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BULLETIN

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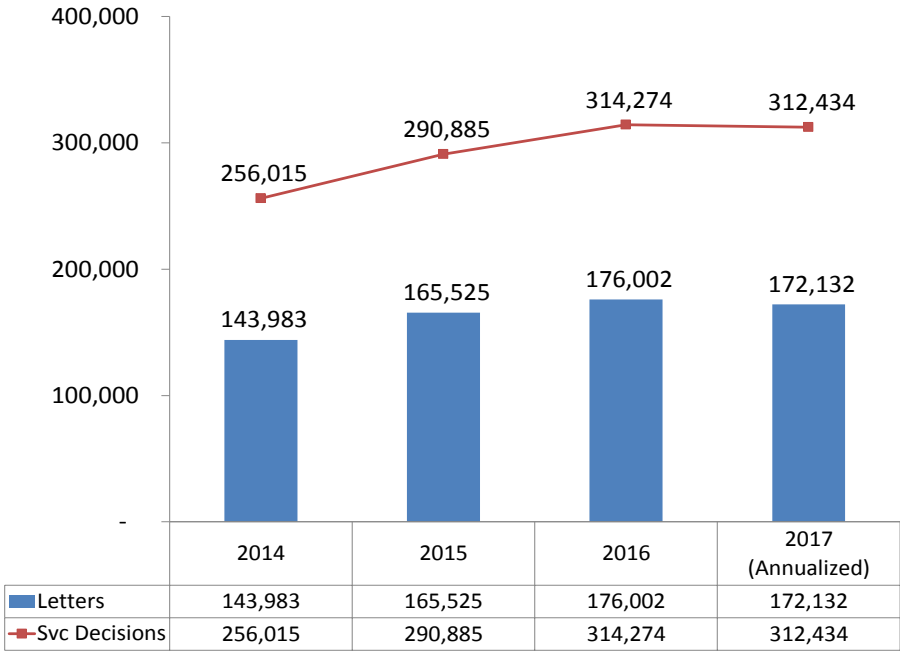
CWCI's latest study on the California workers' compensation medical dispute process finds that the number of Independent Medical Review (IMR) decision letters held steady in the first half of 2017; the number of treatment decisions in those letters continued at an annualized rate of about 312,000; and in more than 9 out of 10 cases the IMR physician concurred with the utilization review (UR) physician that the requested treatment was not medically necessary.

SB 863, enacted by state lawmakers in 2012, called for the adoption of the IMR process for resolving medical treatment disputes. In cases where a UR physician modifies or denies a medical service request and the injured worker disputes the decision, IMR allows the worker an opportunity to have an Independent Medical Review physician examine the medical records and other submitted evidence, then either uphold or overturn the UR decision. The Medical Treatment Utilization Schedule (MTUS), adopted by the Division of Workers' Compensation, provides treating and reviewing providers with evidence-based treatment guidelines to ensure that the medical care provided to injured workers is appropriate and effective, and to protect them from unnecessary and potentially harmful tests, surgeries, drugs and procedures. Once the IMR is complete, a determination letter is sent to the injured worker or their representative by Maximus Federal Services, the Independent Medical Review Organization that is under contract with the state to manage the process.

IMRs began in 2013, and in 2014 CWCI initiated a series of studies to track IMR outcomes using data gleaned from the determination letters issued by Maximus. The latest analysis, the 7th in the series, compares results from the past three years to data derived from 86,066 IMR decision letters issued from January through June of this year. The study finds that at the current pace there will be 172,132 IMR decision letters issued this year, which would be down slightly (2.2 percent) from 2016. As in the past, about 40 percent of the letters issued in 2017 have included decisions on multiple service requests, so on an annualized basis, the system is on track to generate decisions on 312,434 individual service requests -- down 0.6 percent from the 314,274 individual service decisions rendered in 2016. The chart below compares the number of IMR decision letters from 2014 through 2016, as well as the volume of individual medical service decisions in those letters, to the annualized totals for 2017.



	2014	2015	2016	2017 (Annualized)
Letters	143,983	165,525	176,002	172,132
Svc Decisions	256,015	290,885	314,274	312,434

In addition to finding that both the number of IMR letters and the number of service decisions have leveled off, the study found that in 91.3 percent of the 2017 decision letters, the IMR physicians upheld the UR determination that the requested service was not supported by the treatment guidelines – an uphold rate that was virtually identical to the 91.2 percent rate recorded in 2016. Once again, the uphold rates varied based on the type of medical service requested, ranging from a low of 80.4 percent for Evaluation/Management service requests, which consisted primarily of referrals for consultations (but which accounted for only 1.6 percent of all IMRs), to a high of 94.6 percent for chiropractic manipulation requests.

The mix of disputed services for which IMR decisions were issued also showed little change from prior years. Prescription drug requests remained the number one medical service submitted for IMR, accounting for nearly half of all medical disputes that went through IMR in the first six months of 2017, with UR denials or modifications of those requests upheld by the IMR physician 92.2 percent of the time versus 92.6 percent of the time in 2016. Requests for physical therapy; injections; durable medical equipment; and MRIs, CTs, and PET scans also remained in the top 5 IMR service categories, with uphold rates ranging between 89.0 percent and 94.1 percent for those categories.

Breaking down the pharmaceutical IMRs by drug category the study found that 29 percent of the disputed prescription drug requests were for opioids; and as in 2016, IMR physicians upheld more than 90 percent of the UR denials and modifications of the opioid requests. Another pharmaceutical category that is a source of ongoing concern is compounded drugs, which are not FDA approved, and which are individually formulated in physician offices through kits or other means, or in compounding pharmacies. The latest results show that compounded drug requests as a percentage of IMRs fell to 5.0 percent of the 2017 IMRs, down from 6.9 percent in 2016, and 8.6 percent in 2015, a decline that may be related to the very high IMR uphold rates of the UR denials or modifications of such requests, which have ranged between 98 percent and 99 percent over the last three years. The report also notes that recent legislation instituting changes to UR (SB 1160) and mandating the adoption of the MTUS Prescription Drug Formulary in workers' compensation could result in stricter adherence to the evidence-based guidelines and help reduce IMR volume in the future – most notably in the area of prescription drug requests, which may lead to a significant shift in the mix of services submitted for IMR in the future.

The latest data on IMR response time shows continued improvement over the past 3-1/2 years. After Maximus receives an IMR application, it must confirm the eligibility of the application; request, receive and process the medical records; and assign an IMR physician to review the UR determination, the physician's reports and any other information noted in the request or the UR decision, then consult the MTUS treatment guidelines or other applicable guidelines to determine if the service is medically necessary based on the clinical evidence. Maximus has 30 days from the receipt of the medical records to issue a decision letter to the injured worker or their representative explaining the decision and the rationale behind it. Since 2014, the median time elapsed from the date that Maximus received an IMR request to the date a decision letter was issued has fallen sharply—most notably from 2014 to mid-2015 – though the 2017 results show continued improvement, with a median of 32 to 33 days elapsing between the IMR application date and the date of the decision letter and far less variation in the timeliness of applications processed in the first half of this year than in prior years.

As in prior studies, a high percentage of IMR requests were linked to a small number of high-volume providers, many of whom have been associated with a high number of IMR requests in the past. The top 10 percent of requesting physicians named in the IMR letters from the 12 months ending in June 2017 accounted for 85 percent of all IMR disputed service requests during that period, while the top 1 percent (111 providers) accounted for 45 percent of the disputed requests. Furthermore, the 10 doctors named in the highest number of IMR decision letters in 2017 were linked to 20,249 service decisions in the first half of this year – 13% of the total – and 9 of these 10 doctors were on the top 10 list in 2016 as well.

The distribution of IMRs by region also showed little change, with IMR volume remaining disproportionately high in Los Angeles and the Bay Area, which together accounted for 54.6 percent of the IMR decisions rendered in 2017, but only 36.3 percent of paid medical services in the California workers' compensation system. In contrast, the use of IMR continued to be disproportionately low in rural and agricultural regions of the state, including the Central Valley, which accounted for 17.4 percent of the IMR decisions, but 26.3 percent of the medical services.

CWCI will continue to track IMR outcomes as additional data becomes available. In the meantime, the latest analysis, "Independent Medical Review Decisions: January 2014 Through June 2017" has been released as a CWCI Spotlight Report. CWCI members and research subscribers can sign in to access the report at www.cwci.org, while others may purchase the report from the Institute's online store at www.cwci.org/store.html for $15.

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