

Large municipality saves \$34 million in medical expenses

AmeriHealth Casualty Services takes pride in offering a total workers' compensation solution for clients in Pennsylvania, New Jersey, and Delaware. In addition to our high-quality products and services, we offer strong claims operations and an expansive network of providers. Nothing proves this more than this success story featuring a large municipal client based in Pennsylvania.

When this client signed on with AmeriHealth Casualty Services, they were experiencing a significant number of open claims and high medical expenses. Together, we addressed their specific challenges by creating a custom workers' compensation solution that included:

- A dedicated staff of claims professionals from a cross-section of disciplines, including experts in administrative services, claims management, managed care, and safety services
- Our proprietary medical network, which allows us to provide unmatched savings through our discounts and in-house repricing capabilities
- An information system that integrates all claims services, processes, and record storage into one internet-accessible interface, creating a one-stop shopping experience where the client could generate the detailed reports they required

This solution proved to be extremely successful for our client, resulting in:

- A savings of \$34 million in medical expenses over the last seven years
- A reduction of open claims by 20.4 percent over the last four years
- A reduction of claimants receiving indemnity benefits by 15.5 percent over the last four years

Let's take a look at the two drivers of these results: our high network utilization rates and significant medical discounts.

High network-utilization rates drive medical savings

Since 2007, the client has achieved a network-utilization rate as high as 88 percent, while generating savings up to \$6 million below the state-mandated fee schedule. One recent trauma case yielded a medical savings of \$1.2 million alone, achieved through our negotiated rates, which are significantly below the amount charged and the state fee schedule.

We provide the client with a customized panel system that ensures there are providers available 24/7 to treat their employees. Our panel providers are geographically located throughout the client's area and are ZIP-code specific. Each panel contains an occupational health facility that is part of a hospital. Our Provider Relations department works with the providers regularly to update and modify panels based on physician outcomes, return-to-work effectiveness, employee satisfaction, and timeliness and completeness of reports.



Results

- \$34 million saved in medical expenses in last seven years
 - 20.4 percent fewer claims in last four years
 - 15.5 percent fewer claimants receiving indemnity benefits in last four years
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All of our medical providers have contractually agreed to:

- Provide care within 24 hours of the injury
- Furnish written reports within 48 hours of the visit
- Provide treatment plans
- Provide work restrictions
- Cooperate with our nurse case managers
- Accept our reimbursements

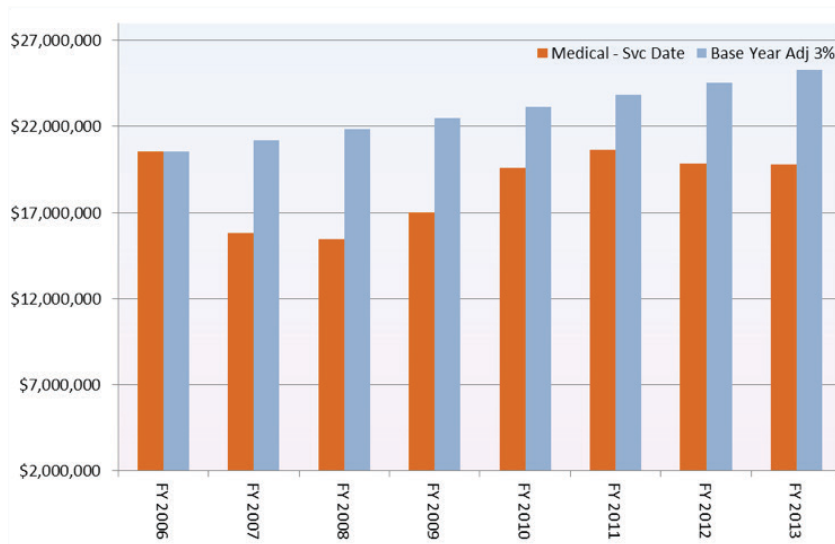
We have direct workers' compensation-specific contracts with over 1,100 medical providers within the Philadelphia five-county area. Among the hundreds of specialists and ancillary providers, we also provide this client with access to:

- 69 hospitals
- 58 occupational health facilities
- 184 orthopedic specialists
- 71 physical therapy locations
- 58 radiology facilities

Our medical discounts for providers average 20 percent below the state fee schedule

Our network providers contractually agree to accept reimbursement for treatment at an average of 20 percent below the state fee schedule for physician bills. Our hospital discounts range from 5 – 90 percent below the state-mandated fee schedule and include trauma and burn injuries. Our discounts are derived from our ability to negotiate workers' compensation-specific contracts directly with hospitals. These discounts have allowed our client to save significant dollars over the years, exceeding all medical inflationary trends. The graph below illustrates their fiscal year medical payments compared to the average three-percent increases in the Pennsylvania fee schedule.

Medical Paid by Year



Medical - Svc Date refers to the actual amount paid and the base year has been adjusted for a yearly 3% inflation.

Our discounts are derived from our ability to negotiate workers' compensation-specific contracts directly with hospitals.

Our network saved the client approximately \$34 million in medical expenses over the past seven years compared to the inflation-adjusted base year.

Unlike many TPAs, which do not retain a medical director, AmeriHealth Casualty Services has the advantage of a medical director on staff. Jennifer Dragoun, MD, is a regionally recognized occupational medicine expert. Dr. Dragoun advises the claims department on serious and catastrophic claims, assists in peer reviews, and communicates directly with other physicians.

Dr. Dragoun works with our client's medical director and conducts monthly meetings with medical providers. These meetings ensure:

- Consistent treatment is administered to employees
- Treatment guidelines and protocols are followed
- Prescription drug usage is monitored to prevent abuse and excessive prescribing
- Salient issues with nurse case managers are reviewed
- Adverse trending is identified and discussed

Overall, the combination of our networks and medical management initiatives has provided our client with significant savings on medical benefits.

And, this is just one of many examples that illustrate our ability to provide a total solution for your needs.

[Learn how you can save with AmeriHealth Casualty Services](#)

Call 1-215-587-1947.

