

## **Exceptional Outcomes Through Continued Growth**

The latest study<sup>1</sup> by an independent actuarial firm demonstrates superior clinical and long-term savings outcomes from Paradigm Catastrophic Care Management.

Although relatively rare, catastrophic workplace injuries have a life-altering impact on everyone involved, from injured workers and their families to their employers and community members. Working toward the best possible outcome in these cases not only improves the lives of individual workers, but everyone supporting them. Due to the highly complex nature of these cases, Paradigm continues to produce impressive clinical and financial results beyond conventional case management industry standards.

Through a focused approach built on close relationships with specialized providers, an unparalleled team of clinical experts, and evidence-based practices backed by comprehensive data, Paradigm strives to deliver outcomes that provide tangible improvements for all parties. To determine whether these results are being achieved requires diligent and objective measurement from outside organizations. To this end, Paradigm, a national medical management company focused exclusively on catastrophic and complex injuries, retained an independent actuarial and consulting firm to determine the positive impacts on return to work as well as the financial outcomes for these acute catastrophic cases.

The independent study, which closely examined a sample of Paradigm-managed cases over the last seven years, determined that Paradigm continues to outperform industry benchmarks. This includes achieving 32% lower lifetime medical costs and return to work outcomes nearly six times better than industry standards.

Paradigm's unique Systematic Care Management<sup>SM</sup> model incorporates an expert-driven approach to monitor and coordinate care delivery, along with nearly 30 years of deep proprietary data. The company manages acute catastrophic injuries from the date of loss until a guaranteed clinical outcome is achieved, typically 26 months after the injury. Paradigm's methodology delivers a proven approach to value-based care that seeks to maximize an injured worker's functional status and independence, while simultaneously reducing long-term financial exposure.

### **Study Methodology**

The study examined medical and indemnity spending for acute-onset catastrophic cases with diagnoses of acquired brain injury (ABI), spinal cord injury (SCI), multiple trauma, severe burn injuries, and amputation.

Starting with 593 cases Paradigm completed between 2013 and 2020, the study compared the results of Paradigm's medical management against the projected industry outcomes (without Paradigm's intervention). These cases were selected based on the following criteria:

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<sup>1</sup> Blais, A. (2020). Complex and Catastrophic Workers' Compensation Claims Cost Analysis. Milliman.

- Injury date was incurred in 2013 or later
- Paradigm contract was completed prior to September 1, 2020
- The claim was not included in a prior study
- The original injury was catastrophic or complex in nature

For the comparison set, the study relied on a Pre-Paradigm Contract review of each claim. The Pre-estimate, representing the industry set of claims, was a case reserve estimate of the total costs for life of the claim, assuming industry-standard claim handling practices without Paradigm managing the medical aspects of the claim. The Post-contract review estimates for the total cost of the claims, representing the Paradigm set of claims, are inclusive of paid dollars through Paradigm's contract, as well as projected future claim costs after Paradigm's contract concludes.

Using the larger set of Paradigm claims, and comparing Pre- and Post-Paradigm costs on the same claims, allowed for a more detailed analysis, with the ability to group claims by a larger set of categories, including:

- **Injury complexity:** Paradigm evaluates the complexity of a claim on a scale of 1 to 6 before taking on medical management
- **Outcome:** Cost breakdowns can vary, depending on whether the injured person returned to work, was medically released to return to work, or was integrated back into their community
- **Injury type:** Grouped by ABI, amputation, burn injury, multiple traumas, other, and SCI, the type of injury can have varying effects on cost and outcome
- **Age:** A worker's age can significantly affect recovery time and return to work
- **Jurisdiction:** Different states have different wage/indemnity benefits and medical costs
- **Location:** Urban areas can have greater access to specialized care and a larger job market to facilitate return to work; lack of access to the same can create challenges for rural claims

In the study, estimates are presented on an undiscounted basis with regard to the time value of money. The estimates do not include legal or allocated loss adjustment expense costs that may incur over the course of a workers' compensation claim.

## Results

The study observed that cases managed by Paradigm resulted in significantly improved clinical and financial outcomes compared to estimated cases overseen using conventional case management approaches. Specifically, Paradigm cases achieved lifetime medical savings of 32% and nearly six times higher return to work rates than non-Paradigm catastrophic/complex industry claims.

## Medical and Indemnity Cost Comparison

The study evaluated the total incurred medical and indemnity costs on the 593 claims in the analysis and compared the results of Paradigm's medical management on the claims versus projected outcomes against the anticipated industry outcome on the claims. The study found

that Paradigm's care management realized an estimated 32% savings on medical incurred costs. This averages \$1.2 million per claim for the claims reviewed. Despite the challenges of catastrophic injury severity and jurisdiction benefit, the study found that Paradigm's medical management was still able to reduce the estimated incurred indemnity costs by 12% over industry estimates.

All cost evaluations were subdivided by year, complexity, outcome level, injury type, age, jurisdiction, and location. The study found consistent cost savings across all categories, with a particular highlight being strong performance for Paradigm among rural cases, which consisted of 39% total medical cost savings over the comparison group. The study noted Paradigm's capability to work with injured rural workers and their families quickly as well as its ability to ensure that specialized care providers are involved in the case from the onset of the claim whenever possible. The expertise, guidance, and partnership the organization is able to give local providers in this often-underserved segment is significant, and a major factor in these impressive results.

The consistent findings reinforce the assertion that Paradigm's integrated, comprehensive approach to catastrophic care management reliably and repeatedly yields both better clinical results and lower lifetime costs.

## **Return to Work**

For all involved parties, returning an injured worker to some form of active or restricted duty constitutes the primary goal of treatment. In addition to being associated with higher long-term physical and behavioral health prospects, it is also associated with reduced costs over the life of the claim. However, the nature of catastrophic claims makes actual return to work a challenge, and often unattainable.

Paradigm strives for community integration and return to work on all cases where reasonably feasible for the severity of the injury. Paradigm also makes a concerted effort to obtain return to work opinions from highly credentialed doctors who are independent from Paradigm, the employer, and the insurance company. The study verified that, among Paradigm cases, 65% were released to return to work, and of those, 40% actually did. This result is almost six times higher than the industry benchmark of less than 7%.

## **Paradigm Impact**

Paradigm's incorporation of clinical experts; up-front, outcome-focused care planning; data analysis; and guaranteed outcomes is essential to achieving optimal financial and clinical results. This approach was proven to be effective across a broad range of cases, cutting across age, industry, location, injury type, and complexity.

The Paradigm model is based on assigning each injured person an integrated team led by a nurse case manager or Paradigm Network Manager; and a physician or Paradigm Medical Director. This team coordinates care and supports the recovery process by applying decades of experience and clinical data drawn from a base of more than 17,000 completed Paradigm cases. The consultative team regularly interfaces with other medical experts, a Paradigm

Community Support Specialist, and a Paradigm Director of Clinical Services, with the overriding goal of connecting injured workers and their families with the most experienced specialists and leading medical facilities available.

“In my years with Paradigm, I have always been proud of our dedication to a patient-centric care model,” said Paradigm Chief Medical Officer, Michael Choo, MD. “This new study once again backs up the effectiveness of our Systematic Care Management approach with a robust set of claims data and analysis. I’m thrilled to see that an evidence-based approach, based on strong clinical relationships, can truly deliver proven results for injured workers, their families, and their employers.”

## Conclusion

The 2020 study underscores Paradigm’s continued ability to significantly outperform the industry in both clinical and cost-savings outcomes. Paradigm continues to show strong savings potential on long-term medical claim costs for catastrophic and complex workers’ compensation claims, with average medical incurred cost savings of 32% across the seven years of the study. The Paradigm approach to returning injured workers to the job now yields a nearly six times higher return to work rate than the industry standard. The company’s comprehensive approach addresses clinical, psychological, and social conditions resulting from the catastrophic injury, which ultimately offers a systematic means for ensuring that all the components of care are delivered efficiently and in a timely fashion throughout the guaranteed outcome.

## Background

To request a copy of the full study, visit <https://www.paradigmcorp.com/catastrophic-care-management/milliman-study>. For more information, email [catastrophic@paradigmcorp.com](mailto:catastrophic@paradigmcorp.com).

## About Paradigm

For almost 30 years, Paradigm has been the industry leader in solving catastrophic and complex health care challenges and improving lives. With the most connected and experienced team in health care, we define and deliver outcomes that exceed our clients' expectations, while helping our injured workers recover and thrive.

Paradigm delivers its solutions through three divisions: Catastrophic Care Management, Complex Care Solutions, and Specialty Networks. The Paradigm divisions are built on expertise from six best-in-class businesses: Paradigm Outcomes, The ALARIS Group, Encore Unlimited, Restore Rehabilitation, ForeSight Medical, and Adva-Net. Founded in 1991, Paradigm is headquartered in Walnut Creek, California with offices across the U.S. For more information, please visit [www.paradigmcorp.com](http://www.paradigmcorp.com).