WellRithms 2026

Medical overbilling costs payors and patients billions of dollars every year.

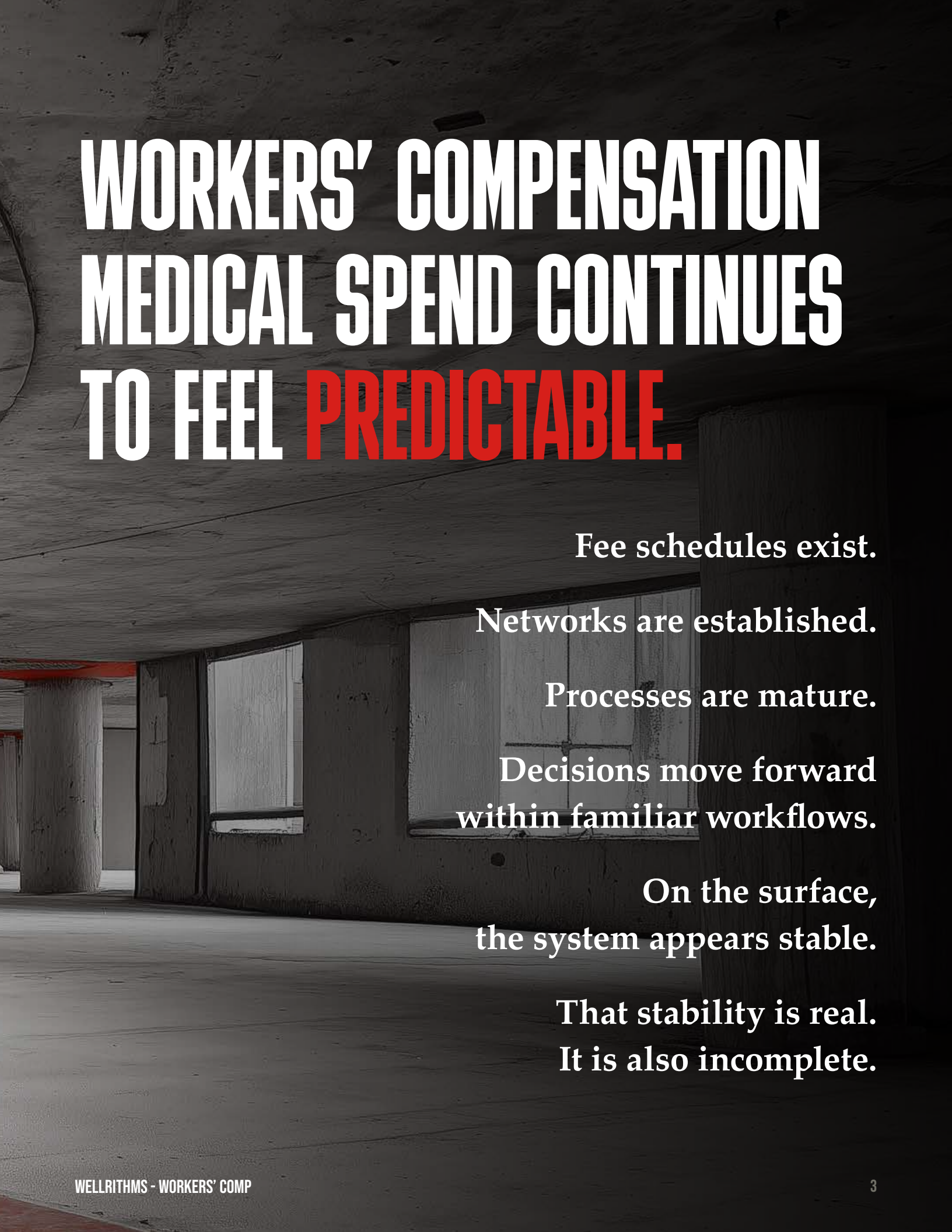
WellRithms™

# WORKERS COMP

## MARKET OVERVIEW

**PREPARED FOR EMPLOYERS, CARRIERS, TPAS, & CLAIMS LEADERS**

**WELLRITHMS' INDEPENDENT MEDICAL PAYMENT VALIDATION ENSURES** ACCURACY AND DEFENSIBILITY BEFORE PAYMENT.



# WORKERS' COMPENSATION MEDICAL SPEND CONTINUES TO FEEL PREDICTABLE.

Fee schedules exist.

Networks are established.

Processes are mature.

Decisions move forward within familiar workflows.

On the surface, the system appears stable.

That stability is real. It is also incomplete.

# TO UNDERSTAND THE CURRENT STATE OF WORKERS' COMPENSATION

## THE DESIGN PRINCIPLES THAT SHAPED TODAY'S WORKERS' COMPENSATION SYSTEM

Workers' compensation was designed to prioritize consistency, compliance, and closure. State-specific rules, long-standing partners, and deeply embedded systems create confidence that medical reimbursement decisions are largely governed and predictable.

- Medical reimbursements move through established channels.
- Claims close.
- Disputes are addressed when they arise.
- Friction exists, but it tends to feel contained.

As a result, many organizations operate with the assumption that reimbursement risk is largely managed through compliance with fee schedules and established controls, rather than through ongoing validation of accuracy and defensibility.

**THE SYSTEM WORKS AS DESIGNED. PREDICTABLE, COMPLIANT, AND LARGELY CONTROLLED**

# WHERE PRESSURE SHOWS UP OPERATIONALLY

## AS MEDICAL CARE GROWS MORE COMPLEX, PRESSURE INCREASINGLY SHIFTS DOWNSTREAM.

**Claims teams** spend more time responding to provider pushback and reconsiderations. Escalations occur later in the process, when options are narrower. Legal resources are drawn into pricing disputes rather than higher-value legal work.

**In many cases,** questionable charges are allowed through not because they are clearly correct, but because challenging them feels disproportionate to the immediate operational cost.

**This keeps** workflows moving. It also allows misalignment to persist inside otherwise functional systems.

**The issue** is not effort or intent. It is a growing mismatch between medical complexity and the tools designed to manage it.

# STRUCTURAL EXPOSURE INSIDE OTHERWISE "NORMAL" PROCESSES

Medical overpayment in workers' compensation rarely stems from obvious error or poor performance. More often, it exists within standard workflows optimized for speed, consistency, and administrative closure.

Even well-run programs with experienced teams and trusted vendors can experience persistent leakage because certain bills and scenarios exceed what traditional controls were designed to validate.

## WHY THIS IS STRUCTURAL

Many reimbursement systems were built for predictability, not nuance. Fee schedules establish allowability, not clinical or billing accuracy. Networks confirm participation, not appropriateness.

Automation enforces rules, not intent.

As medical bills become more complex and variable, the gap between technical compliance and true defensibility widens quietly.

Understanding this structural gap is essential before attempting to resolve its consequences.

# WHY TRADITIONAL CONTROLS FALL SHORT

Most workers' compensation cost-containment strategies were designed for a simpler billing environment.

Fee schedules, networks, and automated edits introduced consistency and efficiency at scale. For many years, that was sufficient.

Today, those same tools are being asked to manage medical bills that are larger, more complex, and more scrutinized than they were ever intended to handle.

## THE MOST COMPLEX BILLS MAY RECEIVE THE LEAST CONSISTENT SCRUTINY

## THE LIMITS OF THE STATUS QUO

### FEE SCHEDULES VALIDATE ALLOWABILITY, NOT ACCURACY

They confirm what may be paid, not whether services were billed correctly, supported clinically, or appropriate in scope.

### AUTOMATION PRIORITIZES CONSISTENCY OVER CONTEXT

Rules-based systems are effective for known patterns, but they struggle with nuance, intent, and exception-driven scenarios.

### HUMAN INTERVENTION DOES NOT SCALE EVENLY

Human judgment adds critical value, but it is often applied selectively due to time and cost constraints. As a result, the most complex bills may receive the least consistent scrutiny.

### POST-PAYMENT RESOLUTION FORFEITS LEVERAGE

When questionable charges are addressed after payment, validation becomes negotiation, increasing administrative burden and dispute risk.

**The result is not disorder.**

It is predictable exposure embedded within compliant processes.

# WHERE OVERPAYMENT HIDES

## INPATIENT AND SURGICAL COMPLEXITY

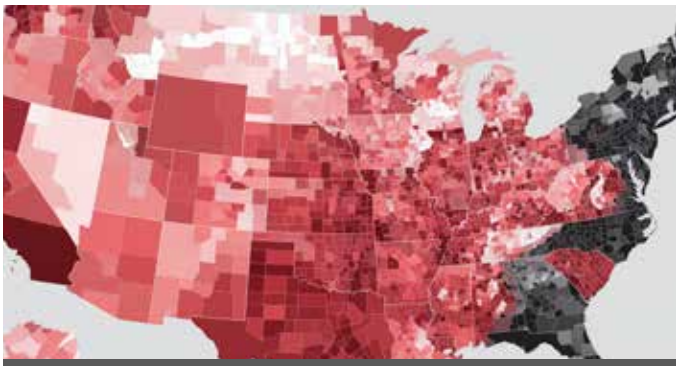
Large inpatient and surgical bills often comply with fee schedules while still containing unsupported services, incorrect bundling, or clinically questionable assumptions.

When bills are itemized and high dollar, small inaccuracies compound into material financial impact.

## OUT-OF-NETWORK AND ATYPICAL CARE

When care falls outside standard network or fee schedule scenarios, pricing decisions rely more heavily on benchmarks and assumptions.

These approaches provide consistency, but they lack the precision required when scrutiny increases.



## JURISDICTIONAL VARIATION

Workers' compensation operates state by state. The same service can carry different interpretations and exposure depending on jurisdiction.

Compliance with local rules does not guarantee defensibility across scenarios.

## PROVIDER DISPUTES & POST-PAYMENT ESCALATION

Providers understand where resistance is likely and where it is not. Disputes often surface only after payment, when leverage is reduced and resolution becomes more costly.

Most overpayment is not obvious.
It exists between systems, rules, and clinical nuance.

Overpayment in workers' compensation rarely originates from a single failure point. It emerges across specific payment categories where standard controls prioritize flow and closure over precision.

# WHAT A MODERN APPROACH REQUIRES

Medical reimbursements are not monolithic. Each line item represents a discrete service, charge, and clinical decision.

A modern approach to workers' compensation reimbursement recognizes that a small subset of complex, high-dollar bills drives a disproportionate share of risk.

These cases require principles designed for precision, not just efficiency.

1

## PHYSICIAN-LED DECISION MAKING

Complex medical bills require clinical context. Physician oversight adds judgment where automated logic cannot.

2

## DEFENSIBLE PRICING STANDARDS

Payment decisions must withstand scrutiny. Transparent, supportable pricing reduces dispute risk and administrative drag.

3

## AUTOMATION PAIRED WITH HUMAN REVIEW

Technology enables scale. Human expertise adds discernment. Both are necessary to manage complexity effectively.

4

## DISPUTE READINESS BY DESIGN

Preparing for disputes before payment reduces friction and shortens resolution timelines.

# HOW ORGANIZATIONS PUT THIS THINKING INTO PRACTICE

Most workers' compensation organizations do not overhaul their entire claims process at once.

Instead, they introduce precision where exposure is highest, layering specialty oversight into existing workflows.

## COMMON STARTING POINTS INCLUDE:

- High-dollar or high-complexity medical reimbursements
- Scenarios with elevated dispute frequency
- Categories where post-payment escalation is common

This approach improves accuracy and confidence without disrupting operational flow.

# "...SHOWS UP AS CONFIDENCE."

# WHAT SUCCESS LOOKS LIKE

Success in workers' compensation does not show up as a single metric. **It shows up as confidence.**

- Confidence that payment decisions are correct.
- Confidence that pricing will hold up under scrutiny.
- Confidence that disputes are the exception, not the norm.

When that confidence is present, organizations spend less time defending decisions and more time moving forward.

## FRAMING BEFORE ACTION

Most organizations feel pressure to act quickly. This overview is designed to slow that moment down.

Before deciding how to intervene, it is essential to understand where exposure originates and why it persists within stable systems.

The goal is not disruption.

**It is clarity.**

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