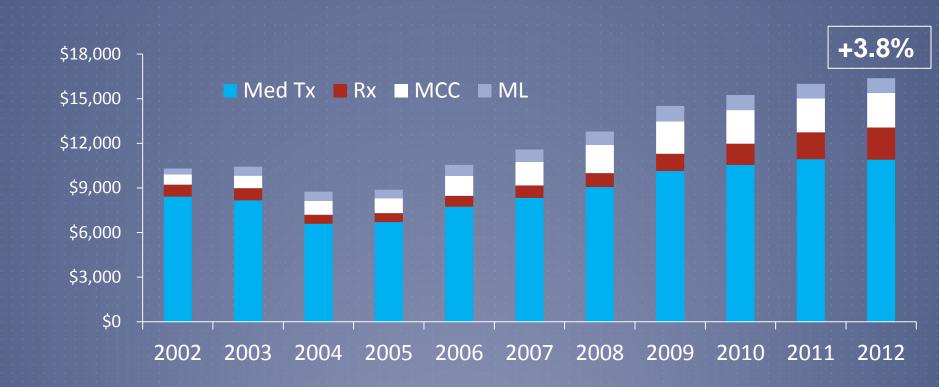
Controlling Quality of Care and Cost:

The Form and Function of Medical Dispute Resolution

Alex Swedlow
California Workers' Compensation Institute
May 2015

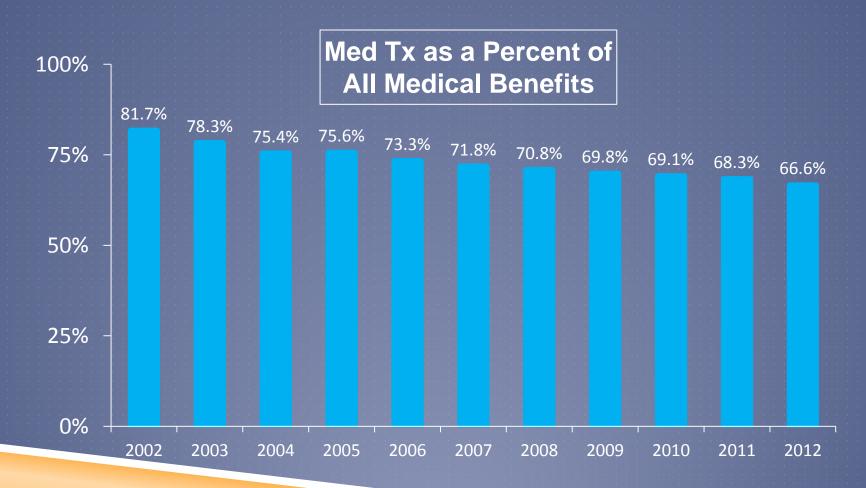
Medical Benefits Components at 24 Months Post Injury



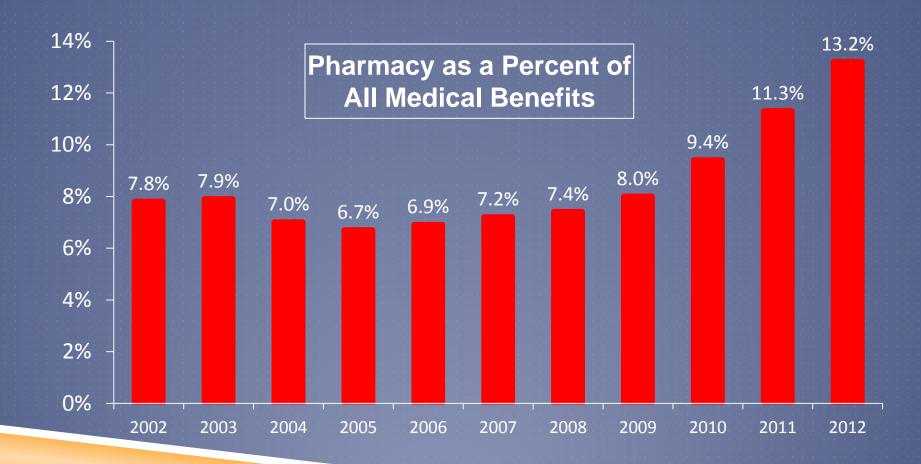
Medical Benefits Components at 24 Months Post Injury: Medical Treatment



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

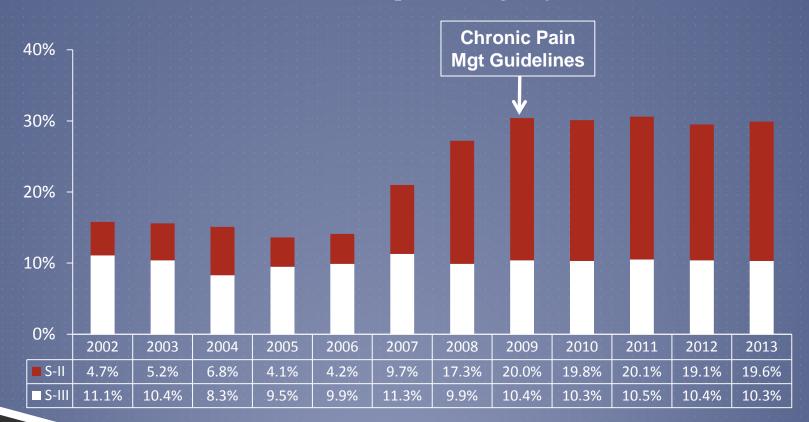
- 2004 & 2013 Fee Schedules Changes
- Guidelines
 - 2009 Chronic Pain Management
 - Opioid Utilization (In Review)
- Rx Dispute Resolution
 - 45% of all Util Rvw & Ind Med Rvw
- Formularies?

Pharmacy Costs at 24 Months Post Injury:



Opioids and Pain Management

Pharmaceutical Utilization & Cost Schedule II & III Opioid Drug Payments¹

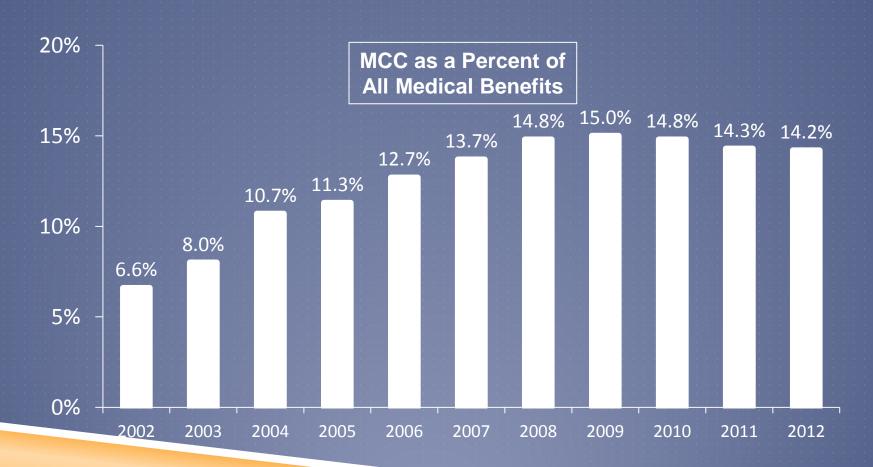


¹ Calculations are on a calendar year basis

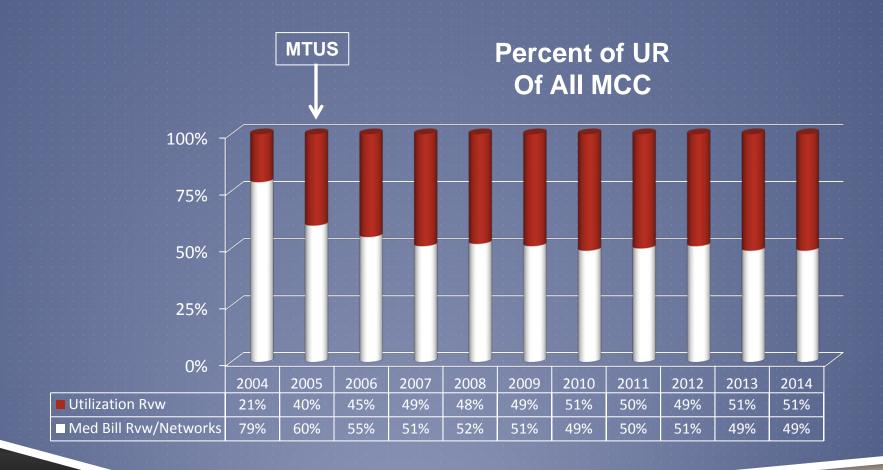
Medical Benefits Components at 24 Months Post Injury: Medical Cost Containment



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



Components of Utilization Review



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



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CWCI SPOTLIGHT REPORT..

California Workers* Compensation Claims Administrator Utilization Review Andit Results: 2009–2013

One of the most critical responsibilities given to workers' compensation claims administrators is to assure that injured workers receive appropriate medical care to cure or relieve the effects of to assure that injured workers receive appropriate inequal care to cure or seneve the curcus or their injuries. Utilization review (UR) is the process that claims administrators use to evaluate whost the modified treatment and tests recommended for an injured worker are medically used aljours. Outlandar review (Crey to the possess that some some source whether the medical freatment and tests recommended for an injured worker are medically successive me incorda treatment and tess recommended to an injured worker are menticary mecessary according to the Medical Treatment Utilization Schedule when applicable, or per other manuary recogniscs, peut-reviewes, evanence-uses meutra urannem gumennes, seiven me importance of innely and appropriate medical treatment, each California workers' compensation, desirate administrator in admin importance or timery and appropriate measures measurem, court controlling workers compensation claims administrator is required by law to establish a utilization review process that is guided by according controlling contr camps assumption to required by task to establish a utilization review process that is guided written policies and procedures, consistent with the requirements of Labor Code §4610, and

The scope of UR programs in California workers' compensation is quite broad, as the State The scope of UA programs in cannonna workers' compensation is quite orosa, as the state Supreme Court ruled in 2010 that all workers' compensation treatment requests must undergo Supreme Court ruled in 2010 that all workers compensation realment requests miss unoergo utilization review. That process may include simple review and approval by a claims examine a continuous control of the control utilisation review. That process may menore simple review and approvar by a common continuous or other non-physician, and prior authorization for certain frealment requests as outlined in the or other non-physician, and prior authorization for certain treatment requests as outlined in the written UR program. However, only a physician may delay, deny or modify a treatment request. whiten OA program. However, only a posyment may occur, only or moonly a security so any request not approved in the mitial review of subject to prior authorization must be so my request not approved as use minut review of subject to pixol annusciation times of covered for medical necessity by a physician who uses guidelines based on medical evidence to decide whether to subject as modifies datas for densy the treatment reviewed for medical necessity by a physician who uses guidelined decide whether to authorize, modify, delay, or deny the treatment.

The California Division of Workers' Compensation Audit Unit is charged with conducting Ine california Division of workers Compensation Audit Olm is charged with consulting routine Profile Audit Review (PAR) audits of each claims administrator at least once every five consultance with the estations and combined a routine Fronte Audit Review (PAK) audits of each claims administrator at least once every five years in order to monitor the claims organization's compliance with the stantiory and regulatory years in course to monitor use course or gomestion is compassive with the samony and regulation governing indemnity benefit delivery and notification. I in conjunction with the requirements governing innorming occurring one very and months amount and conjugation when he page page 19. AR and its, the DWC performs an audit of the Utilization Review Administrator (URA) in FALL and the Law Centerms at about or the Contention Action Frontains which three aspects of the claims administrator's UR program are reviewed: the timeliness of responses to UR requests;

- the content of the response; and
- the delivery of the response to the proper parties.

¹ 44 CAL 46 230, 186 P 3D 535, 79 CAL RPTR 3D 171 State Compensation Insurance Fund. V. WCAB

In addition, the regulations call for audits of Utilization Review Organizations (UROs), which may contract with manufacture administrations to conduct all no source of their TB American at least once supervising water In adultion, the regulations can for audits or Juliazation Review Organizations (UNIV), which may consider with workers' comp claims administrators to conduct all or some of their UR, functions, at least once every three years.

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%)						

Utilization Review Efficiency

Division of Workers Compensation UR Audits: 2009–2013



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



Volume & Timing
Initial Treatment Requests

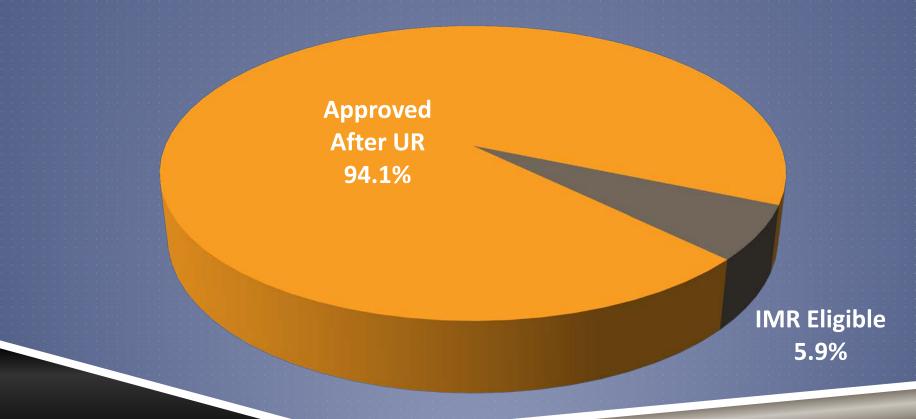
Approved by
Claims
Administrator
75%

Sent to
Utilization
Review
25%

UR approves 77% of all reviews

Volume & Timing

Level of Approved Treatment After Utilization Review



Volume & Timing 2014 Final Determination Letters

IMR REVIEWS

137,781

Applications

128,103

UR Events 126,772

Claimants

76,718

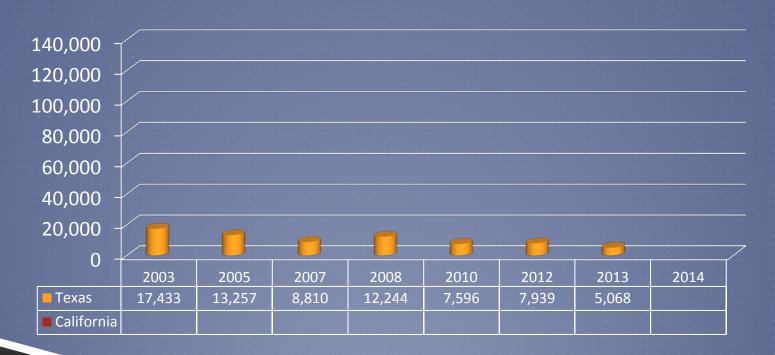
IMR SERVICE

DECISIONS

260,889

Volume & Timing

Volume of IMR Decision Letters Texas & California



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

Volume & Timing

Volume of IMR Decision Letters Texas & California



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

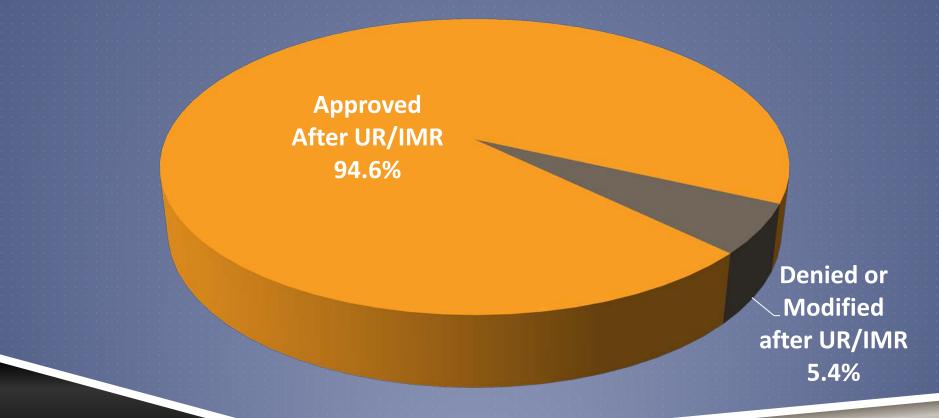
Volume & Timing

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%

Volume & Timing

Level of Approved Treatment After Medical Dispute Resolution



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%

2014 IMR Decision Results By Pharmaceuticals

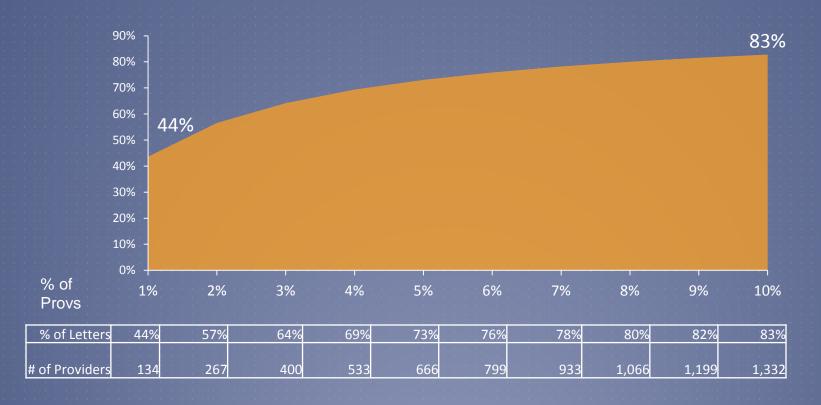
	% of	
SERVICE TYPE	Services	% Upheld
RX	44.7%	91.9%

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

2014 IMR Decision Results By Geographic Region

		% Industry	
Region	%	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

Top 10% of Providers by Volume of Decision Letters



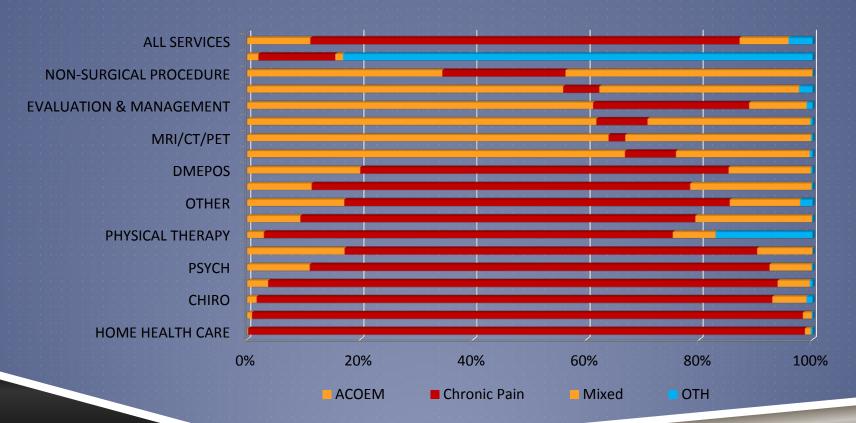
2014 IMR Decision Results By Provider

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%

IMR's Decision-Making Process

MTUS Guidelines Cited by Service



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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?