



STATE OF WASHINGTON  
DEPARTMENT OF LABOR AND INDUSTRIES

**Insurance Services Division • PO Box 44100 • Olympia, WA 98504-4100**

March 18, 2010

Dear Health-Care Provider:

We are writing today to tell you about exciting and historic changes to our state's workers' compensation system.

**Changes to Workers' Compensation**

On March 14, 2011, Gov. Gregoire signed Senate Bill 5801, which directs the Department of Labor & Industries (L&I) to:

- Create a single, statewide provider network for treating injured workers, which consists of typical health insurance minimal standards like having malpractice insurance.
- Establish a performance-based tier in the network that qualifies providers for financial and other incentives for using occupational health best practices.
- Expand the Centers of Occupational Health and Education (COHE) statewide.

The emphasis of this legislation is on improving access to the highest quality health care and to increase the coordination of health services within communities. As a result, it will help return more workers to good health and get them back on the job after an injury, as well as reduce costs that affect everybody.

These changes are expected to save \$218 million over the next four years by reducing and preventing long-term disability, which our 10-year history with four COHEs has successfully shown.

**Credit to Governor's workgroup**

The idea for creating a single provider network came from a workgroup formed by Gov. Gregoire last year. Workgroup members recognized the potential for a provider network to improve outcomes for injured workers.

### **Next steps**

We have begun our planning to implement the legislation, but understandably, much work is ahead for us.

- We expect to finalize the provider network over the next 12 to 24 months, and providers would be admitted thereafter.
- We will expand COHE by adding two new locations in needed geographic areas of the state by 2013 and continue to expand and offer additional services by Dec. 2015.

Our current operating policies remain unchanged today and as we proceed, we will advise you of what you need to do.

### **We'll keep you informed**

Rest assured that we will work closely with the health-care community and associations around the state in establishing the provider network and expanding access to COHEs. We will set up regular communications to keep you informed.

### **More information at [www.Lni.wa.gov](http://www.Lni.wa.gov)**

We encourage you to take a few moments to read the enclosed summary of this important new law. There is also more information available on the L&I website at [www.Lni.wa.gov](http://www.Lni.wa.gov). The website will be updated as new information becomes available, and there will be a Q&A to answer the most common questions.

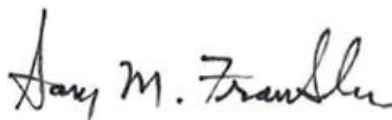
If you have a question, please send it to [PublicAffairs@Lni.wa.gov](mailto:PublicAffairs@Lni.wa.gov), and we'll find an answer.

We are excited about these changes and look forward to working with you to raise the level of health-care quality for all injured workers in Washington. Thank you for your support.

Sincerely,



Beth Dupre  
Assistant Director for Insurance Services



Gary Franklin, MD, MPH  
Medical Director

## **Summary of Senate bill 5801**

The bill creates a single statewide provider network for the treatment of injured workers of State Fund and self-insured employers, and requires expansion of Centers of Occupational Health and Education (COHE).

**Stakeholder and Advisory Group** – Labor & Industries (L&I) will establish the network, considering input from health-care provider groups and associations. Representatives or designees of the workers' compensation advisory committee and of the industrial insurance medical and chiropractic advisory committees will advise L&I on certain network provisions.

**Minimum network standards** – Providers must follow L&I's evidence-based coverage decisions and treatment guidelines, policies, and other national treatment guidelines appropriate for individual patients, and meet certain minimum standards or credentials including:

- Current malpractice insurance;
- Previous malpractice judgments or settlements not in excess of criteria to be determined;
- No licensing or disciplinary action in any jurisdiction or loss of privileges;
- For some specialties such as surgeons, privileges in at least one hospital; and
- Credentialed by another health plan, or alternative criteria for providers who are not credentialed by another plan, to address access-to-care concerns in certain regions.

**Workers' choice and initial visit exemption** – Injured workers will have the choice of a provider in the network. For the initial visit, care from a non-network provider will be allowed.

**Tier 2** – Providers may qualify under a performance-based, occupational health best practice tier within the network. These providers will be entitled to financial and non-financial incentives. The details of this tier need to be developed.

**Risk of harm** – If a provider does not meet minimum network standards, L&I can take appropriate action to work with the provider. In instances where a provider exhibits a pattern of low-quality care that exposes patients to risk of harm, L&I can remove the provider from the network. Such patterns include treatments for which the risks of harm exceed the benefits or patterns of treatments not shown to be curative, safe, or effective based on research. When a provider is removed from the network, L&I or the self-insurer will assist injured workers under the provider's care in identifying a new network provider for selection.

**COHEs** – L&I will expand the Centers for Occupational Health and Education (COHE) to ensure access to a COHE-participating provider for all workers. L&I will certify and de-certify COHEs based on specific criteria to measure the success of the COHE.

**COHE Occupational Health Best Practice R&D** – L&I will research, develop, pilot and implement benchmark quality indicators of occupational health best practices for individual providers, and develop appropriate financial and non-financial incentives for providers based on progressive and measurable gains. In addition, COHEs will develop and test best practices to reduce long-term disability for the duration of the claim in conjunction with developing methods of tracking measures and outcomes. The information will be used to evaluate progress in the medical provider network and the COHEs, and to allow efficient coordination of services.