2016
WORKERS’ COMPENSATION
MEDICAL ACCESS STUDY
EXECUTIVE SUMMARY REPORT

September 26, 2017
BACKGROUND / INTRODUCTION

The Pennsylvania Department of Labor & Industry (DLI) is required by the Workers’ Compensation Act to create an annual study to determine whether there is adequate access to quality healthcare and products for injured workers. Pennsylvania’s workers’ compensation law is aimed at cost containment measures and quality of care:

- In 1994, Act 44 instituted a cap on provider reimbursement based on 113 percent of Medicare and mandated an annual study be conducted to determine whether the fee schedule for health care services is adequate to ensure injured workers have sufficient access to quality health care and products.
- In 1995, Act 57 enabled employers to establish lists of designated health care providers (panels). Injured workers are required to be treated by members of the panel for the first 90 days following their injury.

The Medical Access Study collects data from injured workers, healthcare providers and insurance companies in the Commonwealth of Pennsylvania to consider the effects the current fee schedules and utilization of provider panels may have on the quality of care and lost days.

Survey of Injured Workers: A total of 10,340 surveys mailed to injured workers, 1,181 responses were received. The response rate for injured workers was 11.4 percent which is a decrease of 4.6 percent compared to the 2015 results. Except for a slight increase in 2014, the response rates have steadily dropped since 2012. For 2016, the majority of surveys received were via U.S. Postal Service with 925 surveys accounting for 78 percent of the responses. This is the first year that an online option was utilized by 252 respondents, accounting for 21 percent of the responses. Only four surveys, representing less than 1 percent of responses, were received via fax.

The responses from 1,181 injured workers revealed several encouraging trends:

- Indicators of quality of care are on the rise:
  - Provider discussion of treatment options remained at a high of 79.7 percent.
  - Increasing numbers of injured workers are reporting the medical care received under workers’ compensation is as good as or better than other healthcare at 87.7 percent.
  - The average days lost per injury dropped from 45.3 days in 2015 to 32.3 days.
  - Initial diagnosis correct at 71.1 percent has steadily been improving since 2012.

- Equally encouraging are the continued gains relating to two important variables related to the successful administration of provider panels:
  - Workers’ compensation rights and duties were explained after their injury to injured workers with a panel 77 percent of the time.
  - Injured workers reported their right to treat with a provider of their choice from the panel was respected by their employer 71.4 percent of the time.

Perhaps one of the most important findings to emerge from comparisons of days lost data relates to the strong correlation between the number of days lost and the use of panel providers. Workers who stated their employer does not have a panel of providers averaged 35.6 days lost vs. workers who affirmed their employer uses a panel of providers with an average of only 27.3 days lost from work. While some of the variance may be explained by changes in the composition of the injured worker sample, it is likely the reduction of days lost is genuinely influenced by the use of panel providers.

The analysis by source of insurance also supports the conclusion that use of panel providers reduces lost work days. The comparative success of carriers vs. self-insured vs. group self-insured employers in
controlling days lost per injury correlates closely with degree of panel access offered by each of the three segments. Group Self-Insured organizations (GSI) continue to perform well when compared to other payers. Injured workers covered by a GSI were 11.2 percent more likely to have their rights and duties explained to them than those workers covered by an insurance carrier. Likewise, GSI-covered workers were 18.0 percent more likely to have their right to choose a provider from the panel respected by their employer. Similar results were noted when compared with self-insured employers with GSIs outperforming the self-insured employers for these measures by 11.0 percent and 9.3 percent respectively. While the explanation of rights and duties and the correct application of provider panels may not necessarily assure good outcomes, it is evident these practices are consistently seen in employers with desired outcomes.

This year’s report suggested a trend in which full recovery, early return to work, and increased discussion relating to treatment options did not necessarily equate to increased worker satisfaction despite these measures traditionally being associated with quality of care. Overall worker satisfaction with their provider dropped from 89.7 percent to 79.4 percent; this decrease in satisfaction while other quality of care measures have improved may be a result of a scenario in which patients verbalize decreased satisfaction when they are offered alternatives to their preferred treatment choices or when providers address sensitive issues such as mental health conditions or dependence on addictive medications such as opioids. Given the existing opioid crisis, the likelihood of these types of discussions occurring between injured workers and their providers will likely continue to rise. Dedicating efforts to assist injured workers in anticipating a variety of courses of treatment may prove helpful to all stakeholders.

Occupational health and injury centers continue to decline as a point of entry to the workers’ compensation system with this year’s respondents receiving their initial treatment from these providers only in 17.4 percent of occurrences as compared to 20 percent in 2015 and 36.7 percent in 2014. These providers are associated with accounting for the second highest percentage of workers with 30.8 days lost. The continued increase in use of the urgent care center as a gateway into the workers’ compensation treatment may be considered a positive change given that it has a reduced number of workers with days lost at 20.7 days.

The overall picture suggests 79.4 percent of injured workers reported they were satisfied with the quality of care they received and 85.7 percent reported being able to access care within 48 hours of an injury. Despite these responses declining slightly from previous years, there is a strong increase in areas that serve to reassure the workers’ compensation system is meeting injured workers’ needs. These include findings of a significant decrease in days lost from 45.3 days to 32.3 days without a significant increase in re-injury rates, and an increase in respondents indicating their initial diagnosis is correct from 68.5 percent to 71.1 percent. Considering these findings, it is reasonable to conclude injured workers are receiving timely quality care that allows workers to return to work upon completion of an appropriate convalescence.

Survey of Providers: The survey was directed to providers in specialties commonly seen for the treatment of work-related injuries. Orthopedic Surgery, Family Medicine and Pain Management/Anesthesiology were the top three specialties to respond. The 185 responses represented 592 individual providers. This is a significant decrease from the previous year’s survey which represented 903 individual providers. Further investigation may be warranted to determine the root cause behind the decrease in response rate. A total of 148 providers responded that they treated workers’ compensation patients. Of those, 85 (57.4 percent) were a part of a panel.

Approximately 80 percent of the providers responding stated they usually received payment at the Pennsylvania Workers’ Compensation fee schedule rate. While some providers are contracted by payers under preferred provider agreements, providers who do not participate in such agreements continue to complain that some repricers continue to take discounts where there is no such agreement or in after the agreement has expired. This practice of repricing based on preferred provider agreements can result in an increased utilization of the Medical Fee Review process as providers attempt to obtain correct payment; however, the fee review process cannot address the parties’ obligations under such private agreements and findings are based on the existing Pennsylvania Workers’ Compensation Fee Schedule. Preferred provider agreements have also resulted in the departure of some providers from panels or their refusal to participate in panels when discounting is a condition of participation. While there is not an indication preferred
provider agreements are jeopardizing injured workers’ access to quality medical treatment, continued monitoring of the effect of these agreements on reimbursement is of value in order to ensure that the lack of payment minimums within Act 44 does not create a situation that deters providers from treating injured workers.

**Pennsylvania Workers’ Compensation Fee Schedule:** The comparison of the Pennsylvania Workers’ Compensation Fee Schedule to Medicare, Automobile, and Managed Care lines of insurance consistently suggests the existing workers’ compensation fee schedule for most procedures reimburses at or above other fee schedules. Workers’ compensation usually pays higher on most surgical procedures and physical therapy and lower on office visits.

The Pennsylvania Workers’ Compensation Fee Schedule based payments are on average 177 percent higher than current Medicare, 161 percent higher than auto insurance, and 161 percent higher than managed care. While this finding suggests the fee schedule should not pose a barrier to attracting providers to treat injured workers, it does pose a concern relating to the effectiveness of the existing medical cost containment strategies being employed.

There were five opportunities in the survey to list the best payers based on time and accuracy. The top two payers were State Workers’ Insurance Fund (SWIF) and PMA Insurance Group.

**Survey of Insurers**

Surveys were sent to 200 insurance carriers, self-insured employers, and group self-insured trusts. Of these, 19 organizations responded. The respondents reported utilizing a combination of surveys and complaints to monitor quality of care and patient satisfaction. Removal from panels relating to injured worker satisfaction and quality related measures were amongst the most common reasons cited for removing a provider from a panel. Payers indicated that 9 percent of those providers removed from panels were no longer utilized because they had stopped participating in workers’ compensation.

The survey does not probe the frequency with which insurers are recruiting providers to join panels. The survey does document that 6 percent of carriers reported that whether a provider is willing to participate within a network is an important consideration during the recruitment process. The most common consideration during recruitment is quality of the provider at 29.7 percent.