

SCRMA, Inc. 2004 Workers' Compensation Reform Update

A Message From SCRMA

Early in January 2004, with the implementation of AB 227 and SB 228, SCRMA, Inc. issued our annual newsletter along with samples of the newly promulgated posting notices and information pamphlets. 109 days later, a sweeping workers' compensation bill, SB 899, was rushed through the legislative system and, along with the reform...you guessed it...another new round of posting notices, pamphlets and a new DWC-1 Claim Form.

This mid-year newsletter contains important information for you as employers regarding compliance with posting of notices, distribution of pamphlets and physician pre-designation as well as an update regarding mandatory medical utilization review.

Notice, Notices, and More Notices

Attached are sample posting notices, pamphlets and Claim Forms **effective 8/1/04**. These materials are available in bulk at www.cwci.org or www.calchamber.com.

Posting Notices: This information is to be posted at every work location in a conspicuous place. Within this form, you must inform the employee if you are self-insured, who is responsible for claims adjustment, to whom injuries are reported and where to go for medical attention. Additionally, you must include the address and telephone number of the local WCAB Information and Assistance Officer. We have included a list of all the I & A offices. Effective 8/01/04 there are possible penalties for failure to post. You must post this notice in English and in Spanish if you have Spanish speaking employees.

Facts For Injured Workers (red & white pamphlet): This informational pamphlet is required to be given by the employer along with the DWC-1 Claim Form. Additionally, SCRMA will provide this pamphlet to the employee at mandated times throughout the life of the claim **effective 8/1/04**.

Facts About Workers' Compensation (blue & white pamphlet): LC3551 requires that every employer shall give every new employee, either at the time the employee is hired or by the end of the first pay period, written notice of their workers' compensation rights as outlined in LC3550. This form also includes a section that the employee may use for notifying the employer of the employee's pre-designated physician. The employer may alternatively provide their own physician pre-designation portion of the form to the employee. SCRMA's recommendation is that you provide the pre-designation form to the new hires as required by law and to all those employees who have previously pre-designated a physician or who request the ability to pre-designate a physician. **Effective 4/19/04 - Revised 6/04**

DWC-1 Claim Form: Within one working day of receiving notice or knowledge of an injury/illness, which results in lost time beyond the employee's work shift at the time of injury or which results in medical treatment beyond first aid, the employer shall provide, personally or by first-class mail, a DWC-1 Claim Form and a Facts For Injured Workers pamphlet **effective 8/1/04**. You may print copies at www.scrma.com. **However, the DIR is allowing a grace period until 10/1/04.**

New Personal Pre-Designation Form Information

Pursuant to SB 899, there are new specific requirements for selecting a pre-designated physician under Labor Code section 4600(d). While this change may not have a significant impact on the cost of delivering benefits to our injured workers on private employers, a substantial amount of SCRMA's public entities have a very high percentage of pre-designations. With this in mind, SCRMA has developed the following:

- A 'Workers' Compensation Reform' information sheet, that our clients can forward to their respective employees (*i.e.* either in bulk mailing or as an attachment to an employees pay check), which gives them a brief outline of the new workers' compensation changes pursuant to SB 899. This information sheet has been put into a Microsoft Word document and can be downloaded from SCRMA's website at www.scrma.com (a copy is also attached for your convenience). As an added convenience, this form may be printed on your own organizations stationary and can be modified to include the employer-contact information as noted in the final paragraph of this document.

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Visit our website at www.scrma.com

Southern California Risk Management Associates, Inc. - 313 E. Foothill Blvd. - Upland, CA 91786-3952 - Telephone - (909) 608-7171 - FAX - (909) 608-7165

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New Personal Pre-Designation Form Information (cont.)

• A Personal Physician Pre-Designation Form has also been developed for your use and can be downloaded from SCRMA's website at www.scrma.com (a copy is also attached for your convenience). After you have forwarded the 'Workers' Compensation Reform' information sheet to your employees, and once the employee requests the Personal Physician Pre-Designation Form, this document should be forwarded to the employee for completion by him/her, and their personal physician.

From the Desk of Devora Brainard, Director of Utilization Review . . .

With the passage of SB 228, Mandatory Utilization Review was implemented into the workers' compensation arena for the first time. That same legislation established that the American College of Occupational and Environmental Medicine Guidelines are "presumptively correct" on all issues pertaining to medical care and the provision of treatment. The most recent SB 899 signed on April 19, 2004 further supports the utilization review process and goes on to establish the guidelines as "law."

As we near the six month milestone marking the implementation of our Medical Utilization Review Program, it is with great excitement that we provide you with an update as to how this new process is going.

Over the last several weeks, we have expanded our training program to include not only our internal staff but also that of the employer and their medical providers. Several seminars such as "Evidence Based Medicine" and "The Impact of Utilization Review on the Medical Provider", and "The Impact of Utilization Review on Reserving" have been presented. Along with this we have begun training to our clients' defense attorneys in preparation for defense of the utilization review process/outcomes and appeals filed before the Workers' Compensation Appeals Board.

It is our intention to ensure a successful defense of the utilization review process by preemptively strategizing with defense counsel and providing all documentation supporting both the process by which review takes place as well as the final determination, with the ultimate goal of lowering litigation on the matters of medical dispute.

Statistics from our Utilization Review Department

SCRMA's utilization review department has processed authorization at an average of 950 requests received weekly since March 1, 2004. Of those requests approximately 8% were referred to the Medical Director for review. Of those referred for review, just 5% were denied. These statistics confirm our philosophy that medical utilization review is established with a goal of ensuring not only legislative compliance for our clients, but also timely and

proper care provided to each and every injured worker with the maximum medical outcome obtained.

Medical Provider Networks – Why re-invent the wheel....

SCRMA is aggressively pursuing implementation of a Medical Provider Network (MPN) to be in place and effective as of January 1, 2005. Although regulations governing the provision of this process as outlined in SB 899 are not yet provided, it is our expectation that we will be up and running in a manner which will be easily adjusted and in compliance, once those regulations are defined. With this in mind, SCRMA will work closely with our long standing partners MAAM, Inc./Pac Med, Inc. to further enhance an existing HCO Network laden with good medical providers and presumed to be an approved Medical Provider Network.

Further, to ensure that our existing partners in the medical industry are layered into the network, we have begun the process of soliciting input from both our internal staff as well as our clients. This will be completed in a two fold process. Additions will be made to the list as recommendations are received as well as review of the entire panel to ensure that those providers who do not meet our criteria standards for continuity of care, utilization review, return to work philosophies, etc. are not included in the final product.

Finally, the MPN will be established by region, defined by the employer's location. This will ensure access to those providers already used by the employer, as well as limited access beyond that defined region and upon approval by the MPN. Given that SCRMA has a large employer base, as well as a desire to ensure medical control on behalf of the employer, our MPN will include all regions of California so that those approvals for region change, remain within the network.



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