

ACHIEVE

Purchaser Profile

Workers' Compensation

December
2000

STATE OF CONNECTICUT

OFFICE OF HEALTH CARE ACCESS

The ACHIEVE project is, in part, a purchasing initiative developed to improve State of Connecticut health care quality, cost and access. By emphasizing value-based purchasing and vendor performance management, ACHIEVE will help the State to solidify its role as a major public purchaser by adopting a new approach to buying health care.

ACHIEVE has created new partnerships among State health purchasing agencies and their staff. These partnerships are designed to encourage and stimulate a competitive marketplace, and create stability and continuity in data systems, contract requirements and pricing. This will in turn enable each agency to more effectively leverage its health care purchasing power and to enhance access to and quality of State-purchased health care.

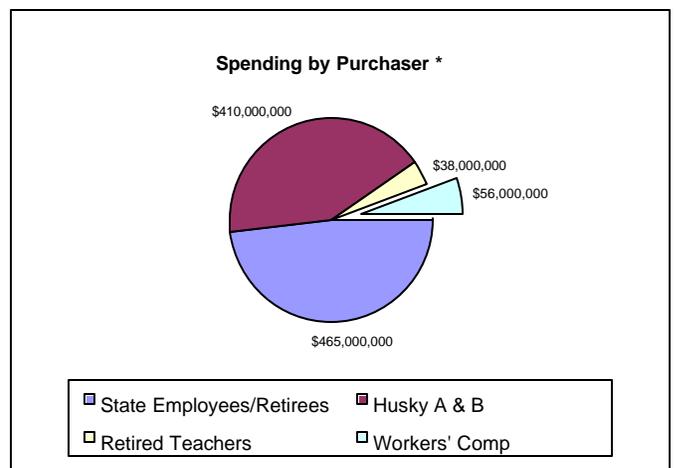
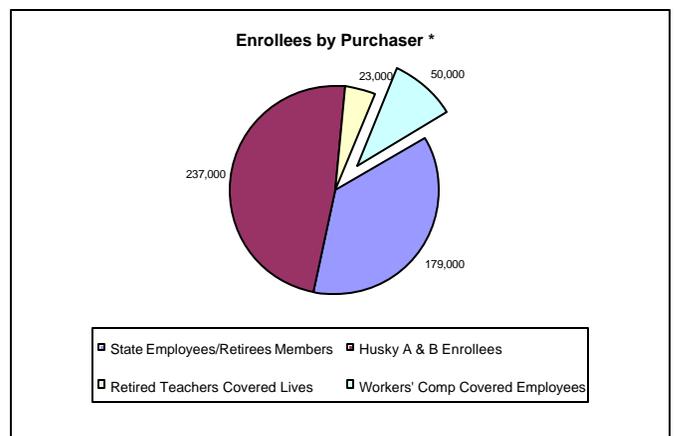
The Department of Administrative Services (DAS) is one of four state purchasers working collaboratively under ACHIEVE to align contract expiration dates and identify common performance standards, quality measures, and contract management goals.

DAS is the designated plan administrator pursuant to the Connecticut General Statutes for the State of Connecticut Workers' Compensation Program. The contract provides claims administration and managed medical care services on all new claims of injury, active claims, and inactive claims that become active for the duration of the contract.

Current Contract Term:

October 1, 2000 – December 31, 2001

Covered lives: The DAS Workers' Compensation program for State employees serves approximately 50,000 workers who are employed in diverse job classifications at many worksites throughout the state. These employees work in numerous facilities of the executive, judicial and legislative branches of State government.



Risk Sharing Arrangement: Currently DAS contracts with a third party administrator to provide a range of claims management services for all state employee workers' compensation claims. Benefits are provided under a self-insured arrangement in which the State assumes full financial risk for the covered population.

Funding: An appropriation for employee workers' compensation benefits is included in the DAS budget. Appropriations for State Fiscal Year 2001 are approximately \$58 million.

Contractor: The current plan administrator is Berkley Risk Administrators of Connecticut.

* These figures were provided by the Office of the State Comptroller, Department of Administrative Services, Department of Social Services, Teachers' Retirement Board, and the Office of Policy and Management.

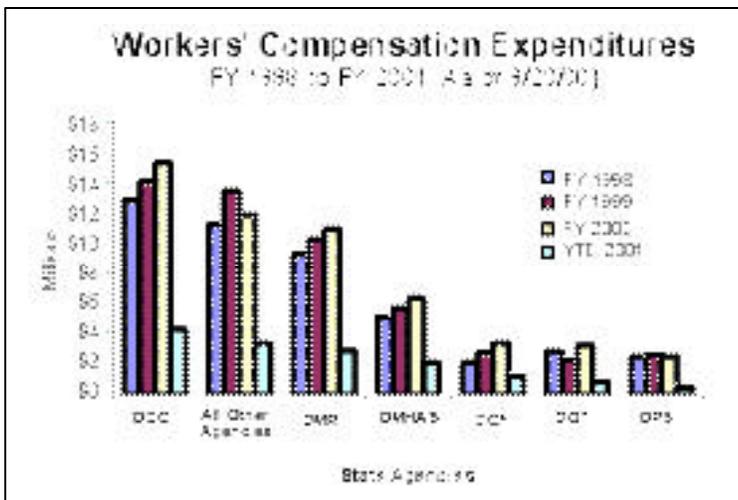
ACHIEVE is a 3-year grant initiative funded by the Robert Wood Johnson Foundation. The Office of Health Care Access functions as the lead agency for the grant.

Workers' Compensation Claims:

State employees file approximately 10,000 new claims of injury each year. Of these, 3,700 are notice only, 3,600 are medical only, and 2,700 are indemnity claims. On average, the 2,700 indemnity claims will translate to 1,440 bi-weekly indemnity payments. Historically, two-thirds of all State workers' compensation payments are indemnity expenditures.

There are three types of indemnity claims: Temporary Total Disability to compensate for lost work time; Permanent Partial Disability that compensates a person for the diminished capacity of a body part; and Temporary Partial Disability which replaces a portion of a claimant's salary if earning capacity is diminished upon return to work or the injured worker is unable to find work. Temporary Total Disability benefits account for 62% of the indemnity payments.

The largest number of claims are generated by these six agencies: Departments of Corrections, Mental Retardation, Mental Health and Addiction Services, Children and Families, Transportation and Public Safety. In addition, the Department of Administrative Services has responsibility for the claims of all other State agencies, which in the aggregate constitute 22% of total workers' compensation expenditures.



The State's overall objective is to identify options to ensure that vendors have state-of-the-art information technology systems and human resources to effectively manage and administer the claims process under workers' compensation.

DAS is also looking to introduce forecasting tools and to improve reporting capabilities to better assist State agencies in predicting and managing costs.

Current Challenges:

- Identify and implement an automated claims processing and management information system.
- Decrease frequency of injuries and illnesses by establishing coordinated Loss Control programs and other preventive measures.
- Incorporate performance measures in vendor contracts.

Next Steps:

Develop and implement a strategy to hold vendors accountable for cost, quality and access. ACHIEVE project team members are working together to help each purchaser Agency identify solutions to its respective health purchasing challenges. The purpose of the initiative is to leverage the purchasing power of the State to:

- Achieve the most cost-competitive fees, rates and financial arrangements for each population for whom the State purchases health care coverage;
- Create purchasing efficiencies that minimize administrative burdens for both the State and its vendors;
- Establish a performance-based foundation for how the State will interact with and hold accountable its health care benefit vendors for high quality care, service and performance; and
- Determine how standardizing electronic transmissions for certain administrative and financial health care transactions under the Health Insurance Portability and Accountability Act (HIPAA) of 1996 will impact the purchasing process.

This Purchaser Profile was created by OHCA in cooperation with the staff of the Department of Administrative Services and the Office of Policy and Management.