

**Strategic Management Plan
for the Division
of Workers' Compensation**



Texas Department of Insurance

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Introduction

House Bill (H.B. 7), passed by the 79th Legislature, requires the Commissioner of Workers' Compensation (Commissioner) to develop a Strategic Management Plan (SMP) to define how the Division of Workers' Compensation (DWC) will be organized and carry out reforms of the workers' compensation system and other statutory requirements.

The Commissioner established the following guiding principles to be used in development and implementation of the SMP:

- Stakeholder input is essential in setting DWC's new direction and success will depend on all participants contributing to the reformed system;
- DWC will use technology to simplify and streamline administratively burdensome practices and reduce or eliminate cumbersome, paper-driven processes to the extent possible;
- Respect will be given to all system participants and consideration given to business requirements of each participant type; and
- DWC and stakeholders must work together to create the conditions that will restore an injured employee's functionality and return the employee to work as soon as the employee's health care provider considers it safe and appropriate.

H.B. 7 eliminated a statutorily prescribed organizational structure for the former Texas Workers' Compensation Commission (TWCC). Prompted by H.B. 7, the following organizational changes were implemented:

- Administrative functions are now provided by the Texas Department of Insurance's (TDI) existing administrative service divisions;
- The function of a workers' compensation research unit is established in statute;
- DWC's ombudsman functions were transferred to the newly-established Office of Injured Employee Counsel (OIEC), and the two entities are now determining how employee services can effectively be delivered under the new structure;
- DWC transferred other functions to TDI including criminal fraud investigations, activities associated with Independent Review Organizations (IROs), and certain legal enforcement activities;
- As part of the new organizational structure, one operational unit will focus on coordinating the services provided to employers, including safety and return-to-work services, with the goal of improving overall system performance; and
- Approaches have been adopted for improving intra-organizational communication on workers' compensation issues within TDI and DWC, including establishment of a TDI Workers' Compensation Steering Committee and creation of a Data Strategies Group to identify critical data needs for measuring reform progress.

The Commissioner organized the planning process around five major focus areas, directly tied to H.B. 7 goals. DWC has developed one or more strategies for each of these focus areas that are discussed below. In addition, the plan discusses how DWC has revamped

its rulemaking process to incorporate structured stakeholder input at several stages of the process. Finally, the plan summarizes the major approaches DWC will use to facilitate the electronic exchange of medical billing and reimbursement data as well as medical documents.

To maintain consistency in DWC's overall direction, a process is in place for ensuring that DWC's technology, budget and performance accountability structures are aligned with H.B. 7 and other system goals.

DWC worked with stakeholders and other TDI divisions, as appropriate, to develop the SMP. The emphasis of the SMP is on achieving mandated reforms. DWC will continue to maintain or improve other ongoing services such as its workers' health and safety programs for carriers and employers.

Major Focus Areas and Strategies

Following is a brief discussion of the five major focus areas of the plan and the strategies associated with each area.

Injured Employee Services

Maintaining safe and productive workplaces continues to be an important focus for DWC, but when an injury does occur, employees need reliable, clear information and assistance working within the service and benefits delivery system. The purpose of strategies in this focus area is to make the experience of employees injured on the job as simple and efficient as possible. Injured employees will be better able to navigate the complex legal, financial and procedural challenges in the system if they have access to consistent information and a single point of contact to assist them. Internally, DWC will establish service delivery standards that apply to staff across the state.

To address the needs of injured employees, DWC is focused on improving customer service, simplifying processes, and increasing communication between system participants. To that end, DWC has begun implementing the following strategies:

- Provide each injured employee with a single point of contact (to be called a "claims service officer") to help navigate the system through the life of the claim, including resolution of disputes or concerns informally;
- Streamline and improve claims management functions and services;
- Develop communications to injured employees that are clear, comprehensible, easily accessible, available in English, Spanish and other languages as appropriate, and provided on a "just-in-time" basis;
- Coordinate with OIEC to ensure optimal customer service;
- Provide "customer service" training to all staff with direct contact with injured employees and monitor for adherence to established customer services standards; and
- Align staff performance and accountability systems with DWC's SMP and H.B. 7 goals and conduct quality field audits to monitor and improve services.

Return to Work

H.B. 7 includes numerous requirements for improving return-to-work (RTW) outcomes, such as establishment of a small employer pilot program, development of RTW guidelines, training of DWC staff by a Certified Rehabilitation Counselor, and continuing education and outreach to employees, employers, doctors and other providers. Return-to-work is an important component of disability management — an approach for managing the delivery of workers' compensation services by establishing guidelines for treatment of injuries and establishing expected time frames for recovery and intervention to minimize the injured employee's disability to the extent feasible.

To improve RTW outcomes, DWC has begun implementing the following strategies:

- Organize DWC to maximize return-to-work resources and make return to work a goal for all appropriate employees by placing all employer services such as RTW and Workers' Health and Safety under a single Deputy, and incorporating RTW expectations into its employee performance evaluation processes;
- Adopt return-to-work guidelines to encourage best practices in returning injured employees to work as soon as safe and appropriate; support disability management concepts;
- Implement and administer the Return-to-Work Pilot Program for small employers; publicize the availability of this resource to small employers;
- Work with state agencies such as the Department of Assistive and Rehabilitative Services and the Texas Workforce Commission to improve employment outcomes for injured employees;
- Target education initiatives toward DWC employees, injured employees, employers, health care providers and insurance carriers so each party can contribute effectively toward RTW outcomes; and
- Track return-to-work outcomes and evaluate the success of DWC activities.

Medical Quality, Cost and Access

This initiative is aimed at ensuring that employees injured in the course of employment have access to timely, appropriate, high quality medical treatment. Injured employees receive quality care when they are objectively diagnosed and treated for their workplace injury within recognized standards of care at a reasonable cost. The rising costs of care and longer-than-average treatment durations in Texas compared to other states place burdens on the system. Processes that are perceived as cumbersome may limit the interest of health care providers in participating in the system. H.B. 7 authorized the establishment of health care networks to address these problems while providing that care offered in a non-network environment is also delivered according to principles compatible with network operations.

DWC will implement the following strategies:

- Assist TDI in implementing a framework to oversee workers' compensation health care networks and ensure that existing rules do not create any barriers to network success;

- Consistent with philosophies for networks, develop and implement a disability management framework for delivery of health care outside of networks. This framework will reduce administrative burdens on providers by focusing on “front-end” involvement through the use of treatment guidelines and treatment planning processes, providing incentives for best practices, re-examining the Medical Quality Review Panel process, and eliminating the Approved Doctor List by Fall of 2007;
- Strengthen education and technical support for providers in order to establish expected outcomes in the provision of quality, cost-effective health care in the workers’ compensation environment;
- Include the Medical Advisor in addressing and setting policy on all medical issues across the workers’ compensation system; and
- Implement and regulate a pharmaceutical reimbursement system that ensures injured employees receive appropriate medications for their injuries and controls system costs.

Dispute Resolution

H.B. 7 establishes the goal of a fair and accessible dispute resolution process for injured employees. DWC handles over 70,000 indemnity and medical disputes annually, and these disputes can delay the delivery of benefits and require a considerable time investment for injured employees, staff, attorneys, and other parties.

To streamline and make dispute resolution processes as timely, efficient, fair and consistent as possible and to ensure consistency of dispute resolution decisions, DWC will implement the following:

- Train field staff and conduct quality reviews of dispute decisions;
- Use tools such as the delegation of issuance of subpoenas to compel attendance of witnesses and production of documents to ensure all parties in disputes have all necessary information;
- Develop low-cost alternatives to current dispute resolution processes;
- Consolidate IRO functions;
- Reduce the paper-intensive nature of the process and automate processes when possible; and
- Coordinate medical and indemnity dispute resolution processes to the extent feasible.

Performance-Based Oversight

H.B. 7 requires establishment of a performance-based oversight system that includes development of key regulatory goals for assessing insurance carriers and health care, placing carriers and providers on tiers based on performance, and development of regulatory incentives to promote compliance. The Division’s regulatory resources will be focused more strategically on overall compliance issues and history affecting an insurance carrier or medical provider, placing emphasis on participants with continuing problems throughout various parts of the workers’ compensation system.

DWC will implement the following strategies:

- Establish a performance-based oversight system including key regulatory goals and assessing carriers and providers;
- Change the organizational structure and increase intra-divisional coordination on regulatory matters;
- Establish a TDI-wide uniform complaint system;
- Exercise greater discretion in enforcement authority to promote compliance;
- Increase communication with stakeholders during the compliance process, clearly outlining system expectations; and
- Coordinate the prevention and detection of fraud and transfer criminal fraud investigations to the TDI Fraud Unit.

Rulemaking and Policymaking

One of DWC's first reforms following passage of H.B. 7 was the modification of its rulemaking and policymaking processes. Stakeholder input is now sought earlier and more often in the process, and a proposed course of action is shared prior to rule adoption. The use of a flexible rulemaking docket on the TDI website, that reflects the prioritization of rules and target dates for public input and adoption, helps stakeholders participate throughout the process. DWC also uses external ad hoc working groups to assist in the development of policies that may not require rulemaking but could have an impact on system participants. While the approaches for carrying out rulemaking and policymaking are already in place, DWC's use of these approaches will be ongoing.

Electronic Medical Billing

Using technology to reduce paper-intensive processes and make them more efficient and effective is an important goal of workers' compensation reform. Based on the estimated volume of medical billing transactions, electronic billing can produce significant savings for providers and carriers, reduce paper in the system by up to 60 percent, increase data integrity and security and decrease processing time. H.B. 7 permits the adoption of rules in 2008 regarding the electronic payment of medical bills by insurance carriers to providers.. In the meantime, efforts are underway to promote voluntary electronic billing practices.

DWC will implement the following strategies as part of its electronic billing initiative:

- Align workers' compensation electronic billing initiatives with existing managed care billing models where feasible;
- Work with stakeholders to maximize voluntary electronic billing through January 2008; and
- Collect and analyze cost-benefit data to produce accurate implementation and ongoing cost and savings estimates.

Conclusion

As the Commissioner directs the DWC in carrying out reforms of the workers' compensation system, this Strategic Management Plan provides specific strategies to achieve success in five major focus areas. System stakeholders must participate in the execution of the plan and offer input to the Division in order for the reforms to be fully realized. The DWC will listen to stakeholder input and the Division's policies and rules will be inclusive of all participants.