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Sedgwick White Paper

Provider Benchmarking



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Our five-star provider benchmarking program helps us build superior networks to ensure quality care for injured workers – and drive positive results for our clients.

Transforming provider networks through selection and benchmarking

In the world of healthcare today, quality is NOT one of those esoteric characteristics that you “know when you see.” Quality can and must be quantified, measured, and demonstrated. But defining quality can be difficult – quality according to whom, to what standards and most importantly, to what end?

While the industry continues to focus on solutions to further expand provider networks, Sedgwick recognized early on that the most effective workers’ compensation programs begin with medical providers who are committed to outstanding results while managing costs, and meeting the needs of injured workers and their employers. As the old adage says, “it’s quality, not quantity.”

We recognize that a breadth and depth of quality medical providers is important. When it comes to provider networks, Sedgwick has the resources, tools, and dedicated team of experts to help our customers reach their outcome, regulatory, and cost containment goals. We are the recognized industry leader – with more than 40 years of experience – in building and managing superior claims programs.

Sedgwick five-star provider benchmarking

We demonstrate our leadership not in what we say – but in what we do. Sedgwick is one of the first in the industry to create a quantitative methodology to measure the quality of care provided to injured workers and to use that knowledge to build superior networks.

The Sedgwick five-star provider benchmarking program includes an online search tool that enables our customers and colleagues to identify providers who achieve the most successful claims outcomes. In addition, it features:

- PPO network participation
- Provider education and communication
- State by state quality care solutions
- Customizable services for clients

Our program was developed to create a level of awareness about the physicians and other clinicians who provide the highly valued services that drive optimal outcomes and efficiencies within the workers’ compensation arena.

Launching the first client-centric MPN

We pioneered provider benchmarking in 2008 and deployed the first client-centric, outcomes-based Medical Provider Network (MPN) in California in early 2009.

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Clients participating in Sedgwick's five-star provider benchmarking program consistently realize a 20% reduction in total cost of risk with their average medical, indemnity, and expense costs down.

Soon, other clients began to request a solution to identify highly valued physicians. Today, our program can be implemented in virtually any state or jurisdiction in the nation.

And, we can conduct comparisons based on data from more than 300,000 providers representing multiple specialties nationwide.

More importantly, the number of providers and the data we can monitor continuously increases, and can be tailored to meet the needs of our clients. Sedgwick's five-star provider benchmarking includes, but is not limited to, the jurisdictional nuances, case duration, and return-to-work efforts of our clients.

Transforming network development

Our approach is transforming the traditional network development process. In addition to our proprietary five-star benchmarking program, Sedgwick's process includes the following features:

- Provider search tool linked to benchmarking data
- Network management system
- Real time examiner/nurse user interface within Sedgwick's proprietary claims management system
- Client panel card repository
- Validated demographics for panel card creation
- Identity management

What makes our approach unique?

Employers have found that in many workers' compensation programs today there are significant gaps in traditional network solutions. Specifically, there is limited management of providers in the network, and/or limited ability to influence and educate physicians and other clinicians. Employers have also found that few organizations can adequately customize networks. In addition, without quality and outcome indicators, employers are left with questions and legitimate concerns about the kind of care their employees receive.

Sedgwick's five-star provider benchmarking program is based on scientific methodology and meaningful measurements. The program scores providers on a quintile format, on a scale of one to five. These scores are used to select providers that will be included in workplace posters and guide care management decisions; and to help claims professionals identify providers who have proven that they understand the needs of employers and will work with all parties to achieve desired results. The scores also help identify the providers that may need additional education or support with the claims process.

In the Sedgwick solution, claims are measured by analyzing the following outcomes factors:

- Claim duration and costs
- Average lost work time and transitional duty days
- Incidence rate of litigation
- Recidivism rate (claims reopening)
- Dates of medical service, and billed and paid dollars with explanation of reimbursement codes
- Diagnosis and treatment codes

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In addition, our experts use Sedgwick's technology to fully explore factors important to clients, such as:

Claims data

Our claim files include data related to the factors measured as outcomes, including case duration; temporary total disability, medical, indemnity, and expense payments; recidivism; and return-to-work/disability relapse. The data set also covers medical billing, current procedural terminology (CPT) codes, payments applied to claims, and a medical provider table connecting the providers in the payments to the associated claims data.

Identity management

Once outcomes factors are mapped to provider identifiers, the provider identifiers are linked to central identities within the database. Groups and individual providers are tracked using tax identification numbers to map to groups, and individual identifiers to map to individuals. A key element to scoring these providers is the combined ability to link claims data to real world entities, and to link providers selected to participate on panels to normalized central identities.

Stratification and case mix adjustments

To be valid, a provider's score should only be compared to like providers or peers. Provider peer groups were created based on the CPT codes within our medical payment data. This allows us to group like practices based on the actual treatments rather than relying on specialties for groupings. This process also ensures that case mixes are consistent for the stratified providers. Stratification is also performed on a jurisdictional basis.

Ensuring statistical validity

Sedgwick also applies a number of scientific and statistical validation techniques to ensure the validity and value of the analysis. For example, the width of a star measurement

is 20% of the population of peers. To be valid, an acceptable error margin should be less than the width of a 'star' unit of measure (20%).

Five-star provider benchmarking – the Sedgwick difference

- Reports provided at least quarterly
- Real time user data interface
- Holistic, claimant-centric approach
- Coordinated outreach to medical directors

The critical role of examiners

Sedgwick understands that new programs are only successful when fully deployed and understood by examiners. While many claims administrators boast about having strong provider data, that data is of little value to examiners if it is not readily available, constantly updated, and based on the criteria that support outcomes goals.

The provider search tool in Sedgwick's five-star benchmarking program was created in close collaboration with examiners and end users.

We asked examiners to tell us what they needed to do their job in the best way possible. From those insights, we developed a unique operational system based on the daily needs of busy examiners. The system includes:

- Each provider's specialty, sub-specialty, and five-star benchmarking details
- Client location panel cards
- Real time user feedback loop to our network administrators
- Improved validation of provider data demographics

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Provider level data is scored daily, and all relevant data is analyzed and updated routinely. Providers who have been validated within the last six months have a clearly marked “V” next to their name. This is a vitally important feature as historically provider networks were fraught with errors. Examiners would refer patients to doctors and the addresses were wrong, the physicians were no longer practicing, etc. This led to even more work for the examiners, and unnecessary and damaging delays for injured workers.

Treating each worker as we'd want to be treated

Examiners want to be able to quickly tell claimants which providers can best meet their needs or if their current providers offer the services needed.

For example, an injured worker may want to have a shoulder injury treated by her family physician. Our data may show a rating of one star for that provider. Rather than tell the worker “no,” we strive to treat her as a highly-valued customer – one we want to keep happy and satisfied, so she will remain on the treatment path. We specifically tell our examiners to treat every worker who calls the way you would want yourself or a family member to be treated. The examiner will alert the worker to other providers in the area who specialize in shoulder injuries and who have higher star ratings. If the worker still wants to go to the family physician, we respect that decision. Our nurses will then work with the chosen provider to ensure they have the education, resources, and tools to provide optimal treatment based on our best practices and the employer's return-to-work goals.

Recognizing jurisdictional and state requirements

Our five-star system can be readily adjusted to meet jurisdictional and state requirements. Currently, more than 30 states allow full or partial direction of care. In those states that don't allow direction, Sedgwick's benchmarking tool also provides important data. For example, in Pennsylvania, where injured workers can only be seen by a physician on a panel card, we can use the provider search tool to identify only the physicians on the panel and provide the claimant with details on those who are closest, as well as any relevant five-star information.

Collaborative partnership

Sedgwick's five-star benchmarking is designed to be collaborative and inclusive. Our customers are located in major metropolitan areas as well as rural communities. We recognize that when TPAs or insurers use arbitrary and rigidly enforced rules to shut providers out of networks because they don't meet rigid guidelines – everyone loses.

We always strive to use the providers offering the best outcomes, but we understand that in some markets, there may only be one or two providers near the injured workers. We think it is our responsibility to work with those providers, so we can ensure injured workers receive optimal care.

Through data analysis, Sedgwick identifies the providers whose outcomes do not meet expectations and whose volume of cases can impact program spending. We work with providers to help them understand effective care and proactive return-to-work; and modify quality control efforts as needed to improve outcomes. However, there is also an opportunity to impact the providers directly through client-specific training. We help providers understand that the best overall outcome does not necessarily mean

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the cheapest office visit. Rather, the best possible care is designed to provide the speediest recovery in a cost-effective manner.

Ensuring injured employees have access to the best possible providers is critical to an effective workers' compensation program.



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