

2004 TxDOT Medical Cost Containment Contract Services and Payments

Follow-up Presentation to the Senate Select Interim Committee on Worker's Compensation on Points Raised at Hearing of February 26, 2004

The Texas Department of Transportation utilizes Forte', Incorporated as their medical cost containment vendor. Services are presently provided under a Professional Service Contract (Number 2XXPB002), for a two-year term effective from 2002, until expiration on August 31, 2004. The maximum amount payable under the contract is \$400,000 for the two-year term.

The Occupational Safety Division's (OCC) budget for FY2004 for Other Operation Costs Contracted (which includes the Forte', Inc contract) is set at \$165,000. For the last several years, the department's cost containment expenses have varied from \$137,110.95 in FY1999, to \$196,566.85 in FY2003.

The following services are provided under the above cost containment contract:

- Preauthorization, by medical doctors when necessary, of all medical procedures required to be preauthorized under the Labor Code and the Texas Workers' Compensation Commission (TWCC) rules.
- Physician bill reviews by medical doctors, when necessary, on any individual bills for services not requiring preauthorization, and in which there is a question on medical necessity (unnecessary services).
- Review of all medical bills in compliance with the appropriate medical fee guidelines established by TWCC.
- Participation in a Preferred Provider Organization (PPO) network integrated into the department's medical bill review.
- Retrospective Utilization Reviews (Peer Reviews) by independent medical providers, when necessary, to determine reasonable treatment and/or the necessity of specific medical treatments provided to an injured worker. The peer reviewer is utilized as an expert witness, when needed, to substantiate any controversions (denials) of payments deemed to be inappropriate or excessive based on the claimant's extent of injury.
- Medical Case Managers, when necessary, are available to oversee complicated medical issues on difficult cases, including working with the claimant, providers, or the families of severely injured employees.
- In the event any of the above services are challenged in court, the State Office of Administrative Hearings (SOAH), or the TWCC Medical Review Division, expert medical testimony and/or written affidavits will be provided to substantiate TxDOT's position on any medical decisions.

The above services are all essential for an effective cost containment program. The prompt and accurate medical decisions necessary to comply with the time limitations imposed by TWCC rules and statutory requirements mandate a seamless flow of medical data and decisions in which all parties are aware of changing statuses and conditions. Utilizing a single contract vendor for these professional services has helped maintain an efficient cost containment program.

The cost for each of the services provided for within TxDOT's cost containment contract are based on actual services rendered, as follows:

MEDICAL BILL REVIEW

Per Bill Pricing	\$2.50 per bill plus \$1.13 per line
Amended Bill Review	\$1.13 per line
PPO Repricing	25% of savings
Return to Provider	\$2.00 per bill returned

UTILIZATION REVIEW SERVICES

Preauthorization Review

Nurse Review \$75 each
Includes review of proposed treatment plan by the nurse reviewer to determine medical necessity of proposed services.

Physician Review \$130 each
If physician medical consultant review is warranted, this charge applied instead of the standard nurse review charge of \$75.00.

Follow-up/Concurrent Review \$45 each
Includes review of requested extensions of a treatment plan.

Appeal Review \$125 each
If physician appeals are reviewed by a medical consultant of the same specialty who was not involved in the original decision.

Physician Bill Review \$105 per review

Retrospective Utilization Review (Peer Review)

Retrospective Utilization Review
(Nurse Review) \$69 per hour
(Physician Review) \$150-\$350 per hour
depending on specialty

Impairment Rating Review
Standard Review (5 Business Days) \$150 per review
Expedited Review (2 Business Days) \$175 per review

Expert Witness Testimony

Physician Peer Review Testimony \$195 per hour plus expenses

FIELD CASE MANAGEMENT

On-Site Case Management \$70 per hour

Charge reductions for services for which TWCC has not adopted a fee guideline, Forte', Inc. may develop and apply a guideline which we believe is consistent with the statutory standard. Should a health care provider challenge these reductions by filing a medical dispute, Forte', Inc. will provide TxDOT with an affidavit explaining and defending the Forte', Inc. guideline. There will be **no** charge for this affidavit. In the event, TxDOT wishes Forte, Inc. to conduct additional analysis or testify at a TWCC or SOAH proceeding in support of the reduction, Forte', Inc. will provide these services at the following hourly rates:

Ron Luke	\$250.00 per hour
Physician Reviewer	\$170.00 per hour
Senior Consultant	\$150.00 per hour
Consultants	\$125.00 per hour
Nurses	\$ 85.00 per hour
Support Personnel	\$ 40.00 per hour

Forte', Inc. **will not** incur any charges for these additional services without the prior written approval of TxDOT.

In addition to the billable contract charges displayed above, Forte', Inc. provides in-house personnel to audit all medical bills for compliance with TWCC's medical fee guidelines. Except on rare emergency basis, no medical bills leave the possession of TxDOT during audit. The nurse auditor is housed within the same offices as the department's regional adjusters and any problems, questionable bills, or suspected unnecessary treatments may be easily discussed between the adjusters and the auditor before any final decisions are made.

The medical cost containment vendor, at TxDOT's request, has established a complete directory of all state wide providers and their mail-codes as required for payment through the Comptroller's office. This directory was established at no cost to TxDOT and enables the vendor to electronically down load audit figures to a disk which is programmed to automatically update the department's workers' compensation software.

Bills that are \$500 and above, along with bills on any questionable cases are referred directly to the adjuster after they are audited for a final review. If an adjuster still has a question, or foresees a problem, it is returned to Forte' for clarification before a payment is made. There is no additional charge for these services and many times they are accomplished easily, with minimal delay, due to the auditor being located in-house.

Another important service provided by the cost containment vendor concerns the providers that file a medical dispute on denied bills. In order for us to properly respond to these medical disputes, an affidavit from the auditing company must be supplied setting out the reasons for the denial. When needed, these affidavits are provided for the department's use at no additional charge.

All of the services documented above are provided to TxDOT in a seamless operation through a single professional service contract. It is our belief that this continual flow of medical information, coupled with our ability to control our employees safety while working with the employees as concerned fellow employees, and not just insurance adjusters, have kept our cost to a minimum.