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## **Administrative Firm and Its Data Provider Keep Ohio's Workers' Comp Program Operating Smoothly**

*By Gary N. Bowen, Business Writer*



In 1996 CareWorks, a Dublin, Ohio-based managed care organization (MCO) for more than 150,000 of the state's employers, saw a tremendous growth opportunity, courtesy of a recent piece of state legislation that privatized the medical management of claims within a state-run monopoly, the Ohio Bureau of Workers' Compensation (BWC).

"Basically, the state decided to outsource its administration of Workers' Comp managed care," says Rich Poach, president and chief operating officer of CareWorks.

But CareWorks, then a new firm, knew it had a very limited window of opportunity. And the young firm's cupboard was essentially bare when it came to putting together a hosted Electronic Data Interface (EDI) for case management and bill payment, not to mention a staff to manage, modify, and support it, two things Ohio BWC required of its new managed care partners.

"We knew that outsourcing was our only avenue," confesses Poach. "And we had to do it quickly."

"Outsourcing more of this kind of work to third parties is a growing trend in many states," notes Mary Scott Nabors, president of Strategic Partnerships, a group that monitors and facilitates such relationships. "There is less government interest in supporting business processes and more interest in privatization as cost constraints are pressuring all state budgets to cut the fat and outsource in their own state when possible."

Little did Poach and his fellow executives know that their outsourcing provider, Antares Management Solutions of Westlake, Ohio, would not only help them get the state's business, but keep it for over 11 years. Outsourcing spurred significant growth for CareWorks to the point that it is now one of the largest providers of workers' comp services in the United States. Today it provides medical management services for workplace injury claims currently valued at more than \$700 million in annual workers' compensation premiums.

What's more, outsourcing has saved the firm a tremendous amount of money over the life of this outsourcing engagement.

## **Tapping an outsourcing provider with deep experience**

Antares is a business division of Medical Mutual Services, LLC, a subsidiary of Cleveland-based health insurer Medical Mutual of Ohio, which has been in business since 1934. Medical Mutual's business divisions provide a wide variety of administrative and information technology services for life and health insurance firms such as call center, premium and billing services, commissions processing, underwriting, in-force policy management and claims processing.

Antares seemed the most logical choice for CareWorks, according to Poach. "With this being a start-up for the Ohio BWC, speed to market was essential," he says. "We needed a new system for case management and medical billing. Someone had to build us a back office and a data center. The supplier had to enable us to get certified and then work with us through projected modifications as BWC would certainly want to refine our processes over time."

"It was in our wheelhouse," says Sandie McCulloch, Antares' Account Manager for CareWorks. "We have deep experience in developing EDIs and the proper case management background to help create one that was unique to CareWorks' needs. In addition, we had the back-office staff to help manage and maintain it, including a 24x7 help desk."

And the provider's experience in doing business with the state of Ohio on hospital bill pricing and other IT and support practices was a tipping point for CareWorks, as its history suggested it could provide the quick speed to market that CareWorks needed.

Antares took an existing case management model and modified it for CareWorks' specific needs. Case managers access the system via the Internet. "We process over 80,000 medical bills each month with this system and manage over a million different claims," says Poach, who adds that the beauty in Antares is its ability to expand. "Its technology and support are scalable," he notes. "As our engagement with the BWC has grown, our provider has proven to be a partner who can grow with us."

Poach notes that he's been very impressed with the data center facility's back-up and redundancies. "It's something we can confidently leave to them and not worry about investing in back-ups or the employees to manage it."

And although Poach has no "non-outsourcing" experience to compare with when it comes to savings, he realizes with Antares he's saving money in the number of employees, and the IT hardware, software, and processes that CareWorks doesn't have to invest in. "I couldn't hazard a guess on the actual savings," he says, "other than it's quite significant."

## **Consistency, compatibility create stability for Ohio BWC**

Over the past 11 years, modifications to the BWC managed care program have come often. There have more than a few discrete, state-mandated administrative rules changes for managing the data as well as several new requirements for handling EDI transactions, reporting, managing claims, or paying the bills.

And though such situations can cause problems, the pressures of cooperatively fulfilling the state's new edicts don't create mountains out of molehills, even though all sides agree that sometimes a molehill or two does pop up.

"It's about the people being able to relate and work out things along the way," says McCulloch about how both partners smooth out those rough patches. "And over time, our growing familiarity with CareWorks's problem-solving approach has helped us understand its view of the solution, which turns out to be similar to ours."

"This is certainly not a static relationship," adds Poach. "So whenever changes to the program are necessary, we both rely on our success to date and our similar cultures and views of how things should work to get us through the rough spots."

He notes that he has renewed the contract with Antares several times because of "the mutual value we both see" in the relationship. "Our mission is to build long-term relationships with our customers, and Antares shares a similar philosophy," Poach concludes.

"Everybody is looking at their particular organization and what it needs to do to succeed, not only now but in the future," says Tom Campanella, director of the Health Care MBA Program at Baldwin-Wallace College in Berea, Ohio. "Any company that has gone through both good times and bad times will look at what it can do to even that out."

By outsourcing its Ohio BWC technology support and service needs, CareWorks is free to focus on its primary functions. "This enables us to focus our expertise on our core, which is healthcare," Poach concludes.

Since Ohio BWC has certified CareWorks as an approved managed care company for 2008, that's all the confirmation Poach needs to know that his outsourcing relationship is on solid ground.

***Lessons from the Outsourcing Journal:***

- State agencies are outsourcing more back-office services to private firms, with favor going to providers that are located in state.
- Antares's data management speed to market and technology expertise enabled the start-up CareWorks to win and keep its back-office outsourcing contract with Ohio's Bureau of Workers Compensation (BWC).
- The now 11-year relationship has produced a solid foundation that has seen them through the many Ohio BWC-mandated changes over the years with few problems.