal of contracting with a total of six COHEs by July 2013.

L&I has also worked to extend COHE services to self-insured employers. In July 2012, King County (a self-insured employer) and the Renton COHE began a pilot to test processes for self-insured participation in COHEs.

L&I continues to work with the Provider Network Advisory Group on criteria and incentives for a "Top Tier" within the network of providers who adhere to occupational health best practices. "Top Tier" is planned to launch in July 2013. Efforts are also underway to expand occupational health best practices, with the help of COHE participants, over the full period of recovery (not just the first 12 weeks) and identify and pilot emerging best practices.

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L&I continues to work closely with the health-care community and self-insured employers, as well as business and labor associations around the state, to implement these reforms.

Introduction

This report is the first of five required by SSB 5801. The Legislature directed L&I to report to the appropriate legislative committees concerning implementation and implementation results of the provider network and expansion of the COHEs beginning December 1, 2012, and annually thereafter through December 1, 2016. L&I is establishing a single statewide network of health care providers to treat injured workers of both State Fund and self-insured employers. Workers in all parts of the state will have access through the network to providers who meet minimum standards. They will be able to choose their provider from the network. For the first visit only, workers will be able to see a provider outside the network. L&I also will develop a "Top Tier" of providers within the network who use occupational health best practices, and provide incentives.

COHEs are run by healthcare delivery organizations such as clinics and hospitals, with support from L&I, to increase use of occupational health best practices in treating injured workers. COHEs began as pilots in 2002, and L&I currently has four COHEs in different parts of the state. Research has shown that COHEs reduce lost work time and claims costs. SSB 5801 directs L&I to extend COHE access to at least 50 percent of injured workers by December 2013 and to all injured workers by December 2015.

Two project teams were developed, Implementation of the Medical Provider Network Project and Expansion of COHEs Project. The specific initiatives included in these projects are:

- Implementing a provider network for provision of healthcare services to injured workers.
- Establishing minimum standards for participating providers and defining "risk of harm" criteria for removal.
- Expanding the COHE infrastructure statewide.
- Creating a "Top Tier" network.
- Promoting additional occupational health best practices and incentives that address the full period of recovery.
- Implementing utilization review for self-insured employers in conjunction with the department's utilization review provider.

The vision for these projects is to provide high quality health care to injured workers by establishing standards for participating providers and offering support and resources to encourage best practices for occupational health.

In support of this vision, project goals include:

- Establishing standards for provider performance that encourage good healthcare practices.
- Removing poorly performing and unqualified providers from the system.
- Providing education and resources for occupational health best practices.
- Incenting provider behavior towards best practices.

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Successfully implementing the mandates of SSB 5801 will reduce medical and disability costs. The project is expected to save the State Fund at least $218 million in the first four years. The project will also help control costs for self-insured employers.

Project Objectives

The MPN and COHE Programs' objectives remain:

1. Establish risk of harm policy and implement in rule by January 2012
2. Define minimum network standards and requirements and implement in rule by January 2012
3. Build a provider network based upon minimum standards, with good access to care and broad choice of providers for injured workers by January 2013
4. Expand the COHE infrastructure to 50% of workers by 2013 and Statewide by 2015
5. Implement incentives for "Top Tier" network providers who use occupational health best practices by July 2013
6. Identify and test new occupational health best practices that span the full period of recovery, not just the first 12 weeks
7. Work with self-insured employers and the department's utilization review provider to offer utilization review services to self-insured employers through L&I contractors
8. Implement information technology to support business operations for the provider network, the COHEs use of occupational health best practices, and the second tier network
9. Establish and regularly report on network and program performance measures

Objective Status:

1. **Establish risk of harm policy and implement in rule by January 2012.**
   Network rules were adopted January 3, 2012, and became effective February 3, 2012. These rules set standards and requirements for participation in the Medical Provider Network; WAC 296-20-01100 establishes criteria for determining when a provider can be removed from the network for "risk of harm".

2. **Define minimum network standards and requirements and implement in rule by January 2012.**
   L&I worked with the Industrial Insurance Medical Advisory Committee (IIMAC) and the new Provider Network Advisory Group to develop rules to establish standards for the network. The Provider Network Advisory Group includes six providers from across the state as well as two representatives from business and two from labor. The Provider Network Advisory Group continues to meet quarterly to provide guidance to the department through the development of the new network.

   Rules on Criteria for Network Participation adopted January 3, 2012:
   - WAC 296-20-01010 – Scope of health care provider network
   - WAC 296-20-01020 – Health care provider network enrollment
   - WAC 296-20-01030 – Minimum health care provider network standards
   - WAC 296-20-01040 – Health care provider network continuing requirements
   - WAC 296-20-01050 – Health care provider network further review and denial

- WAC 296-20-01060 – Delegation of credentialing and recredentialing activities
- WAC 296-20-01070 – Waiting periods for reapplying to the network
- WAC 296-20-01080 – Management of the provider network
- WAC 296-20-01090 – Request for reconsideration of department decision
- WAC 296-20-01100 – Risk of harm

Rules on "Initial Visit" and Who May Treat adopted on March 6, 2012:

- WAC 296-14-400 – Reopening of benefits
- WAC 296-20-15 – Who may treat
- WAC 296-20-025 – Initiating treatment and submitting a claim for benefits
- WAC 296-20-065 – Transfer of providers
- WAC 296-20-075 – Hospitalization
- WAC 296-20-012401 – Application process for providers outside the scope of the provider network

Rules in Proposal Phase, filed August 21, 2012:

- WAC 296-20-01010 – Scope of health care provider network
- WAC 296-20-01020 – Health care provider network enrollment
- WAC 296-20-02705 – What are treatment and diagnostic guidelines and how are they related to medical coverage decisions?
- WAC 296-20-03015 – What steps may the department or self-insurer take when concerned about the amount or appropriateness of drugs and medications prescribed to the injured worker?

3. **Build a provider network based upon minimum standards, with good access to care and broad choice of providers for injured workers, by January 2013.**
   As of January 1, 2013, injured workers must use network providers for care beyond an initial office or emergency visit. The provider network is managed by L&I and is the same network for both State Fund and self-insured workers. Beginning January 1, 2013, all current and new Washington State providers of the following types must be in L&I's network to give ongoing care for injured workers:
   - Physicians
   - Chiropractors
   - Naturopathic physicians
   - Podiatric physicians
   - Advanced registered nurse practitioners
   - Physician assistants
   - Dentists
   - Optometrists

   It will be "business as usual" for provider types that are not required to join the network in 2013 (i.e. physical therapists/occupational therapists, out-of-state providers, etc.).

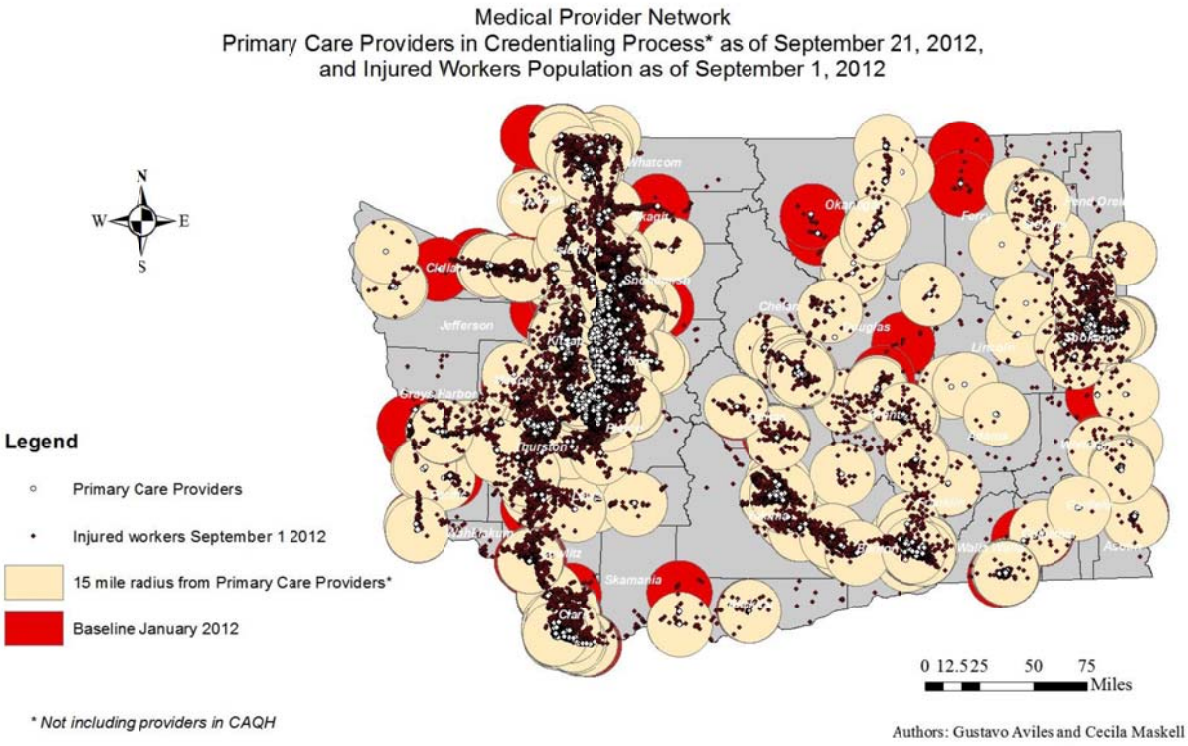
Providers who do not join the network can be paid for the worker's "initial visit" when the injury claim is filed.

Our priority is to ensure continuity of care for injured workers during the transition to the new Medical Provider Network. Our goal is to ensure that all injured workers with currently open claims have been contacted and have access to assistance to sign up with a network attending provider in an equivalent geographic area and of an appropriate provider type. Below are key dates related to these goals:

- October 2012: Notified all injured workers with open claims whose attending providers have not joined the network:
  - Include information on their provider's network status.
  - Include steps to take if their provider has not yet joined.
  - Notify them that they must have a network provider by January 1, 2013.
- October 2012: The new provider directory website was launched to help injured workers find a network provider.
- December 2012: Send reminder letters if needed.

L&I is currently in the process of network enrollment. As of October 5, 2012:

- 5,800 individual applications have been received.
- 7,100 providers are being enrolled through delegated groups.
- 97 percent of State Fund injured workers live within 15 radius miles of at least five network primary care providers.
- 99 percent of self-insured injured workers live within 15 radius miles of at least five network primary care providers.



4. **Expand the COHE infrastructure to 50% of workers by 2013 and statewide by 2015**
   Currently, 50% of workers have access to a COHE provider. There are currently four COHEs in Washington State: Renton COHE at Valley Medical Center, Harborview Medical Center in Seattle, Eastern Washington COHE at St. Luke's Rehabilitation Institute in Spokane, and The Everett Clinic.

   On July 1, 2011, L&I and the four existing COHEs began pilot testing new accountability standards, performance measures, and financing in preparation for upcoming COHE expansion. In addition, we have developed and distributed a COHE Toolkit (with examples, templates and tools) to clarify COHE operational processes for healthcare organizations that are interested in becoming new COHE sponsors. In the fall of 2011, L&I hosted public meetings for providers around the state to explain how a COHE works and encourage interest. L&I plans to increase to six total COHEs in 2013 and expand access to COHEs statewide by December 2015.

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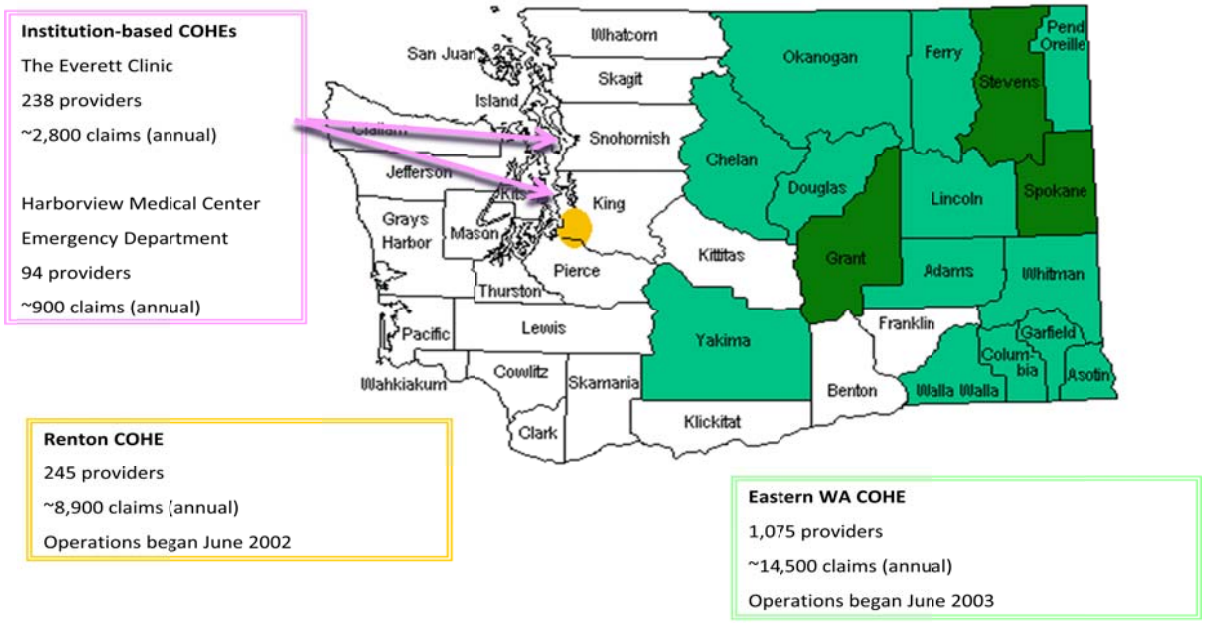

The University of Washington has evaluated the COHEs and found that workers treated by COHE providers have fewer time-loss days and their claims have overall lower costs. These savings benefit employers and workers by lowering disability and injury costs.

From the extensive evaluation by the UW, the program has transitioned to a quarterly report that illustrates the overall aggregated impact of the COHEs. Measurement information is supplied by L&I Research & Data Services and L&I Actuarial Services. The most recent COHE Program Report was published in June 2012. Below are results from the findings of that report:

- Claims treated by COHE providers resolve faster than other claims:
  - Faster resolution may be due to COHE best practices preventing some medical-only claims from becoming time-loss.
  - The difference in claim resolution rates is most pronounced when looking at all claims. The average resolution rate of COHE claims at 6 and 18 months is notably higher than non-COHE claims.
  - When looking at time-loss claims, treatment by COHE providers still shows benefit, but the difference is less prominent.
  - The time-loss days paid measure further reinforces faster COHE claim resolution.

  The majority of COHE providers are high and medium adopters of COHE best practices. Currently 63% of COHE providers are medium and high adopters. COHEs are striving to improve the adoption rate to 80%. These medium and high adopting providers are meeting the benchmarks for at least two of the following best practices:
  - Submitting a Report of Accident in two business days for 80% of all claims

- Completing an Activity Prescription Form within the first 12 weeks on 80% of all claims
- Making a phone call to the employer on 25% of all claims
- Ensuring claims with two weeks or more of paid time-loss have at least one assessment of barriers to recovery or Health Service Coordinator billed activity

Recently, L&I began working to offer COHE services to self-insured employers. In July 2012, King County (a self-insured employer) and the Renton COHE signed an agreement and began piloting COHE participation for self-insurers and their workers.

5. **Implement "Top Tier" incentives for providers who use occupational health best practices by July 2013.**
   The Top Tier will be a select group of network providers who agree to use certain occupational-health best practices and whose performance meets measures that are being developed. Providers who qualify for the Top Tier will be eligible to receive financial and non-financial incentives, such as streamlined authorizations. L&I is working with the Provider Network Advisory Group to develop eligibility criteria and incentives for Top Tier. L&I has also held provider focus groups on Top Tier criteria and is reviewing the infrastructure needed for Top Tier.

6. **Identify and test new occupational health best practices that span the full period of recovery, not just the first 12 weeks.**
   L&I's Health Services Analysis team works with COHEs and other healthcare providers to pilot new best practices. These occupational health best practices are often developed in partnership with the University of Washington.

Current work is being done to redesign the pilots of the Functional Recovery Questionnaire (FRQ) and Activity Coaching to address very low uptake of services.

The FRQ is a three-question survey for providers to give to injured workers that is highly predictive of long-term disability. A positive score on the FRQ is linked to interventions that the provider can use to reduce the likelihood of disability.

Activity coaching is one intervention available to providers. L&I is using the Progressive Goal Attainment Program (PGAP™) for activity coaching. PGAP is a standardized, community-based intervention delivered by professionals such as occupational therapists or physical therapists. The program's initial stages focus on structured activity to help the client resume activities. The program's final stages focus on activities that facilitate re-integration into the workplace.

Additionally, work is underway to finalize the design of the Surgical Best Practices Pilot which is scheduled to begin in November 2012. The Surgical Best Practices Pilot focuses on improving handoffs between surgeons and primary care healthcare providers.

7. **Work with self-insured employers and the department's utilization review provider to offer utilization review services to self-insured employers through L&I contractors.**
The department contracts with a Utilization Review vendor to compare medical providers' requests to perform medical services with treatment guidelines approved by the department, and to recommend whether the department should authorize the services. The program applies to both physicians and healthcare facilities.

   The department recently issued a Request for Proposals/Request for Information (RFP/RFI) and received bids to recontract for Utilization Review services. The Washington Self-Insurers Association (WSIA) participated with L&I in the development of the RFP/RFI which asked vendors to submit information on services they would offer to self-insured employers via contracts separate from the Utilization Review contract with L&I for State Fund claims. L&I's current vendor, Qualis, again won the bid for the Utilization Review contract for State Fund claims. Several bidders submitted information on services that they would provider to self-insured employers through separate contract.

8. **Implement information technology to support business operations for the provider network, the COHEs use of occupational health best practices, and the Top Tier of the network**.
Occupational Health Management System (OHMS): This system will be a web-based case management tool that will centralize and streamline existing care coordination processes across COHEs, track providers' use of occupational health best practices, and provide feedback to providers. This system is needed to support COHE expansion in July 2013, as well as Top Tier and pilots of new best practices.

   A vendor has been selected to work on the new OHMS and is expected to begin November 2012. OHMS will integrate with other L&I systems and providers' Electronic Medical Records.

   Credentialing: Modifications are being made to existing software applications and new software has been purchased to provide a technical solution to support credentialing and establishment of the Medical Provider Network. Providers can apply for the network electronically through ProviderSource, the state's centralized credentialing database of health care payers. Providers can also download application materials from L&I's website at www.JoinTheNetwork.Lni.wa.gov, and submit these to L&I via paper or FAX.

   In October 2012, a new online Provider Directory was launched to help injured workers find a network provider. The new Provider Directory features:
   - Quick and advanced searches
   - General practice default to include multiple provider types
   - Provider summary and detail results
   - Mapping
   - Distance indicators
   - Print friendly
   - Email capability

9. **Establish and regularly report on network and program performance measures**.
   There are multiple reporting structures for which performance is reported on both the Medical Provider Network and COHE:
   - Weekly project status is provided internally on both the COHE and MPN projects. These reports highlight current status for scope, schedule, risks, and issues.
   - Monthly reports are provided internally regarding agency strategic performance and program operational measures in relation to the COHEs and MPN project and programs.
   - Updates are provided on a regular basis to the Workers' Compensation Advisory Committee (WCAC) regarding both COHE and MPN progress.
   - Progress reports and measures related to the Medical Provider Network are presented quarterly at meetings of the Provider Network Advisory Group. These meetings are open to the public, and notices, agendas, minutes and handouts are posted online at www.ProviderNetwork.Lni.wa.gov.
   - Quarterly COHE Program Report is conducted and results are published on the L&I public website: http://www.lni.wa.gov/ClaimsIns/Providers/ProjResearchComm/OHS/default.asp#5.
   - Workers' Compensation Advisory Committee Health Care Subcommittee (WCAC-HC) is an advisory committee of representatives of business, labor, Board of Industrial Insurance Appeals, and the UW research team, which has provided advice and direction to the project from its beginning. More information regarding the WCAC-HC can be found on the L&I public website: http://www.lni.wa.gov/ClaimsIns/Providers/ProjResearchComm/OHS/WcacHcMtgs/default.asp.

Key Project Milestones

The following are high-level milestones of the MPN and COHE program:

- January 2012: Finalize WAC on network standards and requirements, including language about risk of harm.
- February 2012: Begin enrollment of attending or treating providers.
- January 2013: Launch the network - injured workers must seek care from network providers except for initial visit.
- January-June 2013:
  - Notify providers of Top Tier standards and incentives.
  - Select six new COHEs.
  - Implement information technology supporting the network, COHE occupational health best practices, and the Top Tier.
- July 2013: Launch Top Tier of network.
- July-December 2013: Expand access to COHE services to 50% of injured workers.
- January-December 2015: Expand access to COHE services to 100% of injured workers.

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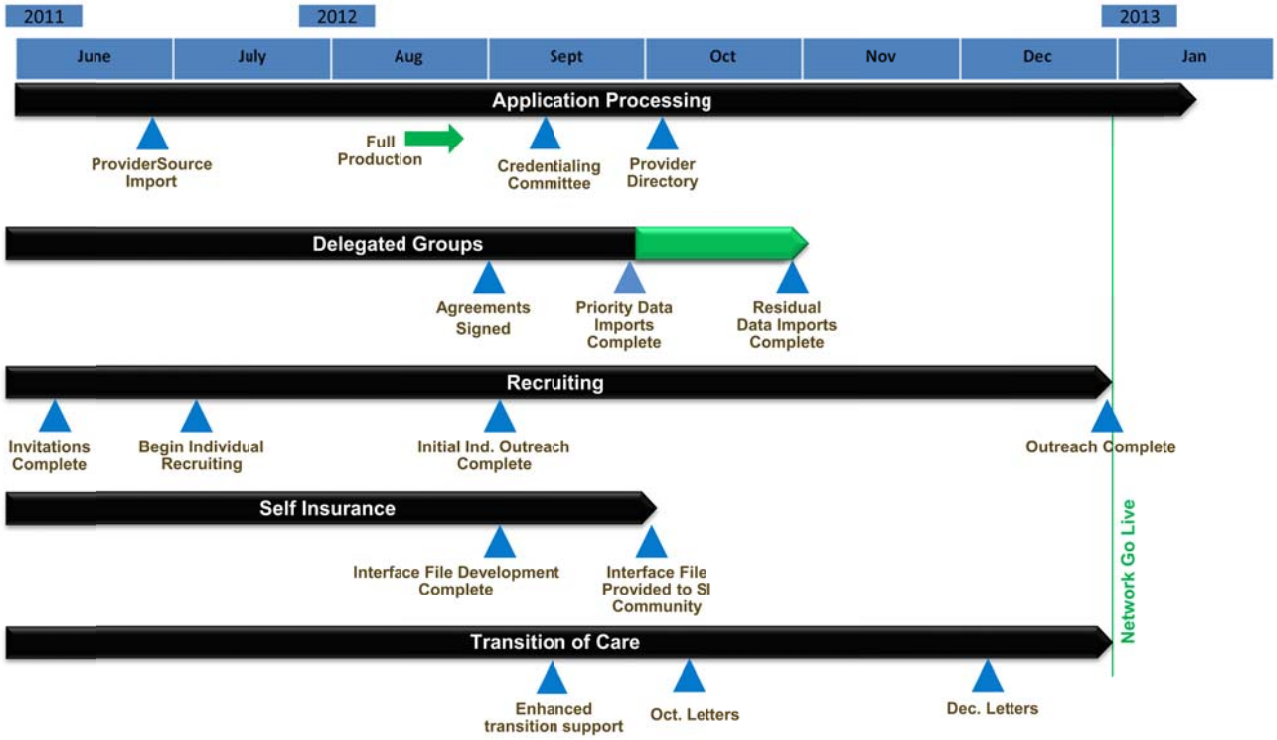
Medical Provider Network – Project Plan Overview



Top Tier/COHE/Emerging Best Practices - Project Implementation Timeline

Next Report

The department's next report to the legislature is due December 1, 2013.