



BULLETIN

No. 17-01

January 9, 2017

Claims filed by Bay Area residents account for 17.5 percent of California workers' comp claims, but only 15.4 percent of the total loss payments. A new CWCI Score Card identifies several factors that help explain the disparity, including faster notifications, fewer medical visits and lower treatment costs, less attorney involvement, shorter claim durations, and a smaller share of claims resulting in permanent disability.

CWCI's latest Regional Score Card uses data compiled from 330,000 job injury claims from accident years 2005-2015 filed by Bay Area residents that resulted in \$4.4 billion in loss payments. Bay Area results were compared to those from 1.5 million claims filed by workers living in other parts of California filed during the same time frame which resulted in roughly \$25 billion in medical and indemnity loss payments.

The demographic profile of Bay Area injured workers shows they were slightly older (averaging 38.9 years vs. 38.2 years for injured workers from the rest of the state) and longer job tenure (5.1 years vs. 4.5 years) at the time of injury, and that females filed a higher proportion of Bay Area claims – 39.3 percent vs. 35.9 percent in other regions. The distribution of translation services provided to injured workers from 2013-2015 shows that just under 11 percent of those services were provided to Bay Area residents, which is disproportionately low given that 17.5 percent of all claims came from the region. Looking at the mix of Bay Area claims by industry sector shows that injuries involving health care workers topped the list, representing 1 in 7 claims in the region vs. about 1 out of 8 claims in the rest of California. Other sectors with a relatively high proportion of Bay Area claims included retail trade (13.1 percent vs. 11.5 percent elsewhere); construction (12.0 percent vs. 10.1 percent elsewhere); and hotel and food service (9.5 percent vs. 8.5 percent elsewhere). On the flip side, claims from the manufacturing and agriculture sectors comprised a relatively small share of the Bay Area claims.

The mix of claims identified by the nature of injury was similar in the Bay Area to other regions, though strains, which were the leading category, represented 31.1 percent of Bay Area claims vs. 28.4 percent in other regions, while sprains accounted for 10.7 percent of Bay Area claims compared to 9.2 percent in other parts of the state. In terms of causation, the biggest difference between the Bay Area and other regions was in the percentage of claims caused by repetitive motion (carpal tunnel syndrome), which comprised 4.1 percent of Bay Area claims vs. 2.8 percent in the rest of the state. Minor wounds and injuries to the skin were the leading diagnosis in the Bay Area and elsewhere, representing about 22 percent of the claims, but they were relatively inexpensive cases, only accounting for about 2.5 percent of paid losses in the Bay Area and statewide. On the other hand, medical back problems without spinal cord involvement (i.e., back sprains and strains) were the second most common diagnoses, representing roughly 1 in 5 claims in the Bay Area and in other regions, though in the Bay Area these claims accounted for only 24.6 percent of paid losses vs. 26.7 percent in the rest of the state. The other significant disparity in the diagnostic distributions was in the percentage of claims involving ruptured tendons, tendonitis, myositis and bursitis, which represented 7.3 percent of the claims and 9.5 percent of paid losses in the Bay Area, compared to 5.3 percent of the claims and 6.2 percent of the payments in other regions.

Med-only claims accounted for 69.2 percent of Bay Area claims, just slightly more than the 68.7 percent level noted in other parts of the state, while temporary disability claims represented 17.8 percent of Bay Area claims vs. 15.6 percent elsewhere. In contrast, permanent disability claims accounted for 13 percent of the Bay Area claims, which was 2.6 percentage points below the level for the rest of the state. The attorney involvement rate on lost-time claims was 10 percentage points lower in the Bay Area than in the rest of the state (40.4 percent vs. 50.5 percent for AY 2005 – 2015 claims), but the paid loss data reveal that the average amount of indemnity paid per lost-time claim at 12, 24, and 36 months post injury was consistently higher in the Bay Area than in the rest of the state, which given the smaller share of claims receiving PD payments, the lower attorney involvement rate, and the shorter claim durations in the Bay Area, is likely associated with the relatively high wages found in the region.

The loss development data shows that in the first year post injury, combined medical and indemnity payments on Bay Area claims consistently averaged more than in other parts of the state, but as the claims aged, the situation reversed, and by the 3-year benchmark, the impact of the higher indemnity payments on Bay Area claims was more than offset by the lower medical payments, so average total losses on Bay Area claims lagged those of claims from other regions. The most developed payment data in the Score Card show 36-month paid losses on Bay Area indemnity claims from AY 2011 and 2012 averaged \$34,833 (\$18,341 medical + \$16,492 indemnity), while in other regions, indemnity claim payments averaged \$35,833 (\$19,889 medical + \$15,982 indemnity). This pattern of higher initial payments and lower losses as the claims age tracks with several other Bay Area claim characteristics noted in the Score Card, including shorter time lags in the reporting of claims to the employer and claims administrator, faster delivery of initial treatment, a higher claim closure rate at 24 months post injury, and the lower incidence of claims involving PD.

Because just 13 percent of Bay Area claims resulted in permanent disability, PD claims accounted for 79 cents out of every loss dollar paid in the region over the 11-year study period, versus 82.2 cents of every loss dollar paid in the rest of the state. The lower costs in the Bay Area also reflect shorter claim durations, as data from AY 2005-2015 closed claims showed that overall, claims filed by Bay Area residents averaged 356 days from claim filing to case closure – 38 days less than the average for claims from other regions. Average durations ranged from 206 days for med-only claims – matching the statewide average – to 1,290 days for death claims, nearly 5 months less than the average for other regions. Similarly, among PD claims, average claim duration in the Bay Area was 1,225 days, or 77 days less than in other parts of the state.

Key factors underlying the lower medical costs on Bay Area claims were differences in the volume and mix of services provided to injured workers in the region, and a relatively low percentage of claims involving lien payments. Data on medical utilization at 12 and 24 months post injury show Bay Area claims averaged a slightly higher number of evaluation/management services (office visits) than claims from other areas and a slightly smaller number of visits for surgery and chiropractic care, but a much smaller number of visits for radiology, physical therapy, and Medicine Section services (including cardio-vascular, nerve and muscle testing, psych testing and psychotherapy, sleep studies, physician-administered drugs and biologicals, and ophthalmology). Except for slightly higher first-year surgery payments, 12- and 24-month payments were lower for Bay Area claims across all medical service categories, and the 24-month data show the biggest differences were in average amounts paid for radiology (\$124 less), physical therapy (\$122 less), and Medicine Section services (\$98 less). These lower payments in the Bay Area may not only reflect fewer visits, but fewer services per visit, differences in the mix of services, and the availability of lower rates negotiated with network providers. The Score Card found that network utilization was consistently higher in the Bay Area than in other parts of California, with network providers rendering 86.9 percent of first-year medical services to Bay Area injured workers over the most recent six-year period (2010 - 2015) vs. 81.2 percent in the rest of the state. In addition, although the Bay Area accounted for 17.5 percent of all claims in the state, it only accounted for 10.5 percent of the claims with lien payments, and only 8.6 percent of the dollars paid via the lien process, so liens were much less of a medical cost driver in the Bay Area than in other regions, especially Los Angeles, the Inland Empire, and Orange County, where they were far more prevalent.

The prescription drug data show that opioids were the number one category of drugs dispensed to Bay Area injured workers in calendar year 2014, accounting for 29.6 percent of the prescriptions vs. 27.1 percent in other regions. Anti-inflammatory analgesics ranked second with 18.5 percent of Bay Area prescriptions, about the same as elsewhere, while dermatologicals, anti-convulsants, and antidepressants all represented a bigger share of Bay Area prescriptions compared to the rest of California. The top 20 drugs in the Bay Area based on total 2014 drug spend included several common compound drug ingredients, led by lidocaine, which topped the list with 8.8 percent of the prescription dollars vs. 4.8 percent elsewhere, as well as menthol and capsaicin, which are often used by drug compounders as well.

The Bay Area Score Card is the fourth in the Institute's 8-part Regional Score Card series and offers detailed data and graphics comparing Bay Area claims to those from other regions. Many of the exhibits also include statewide averages. CWCI members and subscribers may access the Score Card by logging in to www.cwci.org and clicking Research. The next Score Card in the series will examine claims filed by San Diego County residents.

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