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[Workers' Comp](#)

# Back to the Basics: Cost Control and the Role of Precertification and Utilization Review in Workers' Compensation

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3 MIN READ

[Jackie Payne](#)

Medical expenses, now averaging well over 60 percent of average claims costs,<sup>1</sup> represent a significant impact on an employer's workers' compensation total cost of risk. This trend isn't going away soon, as this average is expected to climb even higher in the coming years. Contributing to the climb are expenses incurred for treatment that are unrelated to an injured workers' injury. While unnecessary medical treatment could occur for a number of reasons, there are ways to combat these associated expenditures and ensure patients receive quality care needed to treat their condition. Utilization review, starting with the precertification, presents an effective method in the defense against rising medical costs.

## What Is Utilization Review?

[Utilization review](#) is the process of reviewing medical services for the purpose of monitoring the quality and appropriateness of care. Using nationally recognized treatment guidelines, a utilization review may assess the medical provider's proposed or delivered treatment plan, the duration of care, the scope of services, the specific injury and other claim and patient factors to measure the effectiveness of the medical services. Normally, these reviews are done prior to the service being performed (prospective review), however utilization review can also be done during the course of treatment or hospital stay (concurrent review), and even after the service has been provided (retrospective review).

## What is Precertification Within Utilization Review?

One of the most important parts of the medical management utilization review [process in a workers' compensation claim](#) is the **precertification process for treatment**. At the most basic level, precertification determines the medical necessity of the medical services. Depending on the outcome of that determination,

precertification is the process in which a workers' compensation carrier either pre-approves—or denies—medical procedures or treatments before the procedure or treatment is rendered and paid for.

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**Both utilization review, and precertification are normally conducted by a clinical professional.** We typically see registered nurses (RN) employed by the carrier performing this duty. If the RN determines that the medical treatment or procedure concurs with the injury, the treating physician is notified of the approval and treatment is rendered. However, if a potential denial is determined, precertification allows the medical providers on the claim to discuss alternative best options for the injured worker. Precertification and utilization review provide an early detection of red flags and treatment issues on a claim, which then helps to define where to navigate the claim next. This ultimately helps drive costs down as it prevents unnecessary medical care that delays the injured worker's recovery. **Now, while utilization review and precertification can help eliminate unnecessary medical expenses, there are other important benefits, including providing injured workers with the best medical options for recovery.** What most don't realize, or more correctly, probably realize and don't discuss too often, is the reality that these two methods of utilization review are first, and foremost, more than a means to control costs. The underlying core and purpose of utilization review is making sure that the injured worker on a claim receives quality care, which means the treatment rendered is

1. Appropriate, and
2. Medically necessary

If we re-focus precertification efforts on the aspects that ensure that [injured workers](#) are the most important stakeholder, then we will see more successes in the future of utilization review. Utilization review and precertification ensures that the injured worker receives treatment that is medically required. Often, it protects the injured worker from unnecessary medical procedures and it gives the insurer the opportunity to verify the medical procedures requested by the treating physician meets the accepted treatment guidelines for the injury that will ensure optimal recovery.

<sup>1</sup>[http://www.lockton.com/whitepapers/Workers\\_Comp\\_Medical\\_Bill\\_Review.pdf](http://www.lockton.com/whitepapers/Workers_Comp_Medical_Bill_Review.pdf)



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