

**Welcome**

WELCOME TO THE FIRST ISSUE of the WCNet News, published by the Texas Department of Insurance (TDI). The purpose of this publication is to provide helpful information to system participants about the newly created workers' compensation networks. WCNet News will provide information about certified workers' compensation networks, give tips for applicants, and strive to improve communication between applicants, providers, interested parties and TDI.

Health care networks in workers' compensation are a new concept introduced by House Bill (HB) 7, 79th Texas Legislature (2005). "In general, I am very pleased with the implementation of HB 7," said Rep. Burt Solomons, sponsor of the bill. "I think that the Governor gave us some great appointments in Commissioners Geeslin and Betts, as well as Public Counsel Darwin at the Office of Injured Employee Counsel. Rules on networks, e-billing, prompt pay, and exams to determine compensability have all been adopted. Fee guidelines on hospitals, out-patient facilities, performance-based oversight, and treatment guidelines are currently

being discussed. Some people think that it has taken too long already, but a reform the size of HB 7 is going to take some time and I am pleased with the speed that the agencies are tackling the issues. Each new reform is getting due diligence and true stakeholder input, without delaying the implementation."

Commenting on the progress made in certifying workers' compensation networks, Sen. Todd Staples had this to say: "It is good news for the employees and employers of Texas that 16 networks have been certified and that over a dozen more are currently seeking certification. The key to successful implementation of networks is balance—balance between quality of care for injured employees and an affordable system for employers. While the parameters of the network system were described in some detail in the reform bill, working out the day-to-day details remains the work of the Department, and I think it has done a good job to this point. Going forward, the Department must continue its emphasis on balancing interests and listening to all stakeholders' concerns."

**Workers' Compensation Health Care Networks in Texas**

THE 79TH LEGISLATURE, Regular Session, passed House Bill (HB) 7 that enacted, among other laws, Texas Insurance Code (TIC) Chapter 1305. The purpose of Chapter 1305 is to authorize the establishment of workers' compensation health care networks for the provision of workers' compensation medical benefits. Chapter 1305 also provides standards for certification, administration, evaluation and enforcement of the delivery of health care services to injured employees by networks.

Under HB 7, the 79th Legislature directed the Commissioner of Insurance to adopt rules as necessary to implement Chapter 1305. Further, the

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### Questions on Certified Networks

The TDI Certified Workers' Compensation Health Care Network Web page contains a wealth of information on certified networks, including Frequently Asked Questions (FAQs) for health care providers, carriers, employers and employees. The FAQs section can be accessed by scrolling down until you see the FAQ heading and selecting the appropriate category.

If your question is not addressed in the information on the TDI Web page or FAQs, you can call TDI toll free at 1-800-252-3439 or submit your question to the Health and WC Network Certification and Quality Assurance Division by email to [wcnet@tdi.state.tx.us](mailto:wcnet@tdi.state.tx.us).

## Workers' Compensation Health Care Networks in Texas *continued from page 1*

Legislature directed TDI to accept applications from a network seeking certification under Chapter 1305 beginning January 1, 2006.

28 Texas Administrative Code (TAC) Chapter 10 establishes standards and requirements (rules) applicable to networks, insurance carriers, other persons and third parties operating under Chapter 1305. The adopted rules under 28 TAC §§10.1 – 10.122 should be read in conjunction with TIC Chapter 1305 and Chapter 5, Subchapter D; Labor Code Title 5 and related rules; and other statutes and rules, as applicable.

## Workers' Compensation Working Group

The Workers' Compensation Working Group (WCWG) is a forum for input and counsel to TDI as the workers' compensation reform is implemented at the Division of Workers' Compensation (DWC) and as workers' compensation networks (WC networks) are certified by TDI's Health and Workers' Compensation Network Certification Division (HWCN). Implementation of this new workers' compensation endeavor in Texas will be improved by all participants being open and inviting others' comments.

A list of WCWG members, meeting agendas, and minutes is located on the Workers' Compensation Working Group page on the TDI Web site. Please contact us at **512-322-4266** if you need assistance obtaining the list, meeting agendas, or meeting minutes.

## Tailored Networks

TDI received several inquiries concerning whether tailored networks, also referred to as customized networks or sub-networks, may operate under the certification of a workers' compensation health care network established under TIC Chapter 1305. Inquiries have generally come from applicants or potential applicants considering offering tailored networks as an option to employers. Tailored networks are not contemplated under TIC Chapter 1305 and, therefore, all workers' compensation networks, including a network carved out of an existing certified network, must be certified through a separate application process.

For additional information please carefully review [Commissioner's Bulletin B-0071-05](#) and [Commissioner's Bulletin B-0021-006](#).

## Third Party Administrators (TPAs) and Certified Networks

Department staff have reviewed the statute and rules and conferred with the HB 7 House and Senate authors about the question of whether TPAs can contract with certified networks on behalf of a carrier, either an insurance carrier or a certified self insured employer. Because TIC 1305.154(a) states that a network can only provide services under a contract with a carrier, and TPAs are not mentioned in this subsection, TDI determined that TPAs are not able to contract with certified networks on behalf of the carrier. If the carrier wants the TPA to manage its claims functions, other contracting arrangements can be used, such as management contracts or third party delegation contracts, but the network/carrier contract must be direct. TPAs can contract with certified networks to provide case management, credentialing and quality assurance.

## Third Party Contracts in Certified Network Applications

The *Texas Administrative Code* requires that a copy of any agreement with a third party who performs delegated functions on behalf of the applicant be submitted as part of the application (28 TAC §10.22(4)). In addition, the *Texas Insurance Code* in TIC §1305.154(c)(10) requires that any agreement by which the network delegates any function to a management contractor or any third party be in writing. Furthermore, the delegated third party or management contractor is subject to all the requirements of TIC Subchapter D (Contracting Provisions). TIC Subchapter D also includes the requirements that address network contracts with providers and network-carrier contracts.

Accordingly, all third party contracts in which a network delegates any function to a third party is subject to the requirements of 28 TAC §§10.41 and 10.42. Because the requirement at 28 TAC §10.22(4) requires a copy of the agreement, and not merely the form of the agreement, third party contracts must be executed when submitted. Third party contracts that are not executed will not be reviewed for compliance.

## Health Care Providers Who Want to Join a Certified Network

The TIC requires each certified network to contract with a sufficient number of health care providers (HCPs) in the service area to meet the health care needs of injured workers.

TIC §1305.151(b) does not require a network to contract with every HCP who applies. Specifically, a network is not required to accept an application for participation from a qualified HCP if the network determines that it has contracted with a sufficient number of qualified HCPs.

An HCP interested in joining a network should contact the network directly.

TDI began holding bi-weekly conference calls with providers and office managers in August. Please see the calendar of events at the end of this newsletter for specific details.

## Fee Schedules and Reimbursement for Network Health Care Providers

28 TAC §10.42(b)(11) requires that the schedule of fees to be paid to the contracting provider be included in a network's contract with the health care provider. TIC §1305.153(a) states that the amount of reimbursement for services provided by a network provider is determined by the contract between the network and provider or group of providers.

All contracting parties should carefully read contracts and should consider having contracts reviewed by legal counsel prior to signing.

### List of Certified Networks Available on the Web

The [list of certified networks](#) is available on the TDI Web page. This list is updated as additional networks are certified.

Currently the following workers' compensation health care networks have been certified:

- Concentra HCN
- Concentra Texas Star
- Memorial Hermann
- Corvel
- First Health HCN
- First Health/Travelers HCN
- Genex Services, Inc.
- Intracorp
- Liberty Health Care
- First Health/AIGCS TX HCN
- Compkey/Forte
- SHA, L.L.C. DBA FirstCare
- Physicians Cooperative of TX
- The Hartford HCN
- Specialty Risk Tx WC HCN
- IMO Med-Select

In addition, service area expansions have been certified for Texas Star Network and Concentra HCN.

## Prescription Medication and Services Prohibited

TIC §1305.101(c) prohibits prescription medication or services from being delivered through a workers' compensation health care network. Prescription medication and services must be reimbursed as provided by the Texas Workers' Compensation Act and applicable rules of the Commissioner of Workers' Compensation. A network may restrict the writing of prescriptions for certain medications through preauthorization, since writing prescriptions is considered delivery of health care.

## Frequently Asked Questions

IN EACH ISSUE of WC Net News we will include FAQ's for one of the segments of our audience. In this issue we focus on FAQ's for health care providers.

**Q Does HB 7 allow for the use of worker's compensation health care networks by insurance carriers?**

**A** Yes. HB 7 allows for the creation of workers' compensation health care networks to provide health care services to injured employees. Under HB 7, an insurance carrier (including insurance companies, certified self-insured employers, group self-insured employers, and self-insured governmental entities) may establish or contract with a workers' compensation health care network.

**Q What are the requirements for setting up a workers' compensation health network?**

**A** HB 7 sets out specific requirements relating to certification of workers' compensation health care networks, including financial requirements, contracting requirements, access and availability of care requirements, quality improvement program and case management requirements. The checklist is available at the following link: <http://www.tdi.state.tx.us/forms/lhlhmo/lhl399wchcklst.pdf>

**Q Where are the workers' compensation health care network rules?**

**A** Rules regarding workers' compensation health care networks have been adopted and are available on the TDI Web site [www.tdi.state.tx.us](http://www.tdi.state.tx.us) at the following link: <http://www.tdi.state.tx.us/rules/1115a-059.html>

## Calendar of Events

**Conference Call and Document Help on WC – 1-888-387-8235 - passcode 5751967**

Thursday October 26	2:00-3:00 p.m. CST
Thursday November 2	2:00-3:00 p.m. CST
Thursday November 9	2:00-3:00 p.m. CST
Thursday November 16	2:00-3:00 p.m. CST
Thursday November 30	2:00-3:00 p.m. CST

**Provider/Office Manager Call – 1-888-387-8235 - passcode 5751967**

Tuesday October 31	2:00-3:00 p.m. CST
Tuesday November 14	2:00-3:00 p.m. CST
Tuesday November 28	2:00-3:00 p.m. CST

Please be sure to read the "Health Care Technical Update" newsletter distributed by the Division of Workers' Compensation for the latest information regarding billing and other non-network information.