Workers' Comp

Overview of the 2019 Texas Department of Insurance Workers' Compensation Network Report Card

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5 MIN READ

The Texas Department of Insurance recently released its annual Workers' Compensation Network Report Card. The 2019 Report Card includes medical cost and utilization measures for 17 workers' compensation health care networks (HCNs), including the Coventry HCN, First Health HCN, and several other HCNs supported by Coventry. Various measures were calculated for injuries occurring between June 1, 2017 and May 31, 2018. Before looking at the 2019 results, it is important to note where we started in 2005 when Networks were formed. Medical costs for Texas lost-time claims in the early 2000's were running over $12K per claim[1]. Texas was leading the nation in utilization for nine of the ten top diagnostic groups. Return-to-work rates were running in the low 60th percentile and injured workers noted provider satisfaction rates lower than those of other states[2]. The 2019 Report Card results continue to demonstrate the success HCNs have achieved in addressing these issues.

- **Medical Costs:** On average, HCNs have realized lower medical costs per claim at six months post-injury than claims treated without a network in place. In 2019, the difference between network and non-network cost per claim was 3.5%. When claims reach 18-months maturity, the gap between network and non-network costs expands further to a 9.4% differential.
- **Medical Utilization:** In some situations, claims treated within a network may see higher utilization of services during the first six-months of injury than those treated outside a network. However, when a claim reaches 18-months maturity, costs within a network setting are typically lower than non-network. This may be an indicator that utilization decreases, as the claim ages when network providers are managing the care. Notably, the percent of injured employees receiving hospital services six-months post injury is lower within a network.
- **Return-to-Work:** HCNs have consistently returned injured employees to work at a higher rate than those not enrolled in a network. In 2019, 94% of injured employees enrolled in an HCN reported returning to work after their injury, compared to 90% for non-network injured employees.
- **Satisfaction with Medical Care:** Injured worker satisfaction with care can be demonstrated by the reported physical functioning and mental functioning scores recorded through the injured worker survey. Over the years, injured employees have consistently reported higher scores in these two categories when treatment was received in a network setting. This trend continued in 2019, as the graphs below illustrate.
- **Key Trends Identified for the Coventry and First Health HCNs**

- Injured employees treating in either the Coventry or First Health HCNs reported fewer weeks off work than their Non-Network counterparts.

Over the past five years, the Coventry HCN has experienced a 23.4% decrease in overall medical costs per claim; while the First Health HCN has experienced a 19.3% decrease in overall medical costs per claim.

- On average over the past five years, both the Coventry and First Health HCNs have experienced a lower percent change in overall medical costs from six-months to 18-months claim maturity, when compared to Non-Network.
- Both the Coventry and First Health HCNs have been successful in lowering the average number of hospital services received by injured employees six months after injury.

Coventry and First Health HCNs: Program Highlights

- Coventry continually re-evaluates its Health Care Networks and provider populations. We are committed to negotiating contracts with providers that provide the highest quality care at appropriate price points for our clients.
- Coventry's optional Outcomes-based Network (OBN) program identifies primary treating providers (PTP) and orthopedic surgeons who have a track record of better overall claim outcomes than their peers. All PTPs and orthopedic surgeons identified for inclusion in the OBN program are included in the Coventry and First Health HCNs.
- Coventry collaborates with carriers, TPAs, and employers to offer either a fully bundled HCN or various customized HCN options in the State of Texas. The HCN, along with Coventry's integrated suite of care management programs, offer our customers many tools to better manage workers' compensation claims. If you are interested in additional ways to improve your company's outcomes in the State of Texas and beyond, please reach out to your account manager or call Coventry at **800-790-8662**.

Pharmacy Report

- Results attributable to Coventry HCN clients place them at or near the median performance for critical pharmacy metrics, including number of prescriptions per claim and average cost per prescription.
- Due to the reporting of Coventry HCN clients as an aggregate, it is important to note that Coventry HCN clients that utilized Coventry's PBM services (First Script®) consistently realize exemplary results in every statistical measurement.
- While pharmacy services are not a mandatory function of the HCN, Coventry strongly recommends integration of the First Script PBM to take full advantage of all areas where the delivery of the right medications, at the right time, and at the appropriate cost can decrease overall claim costs.

Points to Consider while Reviewing the Report Card

- Clients using the Coventry and/or First Health HCNs should evaluate their own book of business results rather than assuming they are getting the cumulative results reflected in the Report Card.
- The results measure medical costs and utilization only. They do not include indemnity savings.
- Claim mix is different across all Networks (i.e. legacy, lost-time, medical only). This will also influence results, especially given the different types and volume of claims from one network to another. Geographic coverage also differs across the networks and can affect medical costs.
- Average costs for lost-time and medical-only claims may be higher for networks that succeed in reducing their percentage of lost-time claims in favor of a higher percentage of medical-only claims. As the population of lost-time claims decreases, a greater share of the remaining lost-time claims will be more

severe and higher-cost injuries. This will increase the average cost per lost-time claim.

- As types of injuries that previously incurred lost-time shift to medical-only claims, they may raise the average cost per claim for that group, since their costs will be higher than the general population of medical-only claims.
- We encourage you to review the report in its entirety and not focus on one category to gain a better understanding of the overall positive impact of networks in Texas.

[1] **Workers' Compensation Research Institute, 2004** [2] **Med-Fx, LLC. and the Research and Oversight Council on Workers' Compensation, 2000**



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