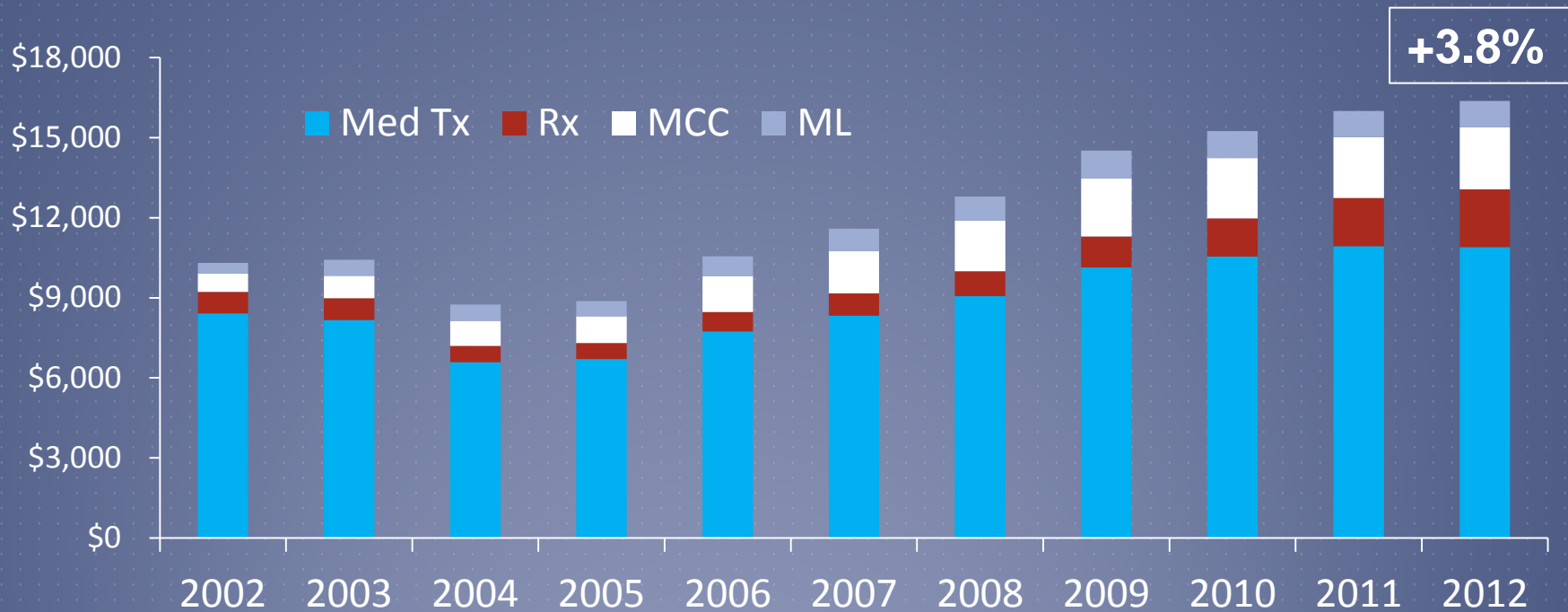


Controlling Quality of Care and Cost:

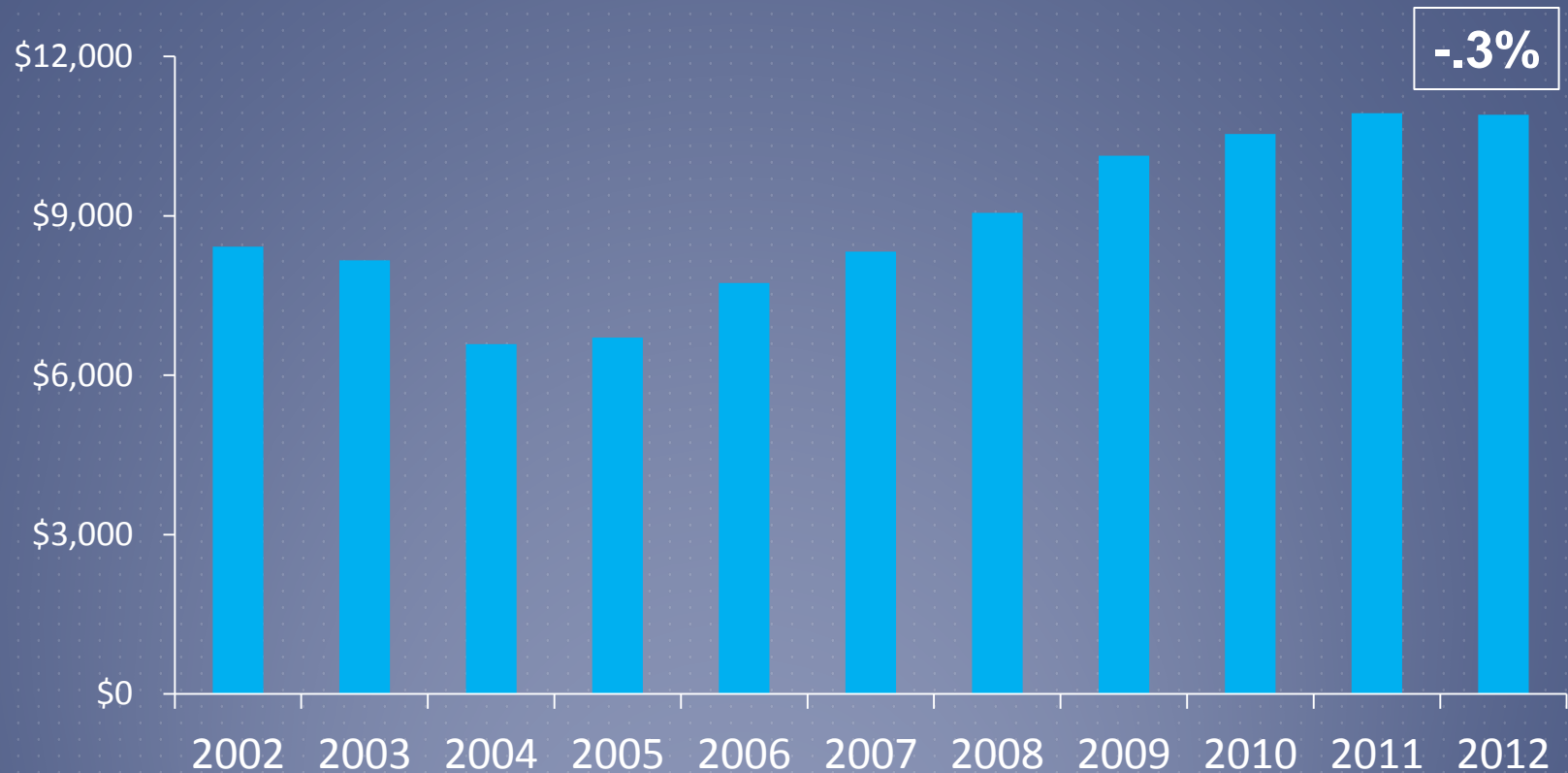
The Form and Function of Medical Dispute Resolution

Alex Swedlow
California Workers' Compensation Institute
May 2015

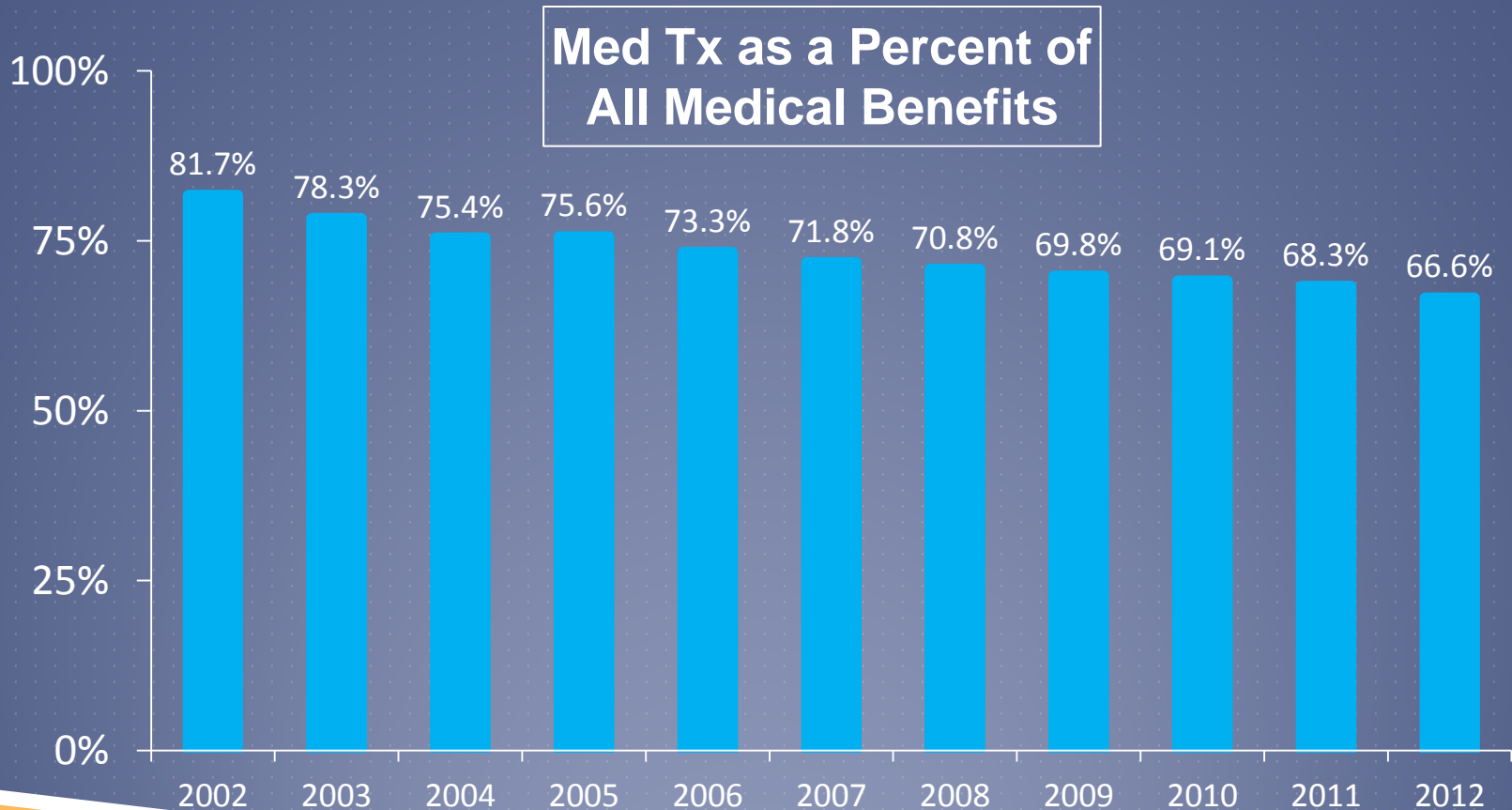
Medical Benefits Components at 24 Months Post Injury



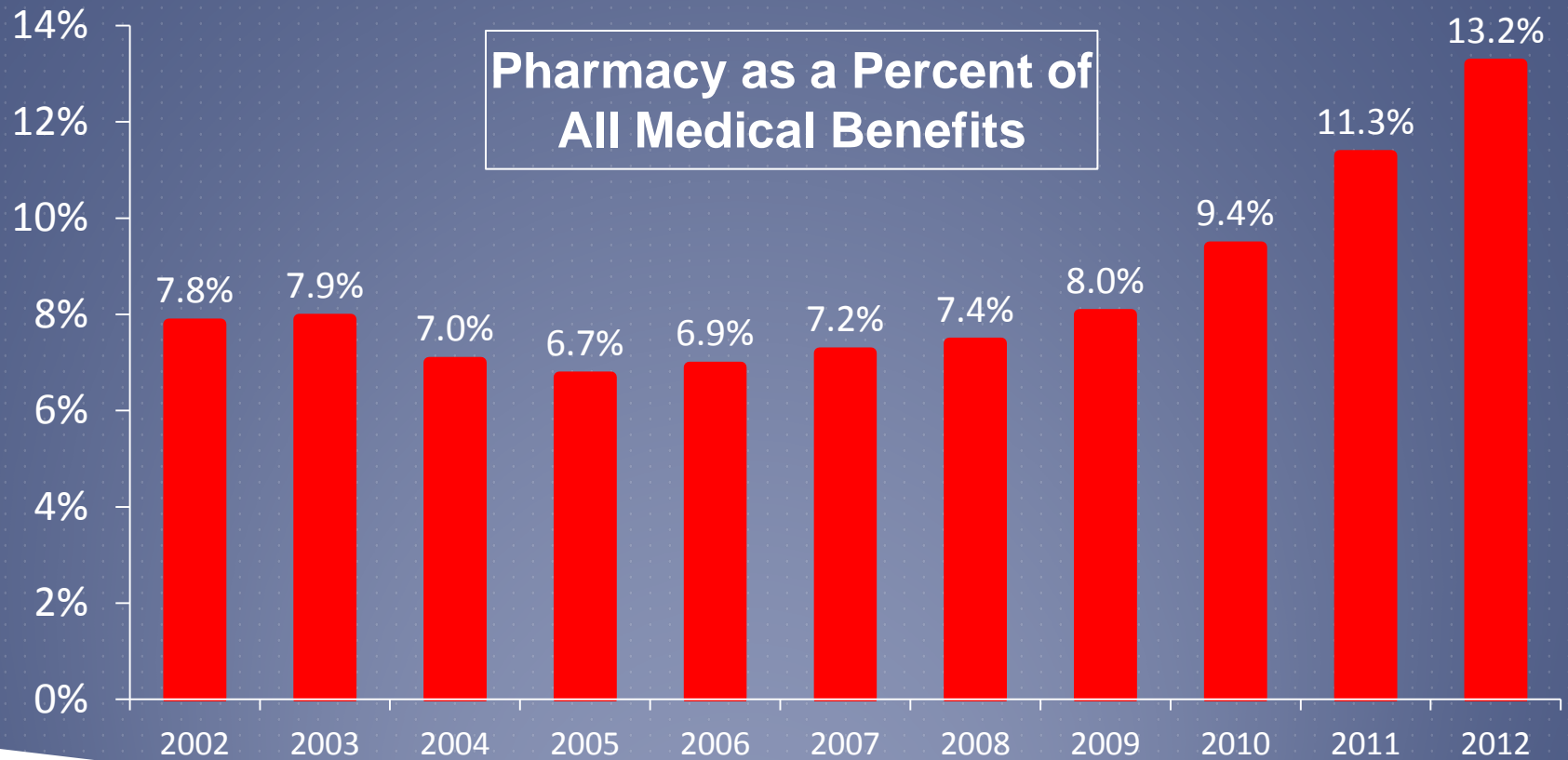
Medical Benefits Components at 24 Months Post Injury: Medical Treatment



Medical Benefits Components at 24 Months Post Injury: Medical Treatment



Medical Benefits Components at 24 Months Post Injury: Pharmacy

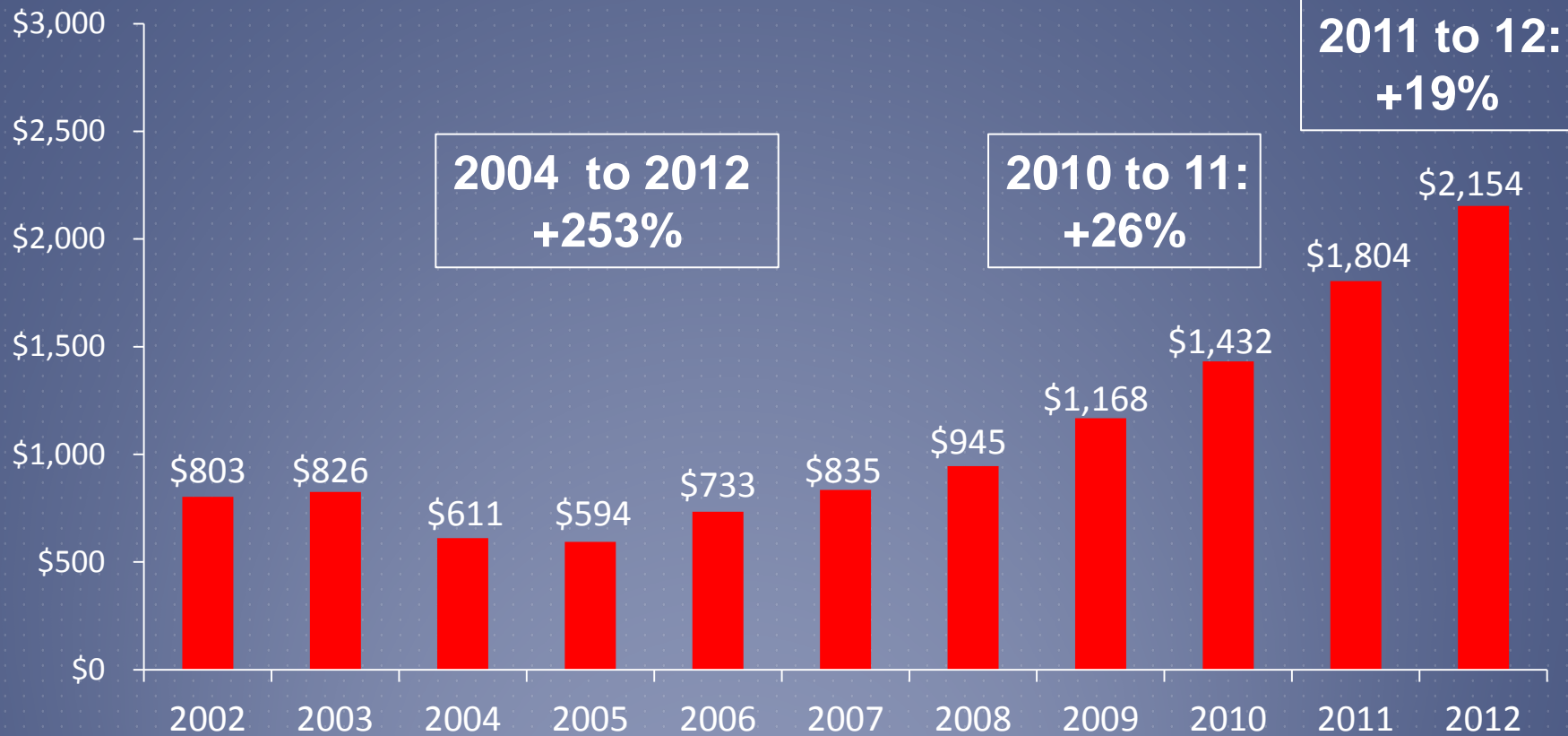


California Workers' Compensation Rx: \$1.2 Billion and Counting

History of Pharmacy Controls

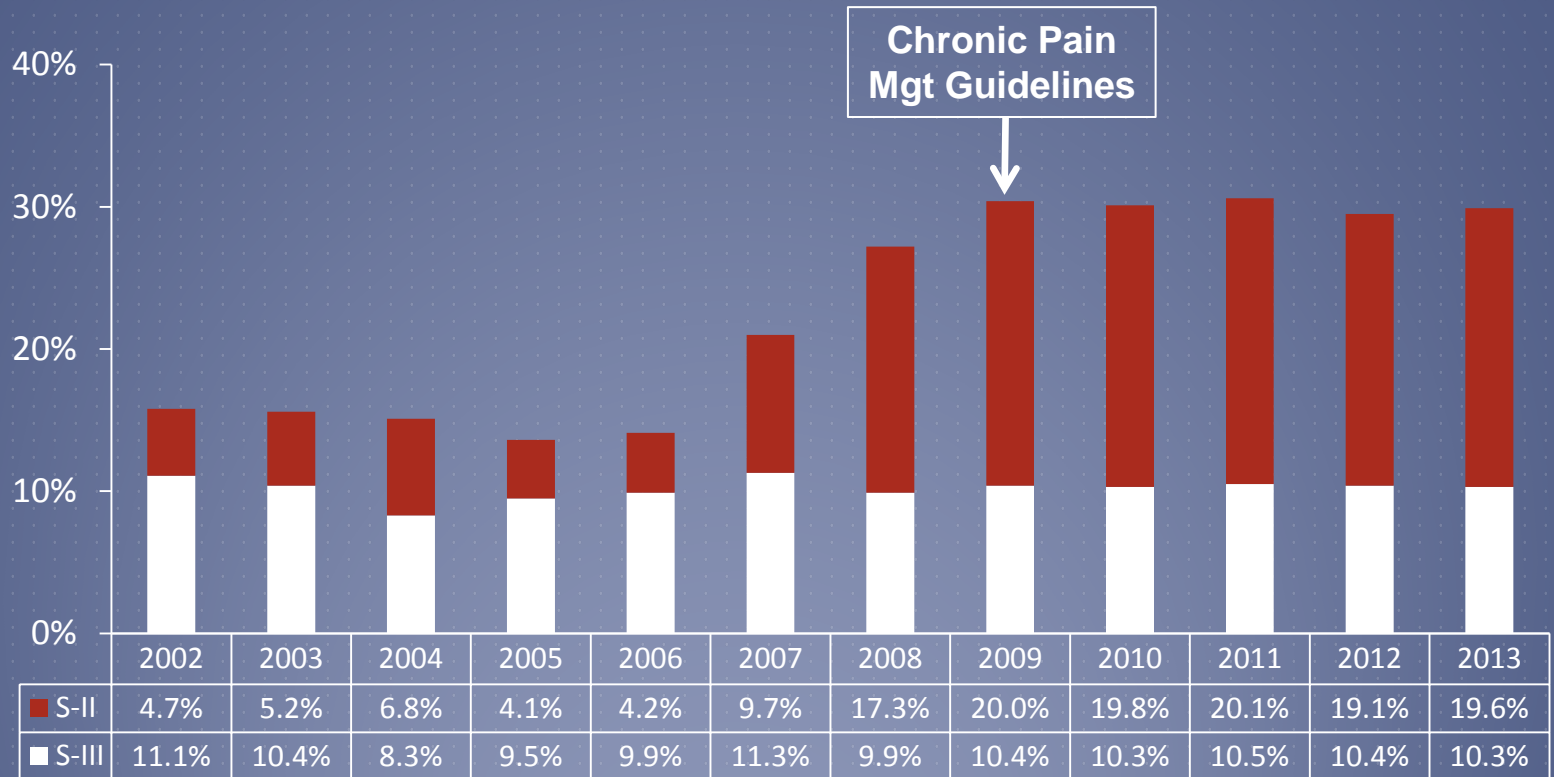
- 2004 & 2013 Fee Schedules Changes
- Guidelines
 - 2009 Chronic Pain Management
 - Opioid Utilization (In Review)
- **Rx Dispute Resolution**
 - **45% of all Util Rvw & Ind Med Rvw**
- **Formularies?**

Pharmacy Costs at 24 Months Post Injury:



Opioids and Pain Management

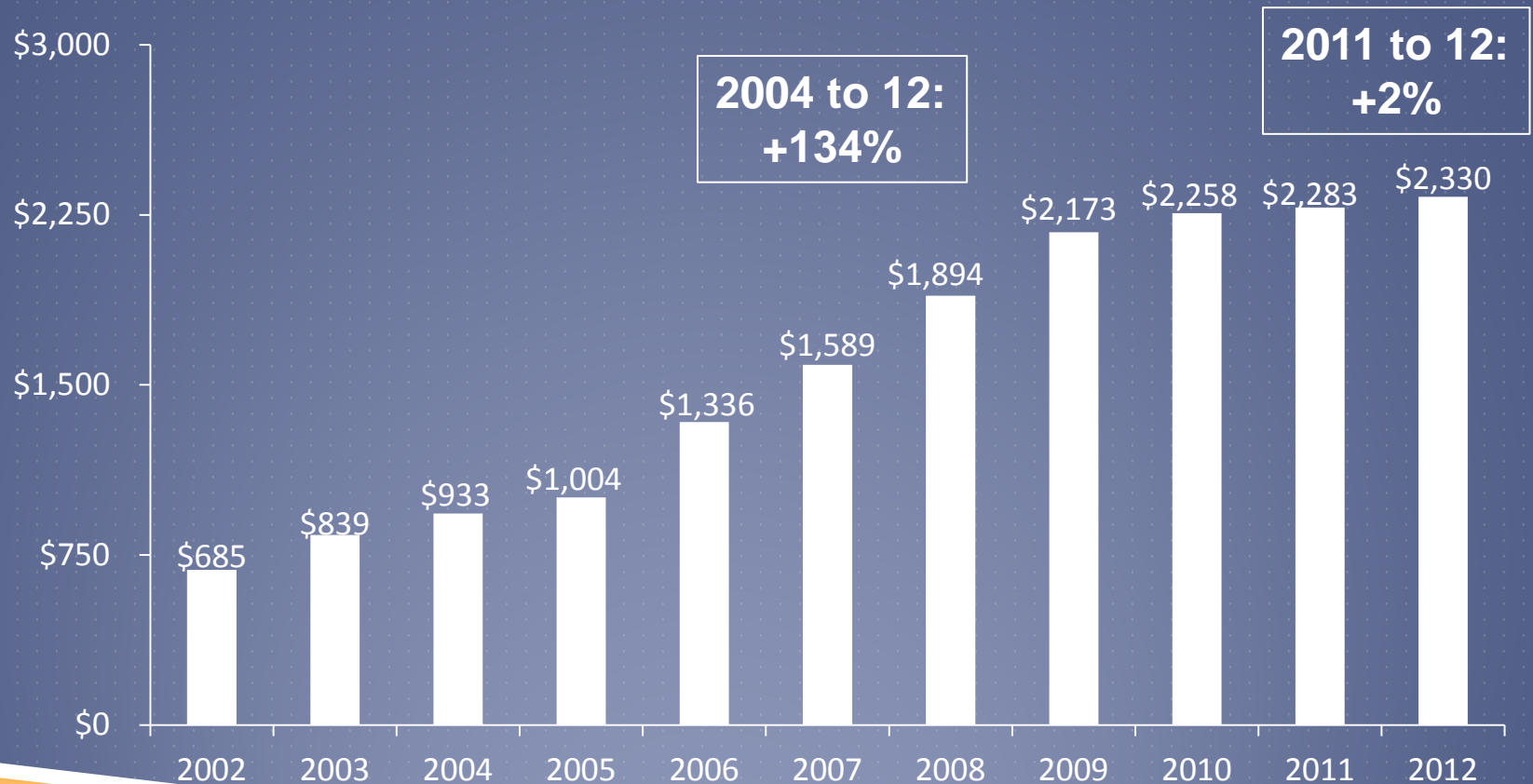
Pharmaceutical Utilization & Cost Schedule II & III Opioid Drug Payments¹



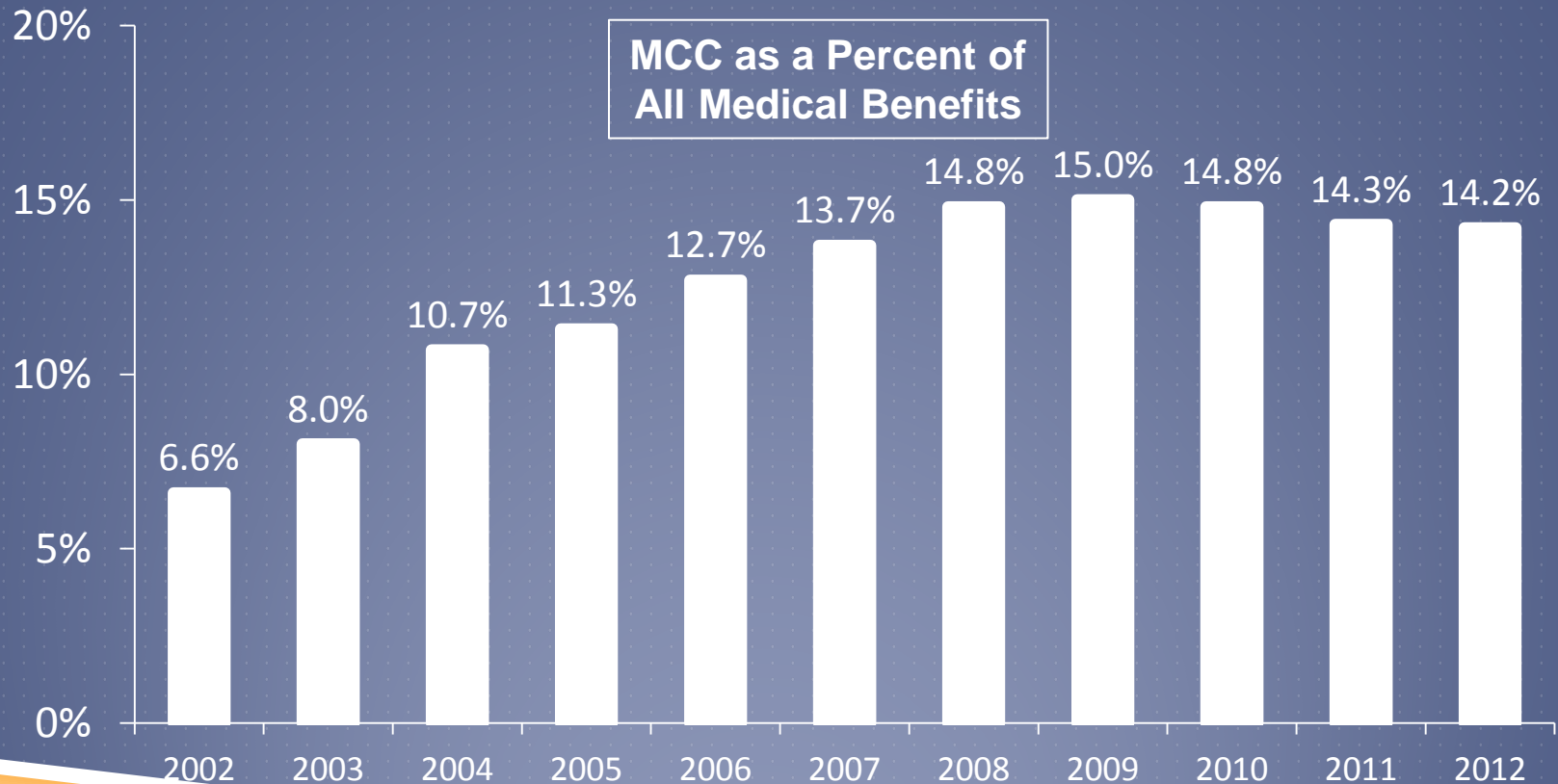
¹ Calculations are on a calendar year basis

Source: CWCI 2014

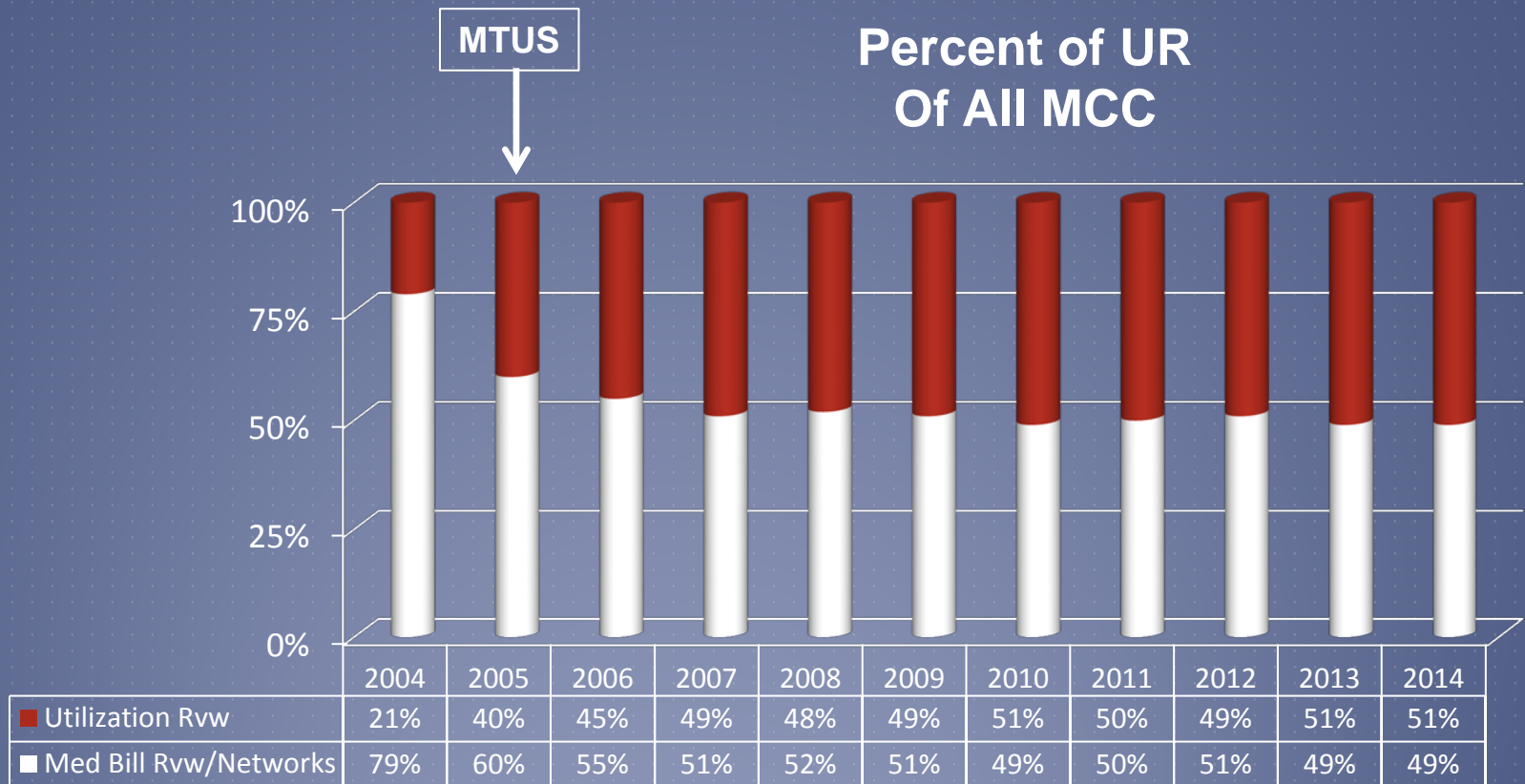
Medical Benefits Components at 24 Months Post Injury: Medical Cost Containment



Medical Benefits Components at 24 Months Post Injury: Medical Cost Containment



Components of Utilization Review



Source: CWCI 2014

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 and a Rx formulary
 - Contractual language
3. Disputes and dispute resolution
 - High litigation and medical disputes
 - Before: Legal process, decisions by judges
 - Now: Utilization Review (UR) and Independent Medical Review (IMR) rely on the Medical Treatment Utilization Schedule (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



Utilization Review 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

Utilization Review Efficiency

Division of Workers Compensation

UR Audits: 2009–2013

Overall UR Rating



Source: CWCI 2015

The Form and Function of Medical Dispute Resolution

Areas of Conflict:

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

Outcomes on Process:

- Volume of disputes
- Characteristics of disputes
- Decisions and their rationale

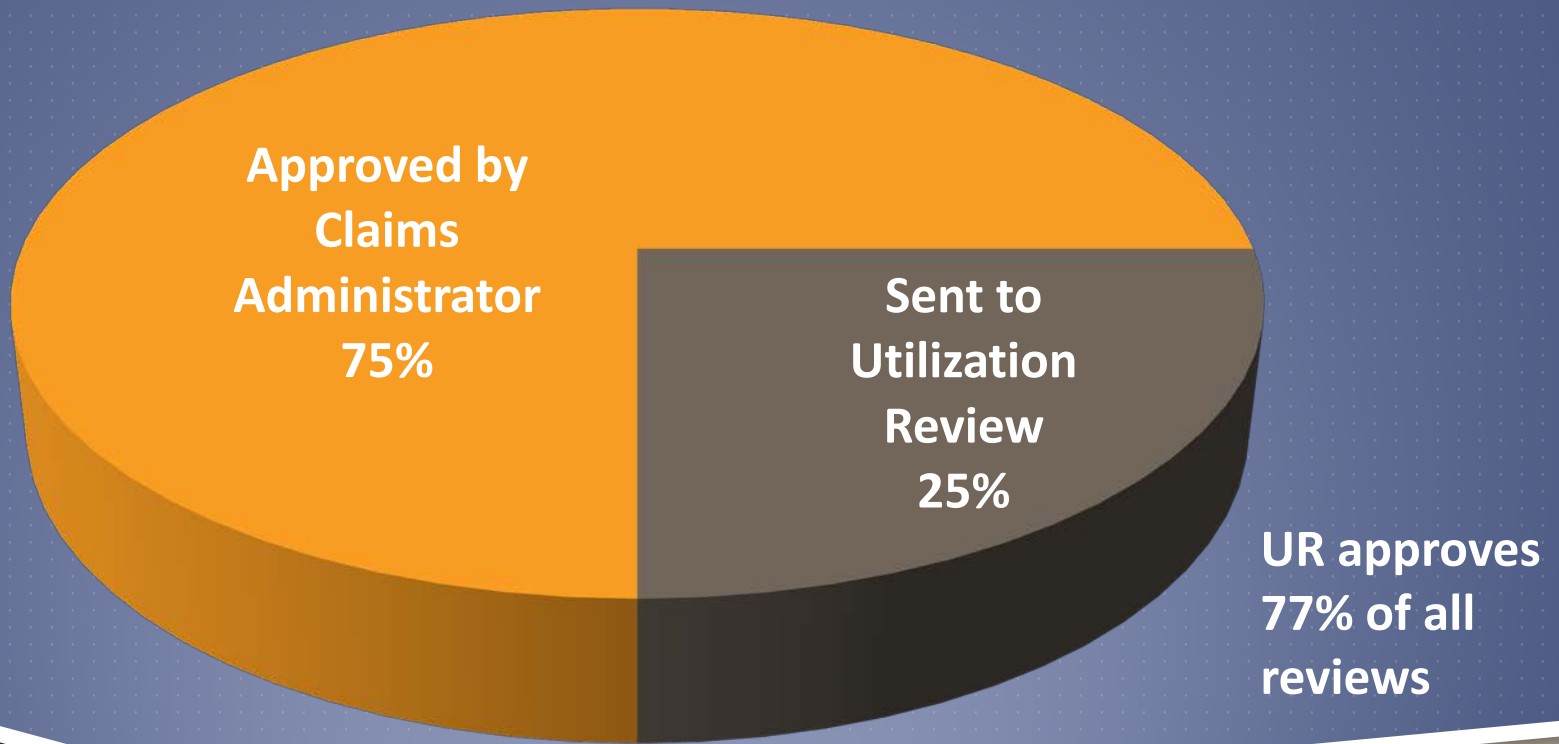
Next Steps - Outcomes:

- Impact on injured worker
- Impact on CA system



2014 MDR Decision Results

Volume & Timing Initial Treatment Requests

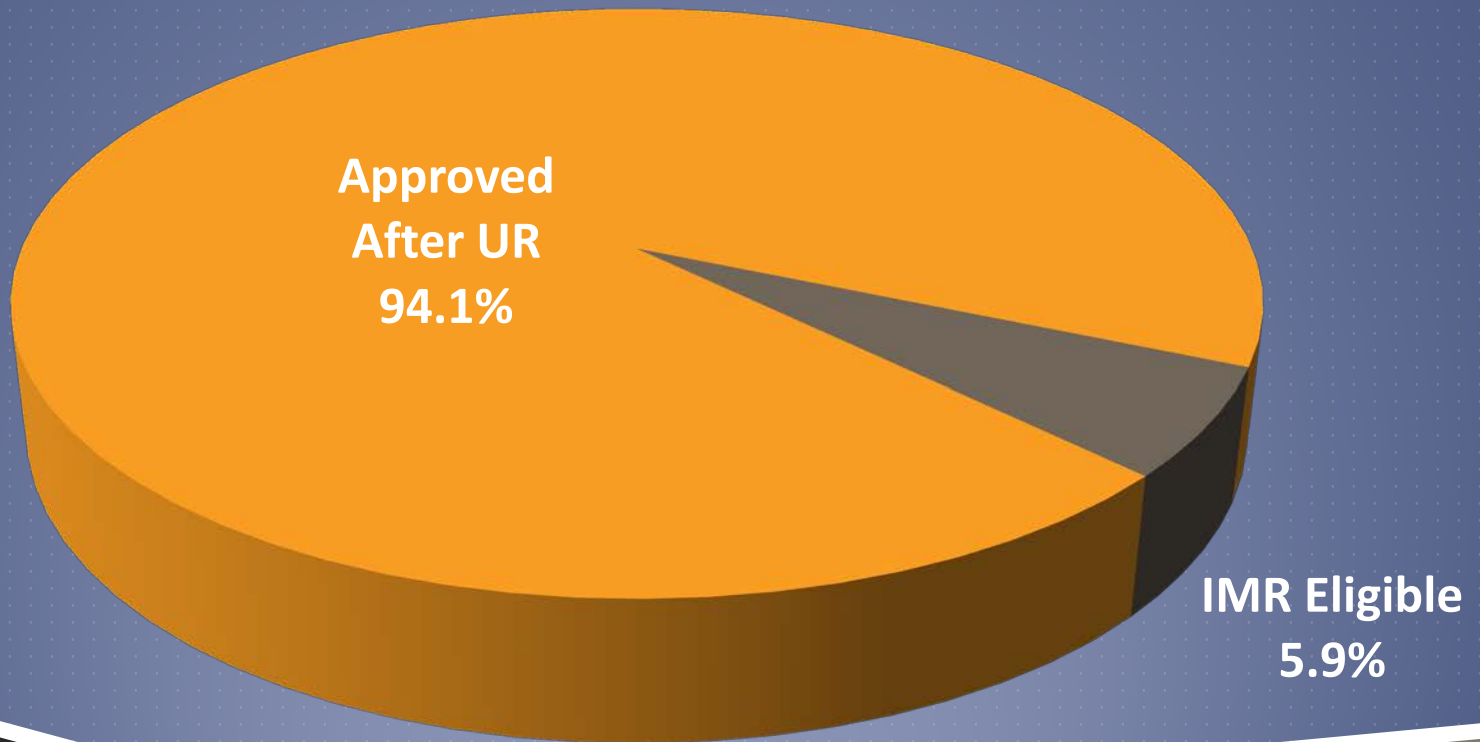


Source: CWCI 2014

2014 MDR Decision Results

Volume & Timing

Level of Approved Treatment After Utilization Review

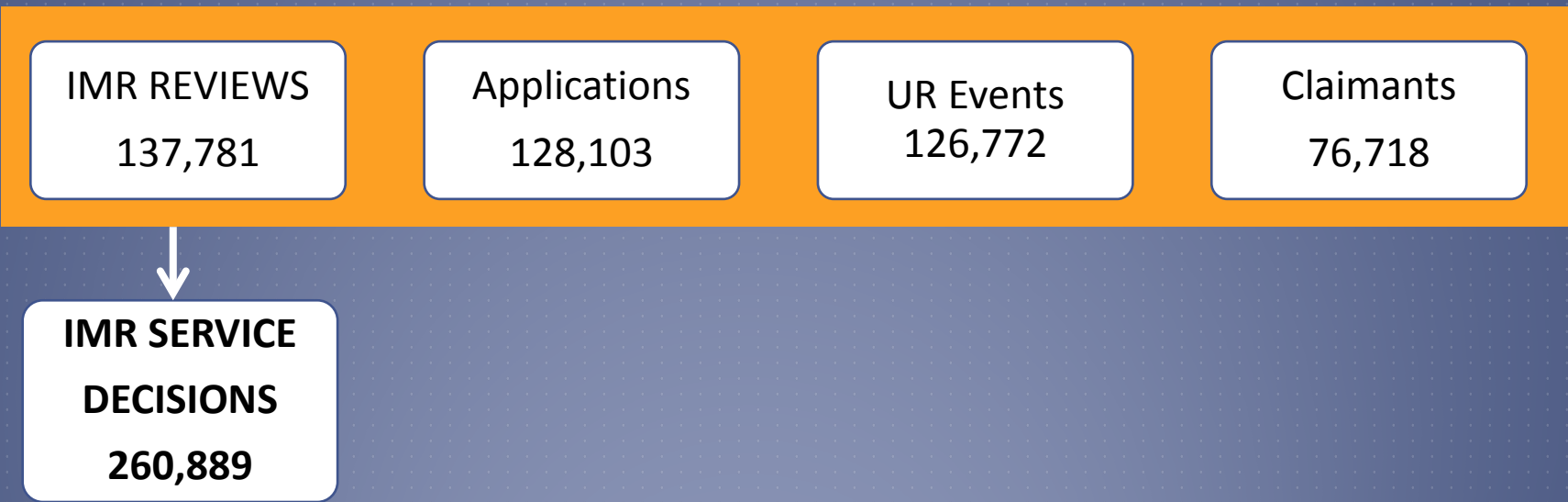


Source: CWCI 2014

2014 IMR Decision Results

Volume & Timing

2014 Final Determination Letters

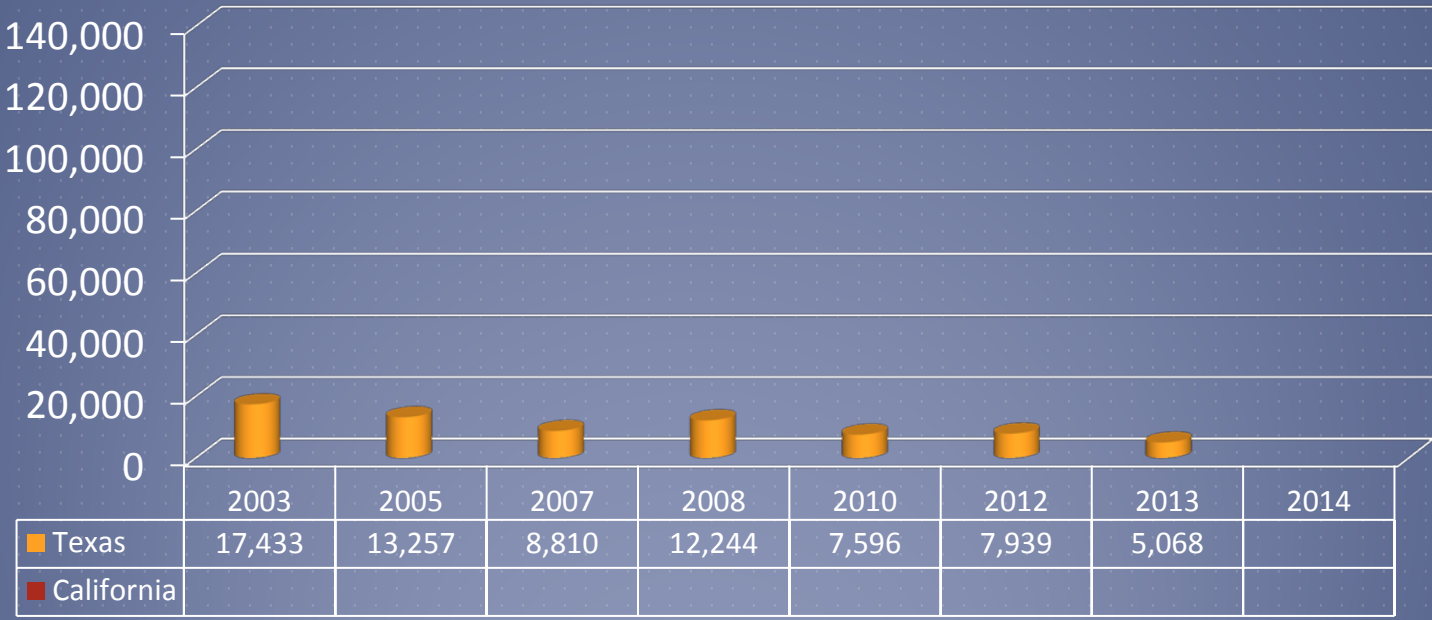


Source: CWCI 2015

2014 IMR Decision Results

Volume & Timing

Volume of IMR Decision Letters Texas & California

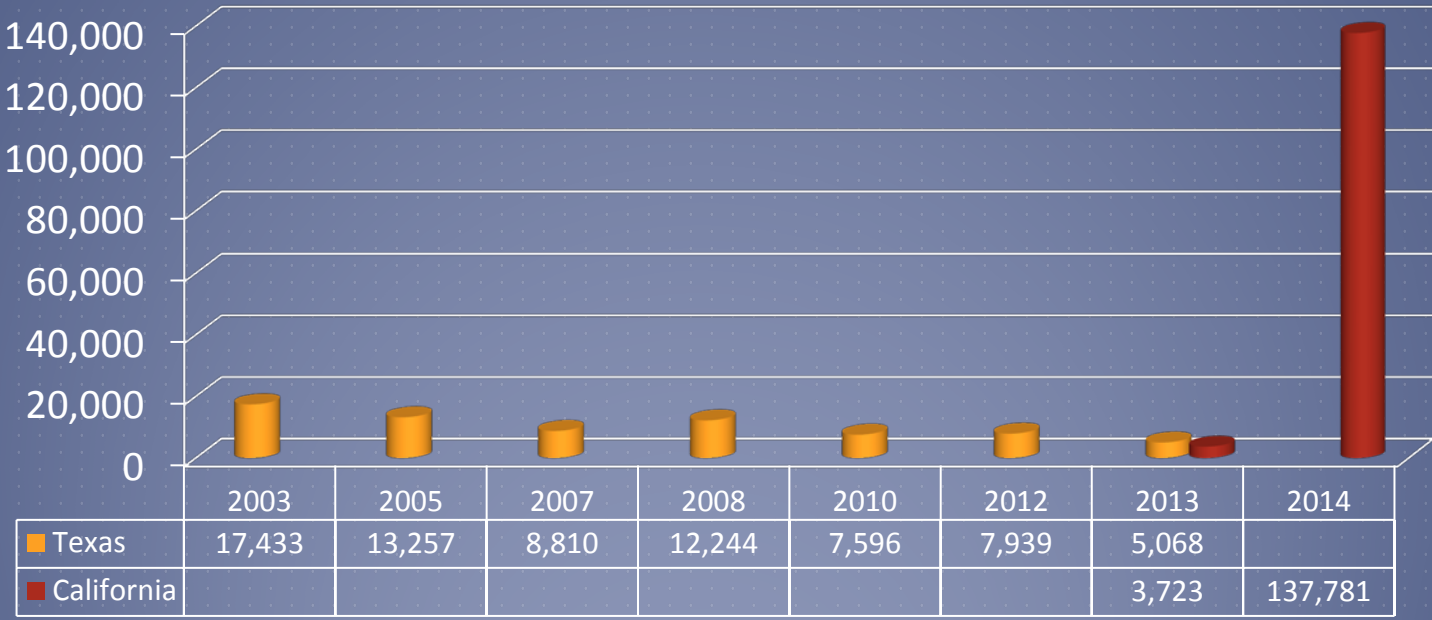


Source: Texas Dept. of Insurance,
Division of Workers' Compensation;
CWCI 2015

2014 IMR Decision Results

Volume & Timing

Volume of IMR Decision Letters Texas & California



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

2014 IMR Decision Results

Volume & Timing

Utilization Review Denials/Modifications Upheld vs Overturned

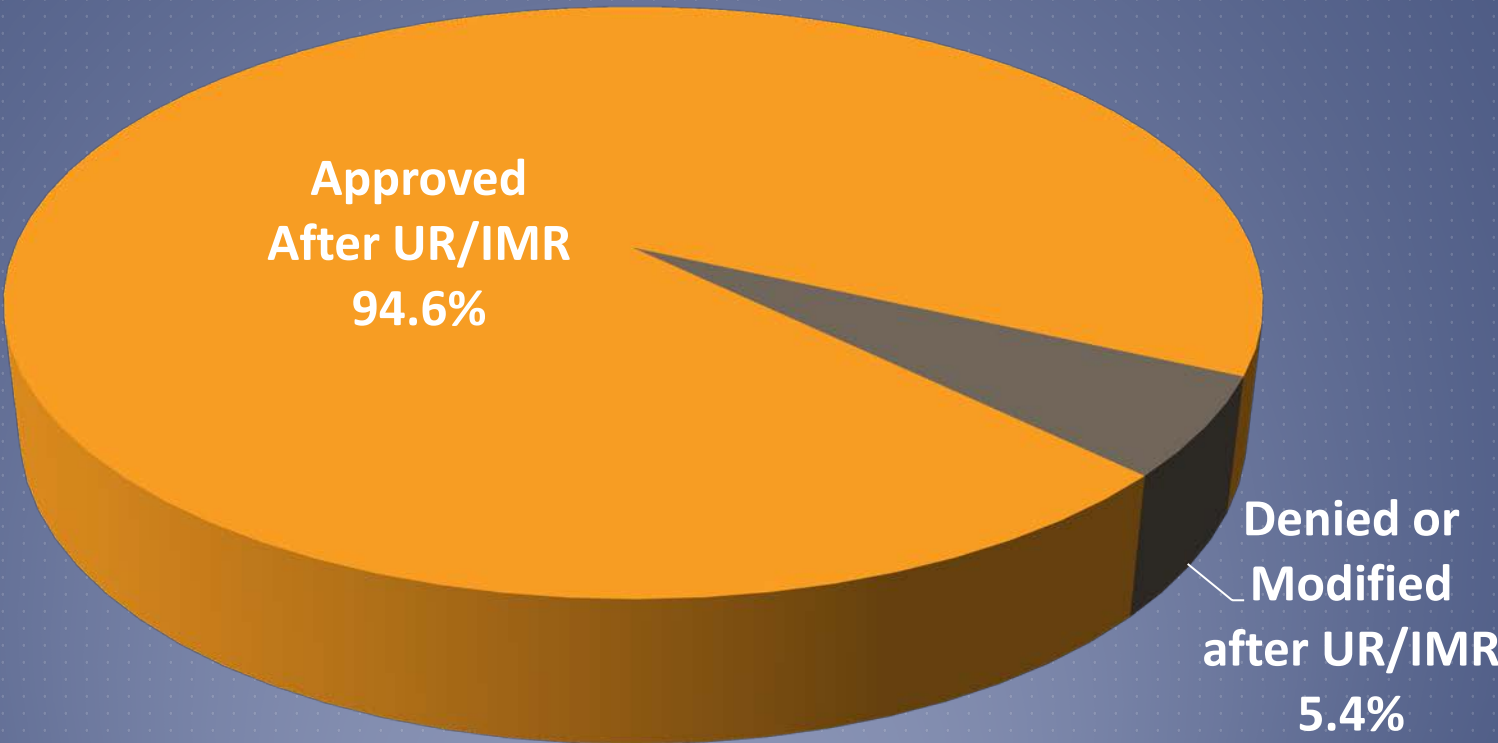
Result	Services	%
Upheld UR	237,345	91.4%
Overturn UR	23,544	8.6%
Total	260,889	100%

Source: CWCI 2015

2014 IMR Decision Results

Volume & Timing

Level of Approved Treatment After Medical Dispute Resolution



Source: CWCI 2015

2014 IMR Decision Results By Service

SERVICE TYPE	% 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 IMR Decision Results By Pharmaceuticals

SERVICE TYPE	% 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

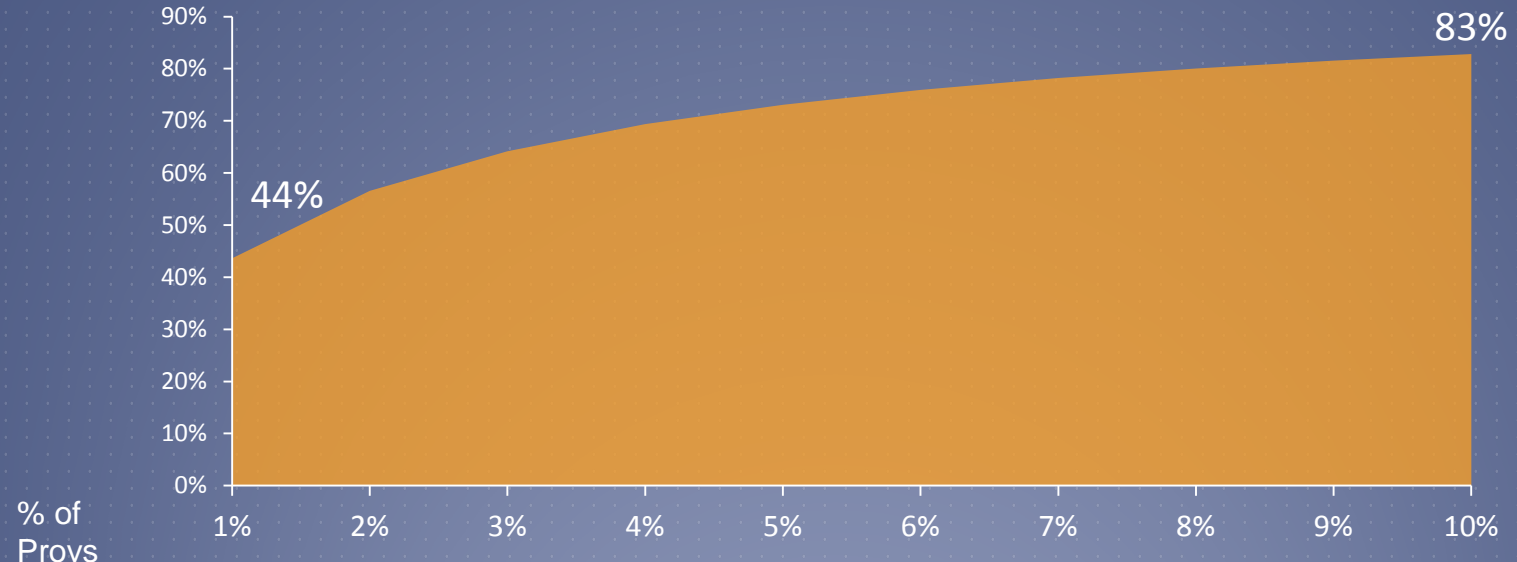
2014 IMR Decision Results By Geographic Region

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 IMR Decision Results

Top 10% of Providers by Volume of Decision Letters



% 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 IMR Decision Results By Provider

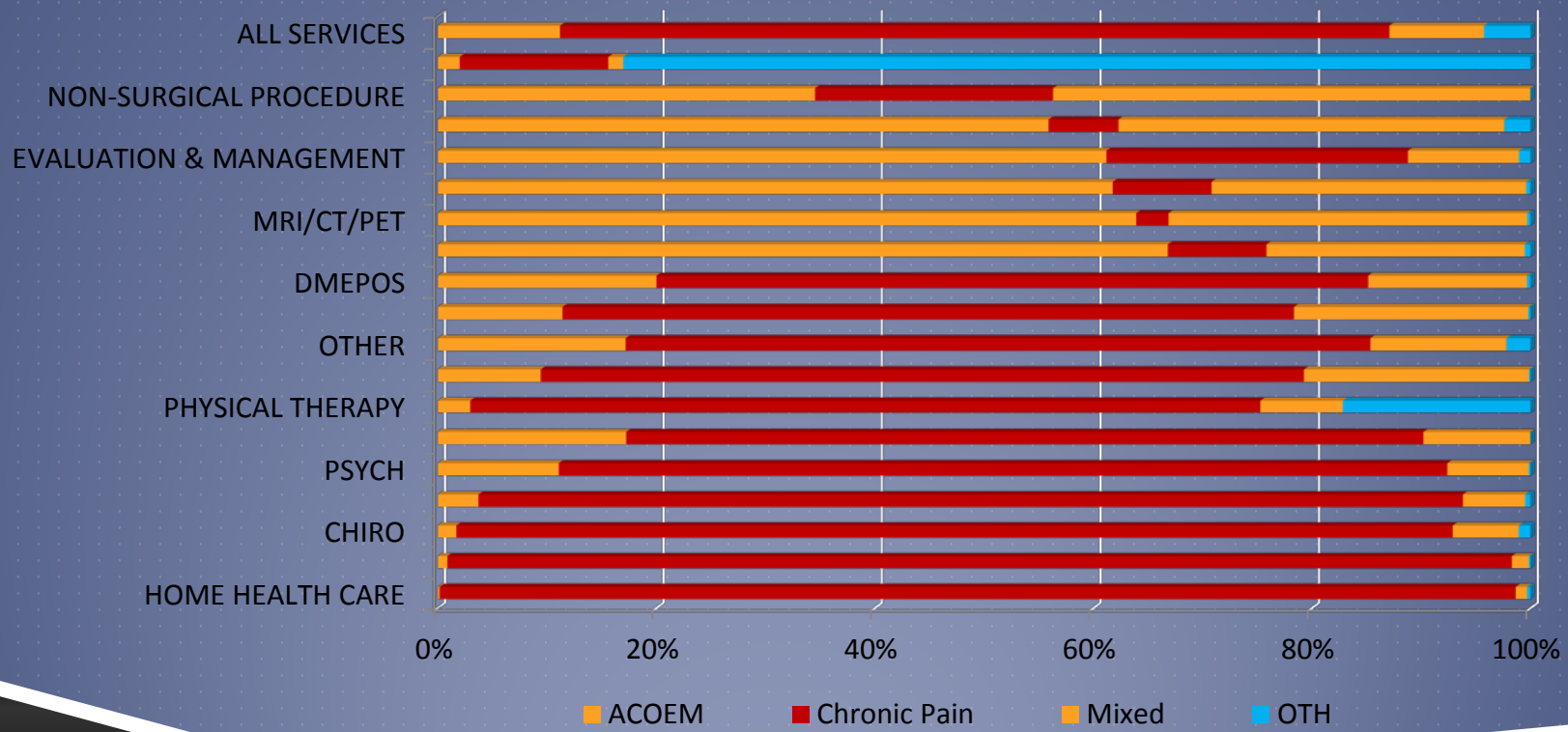
Top 10 Providers

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 IMR Decision Results

IMR's Decision-Making Process MTUS Guidelines Cited by Service



Source: CWCI 2015

2014 IMR Decision Results

Key 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

QUESTIONS?