



March 30, 2006

Dear Policyholder:

Subject: **STATE FUND MEDICAL PROVIDER NETWORK (MPN) MODIFICATION APPROVAL**

State Compensation Insurance Fund filed a modification for the State Fund Medical Provider Network (MPN) Plan with the Division of Workers' Compensation. The Division of Workers' Compensation has approved the plan. With this approval there is a requirement that **each** of your covered employees **must** receive a copy of the **revised Employee's Guide to the State Fund Medical Provider Network** brochure. Please see the revised brochure enclosed with this letter.

One of the savings provisions of Workers' Compensation Reform (SB 899) is for employers to use a medical provider network (MPN) for the treatment of on-the-job injuries to employees. **An MPN is an entity or group of providers set up by an insurer or self-insurer.** Each MPN requires approval by the administrative director of the Division of Workers' Compensation. Under this legislation, only insurers can set up an MPN, not employers. In the case of self-insurers, those business owners are their own insurer. They are acting in the capacity of insurer when setting up an MPN.

By utilizing the State Fund MPN, **you can have medical control for the life of the claim, with limited exceptions.** As a result, your company can begin to realize cost savings. For a brief description of the State Fund MPN, see the State Fund MPN Overview on the reverse side of this letter. Please note that the overview is not for distribution to your employees.

In addition, all employers **MUST** post and keep posted a notice that states the name of the current workers' compensation insurance carrier of the employer, both in English and Spanish, in a conspicuous location frequented by employees, and where employees may easily read the notice during the workday hours. Please note that failure of the employer to post the notice required by law shall automatically permit the employee to be treated by his or her primary treating physician, who may or may not be a member of the State Fund MPN. If the primary treating physician is not a member of the State Fund MPN, we may lose medical control over the claim. **Please verify that the provider named in the posted notice is in the State Fund MPN.** Overall, to comply with the law, State Fund offers three publications for you to use as follows:

HOW/WHEN TO NOTIFY THE COVERED EMPLOYEE	NOTICES TO USE, AS REQUIRED BY LAW
<b>POST</b> this notice <b>IMMEDIATELY</b> , in both English and Spanish, after <b>writing the name of the MPN physician</b> on both versions. Keep the notices posted in a conspicuous location at all times.	<b>Notice to Employees</b> (form 13708 English and 13709 Spanish)
<b>DISTRIBUTE</b> this brochure to <b>existing</b> employees <b>prior to implementation</b> of the approved MPN.	<b>Employee's Guide to the State Fund Medical Provider Network</b> (form 13176 English and Spanish)
<b>PROVIDE</b> these brochures to each <b>new</b> employee <b>at the time of new hire</b> .	<b>New Employee's Guide to Workers' Compensation</b> (form 13286 English & Spanish) and <b>Employee's Guide to the State Fund Medical Provider Network</b> (form 13176 English and Spanish, published 03/06)
<b>PROVIDE</b> these brochures to each <b>injured</b> employee <b>at the time of injury</b> .	<b>New Employee's Guide to Workers' Compensation</b> (form 13286 English and Spanish) and <b>Employee's Guide to the State Fund Medical Provider Network</b> (form 13176 English and Spanish, published 03/06)

When distributed as specified in the table, these publications can help you provide employees with the timely and detailed information that the law requires. **Please note that you must distribute the most current version of the Employee's Guide to the State Fund Medical Provider Network (03/06).** Please destroy any prior version you may have on hand. To request a supply of the 03/06 version for distribution, you can call our Customer Service Center toll-free at (877) 405-4545 or download them from our Web site at [www.scif.com](http://www.scif.com). By law, we may implement the revised MPN plan after we have provided 30 days' notice to all covered employees.

Of the legislative reforms, the MPN has the greatest potential to reduce medical treatment costs, bring further rate relief to California employers, and provide medical care to injured employees. **To receive the full benefit of the cost reductions you should channel every one of your injured employees to the State Fund MPN physicians.** Taking full advantage of the State Fund MPN and California's other recent reforms will net you the best results for reducing claims costs. **State Fund is committed to implementing all provisions of the reform. With your support, workers' compensation reform can work in California. Thank you.**