

# Workers' comp research provides insight into curbing health-care costs

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Analyzing physicians' practice patterns may hold valuable clues about how to curb the nation's rising health care costs, according to a study by researchers at the Johns Hopkins University School of Medicine.

According to a Johns Hopkins study published in the January edition of the [Journal of Occupational and Environmental Medicine](#), the practice patterns of [physicians](#) participating in a workers' compensation system had a profound impact on the ultimate cost of claims.

After analyzing five years of claim data from the Louisiana Workers' Compensation Corp., or LWCC, from 1998 to 2002, the researchers found that a small group of physicians, only 3.7 percent, accounted for more than 72 percent of the workers' compensation costs. These were termed cost-intensive providers, or CIPs.

"Across the board, we've found that most physicians practice prudently," says Edward J. Bernacki, M.D., M.P.H., director of the Johns Hopkins University School of Medicine's Division of Occupational Medicine and principal investigator of the study. "But there are physicians who engage in cost-intensive practices. As we continue to debate the nation's [health care system](#), it makes sense to analyze how practice patterns drive costs before instituting sweeping reform."

In 2003, Hopkins researchers began working with the LWCC — a private, nonprofit, mutual insurance company — to provide quality and cost control.

For this study, researchers analyzed individual LWCC claims and a database of health care providers — doctors, physicians, clinical practices and facilities — during the same period. This research is the culmination of several years of investigation into workers' compensation costs that have yielded similar results. Other research team members include Xuguang "Grant" Tao, M.D., Ph.D., assistant professor of epidemiology at Hopkins and Larry Yuspeh, LWCC's director of research and development and strategy management.

"We have demonstrated that it is possible to objectively identify a group of physicians who are associated with high-cost claims and quantify their effect on a system of health care," says Tao. "Our major finding was that the workers' comp costs of claims associated with this group of physicians are much higher than those claims associated with other physicians."

While some of differences between physician groups were related to injury severity, the analysis controlled for International Classification of Disease group, claim duration and other potential surrogates for severity. The analysis concluded that CIP status had a significant cost impact that is independent of severity. When the claim is closed, LWCC assumes the medical issue is resolved. When the claim remains open, a physician has determined that medical issues still need to be addressed.

Previous research by the Hopkins team reinforces the findings of the current study.

- A 2005 study found for the first time a small network of physicians could have significant impact on overall costs. In this study, a statewide group of 2,000 medical providers, called the OMNET Gold Network, showed significant cost-savings by treating patients effectively and closing claims quickly.

- A 2007 study found that certain claim attributes — specifically the involvement of an attorney and the duration of the claims — greatly impacted overall claim cost. After analyzing 36,329 claims over five years, the study found that 2 percent of these claims accounted for 32 percent of the claim costs.
- A 2008 study found that attorney involvement was associated with consistently higher medical, indemnity and claim handling costs. Of nearly 7,000 claims studied, 738 claims involved attorneys. By the study closure, 97.7 percent of claims without attorneys had been resolved. Of those with attorney involvement, only 57.5 percent had been closed. The study found attorney presence on a claim correlated with duration, and the duration correlated with higher cost.

Provided by Johns Hopkins Medical Institutions

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