

Dispelling the rumors about PPOs and other medical networks

What you've heard. What you may think.
What you need to know.

Good workers' compensation programs focus on providing injured workers with access to quality medical care and treatment. This includes the prescriptions, medical supplies, surgeries, specialists, ancillary equipment, and other treatments they need to get back to work or back to better function.

Since the payer or employer is responsible for these medical expenses, they rely on their claims management vendor to help control costs. By monitoring and managing drug utilization, the vendor should make sure the injured worker is receiving the treatment they need at the most appropriate cost.

At Optum, that is our mission. We reduce costs for our payer clients while delivering quality care for their injured workers. To do this, we use a variety of programs and services, including Preferred Provider Organizations (PPOs) and medical networks.

These networks — developed through legislation, regulation, and industry innovation — can serve as a critical component of effective claims management. Unfortunately, within the industry, they have been prey to rumors and misunderstandings regarding the part they play in the workers' compensation world and whom they really benefit.



The Optum PPO network includes our proprietary Procura™ PPO network, UnitedHealth Group's OneNet® Network, as well as valued affiliate network partners to increase our footprint and improve access to care nationwide.

In this article, we'll review what you may have heard about these types of networks, and then provide factual information to dispel rumors and inaccuracies.

What are PPOs and medical networks?

Let's start with basic descriptions.

A **PPO** is a type of health plan that contracts with medical providers, such as hospitals and doctors, to create a network of participating providers.

A **medical network** is known by many different names, including Managed Care Organization (MCO), Medical Provider Network (MPN), or Certified Healthcare Network (HCN). These networks are created for a geographic region. Each network contains contracted physicians and other health care providers in each specialty, which enable patients to obtain timely access to all necessary medical care from contracted providers. Approximately 17 states have these types of networks, many with operations and direction-of-care regulations unique to their jurisdiction.

What have you heard about PPOs and medical networks?

Now, let's look at some of the rumors you may have heard.

The rumor: Providers are forced or bullied to participate in a PPO or a medical network. If they don't participate, they are left out of the workers' compensation world and lose the opportunity to treat injured workers.

The reality: Unless hired by medical groups, providers operating for-profit practices are free to participate in networks, or not. If they choose to participate in a PPO or medical network, they agree to follow established treatment protocols and bill at reduced rates.



Participation in a PPO or a medical network is completely voluntary.



In California, there are over 2,400 MPNs currently certified by the California Division of Workers' Compensation and the various employers and carriers who manage them.

The rumor: PPO and medical network providers are being “squeezed” out of full reimbursement for their services.

The reality: Providers who choose to participate in PPOs or a medical network have elected — as a condition of their voluntary membership — to receive reimbursement that is at or below state medical fee schedules.

However, a provider’s choice to participate means they have an opportunity to treat new patients. And these patients may continue to return to the provider for care outside of their work-related injury, which helps to grow the practice.

The rumor: PPO and medical networks “dictate” care to providers, placing too much emphasis on preserving the employer’s or insurance carrier’s dollars.

The reality: The primary goal of good workers’ compensation claims management is to provide injured workers with access to quality medical care and treatment. PPOs and medical networks are part of the structure that enables injured workers to receive medical care quickly, safely, and with far greater benefits than those afforded by many commercial healthcare plans.



Treatment is always determined by the care the injured person needs, not the reimbursement rate or cost of care.

Plus, the detailed rules for many PPOs and medical networks (including the state of California¹ and others with similar state-certified network laws) are continually evolving to keep the needs of the injured worker at the center of care delivery. For example, the legislation, regulation, and industry innovation related to PPO and medical networks has created rules that:

- Default to the acceptance of prescribed care if alternative care is not reviewed and approved/responded to in a timely manner.
- Allow injured workers to seek care without respect to provider network status in emergency and other hardship scenarios.

¹ https://www.dir.ca.gov/t8/ch4_5sb1a3_5.html

- Allow both the provider and payer the opportunity to dispute reimbursement if it is seen as not in line with the state of jurisdiction's fee schedule.

The rumor: PPOs and medical networks are the reason reimbursement rates to providers are so low.

The reality: Recent research from the Workers' Compensation Research Institute (WCRI)² summarizes the delicate balance between state fee schedules, which strive to keep the overall cost of workers' compensation medical care low, and the need to provide appropriate compensation, so the best providers will continue treating injured workers.

According to the WCRI study, "States with fee schedules for professional services had relatively lower prices paid compared with states without fee schedules."

This is a clearly-drawn situation that opponents of PPOs and medical networks do not want to address because, maybe the issue providers have regarding reimbursement rates is really with the state governing bodies.

Nevertheless, in many cases, the arguments regarding discounted reimbursement rates are really with the governing body that sets the fee schedules, not the PPO or medical network that follows them.



²<https://www.wcrinet.org/free-report>

The truth about PPOs and medical networks

It all comes back to providing care for injured workers. At Optum, we understand that good workers' compensation claims management means making sure an injured worker has the right treatment at the right time for the right duration and at the most appropriate cost.

Our carefully designed PPO and medical networks are an important component of care delivery and provide benefits to all claim stakeholders:

1

Injured workers, who receive quality medical care.

3

Employers, who can help get their employees back to work and save money on medical expenses.

2

PPO and medical network providers, who are exposed to new patients who may continue to return for care outside of their work-related injury.

4

PPO and medical network administrators, who can continue to provide the interconnected tissue between employer payers and providers based on careful monitoring of laws, regulations, and clinical information.

Should the system and network arrangements continue to evolve to meet new demands and requirements? Of course. That's why Optum continues to develop and enhance our networks' rules, list of provider numbers, and overall processes.

Ignore the rumors. Optum, and our proprietary PPO network and multiple affiliate medical networks, are focused on making access to quality health care easier and better.

Better, for providers, employers, and injured workers.

About Optum Workers' Compensation and Auto No-Fault Solutions

Optum Workers' Compensation and Auto No-Fault Solutions collaborates with clients to lower costs while improving health outcomes for the injured persons we serve. Our comprehensive pharmacy, ancillary, managed care services, and settlement solutions, combine data, analytics, and extensive clinical expertise with innovative technology to ensure injured persons receive safe, appropriate and cost-effective care throughout the lifecycle of a claim. For more information, email us at expectmore@optum.com.

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