



# Spotlight Report

## Independent Medical Review Decisions – January Through December 2015

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### Background/Objective

California law requires workers' compensation claims administrators to have a utilization review (UR) program overseen by a medical director to assure that treatment given to injured workers is supported by clinical evidence outlined in medical guidelines adopted by the state. While most treatment reviewed in UR is approved, in 2012, state lawmakers enacted SB 863, which included the adoption of Independent Medical Review (IMR) to allow injured workers to dispute a UR modification or denial of treatment and to get an independent medical opinion on whether the service is medically necessary. The intent of the IMR process is to ensure injured workers are afforded the most effective medical care based on evidence-based medicine standards, and to preclude unproven, unnecessary and potentially harmful treatment.

The IMR process first took effect in January 2013, and a year later CWCI initiated a series of studies that examined IMR outcomes based on data gleaned from IMR determination letters that were issued from July 2013 through June 2015.<sup>1</sup> This report follows up on those studies by generating summary statistics compiled from IMR determination letters issued from January through December 2015.

The report identifies:

- the total number of 2014-2015 Independent Medical Review (IMR) determination letters and the processing time by month
- the average number of medical service decisions per letter issued in 2015
- 2015 decision counts and determinations (UR upheld or overturned) by:
  - Type of service
  - Pharmaceutical IMRs by drug type
  - Provider concentration
  - Year of injury
  - Region
  - Top providers

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1. David, R., Ramirez, B. and Swedlow, A. "Medical Dispute Resolution: Utilization Review and Independent Medical Review In the California Workers' Compensation System," CWCI, January 2014; David, R., Jones, S., Ramirez, B. and Swedlow, A. "Independent Medical Review Outcomes In California Workers' Compensation. CWCI Research Update," April 2015; and David, R., Jones, S., Ramirez R. and Swedlow, A. "Medical Review and Dispute Resolution in the California Workers' Compensation System," CWCI Research Update, December 2015.

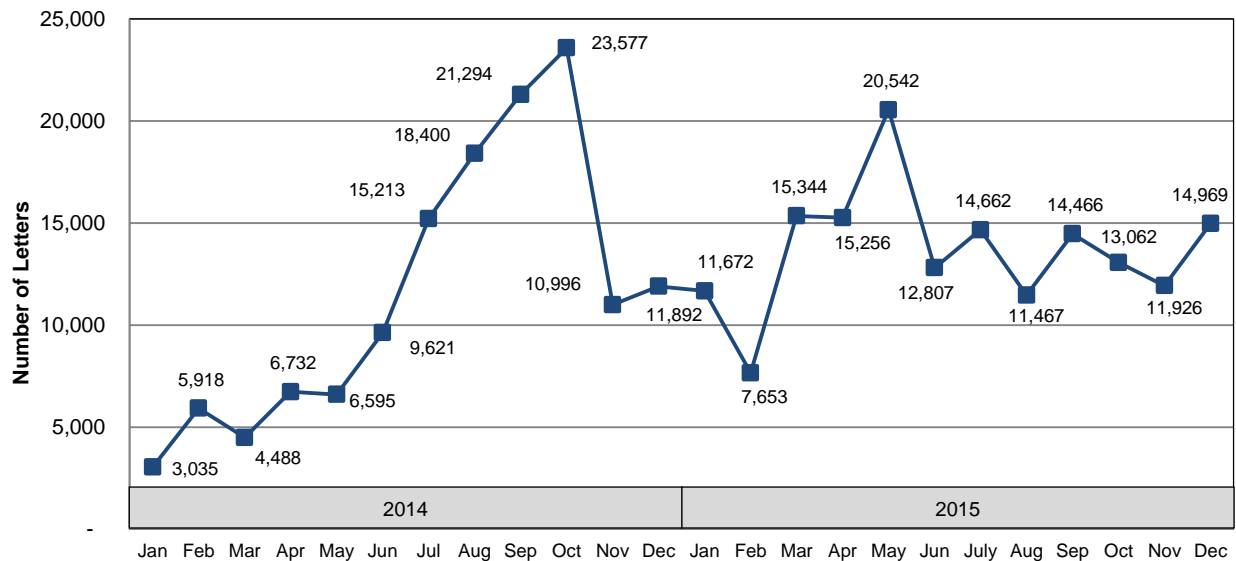
## Results

### Number of IMR Determination Letters

For this study, the author obtained the 2014 and 2015 IMR determination letters from Maximus Federal Services (Maximus), the Independent Medical Review Organization that is under contract with the California Division of Workers' Compensation to manage the IMR process. The total number of IMR determination letters issued by Maximus grew from 137,761 in 2014 to 163,826 in 2015 (+19 percent).

The monthly results, noted in Exhibit 1, show the volume of IMR determinations grew rapidly from January through October of 2014 as Maximus worked to clear the huge backlog of IMR applications it had received after the program was introduced, and after peaking at 23,577 letters in October 2014, the number of letters fluctuated sharply until mid-2015. The most recent data show that during the last half of 2015 the monthly volume of letters was less volatile, ranging from 11,467 to 14,969, with an average of about 13,500 letters per month during that 6-month span.

**Exhibit 1: Eligible IMR Determinations, January 2014 – December 2015**



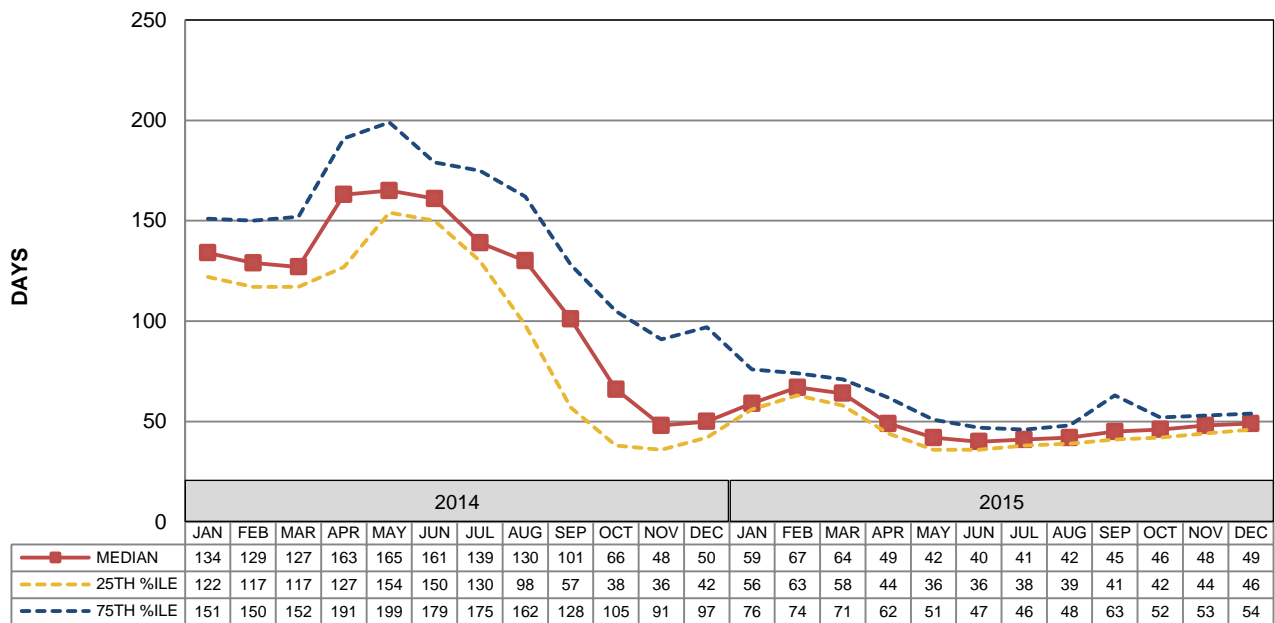
### IMR Response Time

Each IMR determination letter shows the date of the UR denial or modification, the date the IMR application was received, and the date of the determination letter, which is used as the review completion date.

After Maximus receives an IMR application, it must confirm the eligibility of the application, request, receive and process the medical records, and assign the case to a reviewing physician to complete the review. State law requires that Maximus issue an IMR determination letter within 30 days of receiving the application and all necessary records. Exhibit 2 shows the median time elapsed between Maximus’ receipt of an IMR application and the date it issued the decision letter, with results broken out by the month in which the decision was issued.

As shown, the median IMR response time peaked in the second quarter of 2014, ranging between 161 and 165 days during that 3-month span. The latest data from 2015 show the IMR response time has improved significantly, with the median number of days from Maximus’ receipt of the application to the issuance of the decision letter ranging between 41 and 49 days in the last half of the year. In addition, the 25th and 75th percentile figures noted in Exhibit 2 indicate that there is now less variation in the results, with the spread between the median and the first and third quartile values narrowing considerably from the 2014 levels.

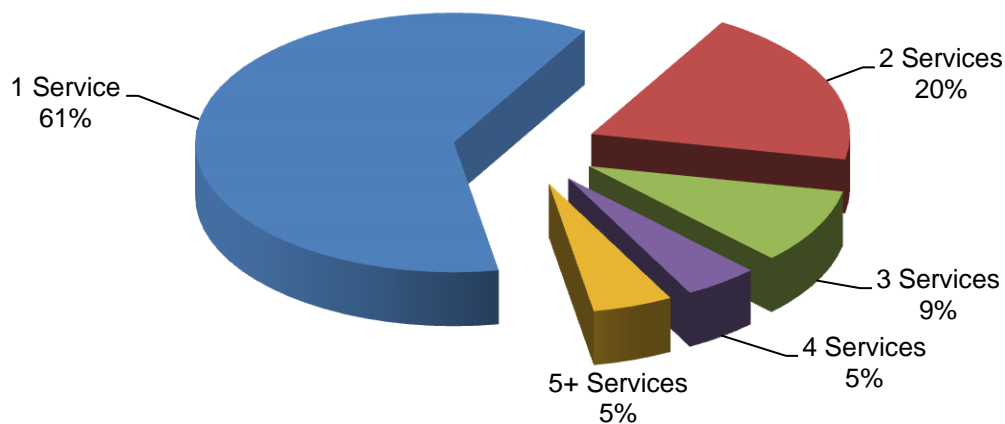
**Exhibit 2: Days from IMR Application Date to Date of Decision Letter**



### Number of Decisions per Determination Letter

IMR applications and determination letters often involve requests for multiple medical services. Exhibit 3 shows the distribution of the 2015 IMR letters by the number of requested medical services covered in the determination letter. Of the 163,826 IMR determination letters issued in 2015, 61 percent involved a decision on a single medical service request while the other 39 percent had decisions on multiple services, as noted below. The 2015 distribution is similar to the one from 2014, when 60 percent of the letters included determinations on single services, 18 percent included decisions on two services, 9 percent had decisions on three services, 6 percent included decisions on four services and 7 percent had decisions for five or more services.<sup>2</sup>

**Exhibit 3: Number of IMR Decisions per IMR Determination Letter, 2015**



### IMR Uphold Rates

More than 304,000 medical service requests were reviewed by IMR in 2015, 17 percent more than in 2014. Of those, approximately 10,000 were for services where the decision was linked to the necessity of a primary service such as surgery. Of the remaining 294,458 requests, 88.6 percent of the UR modifications and denials were upheld by the IMR physician (Exhibit 4), which is consistent with the 89.1 percent uphold rate noted in the analysis of January – June 2015 IMR outcomes. This consistently high uphold rate shows that the great majority of disputed modifications and denials made by UR physicians are found to be appropriate given the medical evidence.

**Exhibit 4: 2015 IMR Uphold Rates**

Result	Services	Percentage
Upheld UR	260,834	88.6%
Overturned UR	33,624	11.4%
<b>Total</b>	<b>294,458</b>	<b>100.0%</b>

2. David, R., Jones, S., Ramirez, B. and Swedlow, A. “Independent Medical Review Outcomes in California Workers’ Compensation. CWCI Research Update,” April 2015.

**IMR Distribution and Uphold Rates by Medical Service Category**

Medical service requests that are modified or denied by a UR physician and then submitted for IMR are heavily concentrated in just a few medical service categories, led by pharmaceutical requests, which, as in the prior studies, accounted for nearly half of all IMR reviewed services in 2015 (Exhibit 5). Physical therapy; durable medical equipment, prosthetics, orthotics and supplies; injections; and surgery rounded out the top five categories of medical services that underwent IMR last year.

The uphold rates were also fairly consistent across most service categories, ranging from about 80 to 90 percent. The only exception was Evaluation and Management (E/M) services, where nearly one third of the UR modifications or denials were overturned by the IMR physician, although E/M services – primarily referrals for consultations -- accounted for a very small share (1.5 percent) of IMR reviewed services in 2015.

**Exhibit 5: 2015 IMR Distribution & Uphold Rates by Medical Service Category**

Type of Service Requested	% of Service Requests	% Upheld
Pharmaceuticals	49.6%	89.7%
Physical Therapy	8.7%	92.5%
DME, Prosthetics, Orthotics and Supplies	7.8%	90.2%
Injections	5.9%	87.1%
Surgery	4.2%	86.9%
MRI/CT/PET	4.2%	86.5%
Diagnostic Tests/Measurements	3.9%	85.6%
Laboratory Services	3.3%	85.3%
Acupuncture	2.2%	91.5%
Chiropractic Manipulation	1.8%	90.8%
Psych Services	1.7%	79.5%
Evaluation and Management	1.5%	68.2%
Other	5.3%	85.9%
<b>Grand Total</b>	<b>100.0%</b>	<b>88.6%</b>

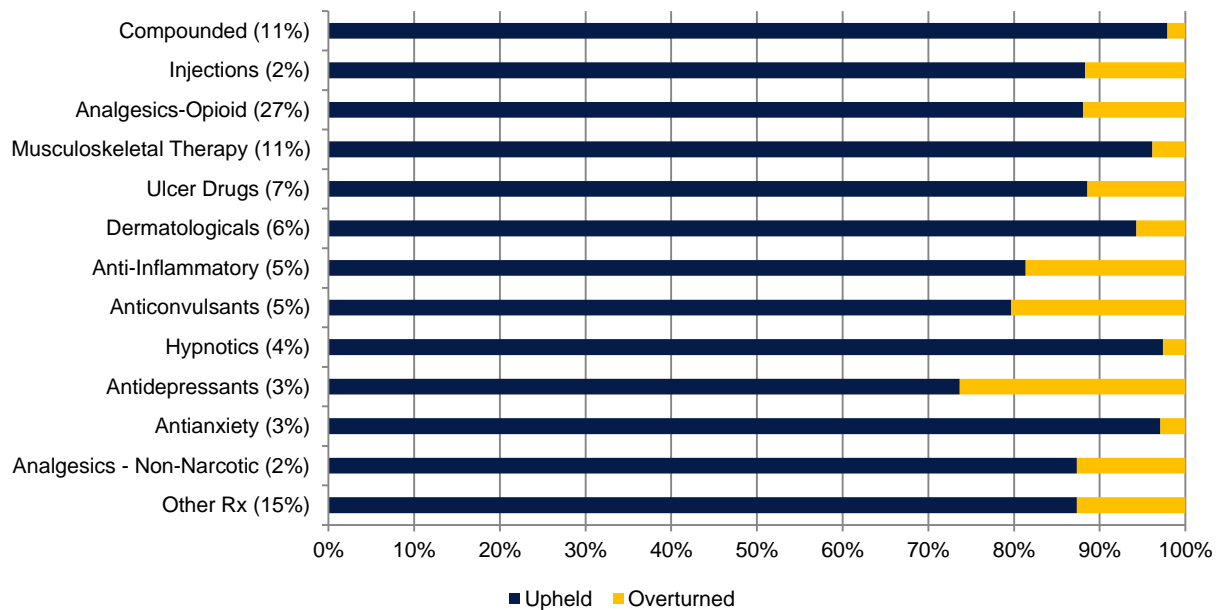
### Prescription Drug IMR Distribution and Uphold Rates by Drug Category

Disputes involving prescription drugs can arise over a number of factors, including the appropriateness of the drug, the strength of the drug, the quantity provided or the duration of the prescription, all of which are considered by UR and IMR physicians. About 150,000 prescription drug requests went through IMR in 2015 and in nearly 90 percent of those cases the independent medical review physicians upheld the UR physicians’ modification or denial. Exhibit 6 shows the distribution of the Pharmaceutical IMR decisions by drug category, as well as the percentage upheld or overturned by IMR.

Requests for opioid painkillers topped the list, accounting for 27 percent of all pharmacy IMR decisions last year, and the UR decision to modify or deny these requests was upheld in 88 percent of the IMR determinations. Compounded drugs, which have been the source of much controversy both in workers’ compensation and other health care systems,<sup>3</sup> accounted for 11 percent of the 2015 IMR determinations, and the UR modifications and denials of compound drug requests were upheld by IMR 98 percent of the time.

Requests for antidepressants (often used in occupational medicine for neuropathic pain) accounted for 3 percent of the prescription drug IMR decisions in 2015, and notably these drugs had the highest IMR overturn rate (about 27 percent). In contrast, UR modifications or denials of requests for antianxiety drugs, hypnotics, and musculoskeletal therapy drugs, along with the compound drugs noted previously, were the least likely to be overturned, as IMR uphold rates for all four of these drug categories were over 95 percent.

**Exhibit 6: Distribution & Outcomes of Pharmaceutical IMR Decisions by Drug Type**



<sup>3</sup> Swedlow, A., Auen, E. Current Trends in Compound Drug Utilization and Cost in the California Workers’ Compensation System, CWCI Research Note, Feb 2013.

### 2015 IMR Letters, Services and Uphold Rates by Injury Year

Each IMR determination letter includes the date of injury on the underlying claim, so the author used this information to group the 2015 IMR determinations by accident year. Exhibit 7 shows the distribution of 2015 IMR letters and medical service requests, as well as the uphold rates, for claims from four time periods: pre-AY 2004; AY 2004-2009; AY 2010-2012, and AY 2013-2014.

Two-thirds of the 2015 IMR determination letters and more than two-thirds of the disputed medical services addressed in those letters involved claims with dates of injury prior to 2013. As in the prior studies, however, the age of the claim had little influence on the IMR outcome, as the uphold rates for all four injury year time frames studied were between 88 and 89 percent.

**Exhibit 7: 2015 IMR Letters, Services and Outcomes by Injury Years**

Injury Year Category	% Letters	% of Services	% Services Upheld
< 2004	20.3%	21.2%	88.3%
2004 – 2009	21.2%	21.6%	88.4%
2010 – 2012	26.2%	25.8%	88.8%
2013 – 2014	32.3%	31.4%	88.8%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>88.6%</b>

### Distribution of IMR Decisions and Uphold Rates by Region

Each IMR determination letter shows an address for the injured worker or his or her representative, so the author used the ZIP codes from the 2015 letters to determine the prevalence of IMR in different regions of the state. The proportion of IMR decisions in each geographic region was then compared to the percentage of all claims from each region as identified by CWCI’s Industry Research Information System<sup>4</sup> to see where IMR was disproportionately high or low relative to claim volume (Exhibit 8).

When compared to the percentage of claims in each region, the volume of IMR decisions was disproportionately high in Los Angeles and slightly higher than expected in the Bay Area, but disproportionately low in the Northern Counties, the Sierras and San Diego. The regional breakdown shows slight variations in uphold rates among different areas of California ranging from a low of 85.9 percent in San Diego to a high of 90.6 percent in Los Angeles.

<b>Exhibit 8: Distribution of 2015 IMR Decisions and Uphold Rates by Region</b>			
<b>Region</b>	<b>% of Decisions</b>	<b>% of Claims</b>	<b>% Upheld</b>
Los Angeles	34%	22%	90.6%
Bay Area	20%	17%	86.9%
Valleys	15%	19%	87.6%
Inland Empire/Orange	15%	17%	88.6%
Central Coast	6%	6%	87.8%
San Diego	5%	7%	85.9%
Northern Counties	1%	4%	88.6%
Sierras	1%	2%	86.0%
Other/Unknown	4%	6%	88.4%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>88.6%</b>

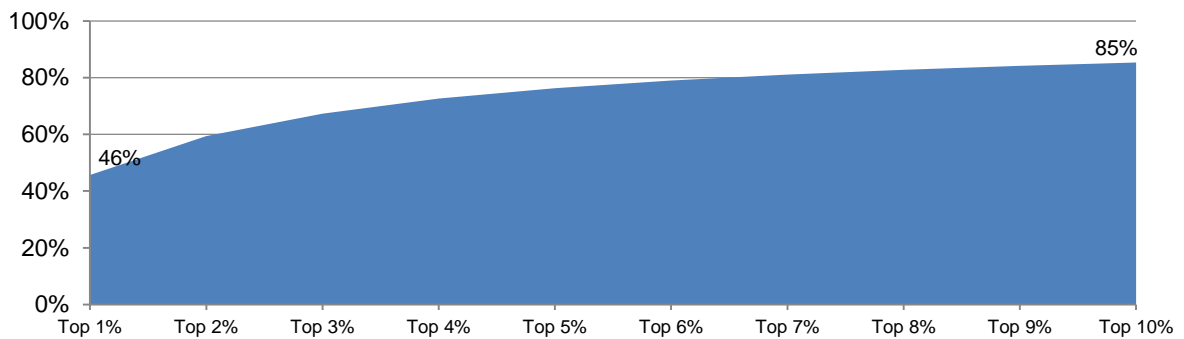
<sup>4</sup> The IRIS database is a proprietary database maintained by CWCI that contains detailed information, including employee and employer characteristics, medical service data, and benefit and other administrative cost detail on more than 4 million California workers’ compensation claims.

### Concentration of IMR Determinations among High-Volume Providers

IMR determination letters also include the names of the medical providers who requested the disputed medical services. The 163,826 IMR letters issued in 2015 identified 12,759 unique provider names. As in the prior research, the latest data show that a small number of medical providers continued to account for a disproportionate share of the medical service requests that went through IMR in 2015. Exhibit 9 shows that the top 1 percent of medical providers named in the 2015 IMR letters (128 individuals) were linked to 46 percent of the disputed medical service requests, while the 1,276 physicians who comprised the top 10 percent were named in 85 percent of the disputed services that went through independent medical review. Furthermore, a comparison of the results from 2014 found that nearly 83 percent (1,053) of the 1,276 physicians who had the most disputed medical service requests that went through IMR in 2015 were also on the prior year’s list of top volume providers.

**Exhibit 9: Percent of 2015 IMR Decisions Associated with High-Volume Providers**

#### % of Decisions for Top Volume Providers



% of Providers	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
% of Decisions	46%	59%	67%	73%	76%	79%	81%	83%	84%	85%
# of Providers	128	256	383	511	638	766	894	1,021	1,149	1,276

The high concentration of disputed medical services associated with a small number of high-volume medical providers is underscored by Exhibit 10, which shows the percentage of IMR determination letters, disputed services and claims linked to the 10 physicians with the highest number of IMR decision letters last year. Together, these 10 physicians – primarily orthopedists and pain management specialists -- were associated with nearly 12 percent of all IMR decisions rendered last year. Comparing the top 10 provider lists from 2014 and 2015 shows that 7 of the 10 providers from 2014 were still on the top 10 list for last year.

<b>Exhibit 10: 2015 IMR Letters and Decisions – Top 10 Providers</b>						
<b>Requesting Provider</b>	<b># of IMR Decision Letters</b>	<b># of Medical Service Decisions</b>	<b>% of Total Medical Service Decisions</b>	<b>% of UR Decisions Upheld by IMR</b>	<b>Requesting Physician Specialty</b>	<b>Requesting Provider Region</b>
Provider 1	2,047	5,476	1.9%	91.8%	Orthopedist	No Calif
Provider 2	2,639	4,979	1.7%	87.7%	Orthopedist	So Calif
Provider 3	1,242	4,160	1.4%	98.3%	Orthopedist	So Calif
Provider 4	1,499	3,712	1.3%	93.8%	Orthopedist	So Calif
Provider 5	2,029	3,314	1.1%	81.0%	Phys Med & Rehab	No Calif
Provider 6	1,600	3,101	1.1%	87.6%	Orthopedist	So Calif
Provider 7	1,714	2,592	0.9%	87.3%	Orthopedist	So Calif
Provider 8	1,617	2,511	0.9%	81.8%	Pain Management	No Calif
Provider 9	1,565	2,449	0.8%	81.6%	Pain Management	No Calif
Provider 10	1,454	2,416	0.8%	79.6%	Spinal Surgeon	No Calif
<b>TOP 10</b>	<b>17,406</b>	<b>34,710</b>	<b>11.8%</b>	<b>88.2%</b>		

## Summary

As shown in prior studies, Independent Medical Review physicians continue to concur with UR decisions at a high rate. In spite of this, the volume of IMR decisions does not appear to be tapering off. CWCI will continue to monitor Independent Medical Review activity. Future studies will provide an in-depth look at the types of medical services that undergo independent medical review and the rationale behind medical necessity decisions with the goal of identifying areas in which to improve the learning curve for medical providers, make adjustments to the California Medical Treatment Utilization Schedule and to support efforts on pharmacy formulary development.

### Key Findings

- The number of IMR determination letters increased by 19 percent from 137,761 in 2014 to 163,826 in 2015, and the number of individual services reviewed under IMR increased 17 percent from 260,889 to 304,563.
- IMR physicians upheld UR modifications and denials 88.6 percent of the time, however the increased volume of IMRs between 2014 and 2015 suggests that the high uphold rate is not driving a learning curve.
- IMR volume in 2015 was disproportionately high in the Los Angeles area when compared to claim volume in that region while IMR volume in the Northern Counties, Sierras and San Diego regions was disproportionately low.
- A small number of physicians continue to drive a high volume of IMR requests, with the top 1 percent of requesting physicians accounting for 46 percent of the disputed service requests in 2015, and the top 10 individual physicians linked to 12 percent of the disputed service requests.
- Of the 1,276 medical providers who comprised the top 10 percent of requesting physicians in 2015, nearly 83 percent (1,053 individuals) were also in the top 10 percent of requesting providers in 2014. Furthermore, 7 of the 10 individual physicians associated with the highest number of IMR requests in 2014 were also on the top 10 list for 2015.
- Requests for pharmaceuticals continue to top the list of services submitted for IMR, accounting for nearly half of the services reviewed in 2015. Of those, 27 percent were requests for opioids and 11 percent were requests for compound drugs. Depending on how it is structured, the California workers' compensation drug formulary scheduled for adoption in 2017 could considerably impact these IMR volumes.

## Acknowledgements

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### California Workers' Compensation Institute

The California Workers' Compensation Institute, incorporated in 1964, is a private, nonprofit organization of insurers and self-insured employers conducting and communicating research and analyses to improve the California workers' compensation system. Institute members include insurers that collectively write more than 70 percent of California workers' compensation direct written premium, as well as many of the largest public and private self-insured employers in the state. Additional information about CWCI research and activities is available on the Institute's website ([www.cwci.org](http://www.cwci.org)).

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