



# BULLETIN

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A new analysis of the California workers' compensation medical review and medical dispute resolution process shows that contrary to assertions of wholesale denials of care, about 96 percent of all treatment services in the system are approved and delivered to injured workers, while 4 percent are modified or denied after being determined not medically necessary following multiple levels of review using the state's evidence-based medicine standards.

To assure that treatment given to injured workers is supported by clinical evidence outlined in the state's medical guidelines, California law requires workers' compensation claims administrators to have a utilization review (UR) program overseen by a medical director. Most workers' compensation treatment is approved, but in 2012 the state added Independent Medical Review (IMR) to its medical review and medical dispute resolution process to allow injured workers an opportunity to get an independent medical opinion on the estimated 4.3 percent of medical service requests that are determined to be not medically necessary by a UR physician.

To gauge the impact of these programs, CWCI examined UR data from 5.6 million California workers' comp medical services from 2014, and IMR data from about 220,000 IMR decision letters issued in 2014 and in the first six months of 2015, with a focus on the 2015 letters. Key findings include:

- Nearly 85 percent of the 5.6 million medical services in the study sample were paid without a Request for Authorization (RFA) and without going through UR for medical necessity, based on prior authorization, retrospective authorization, or if no RFA was received but the service fell within the claims administrator's parameters for approval. Overall, the injured worker, their doctor or attorney submitted RFAs on about 860,000 (15.3 percent) of the 5.6 million medical services in the study, though the percentage of services submitted in an RFA varied by claims administrator, ranging from 9 percent to 19 percent.
- Of the 860,000 services submitted in an RFA, 514,000 were accepted by a non-physician reviewer (typically a claims adjuster or nurse) who determined them to be medically necessary under the treatment guidelines. The balance were sent for review by a UR physician, though the percentage submitted for UR physician review also varied widely among claims administrators (ranging from 1.5 percent to 76.2 percent). Overall, the 346,000 RFAs submitted for UR physician review represented 6.1 percent of the 5.6 million medical services in the study sample.
- UR physicians modified or denied about 242,000 of the 346,000 RFAs they reviewed; which equates to 4.3 percent of the 5.6 million requests in the study. Conversely, about 104,000 RFAs that went to a UR physician were approved. UR modifications and denials of requested services as a percent of all RFAs varied by payer, ranging from 0.2 percent to 5.0 percent of all RFAs.

If a UR physician modifies or denies a medical service request, the injured worker may dispute the decision by applying for IMR. The state received 228,000 IMR applications in 2014 and nearly 127,000 in the first half of 2015. After eliminating duplicate and ineligible applications, there were about 227,000 eligible IMR applications

received during that 18-month span. A prior CWCI study examined IMR decisions from 2014, so to get an updated view of IMR outcomes, the new study reviewed the 82,000 IMR determinations from the first half of 2015. The results show:

- IMR physicians upheld 89.1 percent of the UR denials and modifications they reviewed, which is consistent with the 91 percent uphold rate noted in the analysis of 2014 IMR outcomes and an indication that after IMR, the majority of modifications or denials made by UR physicians are found to be in-line with the evidence-based medicine guidelines.
- Nearly a quarter of IMR decisions in the first half of 2015 involved claims with a date of injury from 2004 or earlier, but claim age had no effect on the IMR uphold rate, which was about 90 percent across all accident years.
- Almost half of the IMR decisions involved prescription drug disputes. One third of those involved requests for opioids and 11 percent involved compounded drug requests. In nearly 90 percent of the IMR cases involving opioids, the independent medical review physician agreed with the UR physician's determination that the use, strength, quantity or duration of the opioid prescription was not medically necessary, while in 97.5 percent of the IMRs that involved compounded drugs, the UR physician's modification or denial of the request was upheld.
- Physical therapy, durable medical equipment, injections and surgery rounded out the top 5 types of treatment submitted for IMR, with the independent reviewer agreeing that these services were not medically necessary between 86.9 percent to 92.7 percent of the time.
- The 10 percent of physicians who had the highest IMR volume were identified in about 80 percent of all IMR letters; the top 1 percent were named in 40 percent of the IMR letters.

The finding that only 4.3 percent of the 5.6 million workers' compensation medical services in the 2014 sample were modified or denied by a UR physician, which made them eligible for IMR if the injured worker chose to dispute the UR decision, dispels the notion that all workers' compensation medical services are sent through UR/IMR and that the medical review and dispute resolution processes generate wholesale denials of care. On the other hand, the finding that nearly 9 out of 10 UR decisions reviewed by an independent medical reviewer in the first half of this year were upheld suggests that when a medical service is modified or denied, there is a high level of consensus that the treatment does not meet the state's evidence-based medicine standards of care, is not medically necessary, and may delay recovery or lead to further impairment or disability.

The Institute has published additional analyses, graphics and findings from the study in a Research Update report, "**Medical Review and Dispute Resolution in California Workers' Compensation**," which is available in the Research section of its website, [www.cwci.org](http://www.cwci.org).

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