

# MCO vs TPA

## What are these?

### OVERVIEW

Do you know the difference between an MCO and a TPA? Do you even know what MCO and TPA stand for? If not, you're not alone. This guide will help you distinguish between the two and understand their role in the Ohio workers' comp system.

*Read More >>*



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## Did you know...

With assets of approximately \$29 billion, **the Ohio BWC is the largest state-fund insurance system in the U.S.**, providing insurance to more than 253,000 Ohio employers.

Active employers: 253,106

State-fund claims filed: 104,997

Medical benefits paid: \$615,544,209

Compensation paid: \$1,033,055,714



Statistics as reported in BWC FY2015 annual report

## INTRODUCTION

As an Ohio employer, you are required to provide coverage to your employees in case a workplace injury occurs. Ohio is one of only four monopolistic states for workers' compensation. In other words, in these states, private insurance companies are not allowed as there is special legislation that requires workers' compensation coverage be provided exclusively by that state's designated program. In Ohio, employers must abide the Bureau of Workers' Compensation (BWC) coverage requirements.

Three key parties in the Ohio workers' compensation system discussed in this guide include:

### 1. The Bureau of Workers' Compensation (BWC)

**Defined:** The State of Ohio government agency responsible for Ohio's workers' compensation system.

**Simplified:** BWC provides workers' compensation coverage.

### 2. Managed Care Organizations (MCOs)

**Defined:** Network of private companies through which BWC coordinates health-care services to injured workers.

**Simplified:** MCOs ensure injured *employees* receive proper care and acts as a liaison between the injured worker, treating providers, and employer.

### 3. Third Party Administrators (TPAs)

**Defined:** Private service providers, hired by Ohio employers to navigate the workers' compensation system and help keep premium costs as low as possible.

**Simplified:** TPAs help *employers* control workers' compensation costs.

Employers are required to select an MCO, or the BWC may assign one to them. TPAs, on the other hand, are not required and each employer can decide if they want to hire a TPA.

The easiest way to remember the difference between an MCO and TPA is that the MCO focuses on proper care and oversight for injured *employees*, while the TPA focuses on the impact of claim costs for their clients (*employers*).

*NOTE: The other monopolistic states are North Dakota, Washington, Wyoming*

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## Sheakley's TPA services include:

- Workers' comp rate management
- Group rating program administration
- Individual and group retrospective rating program administration
- Assistance with the entire adjudication process
- Claim investigation
- Comprehensive *Plan of Action* for claims
- Securing reimbursement for handicap (pre-existing) conditions
- Settlement of claims
- Safety consultation and training



**Sheakley group programs have saved employers more than \$2.2 billion since 1992.**

## THIRD PARTY ADMINISTRATOR (TPA)

Helping employers manage claims and control costs.

All TPAs help their clients minimize the impact of claims on premium rates. However, not all TPAs provide the same services. For example, Sheakley has an in-house Safety Team available to clients, but not all TPA service providers do.

TPA service providers assist employers in understanding the BWC's system and implementing cost saving strategies. This can be through group savings programs like group rating and group retrospective rating, assistance implementing BWC programs like Grow Ohio initiatives, and claims management.

The TPA represents client employers with the BWC and provides clients with insight on the financial impact of claims as well as the options the employer has to address the claim. For example, Sheakley representatives evaluate reasonable settlement figures, project business rate changes, assist with audit analyses, provide group savings opportunities for employers, attend Industrial Commissions hearings, and provide training services and seminars. With 294,326 active claims in Fiscal Year 2015 reported in the BWC Annual Report, there are many opportunities for employers to save through strategic claims management.



**A strong MCO-employer partnership helps**



**injured workers receive the treatment they need to get back to work**



**as safely and quickly as possible.**

Sheakley provides MCO services through Sheakley UniComp.



## MANAGED CARE ORGANIZATION (MCO)

Helping injured workers get the care they need to get back to work quickly and safely.

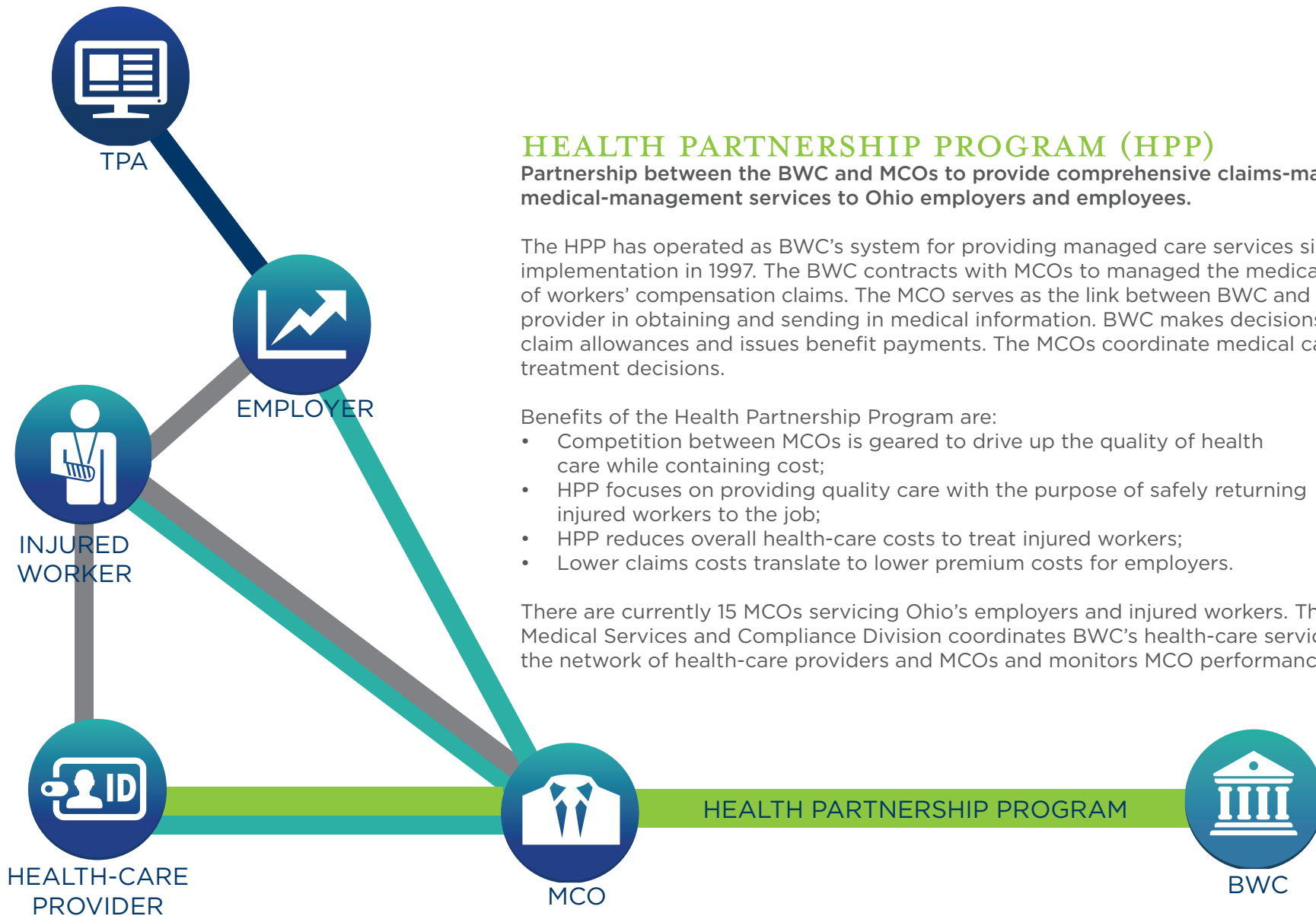
The MCOs are private companies selected by or assigned to each state-funded Ohio employer to medically manage an injured employee's workers' compensation claim. BWC makes decisions regarding claim allowances and issues benefit payments. The MCOs coordinate medical care and make treatment decisions.

The MCO is designed to receive initial data about claims, forward the information to the BWC, and begin the process of "medical management" which includes but is not limited to:

- Obtaining medical records;
- Obtain light duty restrictions from physicians;
- Assist employers with light duty job opportunities;
- Detect fraud;
- Pay physician bills;
- Provide a network of BWC certified physicians;
- Pre-approval of specialist referrals and surgeons;
- Employer education;
- Claim Activity reports and Outcome reports.

MCOs generate indirect savings to employers by assisting with prompt medical treatment and focusing on safely returning injured workers to their job. By reducing the number of days lost by coordinating information with all parties to the claim, the total cost of the claim can be reduced. Ultimately, the lower the cost of the claim, the less it may impact an employer's workers' comp premium.

A new employer has 30 days to select an MCO after receiving their BWC New Employer Kit, or the BWC may assign an MCO to them. Employers can only change their MCO during "Open Enrollment," held every two years on the even years. Open Enrollment for 2016 is May 2 - 27, and the next Open Enrollment will be in 2018.





*Our spire is a well-known architectural detail of our headquarters in Cincinnati, Ohio. Our building began in 1950 as a Catholic mission organization, called the Glenmary Home Missioners. The mission remained here until 1971 when they sold the property. More than 20 years later, Larry Sheakley purchased the property and began restoration. To this day, the spire serves as a symbol of our strength, our history, and our values.*

## ABOUT SHEAKLEY

Sheakley is a privately held provider of human resources outsourcing that believes in the limitless potential of people — those within our company, as well as those within the companies we serve — and our reputation for reliable excellence is the direct result of the quality of the people with whom we work.

As the human resources people, Sheakley is dedicated to recognizing and meeting the growing needs of employers. We provide comprehensive HR support; payroll and taxes, workers' compensation, safety/risk management, benefits management, and HR efficiencies and guidance, from hiring and retaining employees, to managing post-employment issues when they have moved on. Sheakley is a nationally recognized leader in the industry, representing more than fifty thousand employers because we afford our clients the freedom to focus on their core business.

Here are a few more things about us.

- We were founded in 1963 by the Sheakley family, who still owns the company.
- We believe that people are the key to any business, including ours. Our reputation for excellence and reliability are the direct result of our people.
- We make the complicated, ever-changing landscape of HR management simple for our clients.
- We believe in technological innovation, particularly when it improves peoples' lives. People are the REASON for technology.
- Finally, there isn't an HR challenge we can't solve if we sit with our clients and talk about it. That's why we say with Sheakley, **it's done.**