



# IMPROVING YOUR WORKERS' COMPENSATION LINE OF BUSINESS

BY STEPHEN P. ELLERMAN

Radiology providers are seeing a number of reasons to diversify their lines of business. With continued and dramatic increases in the use of advanced radiology, health plans and Medicare are now using aggressive tactics to reduce radiology rates and leverage radiology benefit managers (RBMs) to deny unnecessary scans.

The end result is that provider rates are being squeezed. Practices are being forced to deal with complex billing and delayed payments. In many cases, they must go through time-consuming administrative hassles to obtain authorization from RBMs for services, and with RBMs now serving as gatekeepers to health plans, it's also difficult for providers to obtain new business.

In short, the healthcare market is offering diminishing returns. Due to these factors, workers' compensation has emerged as a hot new line of business that your practice should consider leveraging as a way to diversify your portfolio of accounts, expand your volume of referrals, and increase your revenue.

In this article, we discuss the dynamics of the workers' compensation market and give you insight on how your practice can increase referrals from this line of business.

## The Workers' Compensation Business Opportunity

Workers' compensation is an \$80 billion industry, which spends approximately \$3 billion a year on diagnostic radiology. A significant percentage of tests performed—about 70

percent—are advanced radiology services, such as MRI and CT scans. In fact, MRIs represent a significant market segment, with approximately 2.1 million MRIs performed each year.

Diagnostic radiology is critical in workers' compensation, as many work-related injuries are muscular and skeletal in nature and require the use of imaging to properly assess medical severity. An MRI or CT scan provides fast, comprehensive information with which to determine the nature and extent of an injury, as well the diagnosis and treatment plan for an injured worker.

From the radiology provider's perspective, it's relatively easy to do business in this market segment. It utilizes a fee-for-service payment model, so there are no complex capitations, deductibles, or co-payments to track and collect. The value of expanding your workers' compensation line of business is clear—there's significant potential to increase volume and revenue without a lot of administrative hassles.

## Industry Dynamics

Radiology providers must understand that workers' compensation operates a little differently than healthcare.

Knowledge of market dynamics can help providers succeed in expanding their workers' compensation business.

Traditionally, the workers' compensation industry has been fragmented in nature. Employers ultimately cover medical costs for injured employees—either through an insurance company or self-insured program. The industry utilizes a fairly complex delivery system. Claims adjusters and nurse case managers manage claim files, so they are ultimately responsible for authorizing scans. As a result, these professionals largely determine where patients go for their radiology services.

States regulate workers' compensation and, as such, the rules and regulations vary from state to state. Some states employ mandated fee schedules, utilization review, or preferred provider networks. In other states, employers are given medical control over a claim, meaning they can direct care to designated providers.

With the medical component of workers' compensation claims now comprising approximately 60 percent of the average claim's cost, many employers are demanding that insurers and claim administrators better control and reduce medical expenditures, including the costs of diagnostic radiology.

## The Rise of Workers' Compensation Radiology Networks

Insurance companies and third-party claims administrators—commonly referred to as payors in workers' compensation—have found it advantageous to outsource the scheduling of diagnostic radiology exams to specialized workers' compensation radiology networks.

When employees are injured on the job, they report an injury to their supervisor, and the employer ultimately reports the injury to its payor. A claims adjuster is assigned to manage the file, and in complex cases, the adjuster will often work with a nurse case manager for medical management.

Traditionally, if the patient required diagnostic imaging, the adjuster or nurse case manager would identify a radiology provider, schedule the appointment, and make sure the medical report was returned to the treating physician.

However, claims adjusters and nurse case managers often lack the information needed to identify quality radiology facilities, and it is time-consuming to follow-up on appointment no-shows, delayed medical reports, and billing issues. In addition, claims adjusters handle as many as 200 claims at any given point in time, and nurse case managers are equally inundated with heavy caseloads.

As a result, payors are finding that they can conserve internal resources by outsourcing the entire diagnostic

referral process to a workers' compensation radiology network. Sophisticated networks have nationwide scheduling centers, which ensure a high level of service and advocacy for the injured worker. Care coordinators at these call centers typically schedule a test within 24 hours of receiving the request, and they help to identify a provider who is located in close proximity to the employee's home or worksite.

Payors choose to work with radiology networks that utilize a stringent provider credentialing process, which ensures that injured workers are sent to only the most qualified imaging centers and radiologists. In addition, "smart" networks are now offering diagnostic management programs that help payors reduce the number of exams that are routed outside the network—which can result in added value and savings to a payor and employer's bottom line.

To service workers' compensation payors, radiology practices should identify and partner with a quality network.

## The Value in Partnering

A workers' compensation radiology network provides significant benefits to providers. First, these networks enable practices to gain instant and in-depth access to payors—at every level of the organization, including adjusters and nurse case managers who make the radiology referrals.

As a result, these networks help providers to increase their volume and revenue, without associated marketing costs. Unlike healthcare, where a practice is simply listed in a provider directory, a workers' compensation radiology network actively steers referrals to its providers.

Partnering with a network also opens doors to new referral sources, such as physician offices that the practice did not previously work with. For example, once a treating physician sends patients to a radiology office, if the imaging center continues to deliver quality scans and service, the physician will likely send additional patients—even non-workers' compensation patients—to the practice. In the end, the imaging center obtains business it wouldn't otherwise have received.

A sophisticated network also understands that providers operate busy practices, so they have streamlined the patient referral process to make it easier for providers to do business in this space. The network operates as a one-stop shop in terms of handling the authorization, scheduling, and billing processes. For example, a quality network will utilize a three-way call to connect the patient and radiology office. This ensures open communication and a decreased likelihood of appointment no-shows.

The network also ensures that referrals are pre-authorized, so radiology offices don't have to worry about securing approval for services. The network sends an authorization form as written confirmation that the scan was ordered.

## What to Look for in a Network Partner?

When assessing a possible network partner, here are key criteria to look at:

- Favorable contract terms and conditions. Shop around and make sure the network is offering rates that are fair and competitive in the workers' compensation market.
- Prompt turnaround on payments, which are made independent of the network's reimbursement from the payor. You may want to request the network's claims payment history to verify timeliness of payments.
- Significant volume of exams in workers' compensation, particularly in your geographic region. You may also want to request the network's list of payors to assess the network's scope and penetration in the workers' compensation market.
- Quality reputation. Request a reference list, so you can confirm that the network has a solid reputation of working with other quality providers in the radiology community and consistently adheres to their contract terms.

## Ensuring Workers' Compensation Success

Workers compensation is a complex industry with multiple constituents. To succeed in this line of business, imaging centers must have quality providers and state-of-the-art equipment. In addition, a key focus is ensuring the injured employee returns to work quickly. When a network calls with a referral, try to schedule the patient the same day, if possible. Typically, the injured employee is out from work, and the treating physician is waiting for the medical report to outline the patient's treatment plan. Providing prompt, friendly service goes a long way toward a successful workers' compensation business. )))



### STEPHEN P. ELLERMAN

is the Vice President of Provider Development at One Call Medical ([www.onecallmedical.com](http://www.onecallmedical.com)), a leader in diagnostic management solutions. He has been a member of RBMA for five years and also serves on RBMA's Payor Relations Committee. He is a speaker at RBMA and AHRA conferences on Improving Your Workers' Compensation Line of Business. Steve has over 20 years of diagnostic radiology provider relations and development experience. Steve can be reached at One Call Medical, 20 Waterview Blvd., Parsippany, NJ 07054; [steve\\_ellerman@onecallmedical.com](mailto:steve_ellerman@onecallmedical.com); 973.316.3755.