



BULLETIN

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CWCI's latest Industry Research Information System (IRIS) Regional Score Card compares Central Valley work injury claims to those from the rest of the state and finds a different mix of injuries and medical services, shorter notification and treatment delays, less attorney involvement, fewer permanent disability claims, and though first-year treatment costs are higher, claim durations are shorter so at 2 and 3 years post injury average medical and indemnity payments are less.

The Institute published the data on the Central Valley claims as the third installment of its IRIS Regional Score Card series, which reviews accident year (AY) 2005-2015 claims data for eight distinct regions of the state. The latest Score Card focuses on data from nearly 344,000 California workers' compensation claims filed by workers living in the 450-mile long farm belt that stretches from Kern County in the south to Glenn and Butte Counties in the north, and compares those results to data from 1.5 million claims from other parts of the state. During the 11-year span of the study, claims by Central Valley residents ranged from 16.8 percent to 19.7 percent of all California workers' compensation claims, with paid medical and indemnity benefits on those claims totaling more than \$4.4 billion. While agriculture has a huge impact on the region's workers' comp experience, accounting for 17.5% of the claims (four times the proportion noted for the rest of the state) five of the 20 largest cities in the state are also in the Central Valley, and the diversity of the Valley's economy is evidenced by the fact that more than 8 out of 10 Central Valley claims involve non-agricultural workers.

The Score Card's demographic profile shows the average age of Central Valley workers at the time of injury was 37.9 years, slightly younger than the average of 38.4 years for all other claimants, and their job tenure at injury averaged 4.3 years versus 4.7 years for injured workers from other regions. Men accounted for 63.4 percent of claims in the region, which was nearly identical to the proportion noted for the rest of the state. About 1 out of 7 claims in the Central Valley was made against employers that paid over \$1 million a year in annual premium, compared to less than 1 out of 6 claims in other parts of California, though claims against employers that paid between \$10,000 and \$1 million in premium represented a slightly higher proportion of the Central Valley claims.

As in the rest of the state, strains were the top "nature of injury" category for injured workers from the Central Valley, though medical back problems without spinal cord involvement (which are typical back strains and sprains) were slightly less prevalent as the primary diagnosis, as a greater percentage of the claims in the region involved diagnoses such as external eye disorders, trauma of the fingers and toes, and screenings for harmful exposures. Overall, non-specific nature of injury categories such as "all other cumulative injuries" and "all other injuries not otherwise classified" represented a smaller share of the Central Valley claims, while a larger proportion involved specific injury categories such as fractures, foreign bodies, and punctures.

The distribution by claim type shows that while the proportion of Central Valley claims resulting in lost time was similar to the proportion noted in other regions, those resulting in permanent disability accounted for just 12.8 percent of the Central Valley cases versus 15.7 percent elsewhere, while lower cost temporary disability (TD) cases comprised 17.8 percent of the Central Valley cases compared to 15.6 percent of the cases in other parts of the state. That difference can also be seen in the payment data, as permanent disability (PD) claims accounted for 79.4 percent of paid losses in the Central Valley vs. 82.1 percent elsewhere, while TD claims consumed 13.7 percent of the Central Valley loss payments compared to 11.8 percent in other regions. Coinciding with the lower incidence of PD claims in the region was a lower attorney involvement rate. Among the AY 2005-2015 indemnity claims, the attorney involvement rate in the Central Valley was 41.5 percent, or nearly 9 percentage points below the level of other regions. The level of attorney involvement also was less among PD claims that were at least 36 months old, though in these cases, which tend to be more complex, the attorney involvement rates ranged from 78.3 percent to 84.9 percent in the Central Valley, compared to a range of 81.9 percent to 85.4 percent in other parts of California.

The analysis of paid losses and loss development found that average first-year medical payments were higher for Central Valley claims than in other regions, but were lower at 24 and 36 months post injury. That result is consistent with several other findings documented in the Score Card, including shorter notification and treatment time lags, the higher percentage of specific versus nonspecific injuries, the lower incidence of PD claims, the lower attorney involvement rates, fewer claims with lien payments, and higher claim closure rates at two years post injury.

Comparing the 36-month results across accident years shows that average paid losses on Central Valley claims increased 37.1 percent from \$23,272 for AY 2005-2007 claims to \$31,901 for AY 2011-2012 claims, just slightly below the growth in average loss payments in other regions, which increased 38.2 percent from \$26,479 on AY 2005-2007 claims to \$36,586 on AY 2011-2012 claims. Medical payments contributed most of that growth, increasing 42.7 percent in the Central Valley and 44.7 percent elsewhere, although average 36-month indemnity payments on Central Valley claims were also up, increasing 30.9 percent to \$14,435 on AY 2011-2012 claims, which was nearly identical to the growth rate in other regions, where average 36-month indemnity payments increased 31.0 percent to \$16,509.

As noted, average medical payments on Central Valley claims were relatively high in the early stages of the claim and relatively low as the claims aged, but a different pattern was evident for indemnity benefits, where the average amounts paid on Central Valley claims tended to be less at 12, 24 and 36 months post injury. Among the factors identified in the Score Card that likely contributed to this result are the high proportion of claims from agricultural workers who tend to be lower paid and are often seasonal workers who qualify for lower TD payments, the smaller percentage of claims involving non-specific or cumulative injuries or PD payments, as well as significantly shorter claim durations. The data on claim durations show that overall, claims filed by Central Valley residents over the 11-year study period took an average of 325 days to close – 76 days less than the average for other regions, and the spread was even greater for TD, PD, and death claims.

A review of the types and volume of treatment provided to injured workers in the Central Valley reveals some distinct differences from other regions. For example, on average, Central Valley claims had slightly more evaluation and management visits at 12 and 24 months post injury, but fewer visits for physical therapy, chiropractic manipulation and Medicine Section services (such as cardiovascular tests, psychological tests and psychotherapy, and physician-administered drugs). Except for first-year surgery payments, the average amounts paid for medical care on a Central Valley indemnity claim were less than in other regions across 6 key treatment categories, which may not only reflect fewer visits, but fewer services per visit or a different mix of services rendered. An analysis of 2014 prescription drug data also found significant differences between Central Valley claims and those from other regions. For example, the use of opioids – particularly Vicodin – to treat injured workers was higher in the Central Valley. In total, opioids accounted for 30.5 percent of all workers' compensation prescriptions in this region versus 26.5 percent in other parts of the state, and they consumed 31 percent of the total drug spend compared to 24 percent elsewhere. Vicodin and oxycodone ranked first and second in terms of total workers' compensation prescription drug payments in the Central Valley, though fentanyl and tramadol also were among the top 10 drugs in terms of dollars paid, and the combination drug oxycodone with acetaminophen, morphine, and tapentadol were among the top 20. Together these seven opioids consumed 26.7 percent of the Central Valley's 2014 workers' comp drug spend (compared to 21 percent in other regions), while other opioids such as buprenorphine, opana and methadone, which were not on the top 20 list, also added to the region's opioid expenditures.

The analysis of Central Valley claims experience is the third installment of CWCI's IRIS Regional Scorecard series and includes more detailed data and graphics on workers' compensation claims experience within this region. CWCI members and subscribers may access this Score Card, as well as the Los Angeles County and Inland Empire/Orange County Score Cards, in the Research section of its website at www.cwci.org. The Score Card series will continue next month with an analysis of claims from the San Francisco Bay Area.

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