Managing Managed Care

Medical management companies, when properly utilized, are an excellent way of controlling the cost of workers’ compensation claims. The underutilization of medical management results in unnecessary overpayments for medical services. However, the over-utilization of medical management can result in unnecessary payments to the medical management companies for services that do not have a positive impact on the overall outcome of the claim. When employers pay for services not needed, the savings normally achieved through medical management are reduced or even eliminated.

**Should Seek Optimum Balance Between Underutilization & Over-Utilization**

Achieving the optimum balance between underutilization and over-utilization of medical management services can be difficult on occasions, but is well worth the effort.

Underutilization of medical management often occurs when medical triage is not provided at the start of the claims, when utilization reviews are not completed on medical services being provided, when medical bills are not reviewed, and when nurse case managers are not on the claim. Each of these medical management services can reduce the overall cost of the claim.

Over-utilization most frequently occurs when nurse case managers are used indiscriminately. This occurs when the employer and the medical management company do not have predetermined guidelines on when to use the nurse case manager. Adjusters, who are frequently overloaded, are more than happy to assign a nurse case manager to handle the medical aspects of their claims.

When nurse case managers are assigned to an injury claim without a specific goal to achieve, their involvement is less focused. Proper utilization of nurse case managers includes either the adjuster or the employer providing direction to the nurse case manager on what the objective of the assignment is. For example: “coordinate the medical care between the primary doctor, the specialist, the therapist and the diagnostic testing to bring the injured employee to MMI in the minimum amount of time”, or “verify and limit medical treatment to what is necessary for the catastrophic injury”. If the adjuster just gives the nurse case manager the instruction to “handle the medical aspects”, the amount of time spent for medical case management will be higher than is otherwise necessary.

**Predetermined Criteria Should Be Established To Utilize Medical Management**

The way to achieve balance in the use of the medical management company’s services and reach the optimum level of expenditure for medical management is to establish parameters with predetermined criteria on when to utilize the services of the medical management companies. While some medical management companies may be reluctant to having parameters on when to use their services, most medical management companies will appreciate having precise guidelines. This eliminates many of the billing issues that can arise with the use of medical management. It also assists the medical management company in tailoring their services to fit the specific needs of the employer.

Written guidelines and policies outlining the expectations on when and how medical management will be used creates a smoother flow to the claim and eliminates areas of friction that result when the medical management company does not know the employer’s medical management policies. When both the adjusters and the nurse case managers know exactly when medical management will become involved in the claim, the overall claim management is easier.

Employers should strive for the optimum utilization of medical management on their workers’ compensation claims. It is not always easy to obtain the right balance of medical management. For assistance on medical management issues, please contact us.