

Coverage and Enrollment of Accepted Disabling Claims in Workers' Compensation Managed Care Organizations in Oregon During 2006

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The legislative reforms of 1990 established managed care organizations (MCOs) in Oregon's 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 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. (OHS) MCO, Managed Healthcare Northwest, Inc./CareMark Comp MCO, Providence MCO, and Kaiser Foundation Health Plan/Kaiser On-The-Job MCO. OHSU Workcomp MCO's contract with an insurer terminated on May 3, 2006, and this MCO went into voluntary inactive status effective May 15, 2006.

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 2006 show a slight decrease (since October 2005) in the percentage of employers and employees covered by MCO contracts (Table 1).

Table 1. Oregon employers and employees covered by MCO contracts, 1993-2006

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%
October 2006	53,401	59.5%	1,088,400	63.0%

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 a contracted MCO at any point following their work-related injury. At enrollment, the insurer notifies the injured worker that any subsequent treatment must be delivered by providers on the MCO's panel. 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 general 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 enrollments¹ occur at the time of claim acceptance (Table 2). Almost all

SAIF enrollments (93 percent in 2006) 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 workers' 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 2003-2006

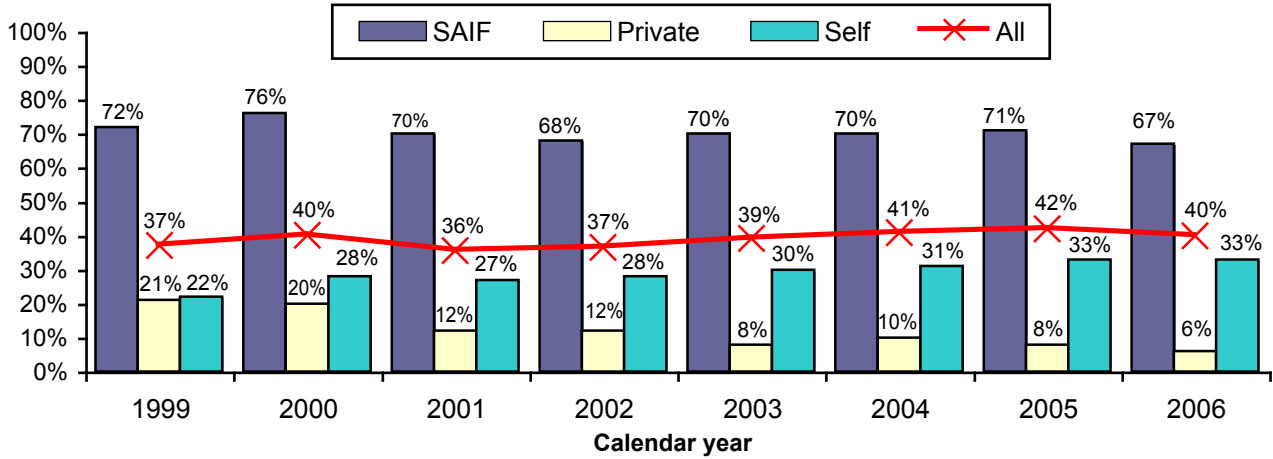
Insurer	Claim reference year			
	2003	2004	2005	2006
SAIF				
Before acceptance	6.2%	7.4%	7.4%	5.4%
At acceptance	92.3%	90.9%	91.2%	93.1%
After acceptance	1.5%	1.8%	1.4%	1.6%
Private insurers				
Before acceptance	47.6%	57.7%	66.3%	80.3%
At acceptance	49.5%	39.7%	29.5%	16.5%
After acceptance	2.9%	2.5%	4.2%	3.2%
Self-insured employers				
Before acceptance	59.4%	54.4%	58.1%	67.4%
At acceptance	38.6%	43.7%	39.7%	30.9%
After acceptance	2.0%	1.9%	2.2%	1.7%
Total				
Before acceptance	16.9%	18.2%	18.1%	18.2%
At acceptance	81.4%	79.9%	80.2%	80.1%
After acceptance	1.7%	1.9%	1.7%	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.

¹It is important to note that all analysis in this report includes only accepted disabling claims (ADCs). Non-disabling claims, which represent approximately 75 percent of all claims, are not included because the department does not receive accepted non-disabling claim information from insurers.

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



MCO enrollment by insurer

In 2006, 40 percent of accepted disabling claims (ADCs) were enrolled in an MCO, a drop from 2005's highest percentage of enrollment (42 percent) 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 2006 enrollment rate dropped four percentage points to 67.

Private insurers

Private insurers continue to have the lowest rate (6 percent) of MCO enrollment in the Oregon workers' compensation system.

Among private insurers, ACE American Insurance Company enrolled the most claims in 2006. All 118 of its enrollments were with Providence MCO. American Home Assurance Company enrolled the next highest number of claims, at 93, with 76 at Providence MCO, and 17 at OHS MCO.

Self-insured employers

MCO enrollment by self-insured employers remained steady in 2006, with one-third (33 percent) of all ADCs for self-insured employers enrolled in an MCO.

The self-insured employer with the most MCO enrollments in 2006 was Fred Meyer Stores Inc. Fred Meyer enrolled 246 ADCs, or 75 percent of its total ADCs. The self-insured employer with the second-most enrollments in 2006 was Providence Health System (as the employer, not the MCO) with 191 (85 percent of its ADCs).

Enrollment by MCO

Of the five MCOs active during 2006, OHS MCO represented almost 40 percent of all enrollments, with 3,655 enrolled disabling claims. Managed Healthcare Northwest MCO rose from 28 percent in 2005 to almost 30 percent in 2006, with 2,723 enrolled disabling claims. Providence MCO and Kaiser On-The-Job MCO follow with almost 21 percent and 10 percent of enrollments, respectively. This order and distribution is virtually unchanged from 2005. OHSU Workcomp MCO entered voluntarily inactive status in May 2006.

Table 3. Number and percent of accepted disabling claims (ADCs) enrolled in managed care organizations, reference year 2006

Type of Insurer	Total ADCs	Total Enrolled Claims	Number and Percent of Enrolled Claims in Managed Care Organizations									
			Oregon Health Systems		Managed Healthcare NW		Providence MCO		Kaiser On-The-Job MCO		OHSU Workcomp	
SAIF Corporation	10,974	7,356	3,420	93.6%	2,521	92.6%	816	42.8%	599	64.9%	0	-
Private insurers	8,105	462	126	3.4%	22	0.8%	310	16.3%	2	0.2%	2	100.0%
Self-insured employers	4,191	1,392	109	3.0%	180	6.6%	781	41.0%	322	34.9%	0	-
Total	23,270	9,210	3,655	39.7%	2,723	29.6%	1,907	20.7%	923	10.0%	2	0.0%

Both OHS MCO and Managed Healthcare Northwest MCO received more than 90 percent of their enrollments from SAIF, and together represented 80 percent of SAIF’s enrolled claims in 2006. Consistent with the past five years, Oregon Health Systems MCO was the MCO with the largest number of SAIF-enrolled claims.

Two-thirds of the claims enrolled by private insurers in 2006 were with Providence MCO (67 percent). In addition, Providence MCO represented 56 percent of the claims enrolled by all self-insured employers in 2006. Both of OHSU Workcomp MCO’s enrollments were from Liberty Northwest Insurance Corporation.

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