Workers' Comp

Protect Your Program from Unnecessary Risk: Why Provider Agreements Matter More Than Ever

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4 MIN READ

As new approaches to medical cost containment gain attention, workers' compensation payers are taking a closer look at what truly creates sustainable results across the life of a claim. Not every savings strategy holds up once a claim gets complicated.

Benchmark pricing models that promise savings at the bill level can look attractive at first. But the real test is not one repriced bill. It is whether the savings lasts across the life of the claim.

Sustained savings depend on five things your network has to prove:

1. Access to credentialed, experienced providers
2. Reduced disputes
3. Faster claims processing
4. More predictable medical spend
5. Support for return to work

This is where provider agreements change your results. A contracted provider network is not just a discount tool, it sets expectations before treatment starts. It connects provider participation, reimbursement, care direction, and accountability in a way that post-service pricing alone cannot.

Hidden Risks of 'Savings After the Fact'

Benchmark pricing applies pricing after care has already been delivered. A contracted provider network establishes reimbursement expectations in advance. That timing matters.

When providers do not agree to the terms upfront, your risk is not limited to only a disputed payment, you are also risking:

- Inviting more scrutiny, follow-up, and reconsiderations. What looks like savings on a bill can create more resource-draining work across the claim.
- Less predictable operating environment, with increased exceptions and more manual intervention.
- Ongoing uncertainty about whether the savings will hold.

- Savings leakage when expected reductions are offset by provider noise, inconsistent acceptance, or jurisdictional complexity.

Problems with benchmark pricing-only strategies are not always visible at the time of initial savings. They often show up later and can look like:

- A payment that is challenged
- A provider pushing back
- A claims team spending more time resolving exceptions
- Varied savings by market
- Access becoming harder to predict

When provider expectations are clear upfront, payers are in a stronger position to manage cost, reduce provider resistance, and preserve access over time.

Provider Agreements Protect Both the Discount and Your Results

A network only works when both sides understand the deal. As a payer, you need broad access, dependable discounts, and providers who understand workers' compensation. Providers need clear reimbursement terms and a reason to keep participating.

Provider agreements preserve the connection between directed care and network reimbursement. Without a signed provider agreement, it becomes harder to influence participation, reinforce expectations, or address performance concerns. This makes providers less confident in the reimbursement process when working with workers' compensation payers and creates more volatility in medical spend.

Provider trust matters when you need consistent access to high quality care across markets. In Coventry's network, 97% of disputed payments are upheld, because the agreed-upon terms make reimbursement defensible and reduce payment uncertainty. Additionally, Coventry maintains a provider retention rate of 99.4%.

For your program, that is not a soft metric. It affects access, claim movement, and the ability to rely on the network over time.

Contracted Networks Create Accountability

Workers' compensation is not ordinary medical care. The best providers understand functional recovery, return to work, documentation needs, utilization review, jurisdictional rules, and the pressure claims teams face when a file stalls. A strong network helps bring those pieces together before problems show up downstream.

Provider agreements connect the network to the broader managed care ecosystem. When reimbursement expectations, care direction, bill review, clinical workflows, and compliance processes are aligned, you are positioned to reduce disputes, guide care more consistently, and prevent savings from eroding as the claim moves through the system.

99% of providers in Coventry's network have no reported quality issues, so payers know their injured employees are being directed to providers who meet network standards for participation, oversight, and care delivery.

Sustainable Savings Means More Than One Lower Bill

The latest WCRI research found that network claims are associated with 26% lower total claim costs, 20% faster access to care, 9% faster return to work, less invasive treatment, 12% fewer litigated claims, and 39% lower

litigation costs. This is because workers' compensation savings must survive the full claim lifecycle.

Judging a PPO network by discount alone exposes your program to unnecessary headaches and risk. The real strength of a PPO network is the structured agreements it creates with providers before care happens and the consistency they help preserve afterward.

To see where your program may be exposed, schedule a network consultation or reach out to your Client Success Manager.



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