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BULLETIN

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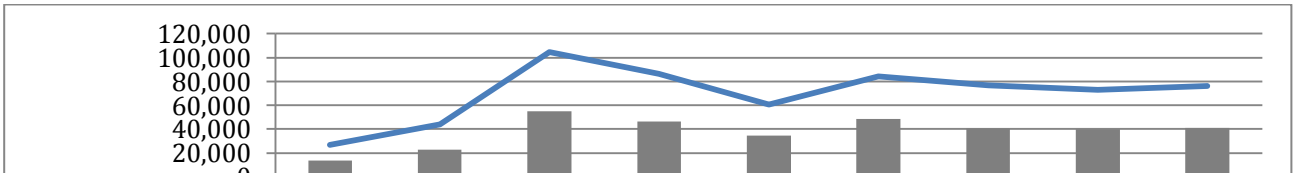
A review of California's Independent Medical Review (IMR) decisions from the first quarter of 2016 yields results that are remarkably consistent with those found in CWCI's study of 2015 IMR determination letters, with volume holding steady at an annualized rate of 160,000 letters, uphold rates at 89 percent and prescription drug requests continuing to represent nearly half of all medical service requests that undergo IMR.

One of the major provisions of the 2012 workers' compensation reform bill (SB 863) called for the adoption of an Independent Medical Review (IMR) process for resolving medical treatment disputes. When a utilization review (UR) physician modifies or denies a medical service that has been requested for an injured worker and the worker disputes that decision, IMR allows them to have an independent physician reviewer examine the medical records and other submitted evidence and then either uphold or overturn the UR decision. The evidence-based Medical Treatment Utilization Schedule (MTUS) adopted by the Division of Workers' Compensation (DWC) provides treating and reviewing providers with guidelines for effective medical care, providing a needed check against unnecessary and potentially harmful tests, surgeries, drugs and procedures. Once the IMR is complete, a final determination letter is sent to the injured worker or their representative by Maximus Federal Services, which is under contract with the DWC to manage the IMR process.

Following the adoption of regulations, Independent Medical Reviews began in 2013. In January 2014 CWCI conducted a study on the first 1,100 IMR determination letters issued in 2013, which was followed in April 2015 by an analysis of the more than 137,000 IMR decision letters issued in 2014. Earlier this year, CWCI conducted a follow-up study based on all 2015 IMR decision letters which showed that the number of letters increased 19 percent last year to more than 163,000. That study also found that 39 percent of those letters included decisions on multiple service requests, so that altogether they encompassed decisions on more than 304,000 medical service requests. CWCI's latest analysis provides an initial look at 2016 IMR experience, using data from IMR letters issued in the first quarter of this year.

Stable Volume of IMR Determination Letters and Services Reviewed: As shown in the chart below, for each of the past 3 quarters, Maximus issued approximately 40,000 letters containing determinations of medical necessity for up to 76,480 individual services. This annualizes to 160,000 letters and more than 300,000 service requests. In the first quarter of 2016, Maximus issued 40,742 IMR decision letters involving 76,406 individual service requests (an additional 3,537 requests were for services where the decision was linked to the necessity of a primary service such as surgery). The determination letters from the first quarter of 2016 addressed an average of 1.9 service requests, with 60 percent containing only one request and 6 percent containing more than 5 services, a pattern consistent with the 2015 IMR results.



	2014-Q1	2014-Q2	2014-Q3	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1
Letters	13,415	22,920	54,879	46,223	34,365	48,479	40,421	39,795	40,742
Svc Decisions	26,718	44,009	104,602	86,146	60,811	84,182	76,480	73,033	76,406

IMR Uphold Rate Remains Steady: The first quarter 2016 IMR letters upheld the UR modifications and denials of services 88.8 percent of the time, which is consistent with the 88.6 percent uphold rate found in the analysis of 2015 IMR outcomes. This consistently high uphold rate shows that following independent review, the vast majority of disputed

modifications and denials made by UR physicians continue to be found to be in line with the evidence-based medicine guidelines. Almost 60 percent of the first quarter 2016 IMR decisions involved claims with a date of injury prior to the IMR program's 2013 inception, but as in prior studies, claim age had no effect on the IMR uphold rate. The regional distribution was also stable between 2015 and the first quarter of 2016, with 47.6 percent of the disputed services that went through IMR originating in Los Angeles, Orange, Riverside, Imperial and San Bernardino Counties and 20.5 percent originating in the Bay Area.

Types of Services Undergoing IMR Remains Stable: Pharmaceutical services remain the highest volume category under review, followed by physical therapy; durable medical equipment, prosthetics, orthotics and supplies; and injections. As in 2014 and 2015, surgery represented less than 5 percent of the disputed service requests that underwent IMR in the first quarter of 2016. Among the various categories of drugs that undergo IMR, opioids continue to top the list, accounting for 29 percent of all pharmaceutical requests for which IMR decisions were issued in the first quarter of 2016, followed by musculoskeletal therapy drugs (12 percent) and compounded drugs which once again accounted for 11 percent of all prescription drug IMRs. In nearly 90 percent of the IMR cases involving opioids, the IMR physician agreed with the UR physician's determination that the use, strength, quantity or duration of the prescription was not medically necessary, while in 97.7 percent of the IMRs involving compounded drugs, the UR physician's modification or denial was upheld.

IMR Distribution & Uphold Rates by Medical Service Category and Decision Year

Type of Service Requested	% of Service Requests			% Upheld		
	2014	2015	2016-Q1	2014	2015	2016-Q1
Pharmaceuticals	45.2%	49.6%	49.0%	91.9%	89.7%	89.7%
Physical Therapy	9.2%	8.7%	8.8%	94.0%	92.5%	92.6%
DME, Prosthetics, Orthotics & Supplies	9.5%	7.8%	7.3%	93.8%	90.2%	90.6%
Injections	6.1%	5.9%	6.0%	92.1%	87.1%	88.7%
Surgery	4.7%	4.2%	4.7%	88.3%	86.9%	86.4%
MRI/CT/PET	3.8%	4.2%	4.3%	89.1%	86.5%	85.2%
Laboratory Services	2.9%	3.3%	4.3%	87.3%	85.3%	88.2%
Diagnostic Tests/Measurements	4.9%	3.9%	3.8%	88.0%	85.6%	86.6%
Acupuncture	2.1%	2.2%	2.1%	94.1%	91.6%	92.0%
Chiropractic Manipulation	1.8%	1.7%	1.6%	95.5%	90.8%	87.4%
Psych Services	2.1%	1.7%	1.5%	85.0%	79.5%	79.8%
Evaluation and Management	1.6%	1.5%	1.5%	79.1%	68.2%	71.6%
Other	6.0%	5.3%	5.0%	90.1%	85.9%	86.7%
Grand Total	100.00%	100.00%	100.00%	91.3%	88.6%	88.8%

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 40,742 IMR letters issued in the first quarter of 2016 identified 5,525 unique provider names. As in the prior studies, the new analysis finds that a small number of medical providers accounted for a disproportionate share of the disputed medical service requests. The 10 individual physicians who were named in the most IMR letters issued in the first quarter of 2016 were associated with 11 percent of the disputed medical service requests; while the top 1 percent of medical providers (56 individuals) were linked to 31 percent of the disputed services; and the 553 physicians who comprised the top 10 percent accounted for 76 percent of the disputed service requests that went through IMR.

CWCI will continue to track IMR outcomes as data becomes available. Prior reports on California workers' comp medical review and dispute resolution are available in the Research section or in the online store at www.cwci.org.

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