



BULLETIN

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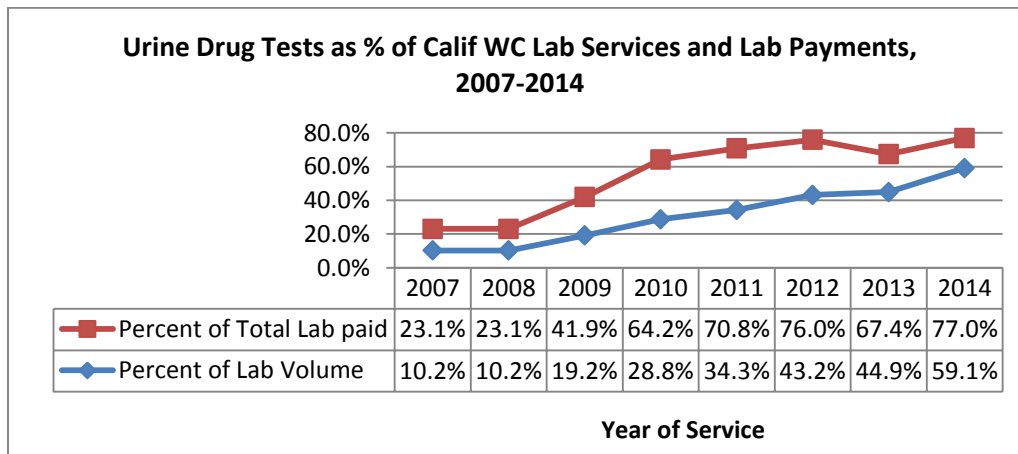
October 12, 2015

High rates of opioid use, physician drug dispensing, and the increased use and cost of prescription drugs in California workers' compensation have led to the emergence of a new cost driver – urine drug tests (UDTs), which a new CWCI study shows now account for nearly half of all laboratory services and more than half of all payments for lab services in the California system.

Using a database of 2.8 million clinical lab service records for UDTs performed on California injured workers between 2002 and 2014 for which claims administrators paid \$108 million, the study tracked the growth of UDT services and payments over time, identified changes in the mix of UDTs performed (qualitative tests used to screen for the presence or absence of a drug, quantitative tests used to measure the amount of drug in a sample, or validation tests used to determine if a sample has been tampered with or diluted), examined the impact of Medicare rule changes intended to curb questionable billing practices, and analyzed the links between UDT services and specific classes of drugs and how those have evolved in recent years.

With the increased use of opioids over the past decade, and growing concerns about the long-term repercussions, drug tests have been added as an appropriate component of pain management programs in published treatment guidelines. As a result, monitoring injured workers' drug usage through UDTs has become widespread and spawned a growing industry that encompasses manufacturers of testing kits, medical providers who perform the tests, and labs that analyze the samples. In many cases, multiple tests are run on a single patient, even when there has been no change in treatment, adding thousands of dollars in additional medical expense to the injured worker's claim. The issue has arisen in other health systems as well, which has sparked efforts to better define when tests should be performed. UDT billing practices in the Medicare system became so dubious a few years ago that in 2010, the Centers for Medicare and Medicaid Services (CMS) introduced two new procedure codes for billing drug screening services, then further revised its codes in 2011 to address "unnecessary and excessive utilization" of drug screening codes.

The new study reveals exponential growth in the use of UDTs in California workers' comp, showing UDT as a proportion of all lab tests increased 6-fold in the last 8 years, climbing from 10.2 percent in 2007 to 59.1 percent in 2014, while UDT as a percent of lab payments more than tripled from 23.1 percent to 77 percent, though UDT's share of lab payments has fluctuated since Medicare revised the drug screening billing rules in 2010.



The study shows that the growth in the number of UDTs performed in California workers' compensation not only reflects the increasing number of injured employees who are tested, but increases in the average number of service dates, the average number of tests performed on those service dates, and in the duration of testing within the life of a claim. For example, comparing drug testing data from accident year (AY) 2003 and AY 2012 claims, the study found the average number of drug testing service dates within the first year of injury increased by 9 percent; while the average number of tests at 24 months post-injury was up 35 percent; and the number of tests per claim at 36 months was up 350 percent. The data on UDT claims also show that between 2007 and 2014 the average number of tests per employee per date of service more than tripled from 4.5 to 14.9, spurring a similar increase in the average amount paid per date of service, which rose from \$96 to \$307 over that 8-year span.

Breaking out the results by test category indicates that while the volume of all types of testing has continued to grow, the mix of tests used in workers' compensation has shifted since Medicare changed its screening test payment policies in 2010. Screening tests declined from 28.6 percent of UDTs performed on injured workers in 2010 to 16.7 percent of the tests in 2014; while validation tests dropped from 22.5 percent to 10.9 percent of the tests. On the other hand, quantitative tests to measure the amount of specific drugs in a sample, and which were not affected by the Medicare coding changes, increased from 51.8 percent to 72.5 percent of all workers' compensation UDTs. The study underscores the impact that Medicare's revisions to the billing codes had on UDT billing patterns by examining UDT services billed under CPT code 82486, which was not included in the Medicare rule change, and which should not be billed on a regular basis as it is used to describe a chromatography test of a substance or chemical that is analyzed but not specified under another clinical lab code. That analysis found that in the three years after Medicare tightened the billing rules for other screening services, use of CPT Code 82486 increased 20-fold, with the average units per testing event increasing from 1.4 units in 2009 to 29.4 units in 2012. The sudden surge in the number of these tests and the resulting increase in reimbursements following the imposition of the stricter Medicare billing rules for other tests suggest that financial incentives rather than clinical necessity may be influencing both the types and volume of drug testing being performed on injured workers.

Many UDTs are used to monitor those who have been prescribed potentially addictive Schedule II or III drugs, though the study found another factor that may have come into play in the last decade, as UDTs have become much more prevalent among injured employees who receive those medications if their claims are litigated. Among workers injured in 2004 who received Schedule II or III meds, UDTs were performed on 8 percent of those whose claims were litigated, similar to the 7 percent rate noted for those whose claims were not litigated; but for workers injured in 2010, the UDT rate for the non-litigated Schedule II and III claims remained at 7 percent, while the incidence of drug testing for those with litigated claims jumped to 20 percent. This suggests that the likelihood of an injured worker who is prescribed opioid painkillers or other controlled substances being drug tested may be more related to their claim litigation status than the class of drug they are prescribed.

The study also revealed that workers' comp drug testing is no longer the domain of the handful of high-volume labs that dominated the field just a few years ago. Billing data from 2007 through 2014 shows that over that 8-year span, the percentage of UDT reimbursements paid to the top 10 UDT providers or labs fell from more than 80 percent to about 46 percent, and notably, the percentage paid to the top individual provider fell from 43 percent to 9 percent. The change in the mix of UDT providers also was fueled by an increase in the number of non-laboratory providers, reflecting a migration toward physician in-office testing that drove the total number of UDT providers who received workers' compensation reimbursements up from 428 in 2008 to 876 in 2014.

The Institute has released its UDT study in a Report to the Industry, "The Utilization and Cost of Drug Testing in California Workers' Compensation," which includes additional data, background information, graphics and analyses. The report is posted in the Research section of the CWCI website, which Institute members and subscribers may access by logging in at www.cwci.org.

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