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BULLETIN

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The first in a new series of California Workers' Compensation Regional Score Cards based on CWCI Industry Research Information System (IRIS) data details the costs and characteristics associated with workers' compensation claims filed by Los Angeles County residents and highlights how they differ from claims filed by injured workers from other regions.

Los Angeles County is home to 10.1 million people and its residents account for 28 percent of the state's workforce. For its Regional Score Card analysis, CWCI used its IRIS database to compile a sample of 1.9 million California work injury claims from accident years 2005 through 2015, then used the workers' home ZIP codes to group the claims into eight geographic regions. A total of 485,827 (25.6 percent) of the claims in the statewide sample were filed by Los Angeles County residents, with medical and indemnity payments on these claims totaling more than $9.4 billion, or 31.9 percent of the statewide total.

The demographic profile of injured workers from L.A. County shows they were slightly older (averaging 39.2 years vs. 38.0 years for the rest of the state) and had more job tenure (5.2 years vs. 4.4 years in other regions) at the time of injury. Females represented a slightly higher proportion of the L.A. County claims – 37.7 percent vs. 36.0 percent elsewhere. The regional distribution of California workers' compensation translation services from 2013 through 2015 shows that just over a quarter of those services involved Los Angeles County residents, which is in line with the proportion of all claims from the region. Breaking the claims down by industry sector shows injuries occurring in the manufacturing sector comprised more than 1 in 6 claims in L.A. County compared to about 1 out of 11 claims in the rest of California. The hotel and food service, clerical, transportation and warehousing, wholesale trade, and health care sectors also accounted for a larger share of the L.A. claims, though a smaller percentage of the L.A. County claims came from the construction and agriculture sectors.

Strains and sprains were the leading nature of injury categories claimed by workers living in Los Angeles County (36.4 percent of all injuries claimed during the 11-year span of the study), but that was 2.7 percentage points below the sprain and strain rate noted for the rest of the state. On the other hand, claims in which the nature of injury was in the "all other cumulative injuries" category comprised 6.3 percent of the Los Angeles claims vs. 4.5 percent in all other regions. The leading diagnosis was minor wounds and injuries to the skin, which accounted for 21.8 percent of the Los Angeles claims and 22.7 percent of the claims in other parts of the state, but those tend to be relatively inexpensive cases, consuming only about 2.5 percent of paid losses. In contrast, medical back problems without spinal cord involvement (typical back sprains and strains) was the second most common diagnosis, representing roughly 1 out of 5 claims in Los Angeles and elsewhere, though they consumed a larger share of overall losses in L.A. County -- 28.5 percent vs. 25.4 percent in the rest of the state. The biggest disparity in the diagnostic distributions was in the nebulous category of "other injuries, poisonings and toxic effects," many of which fall into vague, nonspecific nature of injury categories such as "all other cumulative injuries," "all other injuries not otherwise classified," and "multiple physical injuries only." Among the Los Angeles County claims, 9.3 percent involved this diagnosis, compared to 6.3 percent of the claims from other regions, and most notably, these claims accounted for 17.9 percent of paid losses in L.A. County vs. 9.1 percent elsewhere.

With the cause, nature, and extent of many injuries not readily apparent, the level of attorney involvement on lost-time claims was 10 percentage points higher in L.A. County than in the rest of the state (58.8 percent vs. 48.8 percent for AY 2005 – 2015 indemnity claims). A review of loss development shows that average loss costs per indemnity claim in L.A. County have consistently exceeded those in other regions at 24 and 36 months post injury (e.g., paid losses at 36 months post injury on AY 2011-2012 claims averaged $39,508 -- 11 percent more than in other regions) as both medical and indemnity payments were higher. However, paid losses on the L.A. claims were consistently lower in the initial stages of the claim. For example, first-year loss payments on AY 2011-2014 claims from L.A. averaged $14,628, or 5.1 percent less

than the average for claims from the rest of the state. This pattern of lower first-year payments followed by higher losses in the later stages tracks with the longer delays in reporting (both to the employer and to the claims administrator), delays in initial treatment, and the higher prevalence of cumulative trauma claims and non-specific injuries in Los Angeles County, all of which are documented by the Score Card.

Another factor driving up average claim costs in Los Angeles County is that 18.5 percent of the AY 2005-2015 claims resulted in a permanent disability, compared to only 14 percent of the claims from other regions. As a result, PD claims accounted for 84 cents out of every benefit dollar paid on L.A. County claims over the 11-year span of the study, compared to 80.6 cents of every benefit dollar paid elsewhere. Claim duration was also a factor, as data from AY 2005-2015 closed and resolved claims show that overall, claims involving L.A. County residents averaged 463 days from the claim filing to the case closure – more than 3 months longer than the average for claims by workers from other parts of the state, with claim durations ranging from 38 days longer for simple med-only claims to 195 days longer for death claims. Furthermore, the Los Angeles County claims had much larger differentials between the average and median time lags between the injury date and the employer notification, claims administrator notification and initial treatment, which indicates that the L.A. County results were highly skewed by outlier claims in which key notifications and initial treatment were delayed for long periods, leading to higher costs, more disputes and litigation.

The Score Card also shows that injured workers in Los Angeles County receive a somewhat different mix of medical services than injured workers from other parts of the state. For example, data on the average number of first-year visits per indemnity claim for various types of medical services shows L.A. County claims involved a slightly lower number of evaluation and management visits, the same number of surgery visits, but slightly more visits for radiology and chiropractic care. On the other hand, L.A. County workers had significantly more visits for physical therapy and medicine section services, which include cardio- vascular, nerve and muscle testing, psychiatric testing and psychotherapy, sleep studies, physician-administered drugs and biologicals and ophthalmology. Except for surgery services, average first-year payments for all of these service categories were higher on L.A. County claims than on claims from other regions, reflecting not only the number of visits, but the number of services per visit, and the types of services rendered. Notably, at 24 months post injury, total payments for Medicine Section services on L.A. County indemnity claims averaged $636, nearly double the $325 average for the rest of the state. With the advent of medical provider networks, use of network medical providers both in L.A. County and statewide has grown significantly over the past decade, though overall network utilization in L.A. County has remained slightly below other regions, with the biggest disparity being in the use of network providers for chiropractic manipulation and Medicine Section services.

In addition, the Score Card found a different mix of drugs prescribed to L.A. County injured workers. Opioids were the top drug category in L.A. County, other regions, and statewide, but they represented 22 percent of the drugs dispensed to injured workers in L.A. County vs. 28.8% in other regions. Anti-convulsants and anti-depressants also accounted for a smaller share of the L.A. County prescriptions, while anti-inflammatories, ulcer drugs, musculoskeletal therapy agents, and dermatologicals all accounted for a higher percentage of the workers' compensation prescriptions in L.A. County than in other regions. The prevalence of compound drug ingredients was evident in the payment distributions for the top 20 individual drugs, as flurbiprofen accounted for 8.6 percent of the drug spend on L.A. County claims, four times the proportion noted elsewhere, while common compound ingredients such as lidocaine, menthol, capsaicin and ketoprofen also accounted for a larger share of prescription drug payments in L.A. County.

The L.A. County Score Card is the first in the IRIS Regional Series and provides detailed data and graphics comparing claims filed by Los Angeles County residents to those filed by workers from other regions, with statewide averages also provided on many of the exhibits. CWCI members and subscribers may access the Score Card by logging in to www.cwci.org and clicking on the link under Research Reports. The next Score Card in the series will take an in-depth look at claims filed by workers living in the Inland Empire.

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