



California Workers' Compensation Institute

California Workers' Compensation Regional Differences

Committee on Labor and Industrial Relations

**Rena David
December 2, 2015**

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:

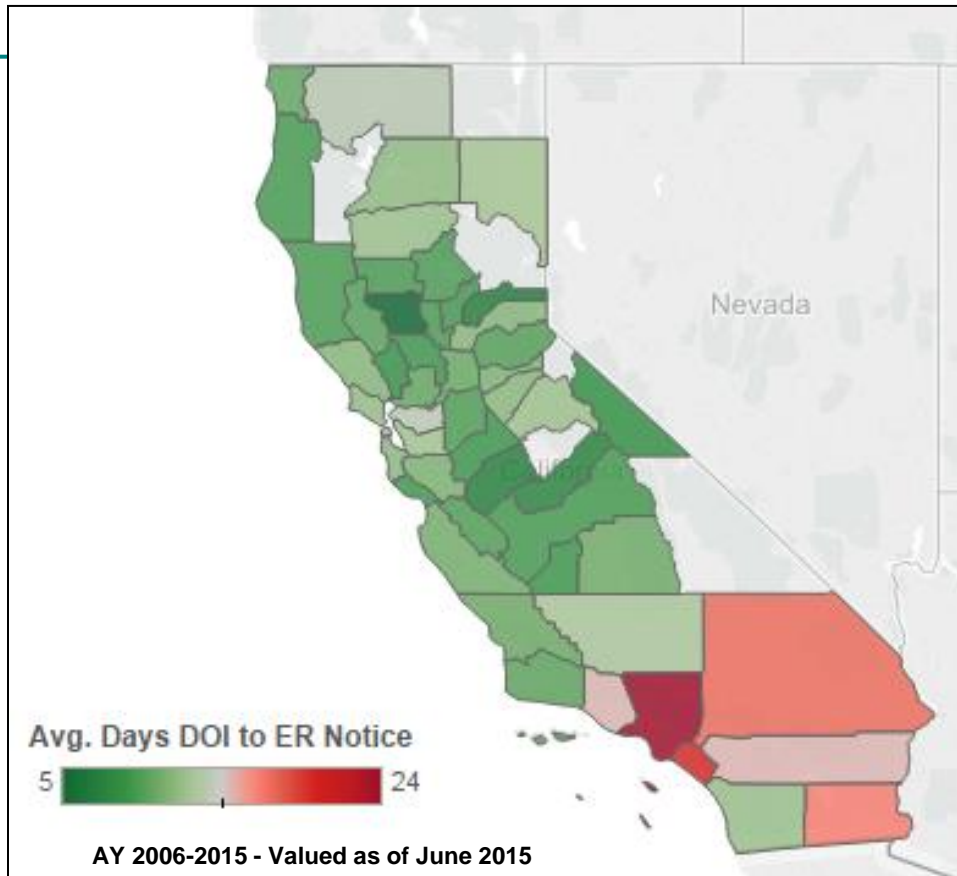
- Education
- Information
- Representation
- Research

Website: www.cwci.org

Discussion Items –

- Claim Characteristics
 - Days to Employer Notification and 1st Medical Visit
 - Case Closure Rates
 - Attorney Involvement
- Indemnity Claim Average Cost Per Claim
 - Medical, Indemnity and Allocated Expense
 - Medical Expense Cost Drivers and Regional Differences
- Medical Dispute Resolution

Days From Date of Injury to Employer Notification

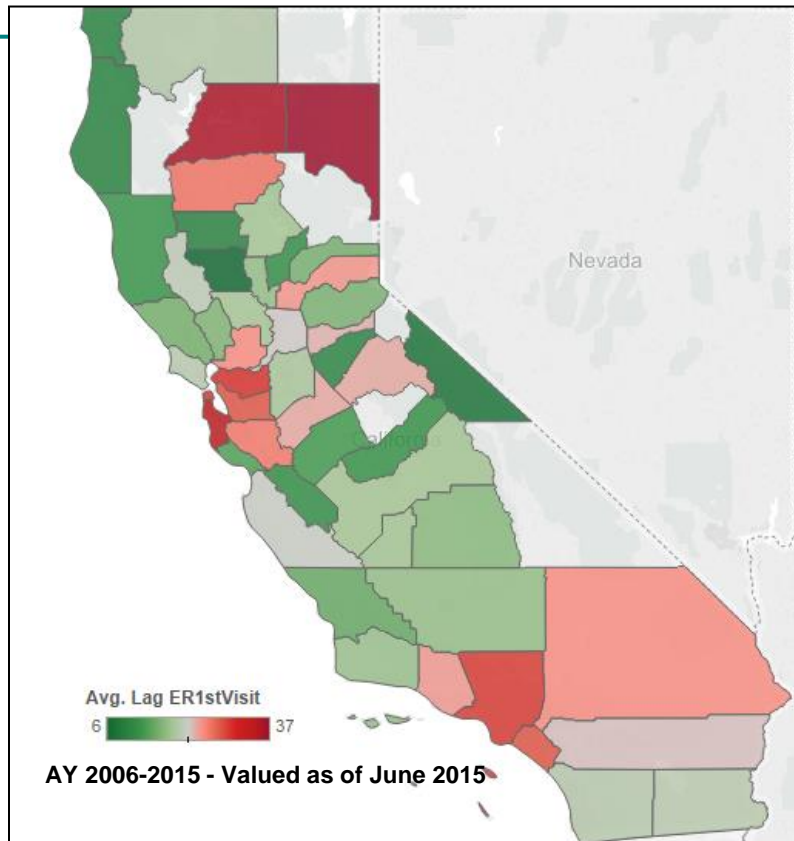


Days from Injury to Employer Notification

- LA Basin
 - Average – 21
 - Median - 1
- Rest of CA
 - Average – 9
 - Median - 1

- LA's average days is more than twice as long as rest of CA
- The median (50th) is the same: outliers drive the difference

Days From Employer Notification to 1st Medical Treatment

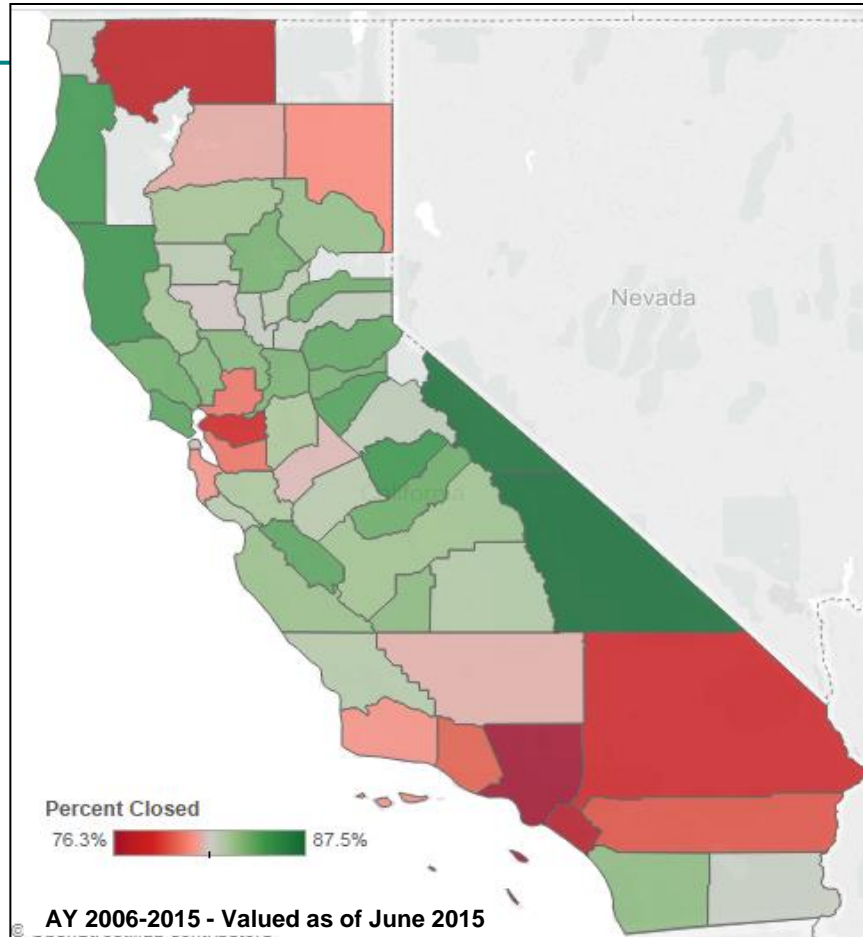


Days from Employer Notification to 1st Medical Treatment

- LA Basin
 - Average - 27
 - Median - Same Day or Prior
- Rest of CA
 - Average - 21
 - Median - Same Day or Prior

- LA's Average Days is 30% higher than the rest of the State
- The median (50th) is the same: outliers drive the difference

Claim Status- Indemnity Claims

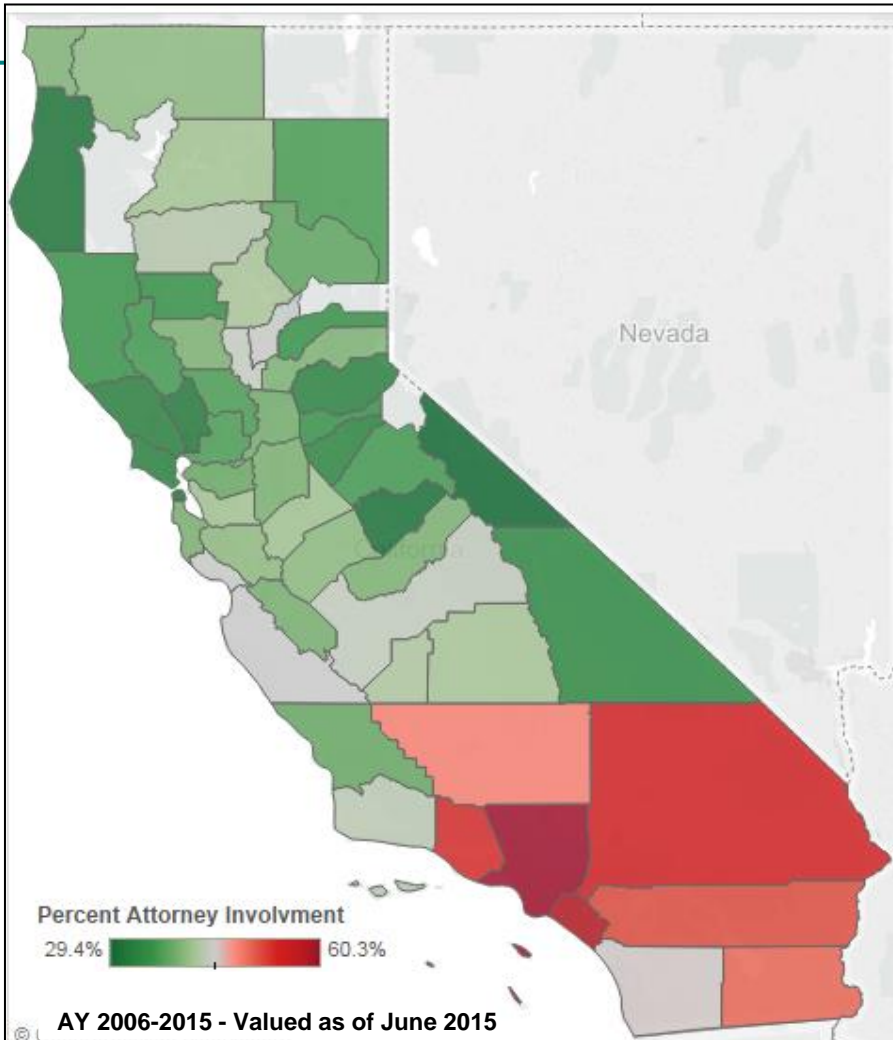


Closure Percent

- LA Basin – 77%
- Rest of CA – 82%

LA claims remain open longer.

Claim Status- Indemnity Claims



- Attorney Involvement
 - LA Basin - 58%
 - Rest of CA - 41%

**LA indemnity claims
have more attorney
involvement.**

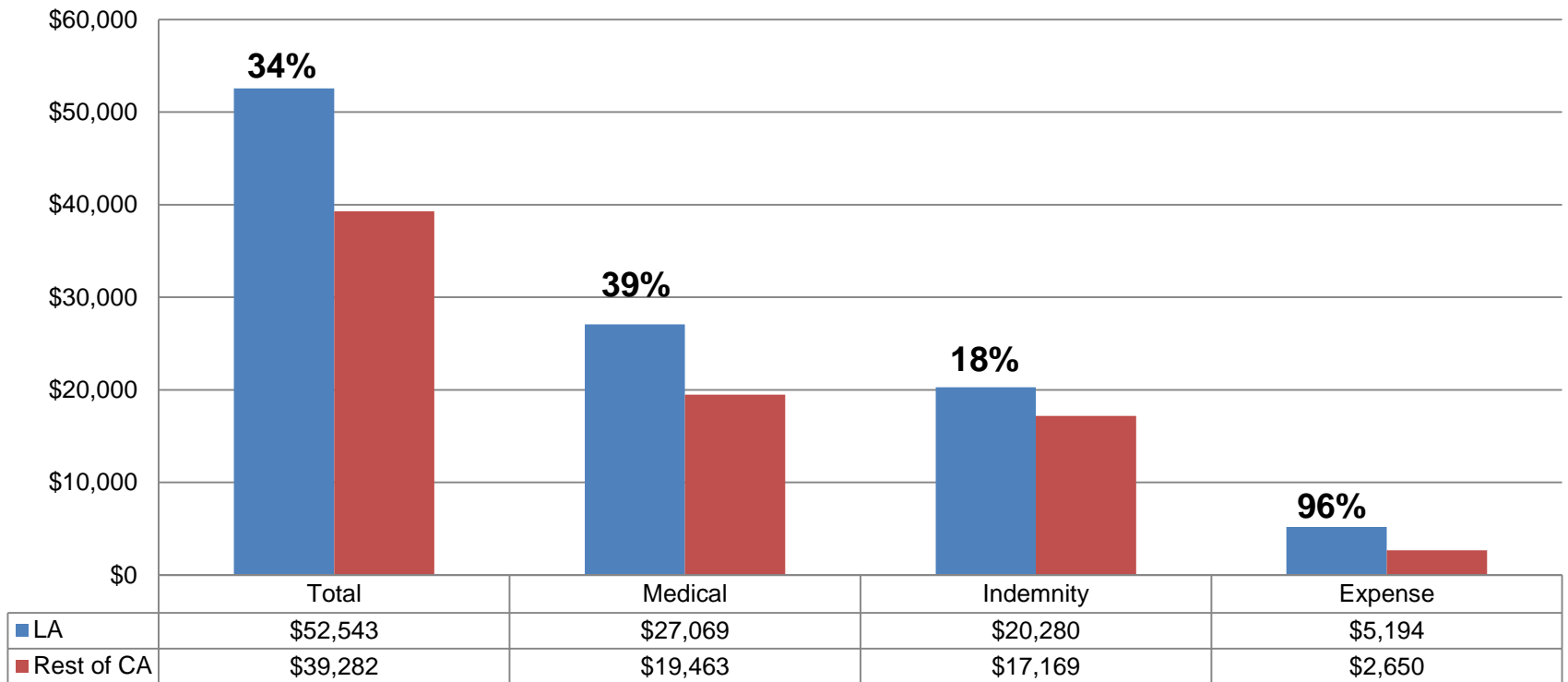
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Average Cost Per Indemnity Claim

All Indemnity Claims

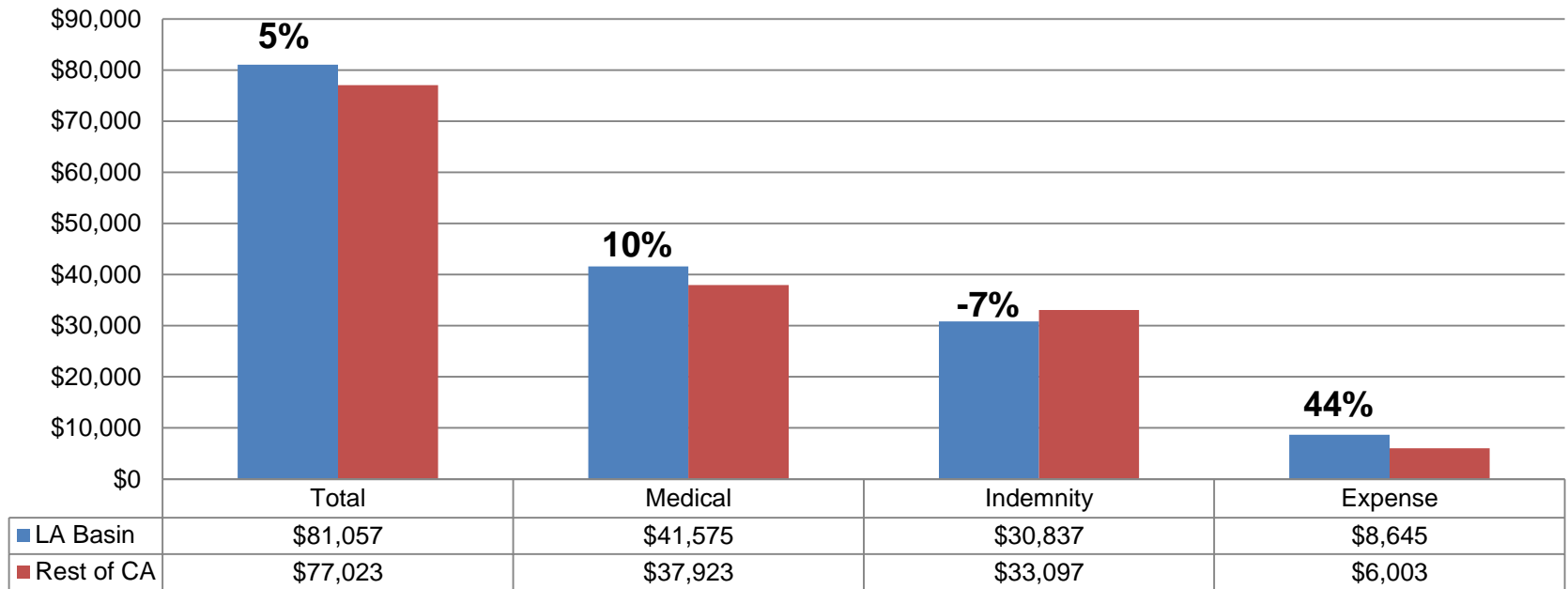
**Average Cost Per Indemnity Claim
By Cost Component
LA Basin and Rest of State
AY 2006-2015**



Valued as of June 2015

Average Cost Per Indemnity Claim with Attorney Involvement

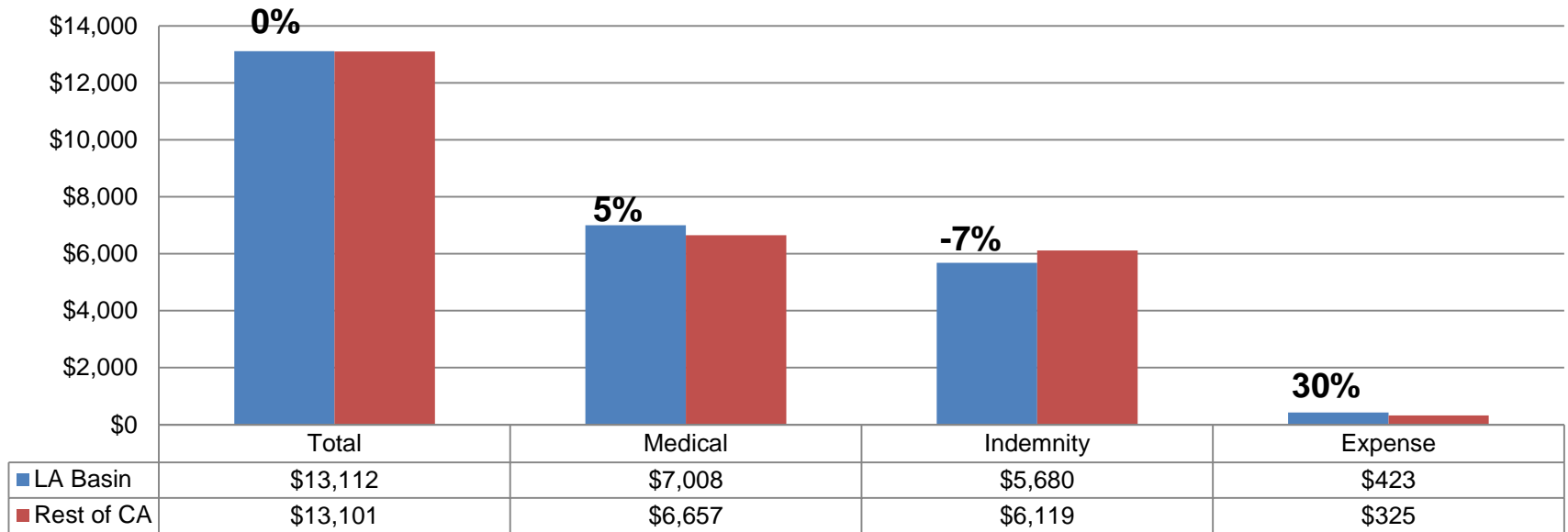
Average Cost Per Indemnity Claim with Attorney Involvement LA Basin vs Rest of State AY 2006-2015



Valued as of June 2015

Average Cost Per Indemnity Claim without Attorney Involvement

Average Cost Per Indemnity Claim without Attorney Involvement LA Basin vs Rest of State AY 2006-2015

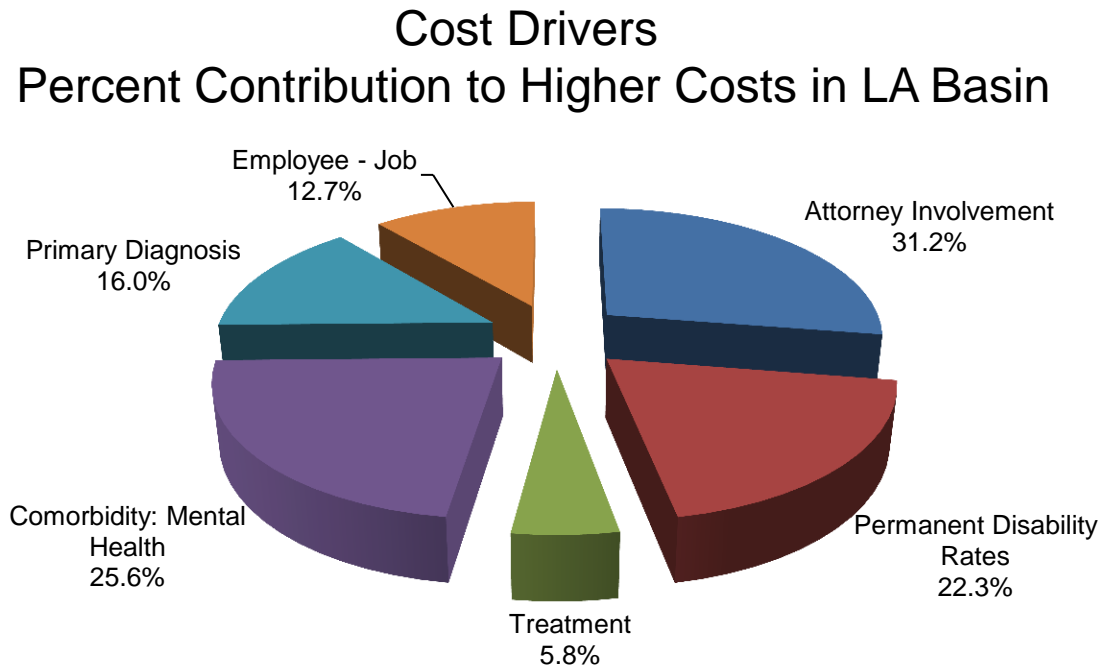


Valued as of June 2015

Medical Cost Drivers for Indemnity Claims

- Employee / Job Characteristics
 - Industry, Age, Gender, Job Tenure
- Claim Status and Type
 - Attorney Involvement
 - Permanent Disability
- Injury Characteristics
 - Nature of Injury
 - Cause of Injury
 - Body Part
- Medical Diagnosis
 - Mental Health Diagnosis
 - Other Diagnoses and Other Comorbidities
- Treatment Differences
 - Opioid Use
 - Psychotropic Drug Use
 - Inpatient Stays

LA Medical Cost Drivers Responsible for Higher Costs

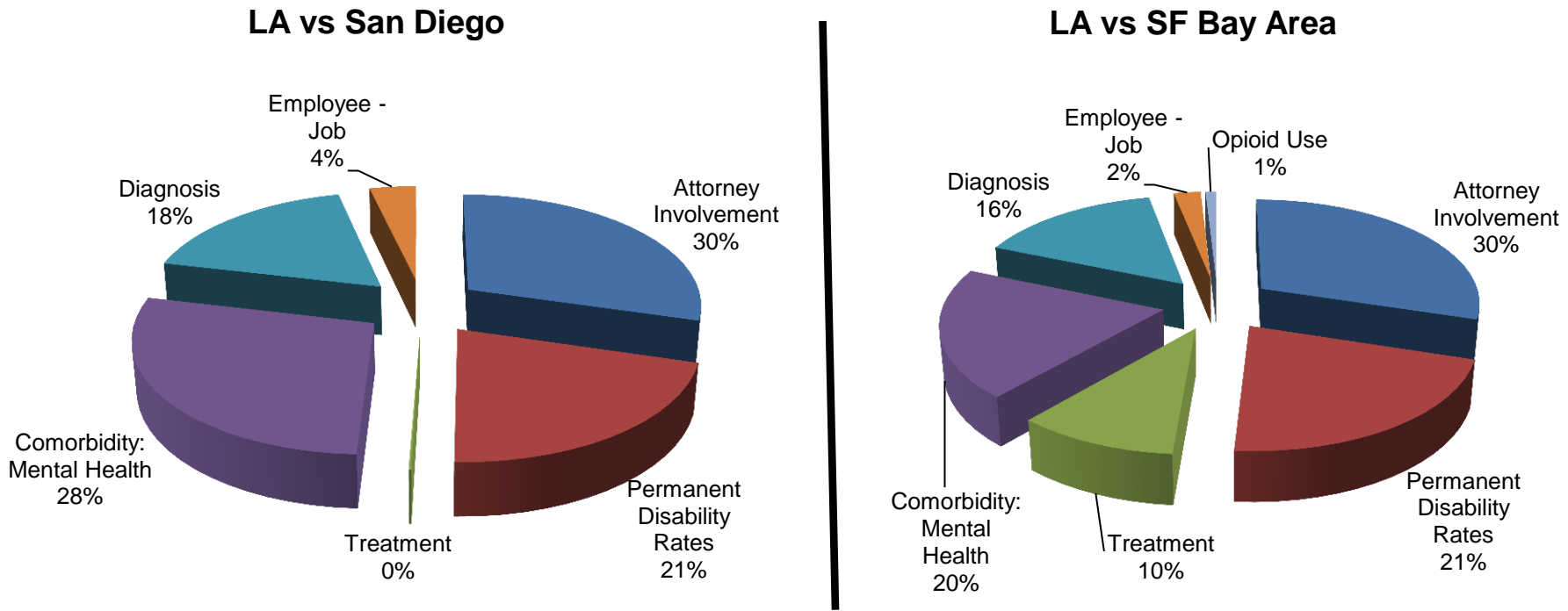


- Opioid use is less than the rest of the State
- Inpatient service use is lower in LA but not Orange/Inland Empire Counties

AY 2009-2011 medical costs at 36 months - valued thru June 2015

Cost Drivers Responsible for Higher Costs

LA County Comparisons: San Diego and Bay Area



The results are similar when cost drivers are compared to SD and Bay Area

AY 2009-2011 medical costs at 36 months - valued thru June 2015

Discussion Items –

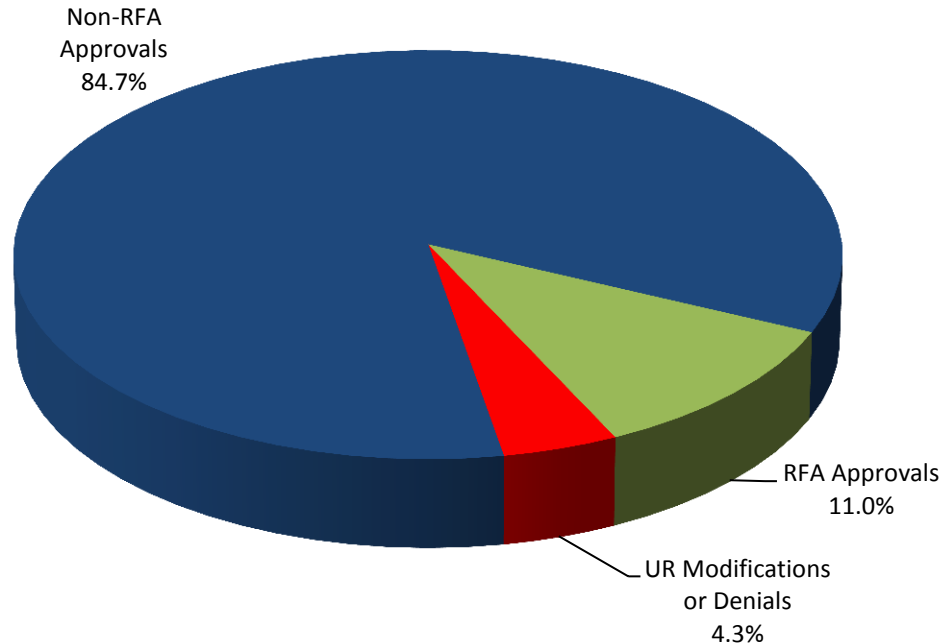
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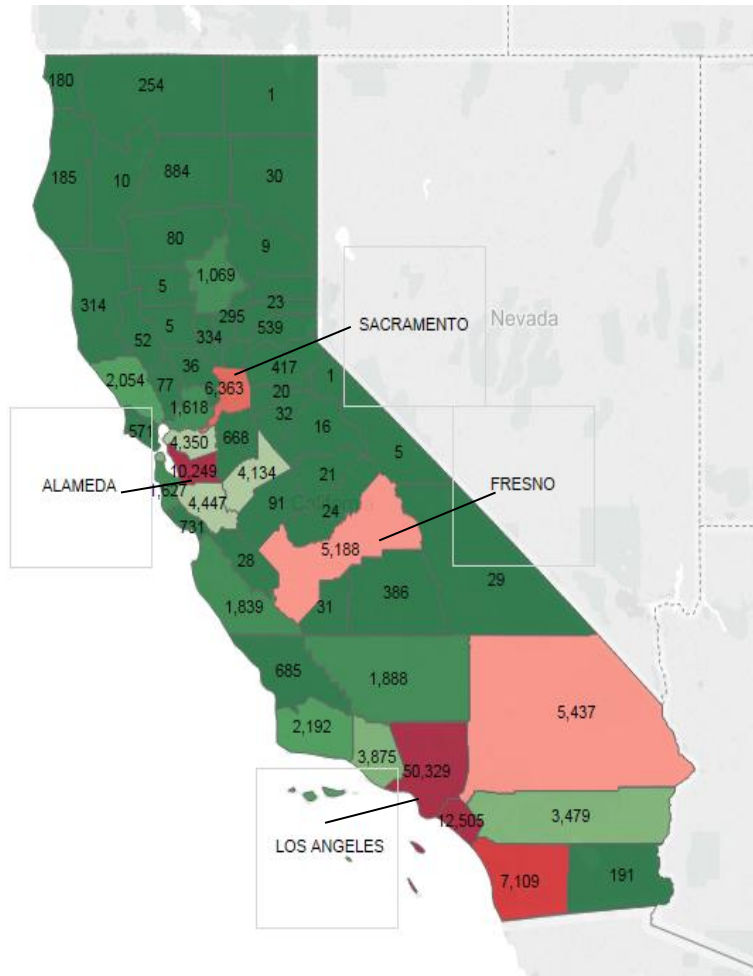
Medical Dispute Resolution

Estimate of Total Care Modified or Denied



A CWCI study of 2014 California Workers' Compensation medical services estimates that 95.7% of care is approved prior to IMR

Medical Dispute Resolution 2015 2nd Quarter IMR Decision Results By County and Region



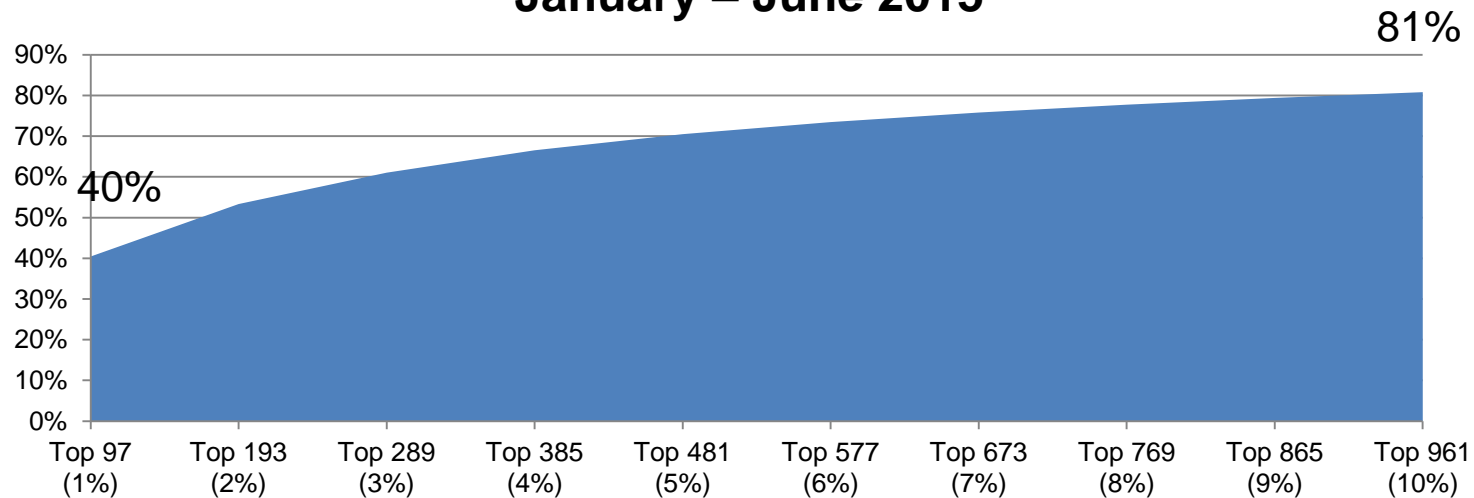
Region	% of Decisions	% of Claims	Ratio	% Upheld
Los Angeles	34%	23%	1.5	91.0%
Bay Area	19%	17%	1.1	87.4%
Valleys	15%	19%	0.8	88.1%
Inland Empire/Orange	15%	17%	0.9	89.2%
Central Coast	6%	6%	1.0	88.2%
San Diego	5%	8%	0.6	86.0%
North Counties	1%	3%	0.3	88.7%
Sierras	1%	2%	0.5	86.4%
Other/Unknown	4%	5%	0.8	89.0%
Grand Total	100%	100%	1.0	89.1%

Source: CWCI 2015

Medical Dispute Resolution

2015 2nd Quarter IMR Decision Results Top Volume Providers

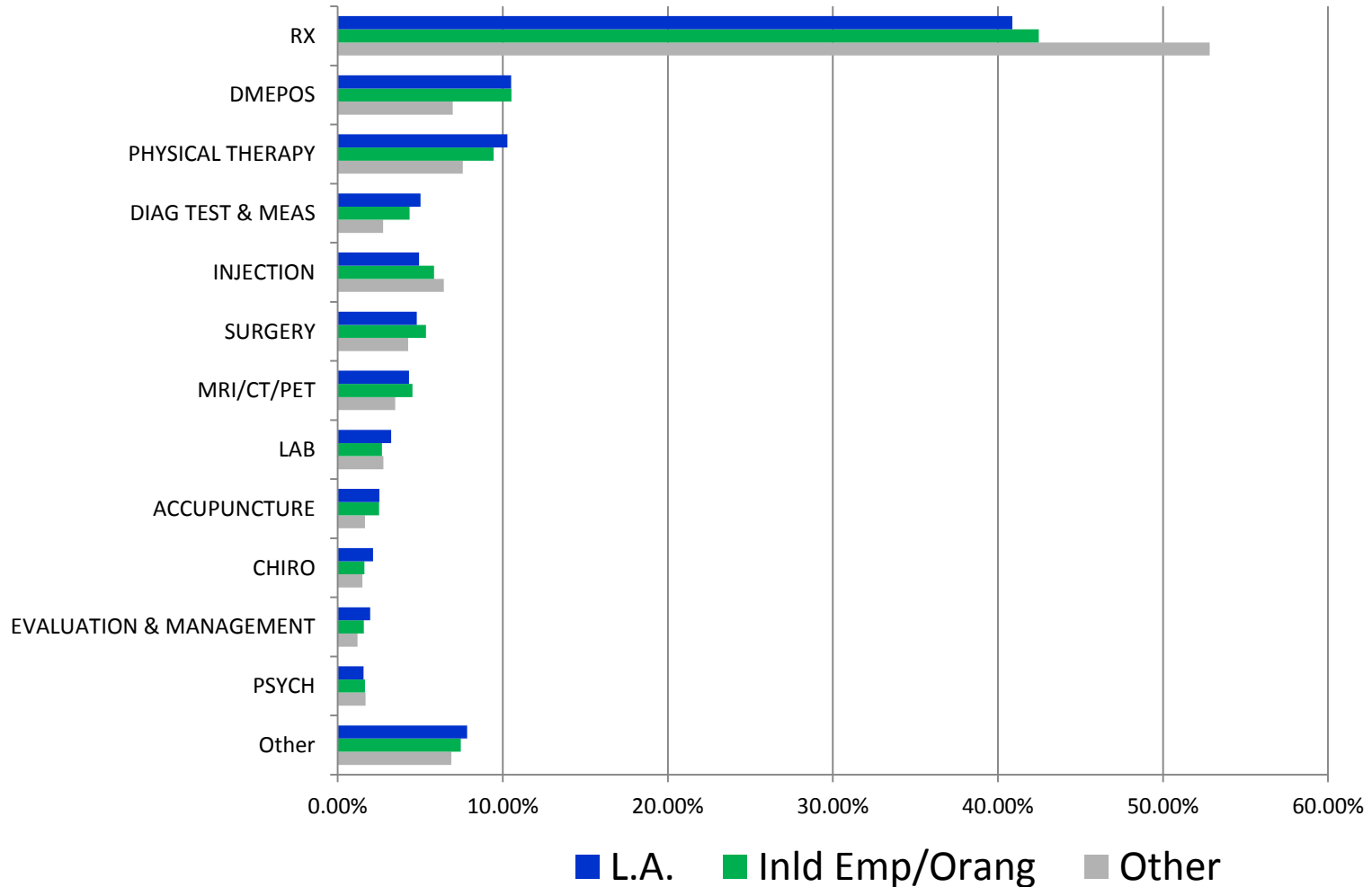
% of IMR Decisions for Top Volume Providers January – June 2015



- Overall in California, The top 1% of providers named on IMR determinations drive 40% of the IMR decisions and the top 10% drive 81%.
- The LA Basin follows the State-wide pattern
- The top 10 LA Basin individual physicians drive 18% of the decisions in LA

Medical Dispute Resolution

2015 2nd Quarter IMR Decision Results By Service



Summary

The Los Angeles Basin effect:

- Higher Claim Costs
- Higher PD Rates
- Higher attorney involvement rate
- Higher diagnoses of mental health disorders
- Delayed claim notification
- Higher expense and IMR costs



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