

Getting back to work

How separating your MCO from your TPA can improve return-to-work rates **Interviewed by Matt McClellan**

Managed care organizations (MCOs) and third-party administrators (TPAs) play very distinct and different roles in the Ohio Workers' Compensation System, but they do share a common goal.

"Everyone wants the injured worker to return to work," says Richard DeStefano, consultant for Ohio Employee Health Partnership. "That's the bottom line. It's a win-win situation for the employer and the bureau."

Many organizations retain a TPA to assist them with claims management, but the TPA does not need to be tied to your MCO. In fact, MCOs that are not owned by a TPA or insurance company can focus on working with all TPAs equally and successfully.

Smart Business spoke with DeStefano about how MCOs and TPAs coexist and how their relationship affects business owners.

What are the differences between MCOs and TPAs?

From an objectivity standpoint, the MCO's focus is on the injured worker. The MCO is a neutral party, so it shouldn't be concerned with, 'Do we allow this claim; do we want to fight it?' The MCO separates itself from claims issues and focuses on the medical issues and treatment plans submitted by the attending physician of record or any associated treatment plans from specialty providers. If these do not fit the injury or contain issues not related to the injury, the MCO will take appropriate steps to control costs via medical peer reviews, negotiations with the treating provider or alternative dispute resolution. MCOs also can refer the injured workers to vocational rehabilitation programs or other sources to help expedite a successful return to work.

The TPA's focus is on the employer, because the employer hired the TPA to protect its interests. The TPA will look at every claim and advise the employer whether to accept or reject the claim. If allowed, the TPA will look for reasons to reject certain issues throughout the life of a claim. Every time a claim occurs, it affects the employer's rates. The TPA's job is to continually monitor that claim and try to control it as best as possible to protect the employer's experience rating.

Sometimes there may be a conflict between the TPA and the MCO. The MCO may indicate a person needs a medical procedure and the TPA may disagree. That leads to a difference in how they achieve



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their goals. An MCO's goal is to medically manage the injured worker to get back to work. A TPA would sometimes rather litigate the injured worker back to work. The TPA's goal is to protect the employer and reduce its exposure enough to put it into a group rating program with significant savings on the employer's bottom line. To get an employer in that group, you have to protect its experience. One or two claims could eliminate the employer from being eligible for group rates.

What additional services does each entity provide?

MCOs are educators. They pay visits to the employers and educate them on medical treatment. Whatever the employer needs to know about the medical aspect of the claim, it's the MCO's job to educate it. Some employers are self-insured. MCOs can help self-insured employers run their self-insured programs.

TPAs are there to advise employers regarding allowance issues and claims and also to review rates. They sponsor groups for group ratings. They sponsor safety initiatives and offer support to HR staffs. They can provide all necessary services for self-insured employers. Basically, the biggest thing is they have the employers' interest first because that is who hires them.

Why should TPAs and MCOs be separate?

Many employers who are represented by a TPA or a group sponsor believe that they must choose an associated MCO, which is a common misconception. The Ohio Bureau of Workers' Compensation strictly enforces a firewall between MCOs and TPAs in order to maintain the impartiality of these entities in assisting their customers. Many MCOs and TPAs share a name; however, they are not permitted to share computer systems, phone systems or other private workers' compensation information.

The firewall was designed to inhibit the free flow of information between the TPA and MCO. Regardless of the TPA or MCO, if you need claim information or medical releases, you don't want medical records passed around. So, they are protected; there are privacy laws that prohibit information from being released without the proper releases. The TPAs could use that information against an injured worker in litigation, as an example.

All MCOs and TPAs are well aware of the firewall. Everything has to be totally separate. It's part of their coexistence, because both have common goals — for injured workers to return quickly and safely into the work force.

For the employer, obviously you are reducing exposure, which helps your bottom line. The MCO does so by effectively managing the injured worker back to work. That's also the goal of the TPA, because the quicker you get somebody back to work, the less the company's rate will suffer. It's a different means to an end.

How do these issues affect a company's rate?

Every employer's business model has a rate associated with it. Those rates are affected by how many people with that same business model file a claim and how much money is spent. If payroll went unchecked and people continually filed claims and they didn't get people back to work, rates would increase. That's an easy example that holds true across the board for all the rates. That is why getting people back to the work force quicker helps the bureau control costs and helps employers for that manual classification. The quicker the intervention, the quicker the return to work, and the less impact it has on employers. <<

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