

The Form and Function of Medical Dispute Resolution

CWCI Presentation to the Senate Committee on Labor and Industrial Relations

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CWCI: Background

Established in 1964;

Private, nonprofit organization of insurers and self-insured employers;

Dedicated to improving the California workers' compensation system through four primary functions:

- Education
- Information
- Representation
- Research

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The Form and Function of Medical Dispute Resolution

Agenda

1. Medical Dispute Resolution: A Primer
2. Public Policy
3. Measuring System-wide Outcomes

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Medical Dispute Resolution: A Primer

The Goal

- Balance medical treatment quality of care and cost

Areas of Conflict

- Cost (unit price)
- Utilization (number of units)
- Interpreting the “Standard of Care”

Tools

- Fee schedules, evidence-based medicine guidelines, budget
- Referee (physicians, vendors, judges, etc.)

The Progression of Dispute Resolution

- Internal review (claims adjuster)
- Elevated utilization review (physician)
- The last word: judicial and/or independent medical review

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Medical Dispute Resolution Public Policy 20 Year History

California Labor Code, Section 4600

Provide all treatment “reasonably necessary to cure and relieve from the effects of injury”;

Presumption of Correctness (1994)

Confers a presumption of correctness to the injured worker’s primary treating physician;

Minnear Decision (1996)

The injured worker’s primary treating physician’s presumption expands to all medical issues;

Medical Treatment Utilization Schedule (2003)

Evidence-based medicine treatment guidelines are presumed correct;

SB 863 (2013)

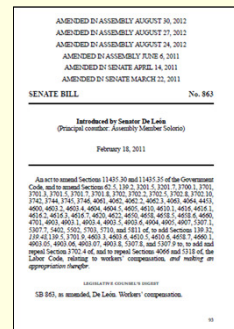
Lien reform, independent medical and bill review.

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SB 863 – Independent Medical Review

SB 863 built the rationale for creating Independent Medical Review. The Legislature declared:

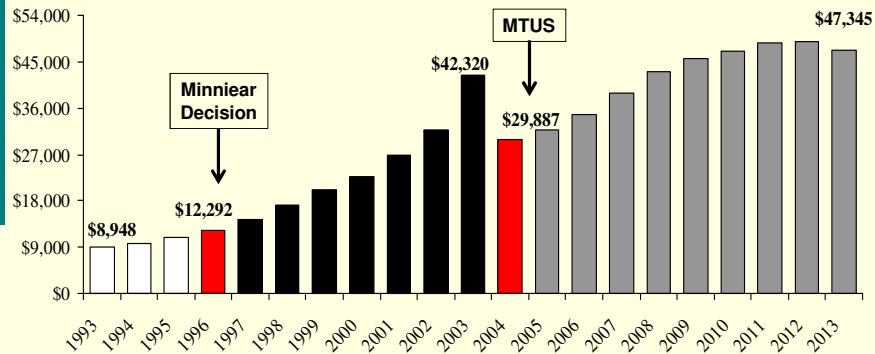
- The prior system of resolving disputes was costly, time consuming, and inconsistent
- Medical professionals are necessary to implement that policy.
- IMR is a necessary exercise of the Legislature’s plenary power to provide for the settlement of disputes



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Medical Development: 1993 - 2013

Estimated Ultimate Medical Per Indemnity Claim
AY 1993 - 2013



Source: WCIRB 2003, 2014

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Managing Medical Management

Why is California workers' comp medical harder to manage?

1. Most expensive medical delivery system
2. Absence of supply and demand side controls:
 - Co-payments & deductibles
 - Contractual language
3. Disputes and dispute resolution
 - High litigation and medical disputes
 - Before: Legal process, decisions by judges
 - Now: UR and IMR rely on the MTUS (evidence-based guidelines)

The Form and Function of Medical Dispute Resolution

Areas of Conflict:

1. Utilization Review Administration Efficiency?
2. Quality of Care and Efficacy of the MTUS, UR and IMR

The Form and Function of Medical Dispute Resolution

Areas of Conflict:

1. UR Efficiency
 - New Study on Efficiency of Payor UR;
 - Data from Division of Workers Compensation UR Audits 2009 – 2013.

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CWCI SPOTLIGHT REPORT

California Workers' Compensation Claims Administrator Utilization Review Audit Results: 2009-2013

One of the most critical responsibilities given to workers' compensation claims administrators is to ensure that injured workers receive appropriate medical care to cure or relieve the effects of their injuries. Utilization review (UR) is the process that claims administrators use to evaluate whether the medical treatment and services recommended for an injured worker are medically necessary according to the Medical Treatment Utilization Schedule when applicable, or per other medically recognized performance, if available. Upon medical necessity guidelines, levels of importance of timely and appropriate medical treatment, such California workers' compensation claims administrators are required to file a written utilization review process that is guided by written policies and procedures, consistent with the requirements of Labor Code 4410, and reviewed by medical doctors.

The scope of UR programs in California workers' compensation is quite broad, as the State Supreme Court ruled in 2007 that all workers' compensation medical requests must undergo utilization review.¹ That process may include simple review and approval by a claims examiner or other non-physician, and prior authorization for certain treatment requests as outlined in the written UR program. However, only a physician may deny, delay or modify a treatment request, as may request not approved in the initial review or subject to prior authorization may be reviewed for medical necessity by a physician who uses guidelines based on medical evidence to decide whether to authorize, modify, delay, or deny the treatment.

The California Division of Workers' Compensation Audit Unit is charged with conducting annual Benefit Audit Reviews (BAR) audits of each claim administrator at least once every five years in order to measure the claims administrator's compliance with the statutory and regulatory requirements governing workers' benefit delivery and performance. In conjunction with the BAR audits, the DWIC performs an audit of the Utilization Review Administration (URA) in which three aspects of the claims administrator's UR program are reviewed:

- the timeliness of responses to UR requests;
- the content of the responses; and
- the delivery of the response to the proper parties.

¹ Labor Code 4410, 4410.5, 4410.55, 4410.56, 4410.57, 4410.58, 4410.59, 4410.60, 4410.61, 4410.62, 4410.63, 4410.64, 4410.65, 4410.66, 4410.67, 4410.68, 4410.69, 4410.70, 4410.71, 4410.72, 4410.73, 4410.74, 4410.75, 4410.76, 4410.77, 4410.78, 4410.79, 4410.80, 4410.81, 4410.82, 4410.83, 4410.84, 4410.85, 4410.86, 4410.87, 4410.88, 4410.89, 4410.90, 4410.91, 4410.92, 4410.93, 4410.94, 4410.95, 4410.96, 4410.97, 4410.98, 4410.99, 4411.00, 4411.01, 4411.02, 4411.03, 4411.04, 4411.05, 4411.06, 4411.07, 4411.08, 4411.09, 4411.10, 4411.11, 4411.12, 4411.13, 4411.14, 4411.15, 4411.16, 4411.17, 4411.18, 4411.19, 4411.20, 4411.21, 4411.22, 4411.23, 4411.24, 4411.25, 4411.26, 4411.27, 4411.28, 4411.29, 4411.30, 4411.31, 4411.32, 4411.33, 4411.34, 4411.35, 4411.36, 4411.37, 4411.38, 4411.39, 4411.40, 4411.41, 4411.42, 4411.43, 4411.44, 4411.45, 4411.46, 4411.47, 4411.48, 4411.49, 4411.50, 4411.51, 4411.52, 4411.53, 4411.54, 4411.55, 4411.56, 4411.57, 4411.58, 4411.59, 4411.60, 4411.61, 4411.62, 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UR Efficiency

Division of Workers Compensation
UR Audits: 2009 - 2013

	2009	2010	2011	2012	2013	Grand Total
Total DWC Audits	47	49	62	58	64	280
Total Requests for Authorization	1,806	1,843	2,717	2,111	2,715	11,192
1. Untimely Response						
2. Faulty Content						
3. Improper Distribution						
Overall UR Rating (Passing Grade = 85%)						

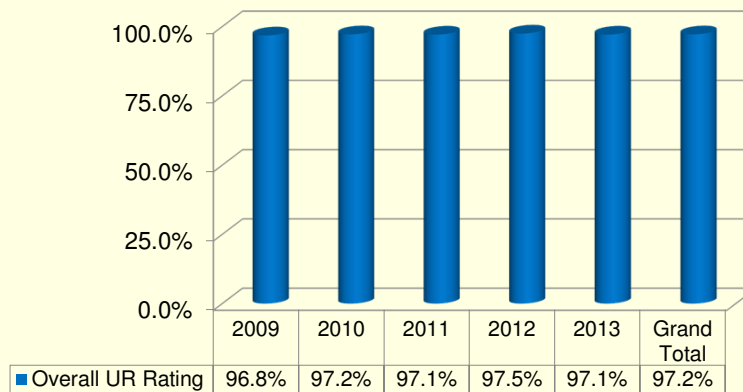
Source: CWCI 2015

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UR Efficiency

Division of Workers Compensation
UR Audits: 2009 - 2013

Overall UR Rating



Source: CWCI 2015

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Areas of Conflict:

2. Quality of Care and Efficacy of the MTUS, UR and IMR

Preliminary Outcomes on Process:

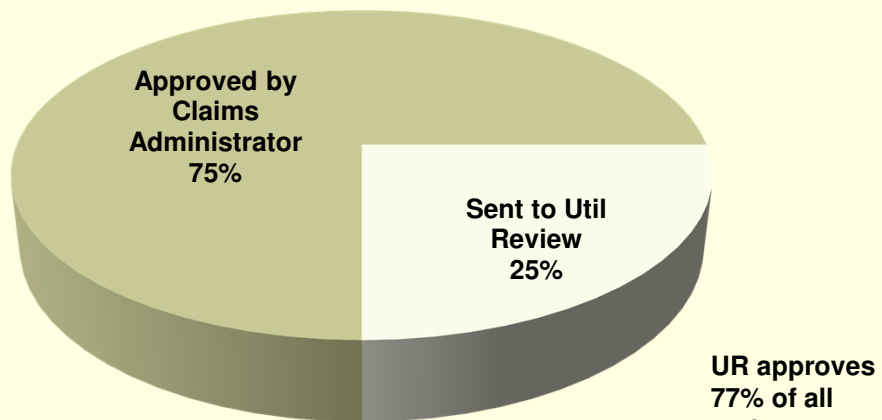
- Volume of Disputes
- Characteristics of Disputes
- Decisions and their Rationale

Next Steps - Outcomes:

- Impact on injured worker
- Impact on CA system

2014 Preliminary MDR Decision Results Volume & Timing

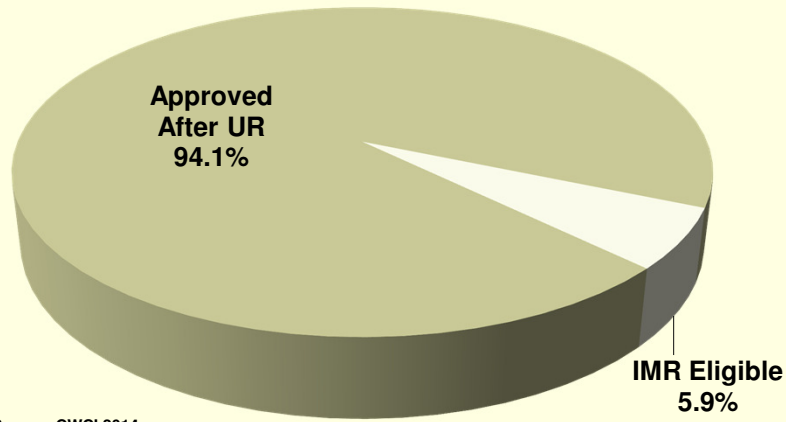
Initial Treatment Requests



Source: CWCI 2014

2014 Preliminary MDR Decision Results Volume & Timing

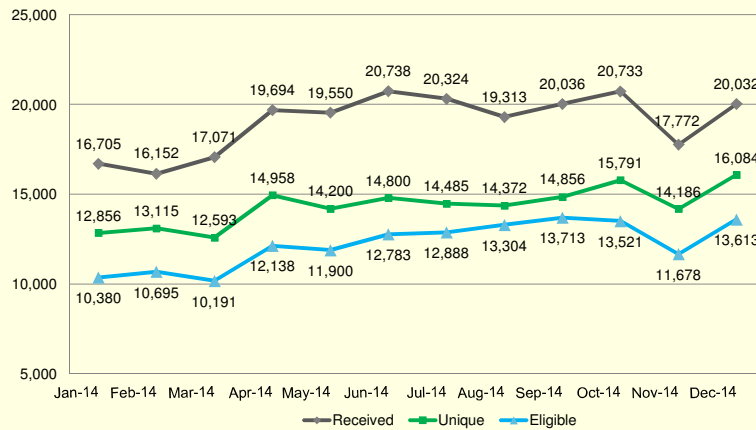
Level of Approved Treatment After Utilization Review



Source: CWCI 2014

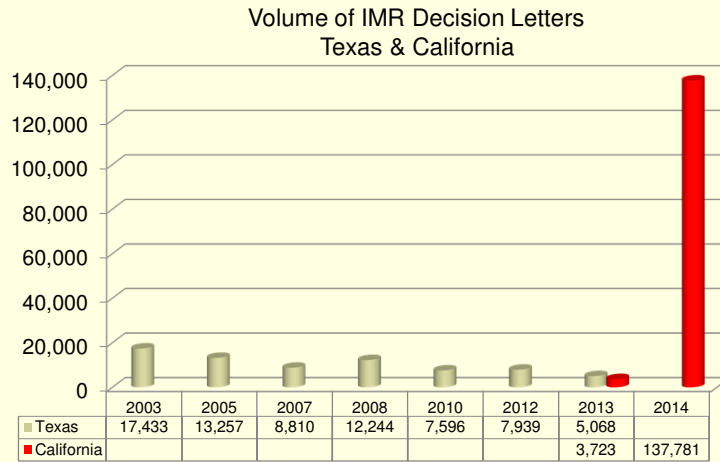
2014 Preliminary IMR Decision Results Volume & Timing

2014 IMR Applications



Source: Division of Workers' Compensation February 2015

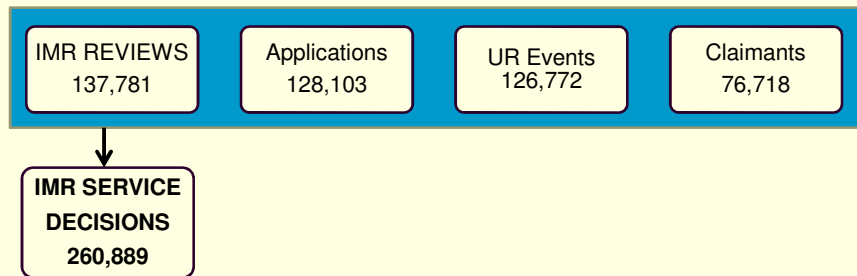
2014 Preliminary IMR Decision Results Volume & Timing



Source: Texas Department of Insurance, Division of Workers' Compensation; CWCI 2015

2014 Preliminary IMR Decision Results Volume & Timing

2014 FINAL DETERMINATION LETTERS



Source: CWCI 2015

2014 Preliminary IMR Decision Results
Volume & Timing

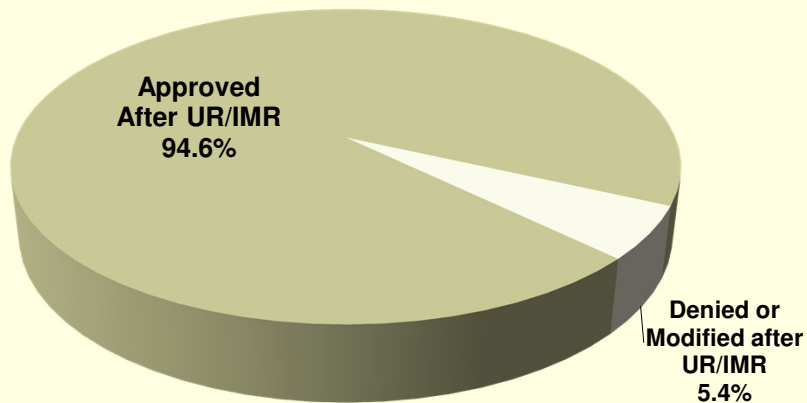
UR Denials/Modifications Upheld vs Overturned

Result	Services	%
Upheld UR	237,345	91.4%
Overturn UR	23,544	8.6%
Total	260,889	100%

Source: CWCI 2015

2014 Preliminary IMR Decision Results
Volume & Timing

**Level of Approved Treatment After
Medical Dispute Resolution**



Source: CWCI 2015

2014 Preliminary IMR Decision Results By Service

SERVICE TYPE (Top 12)	% of Services	% Upheld
RX	44.7%	91.9%
DMEPOS	9.8%	93.7%
PHYSICAL THERAPY	9.3%	94.0%
INJECTION	5.9%	92.2%
DIAG TEST & MEAS	4.9%	87.9%
SURGERY	4.7%	88.5%
MRI/CT/PET	3.8%	89.1%
LAB	2.9%	87.3%
ACCUPUNCTURE	2.1%	94.1%
PSYCH	2.1%	84.9%
CHIRO	1.9%	95.4%
EVALUATION & MANAGEMENT	1.7%	79.5%

Source: CWCI 2015

2014 Preliminary IMR Decision Results By Pharmaceuticals

SERVICE TYPE (Top 12)	% of Services	% Upheld
RX	44.7%	91.9%

RX Detail	% RX	% Upheld
COMPOUND	12%	98%
INJECTION	2%	89%
TRADITIONAL RX	86%	91%
TOTAL RX	100%	92%

Source: CWCI 2015

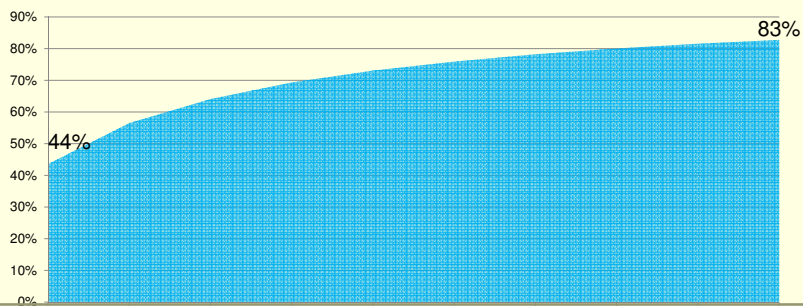
2014 Preliminary IMR Decision Results By Geographic Region

Region	%	% Industry Claims	Ratio
Los Angeles	36%	24%	1.5
Bay Area	19%	19%	1.0
Inland Empire /Orange	16%	18%	0.9
Valleys	15%	20%	0.8
Central Coast	6%	7%	0.9
San Diego	5%	8%	0.6
North Counties	2%	3%	0.5
Sierras	1%	2%	0.4

Source: CWCI 2015

2014 Preliminary IMR Decision Results By Provider

Top 10% of Providers by Volume of Decision Letters



% of Provs	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
% of Letters	44%	57%	64%	69%	73%	76%	78%	80%	82%	83%
# of Providers	134	267	400	533	666	799	933	1,066	1,199	1,332

Source: CWCI 2015

2014 Preliminary IMR Decision Results By Provider

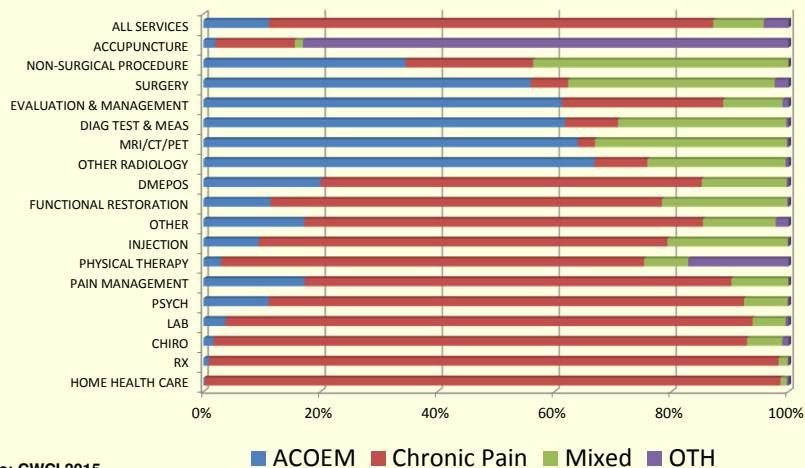
Top 10 Providers

PROVIDER	% LETTERS	% SERVICES	% CLAIMS	% IMR Upheld
PROV 1	1.9%	1.9%	3.1%	91.4%
PROV 2	1.6%	3.2%	1.9%	94.7%
PROV 3	1.0%	2.3%	1.1%	91.5%
PROV 4	0.9%	1.6%	1.2%	94.4%
PROV 5	0.9%	1.1%	1.3%	87.3%
PROV 6	0.9%	1.0%	1.3%	89.8%
PROV 7	0.8%	1.1%	1.1%	90.3%
PROV 8	0.8%	1.1%	1.0%	88.8%
PROV 9	0.8%	0.9%	1.0%	88.8%
PROV 10	0.8%	0.8%	1.0%	86.3%
TOP 10	11%	15%	14%	91.3%

Source: CWCI 2015

2014 Preliminary IMR Decision Results IMR's Decision-Making Process

MTUS Guidelines Cited by Service



Source: CWCI 2015

2014 Preliminary IMR Decision Results

Key Preliminary Findings

- After IMR, 95% of Treatment Requests are approved
- 45% of all IMR is Pharmacy
- Results vary by service
- Over 80% of IMR decisions are initiated by 10% of physicians
- Reviewing treatment requests is complex and requires expertise
- Without oversight, injured workers may receive deleterious or unnecessary care