



REIMBURSEMENT OF NON STATUTORY DISCRETIONARY EXPENSES PROTECTING THE INTERESTS OF THE WCRA

The WCRA's claims and injury management services are an integral part of the reinsurance protection that the Association provides to its members. To maximize this protection, the WCRA staff works to build collaborative relationships with the Association's members. By working cooperatively with each member, the WCRA can contribute to achieving the best possible results in its mission of providing high-quality care to injured workers and low-cost workers' compensation reinsurance for its members.

As part of this collaborative relationship, the WCRA has a number of responsibilities to its members, most notably the obligation to reimburse them for ultimate losses that exceed their selected retention limits. In return, members are contractually responsible for protecting the interests of the Association. The WCRA Reinsurance Agreement specifically requires members to "take all actions necessary to limit the liabilities of the Association." To fulfill this responsibility, members are expected to apply the same claims and medical management procedures to files in reimbursement status as they utilize for claims that are below the member's retention. However, in reviewing members' claims practices, we have found that some members don't continue to utilize all of their best claims management tools after a claim becomes eligible for WCRA reimbursement.

The responsibility for managing claims belongs to the members. The WCRA usually assumes only an advisory and monitoring role regarding the management of claims that might expose the WCRA to financial liability. If the Association determines, however, that a member's claims procedures or practices "are inadequate to properly limit the liabilities of the Association . . . the Association may reduce the Member's reimbursements or withhold reimbursements from the Member . . ." (Reinsurance Agreement, Part Seven A.)

Under Minnesota statutes and the Association's Plan of Operation, the WCRA is prohibited from reimbursing certain claims expenses (investigators, defense attorneys, medical records retrieval, penalties, interest, etc.). To the extent that members utilize these services in their regular claims management, they are expected to continue to utilize them when the claims reach WCRA reimbursement status. If members discontinue these claims practices, they are not properly "limiting the liabilities of the Association."

On a case-by-case basis, however, the WCRA will consider reimbursement for other reasonable non statutory discretionary benefits and expenses that are paid to assist the injured worker and that mitigate the cost of a claim. These benefits must be documented as reasonable and necessary and must be discussed in advance with the WCRA claims services staff to ensure they are eligible for reimbursement. Examples of this type of benefit or expense may include nurse case management services (if there is a documented medical need), pharmacy reviews, and secondary medical bill reviews.

Effective June 2014, WCRA will also consider reimbursement of expenses associated with independent medical evaluations (IME) and surveillance if they are reasonable, necessary, and pre-approved.

Nurse case management services provided as part of "routine" monitoring of claims due to lost time or part of a contractual agreement are viewed as claims expenses and are not eligible for reimbursement. These routine services are

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commonly provided as part of an in-house program or MCO contract. However, in some cases, nurse case management services assigned to address a specific medical need (chronic pain issues, repeat back surgeries, complex medical issues, psychological conditions, etc.) may be eligible for reimbursement. To ensure that these nurse case management services are reimbursable for a specific claim, the member must discuss the need for such services with the WCRA staff prior to incurring any expenses.

Pharmacy reviews (aka drug utilization reviews) are most commonly conducted in cases of chronic pain management. The WCRA will consider reimbursing the costs of a pharmacy review on a case-by-case basis when certain criteria are met. These criteria include but are not limited to: 1) multiple medications being prescribed, 2) annual medication costs over \$12,000/year, 3) escalating medication dosages, 4) multiple medical providers, and 5) narcotics not being prescribed consistent with accepted treatment parameters. Pharmacy reviews are provided by various independent companies or pharmacy benefit managers. An in-depth pharmacy review may include an initial MD and pharmacist paper review of the medications being prescribed and, in many cases, will include a peer-to-peer discussion and follow-up by a nurse case manager.

Secondary medical bill reviews (“bill scrubbers” or professional/enhanced bill reviews) are utilized by some insurance carriers/TPAs on large inpatient/hospital bills, outpatient services, durable medical equipment (DME), and emergency room services to identify additional discounts above the standard fee schedule charges. Secondary medical bill reviews can assist the member in identifying bundled/unbundled charges, prevailing charges, opportunities for expert fee negotiations, etc. with costs for these reviews being based on percentage of savings. In other words, if no additional discounts are identified above the standard fee schedule, there is no cost to the carrier. With adequate supporting documentation, the WCRA will reimburse for secondary medical bill review costs that are based on a percentage of saving. As noted earlier, standard medical bill fee scheduling and PPO access or usage fees that are not based on a percentage of savings are not eligible for reimbursement.

Independent medical evaluations can be beneficial in identifying if the current treatment is effective, reasonable, and medically necessary or if a different/alternative treatment may need to be considered. IMEs may be eligible for reimbursement if they are reasonable, necessary, and pre-approved.

Surveillance can also assist in confirming if the injured employee is benefitting from the current treatment plan. As with the IMEs, surveillance may be eligible for reimbursement if it is reasonable, necessary, and pre-approved.

Contact the WCRA Claims Department, please email at claimservices@wcra.biz