

# CELLY SERVICES INC.

ENVIRONMENTAL, HEALTH & SAFETY SERVICES

## DEALER ALERT

**To: Managers, CSI Client**

**Fr: Sam Celly**

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### ***Ref.: Things you Need to Know About MPN and other Workers' Compensation Issues***

Medical Provider Network (MPN) providers was a key element of the 2004 California Workers Comp (W/C) reform legislation and became effective January 1, 2005. Many clients have not really implemented a MPN--we wish to provide more information on this matter. The MPN allows employers to be more proactive and exercise control over their work related injuries and hence reduce the costs related to injuries at the workplace.

**What Does MPN Do For You?** MPNs work in a similar fashion to HMOs in the healthcare industry. Just like in an HMO, where a sick employee must seek coverage from a physician under the HMO, an injured employee must seek treatment from a physician under the MPN. An MPN is an entity or group of health care providers set up by an insurer or self-insured employer and approved by DWC's administrative director to treat workers injured on the job. Under state regulations, each MPN must include a mix of doctors specializing in work-related injuries and doctors with expertise in general areas of medicine. MPNs are required to meet access to care standards for common occupational injuries and work-related illnesses. The regulations also require MPNs to follow all medical treatment guidelines established by the DWC and allow employees a choice of provider(s) in the network after their first visit. Injured employees can be covered by an MPN set up by the W/C carrier or the self insured.

The coordination between the MPN, insurance company, and the employer brings improved cost management and better efficiency. In certain circumstances, well known to many employers, the MPN prevents an injured employee from shopping around for an opinion stating exaggerated claims and unwarranted expensive medical procedures. An employee is allowed to change physicians within the MPN, and even obtain referral to specialists. In summary, cost containment and efficiency are the main drivers for employers to elect MPN.

**Affirmative Election:** As an employer, you must take affirmative steps to implement an MPN. Else, an employee can choose a physician of his/her choice for treatment. Many times, this free choice of physician results in prolonged treatment that is much more expensive than would normally be warranted under the circumstances, not to mention the fact that the injured employee gets extended period of disability time, further adding to the costs of the claim. MPN gives you better control and hence the

obvious choice of many employers. If you wish to implement an MPN, contact your insurance company/broker immediately and take steps as directed by them. Some steps that you must undertake are as follows:

1. MPN brochure from the insurance company is provided as follows:

a. All employees, 30 days prior to MPN implementation or MPN change

b. New employees at the time of hire

c. Employees reporting injury at the workplace

2. Ensure employee receives treatment from MPN within 3 business days. Please note that in the event of an emergency that requires treatment, especially at a remote location, the injured employee should be referred to a nearby medical service provider or hospital.

3. Report injury to the claims reporting center of your W/C insurance provider within 24 hours after you learn of an injury or within an agreed upon time frame within statutory limits.

Note: The steps listed above must be followed whenever you change your W/C insurance provider.

**Predesignate & Opt-Out Provisions:** Employees may pre-designate their personal doctor of medicine (M.D.), doctor of osteopathic medicine (D.O.), or a medical group to treat them for a workplace injury or illness if: the employer offers group health coverage; the doctor has treated the employee in the past and has their medical records; prior to the injury the doctor agreed to treat the employee for work injuries or illnesses and; prior to the injury the employee provided the employer with notice of the pre-designation in writing, along with the personal physician's name and business address. The MPN brochure discussed earlier must have the predesignate form. One reason this predesignate was put into effect was to ensure employee receives continued treatment from the physician for a preexisting injury. For example, if an employee is getting treated for a back injury from a physician and then the employee falls off a ladder at work, the employee would rather seek treatment from the predesignate who understands the background of the case and the treatment procedures rather than getting a new physician under the MPN and starting from ground zero.

**Mandatory Postings:** MPN or no MPN, California law requires that two postings related to W/C be placed on the employee notice board. These postings are currently present in many Labor Law posters such as those available from NCMDA or California Chambers of Commerce. These postings are as follows:

**1. Facts About Workers' Compensation:** Basic information about coverage, benefits and medical care under the workers' compensation program. Approved by the Administrative Director of the Division of Workers' Compensation for complying with statutory provisions of Labor Code Section 3551 and California Code of Regulations Sections 9880 and 9883 (Spanish), which require employers to furnish all new employees with state-approved, written notice of their right to workers' compensation benefits. Includes physician pre-designation form and other AB 749 elements required as of 01/01/03, information on SB 228/AB 227 changes that took effect 01/01/04, and changes under SB 899, enacted in April 2004.

**2. Facts For Injured Workers:** Information explaining coverage, the nature of benefits and how they are secured, the medical treatment system and what to do if a problem arises. Designed to provide written information to injured workers about their rights and obligations under California workers' compensation, information given in this brochure is beneficial as it informs employees about their rights under W/C. Ill informed employees have a tendency to approach lawyers regarding their claims even if they have been rightfully provided with benefits. This in turn increases the cost of the claim. The details of the physician or in the case of the MPN must be filled in the spaces provided by the employer.

We at CSI believe that this is a win-win situation for both employers and employees. Employers using an MPN can keep claim costs lower and hence keep insurance rates down. Injured employees can get efficient treatment within the MPN pool with a broad range of physicians and specialists. Some carriers have had an MPN available for a few years. Others are starting to get their act together now. Employers must keep availability of an MPN in the selection criteria when choosing a W/C insurance provider.

The information provided above is very general in nature. Detailed information and legalese on implementation procedures must be obtained from the carrier and closely followed.

Authority Cited: California Code of Regulations Title 8 Section 9767

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