Office of Risk Management

March 22, 2004

Philip B. Dendy
Director,
(512) 499-4578

The Honorable Jane Nelson
State Senator
State Capitol, Room 1E.3
P.O. Box 12068
Austin, Texas 78711-2068

Dear Senator Nelson:

As requested during the February 26th hearing of the Senate Select Committee on Workers' Compensation Insurance, we are responding to your question regarding how many of our claimants saw a doctor participating in a Preferred Provider Network Organization (PPO). The following table provides a summary of the PPO provider totals for the past three years. The cost savings for 2003 are lower in comparison to 2001 and 2002 as these claims continue to mature.

Summary of PPO Provider Totals			
	2001	**2002**	**2003**
Number of Claims	2,297	2,197	2,042
Number of Claims using at least one PPO provider	975	885	595
Percentage of claims using PPO providers	42%	40%	29%
Total number of bills	28,908	22,267	12,819
Number of bills with PPO provider discount	5,443	5,207	2,846
Percentage of bills with PPO provider discounts	19%	23%	22%
Number of PPO providers	1,873	1,540	845
Total PPO savings	**$125,991**	**$98,327**	**$46,462**

Our current PPO provider is National ChoiceCare (NCC). NCC has worked to create a highly focused group of providers that primarily treat occupational injuries. NCC also monitors the provider's delivery of appropriate and effective care, balanced billing, and use of network referral.

Should you have any other questions, please feel free to give me a call.

Sincerely,

Phillip B. Dendy
Director, Office of Risk Management

PBD:blc:iaz

c: Senator Todd Staples
Mr. Randy Wallace
Mr. Javier Garza
Mr. Roger Starkey
Mr. Paul Pousson