California Workers' Compensation Institute

Research Update

Independent Medical Review Decisions January 2014 through June 2018

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September 2018

Executive Summary

Key Findings

- In the first half of 2018, Maximus, the Independent Medical Review Organization contracted by the state to manage the Independent Medical Review (IMR) process, issued 89,843 IMR determination letters, 4.4 percent more than in the first half of 2017. The average number of decisions per letter remained unchanged at 1.8, matching the rates for 2016 and 2017.[1]
- Overall, IMR physicians upheld Utilization Review (UR) modifications and denials 90.1 percent of the time in the first half of 2018, down slightly from the 91.2 percent uphold rate for 2017. IMR uphold rates by medical service category ranged from 77.8 percent for psychological services to 93.0 percent for acupuncture requests.
- In the first half of 2018, IMR volume in the Los Angeles region and in the Bay Area was disproportionately high relative to medical service volume in those regions, while IMR volume in the rest of the state was disproportionately low.
- A small number of physicians continue to drive a high percentage of IMR requests, with the top 1 percent of requesting physicians (119 providers) accounting for 44 percent of the disputed service requests that underwent IMR in the 12 months ending June 2018, and the top 10 individual physicians accounting for 9 percent of the disputed service requests. Furthermore, 7 of the 10 individual physicians associated with the highest number of IMR requests in the first half of this year were also on the top 10 list for 2017.
- Pharmaceutical requests once again topped the list of medical services submitted for IMR, accounting for nearly half of all service determinations in the first half of 2018. Disputes involving opioid requests accounted for nearly a third (32.3 percent) of the prescription drug determinations in the first half of this year, which was up from 29.7 percent in 2017. IMR outcomes for disputed prescription drug requests showed little change, as IMR physicians upheld 90.7 percent of the UR denials and modifications of pharmaceutical requests, and 90.9 percent of the UR determinations involving requests for opioids.

1. In CWCI's IMR analyses, decisions are counted only for 'primary' services. Decisions that are 'associated' with (and subservient to) a primary decision are not counted, as the 'uphold/overturn' choice made on the primary service determines the result of the ancillary service.

Background/Objective

Under California law, all workers' compensation claims administrators must have a utilization review (UR) program overseen by a medical director to ensure that the treatment provided to injured workers is supported by clinical evidence outlined in either the Medical Treatment Utilization Schedule (MTUS) guidelines adopted by the state or in other applicable guidelines. While most treatment reviewed in UR is approved, in 2012, state lawmakers enacted SB 863, which included the adoption of the IMR process to allow injured workers to dispute a UR modification or denial of treatment, and to obtain an independent medical opinion on whether the requested service is considered medically necessary under evidence-based medicine standards. Prior to SB 863, disputes over treatment requests were settled by workers' compensation administrative law judges, but with the implementation of IMR in January 2013, the responsibility of determining whether or not a disputed medical service request met the evidence-based clinical guidelines, and to preclude unproven, unnecessary, and potentially harmful treatment, shifted to the IMR physician.

Shortly after IMR first took effect, CWCI began a series of studies to examine IMR outcomes based on data gleaned from IMR determination letters generated by Maximus Federal Services (Maximus), the Independent Medical Review Organization that is under contract with the California Division of Workers' Compensation (DWC) to manage the IMR process.[2,3,4] This report continues the IMR outcomes series by generating summary statistics compiled from IMR determination letters issued from January 2014 through June 2018.

The report examines:

- the total number of IMR determination letters issued during the 4-1/2 year study period, as well as the processing time by month
- the average number of medical service decisions per letter issued in the first half of 2018
- the total number of IMR decisions and the uphold rates (percentage of UR denials or modifications upheld or overturned by the independent medical reviewer) by:
    - Type of service
    - Drug type (for pharmaceutical IMRs)
    - Provider concentration
    - Region
    - High-volume providers

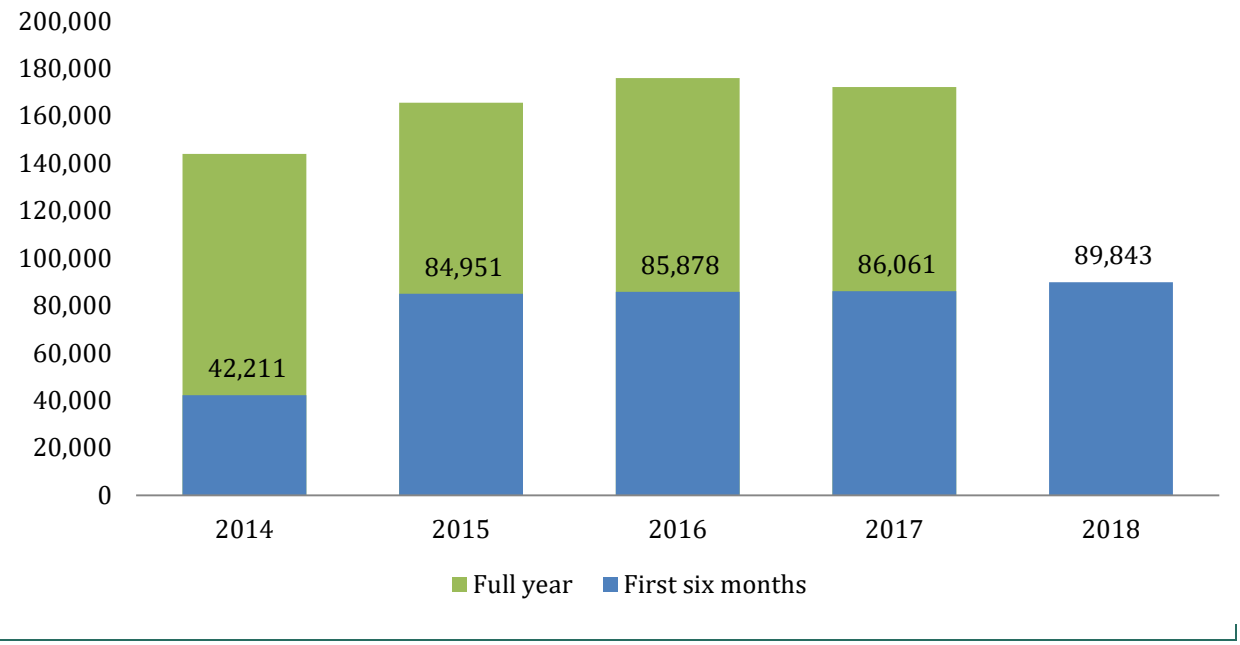
2. David, R., Jones, S., Ramirez, B., and Swedlow, A. "Independent Medical Review Outcomes in California Workers' Compensation," CWCI Research Update," April 2015.
3. David, R., Jones, S., Ramirez, R., and Swedlow, A. "Medical Review and Dispute Resolution in the California Workers' Compensation System," CWCI Research Update, December 2015.
4. David, R. "IMR Decisions, January through December 2015, CWCI Spotlight Report, February 2016; David, R., 1st Quarter 2016 IMR Outcomes," CWCI Spotlight Report, June 2016; David, R. and Bullis, R., "IMR Outcomes: January 2014 Through June 2017." CWCI Spotlight Report, September 2017.

Results

Number of IMR Determination Letters

For this study, the authors reviewed data from the nearly 750,000 IMR determination letters generated by Maximus from January 2014 through June 2018. During that 4-1/2 year span, the total number of IMR determination letters issued grew from 143,983 in 2014 to 165,525 in 2015 (+15.0 percent), then increased to 176,002 in 2016 (+6.3 percent) before edging down by 2.6 percent to 172,194 letters in 2017. IMR letter volume from the first half of 2018 was up 4.4 percent compared to the first half of last year, increasing from 86,061 to 89,843.[5]

Exhibit 1: Eligible IMR Determinations, 2014 – June 2018



5. The numbers for 2014-2018 shown on this page are from the Division of Workers' Compensation on the Department of Industrial Relations website. The Institute analysis for January 2014-June 2018 reflects data compiled from 736,831. Final Determination Letters provided by Maximus, so the balance of the report is based on a 98.6 percent subset of the 747,460 letters reported by the DWC for this period.

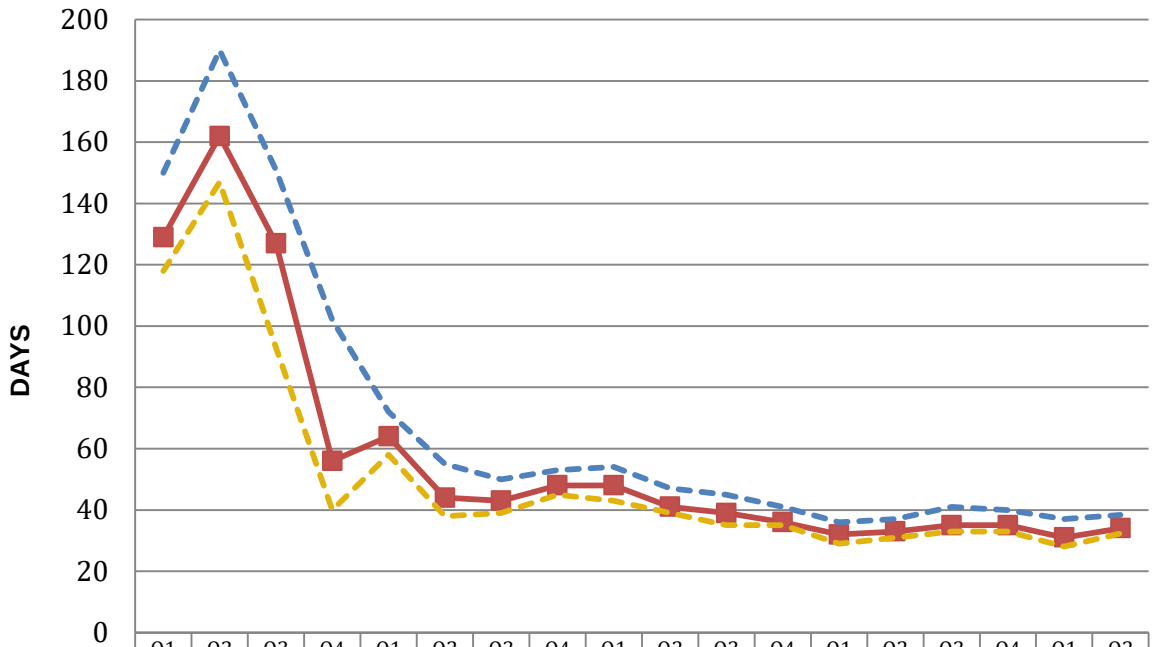
IMR Response Time

Each IMR determination letter shows the date of the UR denial or modification, the date the IMR application was received, and the date of the determination letter, which is considered to be the review completion date.

After Maximus receives an IMR application, it must confirm the eligibility of the application; request, receive, and process the medical records; and assign the case to a reviewing physician to complete the review. State law requires that Maximus issue an IMR determination letter within 30 days of receiving the application and all necessary records (up to 20 days are allowed for the receipt of necessary records, so Maximus has up to 50 days to issue the determination letter). Exhibit 2 shows the median time that elapsed between Maximus' receipt of an IMR application and the date it issued the decision letter, with results broken out by the quarter in which the decision was issued.

As shown, during the first half of this year, the median number of days from Maximus' receipt of an IMR application to the issuance of the decision letter declined to the lowest level since its peak in 2014. IMR decision times declined precipitously from the record 162 days in the second quarter of 2014, less than a year after the process was adopted for all claims,, and continued to improve in 2015, 2016 and 2017. The median IMR decision time ranged between 32 and 35 days in 2017, with a similar result in the first half of 2018, when the median response time ranged between 31 and 34 days. The latest quartile results show that 25 percent of the IMR decisions in the first three months of this year were rendered within 28 days of the application and 75 percent were rendered within 37 days; while in the second quarter, 25 percent of the decisions were made within 32 days of the application and 75 percent were made within 38 days.

Exhibit 2: Days from IMR Application Date to Date of Decision Letter, Jan. 2014 – June 2018

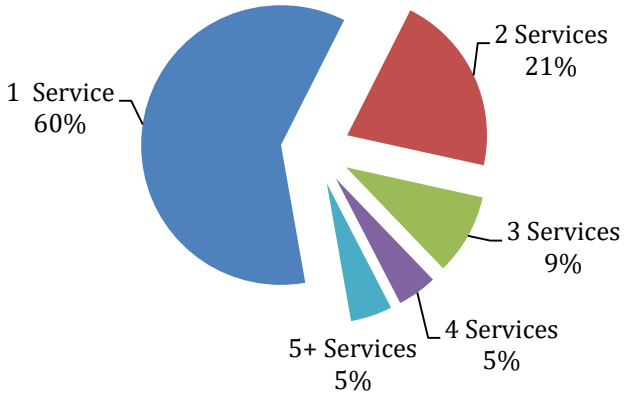


	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Median	129	162	127	56	64	44	43	48	48	41	39	36	32	33	35	35	31	34
25th%	118	147	93	40	58	38	39	45	43	39	35	35	29	31	33	33	28	32
75th%	150	190	151	102	72	55	50	53	54	47	45	41	36	37	41	40	37	38

Number of Decisions per Determination Letter

IMR applications and determination letters often involve multiple medical service requests. Since 2016, the average number of decisions per letter has held steady at 1.8. Exhibit 3 shows the distribution of the 2018 IMR letters by the number of requested medical services covered in the determination letter. As noted in the pie chart below, 60 percent of the IMR determination letters issued in the first half of 2018 involved a decision on a single medical service request, while the other 40 percent had decisions on multiple services. The 2018 distribution shows effectively no change from the prior year.[6]

Exhibit 3: Number of IMR Decisions per IMR Determination Letter, Jan. – June 2018



IMR Uphold Rates

Each of the medical services covered in an IMR letter is adjudicated separately by the IMR reviewer unless the decision involves an associated service linked to the necessity of a primary service, (*e.g.*, a request for an anesthetic linked to a surgery request). As in prior analyses, the authors did not include those associated services in the study results. In the first half of 2018, about 9 percent of the requested services in the decision letters were identified as associated services. Of the 159,385 primary service requests included in the 2018 letters, 143,580 (90.1 percent) had the UR modification or denial upheld by the IMR physician, down slightly from the 91.2 percent uphold rate from 2017. This consistently high uphold rate shows that the vast majority of disputed modifications and denials made by UR physicians are found to be appropriate.

Exhibit 4: IMR Uphold and Overturn Rates, Primary Services, Jan. 2015 – June 2018 Determination Letters

	Number of Primary Service Decisions				Percent of Decisions			
Result	**2015**	**2016**	**2017**	**2018**	**2015**	**2016**	**2017**	**2018**
Upheld UR	257,285	286,798	283,018	143,580	88.4%	91.2%	91.2%	90.1%
Overturned UR	33,600	27,555	27,388	15,805	11.6%	8.8%	8.8%	9.9%
Total	**290,885**	**314,353**	**310,406**	**159,385**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

6. In 2017, 60 percent of the IMR decision letters covered one service, 21 percent covered 2 services, 9 percent covered 3 services, 5 percent covered 4 services, and 5 percent covered more than 5 services.

IMR Distribution and Uphold Rates by Medical Service Category

Medical service requests that are modified or denied by a UR physician and then submitted for IMR are heavily concentrated in just a few medical service categories, led by pharmaceutical requests which, as in the past, accounted for nearly half of all IMR reviewed services in the first half of 2018. Physical therapy; injections; durable medical equipment, prosthetics, orthotics and supplies; and MRI/CT/PET scans rounded out the top five categories of medical services that underwent IMR. Combined, these five categories of services accounted for more than three quarters of the IMR determinations in the first half of 2018.

The uphold rates for all years were fairly consistent across most service categories, with 11 of the 13 categories ranging from 84 percent to 93 percent in the first half of 2018. The IMR uphold rate was lowest (77.8 percent) for psychological service requests. But, as was the case with evaluation and management requests which also had a relatively low uphold rate (78.7 percent), requests for psychological services accounted for a very small share (1.5 percent) of the services submitted for IMR in the first half of 2018.

The overall IMR uphold rate for all medical service categories was 90.1 percent in the first half of 2018, a decrease of 1.1 percentage points from 2017. Uphold rates declined slightly for most medical service categories, with psychological services showing the largest decrease (4.8 percentage points), while injections had the only increase, and that was marginal (0.1 percentage points).

Exhibit 5: IMR Distribution & Uphold Rates by Medical Service Category, Jan. 2015 – June 2018

	2015	2016	2017	2018-06	2015	2016	2017	2018-06
Service Requested	**% of Service Requests**				**% Upheld**			
Pharmaceuticals	49.0%	48.0%	46.0%	46.3%	89.7%	92.6%	92.0%	90.7%
Physical Therapy	8.9%	9.2%	10.2%	10.2%	92.6%	93.5%	94.0%	92.8%
Injections	6.7%	7.3%	7.9%	8.1%	87.3%	89.5%	89.5%	89.6%
DME/Prosth/Ortho/Supplies	7.9%	7.3%	7.1%	7.3%	90.1%	91.7%	92.2%	91.2%
MRI/CT/PET	4.1%	4.4%	4.4%	4.3%	86.5%	88.7%	89.3%	87.9%
Surgery	3.6%	3.5%	3.8%	3.6%	86.1%	88.8%	91.1%	90.8%
Diagnostic Test / Measure	3.4%	3.5%	3.2%	3.2%	84.5%	91.4%	91.5%	90.6%
Laboratory Services	2.7%	3.2%	3.1%	2.6%	83.0%	88.8%	86.6%	84.3%
Acupuncture	2.2%	2.2%	2.4%	2.6%	91.6%	93.5%	93.9%	93.0%
Chiropractic Manipulation	1.6%	1.7%	1.6%	1.6%	90.6%	92.0%	93.8%	92.5%
Psych Services	1.7%	1.7%	1.6%	1.5%	79.7%	83.3%	82.6%	77.8%
Evaluation and Management	1.7%	1.7%	1.6%	1.5%	68.4%	79.0%	79.1%	78.7%
Other	6.4%	6.3%	7.2%	7.2%	85.7%	88.1%	88.6%	87.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**88.5%**	**91.2%**	**91.2%**	**90.1%**

Prescription Drug IMR Distribution and Uphold Rates by Drug Category

Disputes involving prescription drug requests can arise over a number of factors, including the appropriateness and strength of the drug, the quantity and duration of the prescription, and contra-indications with other prescribed medicines, all of which are considered by UR and IMR physicians. About 73,900 prescription drug requests went through IMR in the first half of 2018. In 90.7 percent of those cases, the Independent Medical Review physicians upheld the UR physicians' modification or denial.

Exhibit 6 shows the distribution of the pharmaceutical IMR decisions by drug category, as well as the percentage in which the UR physician's modification or denial of the pharmaceutical request was upheld by IMR. As in the past, requests for opioid painkillers topped the list in the first half of 2018, accounting for 32.3 percent of all pharmacy IMR decisions – up from 29.7 percent in 2017. Requests for compounded drugs accounted for only 2.1 percent of the IMRs in the first half of 2018, down from 4.3 percent of the IMRs in 2017, and the modifications and denials of the compound drug requests had a very high IMR uphold rate (99.2 percent) in both years. Notably, anticonvulsants and antidepressants accounted for an increasing percentage of the prescription drug requests submitted for IMR in the first half of 2018, and the IMR uphold rate for both of these drug categories showed relatively large declines, (5.2 and 4.1 percentage points, respectively). These shifts in the distribution and outcomes of the prescription drug IMR decisions coincided with changes in the MTUS, including the adoption of new opioid and chronic pain guidelines in late 2017 and the implementation of the workers' compensation prescription drug formulary in January 2018. In contrast to the declining uphold rates for anticonvulsants and antidepressants, however, Exhibit 6 shows that the uphold rates for all other drug categories were relatively stable, registering no more than a 2 percentage point change between 2017 and the first half of 2018.

Exhibit 6: Distribution & Outcomes of Rx IMR Decisions by Drug Type, Jan. 2015 – June 2018

	2015	2016	2017	2018-06	2015	2016	2017	2018-06
Rx Drug Category	**% of Rx Drug Requests**				**% Upheld**			
Analgesics: Opioid	30.3%	28.9%	29.7%	32.3%	88.0%	90.3%	90.3%	90.9%
Musculoskeletal Therapy	11.8%	12.6%	12.8%	13.9%	96.1%	96.9%	97.2%	96.2%
Dermatologicals	9.5%	10.2%	11.1%	10.2%	94.8%	96.3%	96.5%	95.1%
Anti-Inflammatory	7.5%	8.7%	9.7%	8.3%	80.4%	89.3%	88.3%	86.4%
Ulcer Drugs	7.3%	7.3%	7.1%	5.2%	89.0%	93.0%	91.8%	90.2%
Anticonvulsants	5.0%	5.4%	6.0%	7.3%	80.5%	86.8%	87.5%	82.3%
Compounded	8.5%	6.7%	4.3%	2.1%	99.3%	99.4%	99.2%	99.2%
Antidepressants	3.6%	3.9%	4.0%	4.6%	73.0%	83.3%	81.8%	77.7%
Hypnotics/Sedatives	3.9%	3.7%	3.0%	2.9%	97.4%	98.2%	97.7%	98.1%
Antianxiety	2.7%	2.7%	2.6%	2.5%	96.4%	97.2%	95.1%	94.9%
Analgesics: Non-Narcotic	1.1%	1.4%	1.8%	2.2%	88.6%	92.5%	92.0%	92.7%
Other	8.9%	8.5%	8.0%	8.6%	87.7%	90.7%	89.8%	88.5%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**89.7%**	**92.6%**	**92.0%**	**90.7%**

Dermatological IMR Distribution and Uphold Rates by Category

Dermatologicals are characterized primarily by their method of application. In examining disputed dermatological requests that are submitted for IMR it is helpful to examine the underlying drug that is being applied. Approximately 92 percent of (non-compounded) dermatological drugs are from the following three drug groupings: local anesthetics, anti-inflammatory agents, and a group of drugs the authors have labeled as "manufactured topicals." Manufactured topicals are over-the-counter (OTC) topical medications that have one National Drug Code (NDC), as opposed to the multiple ingredient NDCs associated with pharmacy-compounded drugs; are marketed through exclusive channels for physician dispensing; are often re-labeled with a different NDC; and are not FDA-approved. These topicals are not found in drugstores, and bear a significantly higher price than similar, readily-available OTCs.

Like compounded drugs, manufactured topicals have represented a declining share of the dermatological drug IMRs over the past two years, falling from 32.8 percent of the dermatologicals in 2015 to 20.7 percent in the first half of 2018. Also, as with compounded drugs, IMR uphold rates for UR denials or modifications of manufactured topical drug requests are consistently very high, with the latest results showing that independent medical reviewers upheld the UR determination that the manufactured topical drug was not medically necessary 97.6 percent of the time in the first half of 2018.

Exhibit 7: Distribution & Outcomes of Dermatological IMR Decisions by Drug Category, Jan. 2015 – June 2018

	2015	2016	2017	2018-06	2015	2016	2017	2018-06
Drug Class	**% of Dermatologicals**				**% Upheld**			
Local Anesthetics – Topical	32.5%	34.3%	35.3%	38.4%	95.0%	96.6%	97.1%	95.6%
Anti-inflammatory – Topical	23.7%	27.5%	32.1%	32.5%	92.1%	93.8%	95.0%	93.3%
Manufactured Topical	32.8%	29.9%	24.1%	20.7%	97.7%	98.6%	98.4%	97.6%
Corticosteroids – Topical	0.3%	0.5%	2.3%	2.7%	86.8%	88.0%	97.8%	96.6%
Liniments	4.5%	4.0%	2.0%	1.9%	87.2%	93.7%	91.1%	91.0%
Other	6.3%	3.9%	4.2%	3.7%	95.0%	95.8%	94.3%	92.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**94.8%**	**96.3%**	**96.5%**	**95.1%**

Opioid IMR Distribution and Uphold Rates by Drug Ingredient(s)

CWCI research published earlier this year found that opioids remain the most common type of prescription drug used to treat California injured workers with lost-time claims, but with sustained efforts to curb their use – including the controls offered by UR and IMR – over the past decade they have declined from about one-third to less than a quarter of indemnity claim prescriptions, while there has been a concurrent increase in the use of anti-inflammatories and anticonvulsants, which are often used as opioid alternatives.[7]

Exhibit 8 shows the distribution and outcomes of opioid IMR decisions by specific drug ingredient from 2015 through the first half of 2018. Over that 3-1/2 year span, the mix of opioid drug ingredients submitted for IMR remained fairly consistent, with Hydrocodone-Acetaminophen being the most popular ingredient combination across the entire period, ranging from 39.0 percent of opioid prescriptions in 2016 to 42.4 percent in the first half of 2018. During that period, the top five combinations (hydrocodone-acetaminophen, tramadol, oxycodone-acetaminophen, oxycodone, and morphine) accounted for 80.1 percent to 84.9 percent of the opioid requests submitted for IMR. The overall uphold rate for modified or denied opioid requests that underwent IMR increased from 88.0 percent in 2015 to 90.9 percent in the first half of 2018, as the uphold rates increased for all opioid ingredients except fentanyl and hydromorphone, which together accounted for only 3.3 percent of the opioid IMR decisions in the first half of 2018.

Exhibit 8: Distribution & Outcomes of Opioid IMR Decisions by Drug Ingredient(s), Jan. 2015 – June 2018

	2015	2016	2017	2018-06	2015	2016	2017	2018-06
Drug Ingredient(s)	**% of Opioids**				**% Upheld**			
Hydrocodone-Acetaminophen	41.3%	39.0%	39.2%	42.4%	87.7%	89.2%	89.4%	90.9%
Tramadol	18.2%	20.2%	22.6%	21.4%	88.8%	92.4%	93.2%	92.0%
Oxycodone-Acetaminophen	6.8%	7.3%	8.1%	8.6%	86.9%	90.3%	90.4%	90.8%
Oxycodone	9.3%	9.0%	8.5%	7.9%	89.8%	91.1%	89.2%	90.6%
Morphine	4.9%	4.7%	4.6%	4.5%	86.1%	89.2%	86.8%	88.1%
Buprenorphine	2.5%	3.2%	3.0%	2.6%	85.7%	87.9%	87.5%	87.3%
Codeine-Acetaminophen	1.1%	1.3%	1.9%	2.3%	90.2%	92.5%	93.0%	93.1%
Fentanyl	3.0%	2.6%	2.0%	1.8%	89.3%	90.6%	89.3%	88.1%
Tapentadol	1.9%	2.1%	1.8%	1.7%	86.8%	89.1%	87.2%	90.5%
Tramadol-Acetaminophen	2.6%	2.9%	1.7%	1.5%	88.1%	88.5%	90.3%	92.6%
Hydrocodone	2.8%	2.5%	2.3%	1.5%	88.0%	91.7%	91.1%	92.8%
Hydromorphone	1.8%	1.6%	1.5%	1.5%	89.6%	92.2%	91.1%	87.4%
Methadone	1.9%	1.9%	1.4%	1.4%	89.1%	90.8%	90.3%	91.1%
Oxymorphone	1.2%	0.9%	0.6%	0.3%	85.0%	87.5%	93.4%	89.1%
Other	0.8%	0.8%	0.8%	0.6%	89.4%	92.9%	94.3%	94.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**88.0%**	**90.3%**	**90.3%**	**90.9%**

7. Young, B., Hayes, S., Swedlow, A. California Workers' Compensation Prescription Drug Distributions & Opioid Trends. CWCI Research Update, March 2018.

Distribution of IMR Decisions and Uphold Rates by Region

Each IMR determination letter includes an address for the injured worker or his or her representative, so the authors used the ZIP codes noted in the IMR determination letters from the first half of 2018 to determine the prevalence of IMR in different regions of the state. The proportion of IMR decisions for each region was then compared to the proportion of all paid medical services from that region as identified by injured worker ZIP codes in CWCI's Industry Research Information System[8] to see where IMR was disproportionately high or low relative to medical service volume.

When compared to the percentage of services in each region, the volume of IMR decisions in the first half of this year was disproportionately high in Los Angeles and the Bay Area, which together accounted for 52.8 percent of the decisions, but only 40.4 percent of all medical services.

The regional breakdown shows slight variations in uphold rates among different areas of California, ranging from a low of 88.2 percent in San Diego to a high of 91.7 percent in Los Angeles. The regional variations in IMR volume and uphold rates show little change from the results noted in the Institute's analysis of 2017 IMR outcomes. [9]

Exhibit 9: Distribution of Jan to June 2018 IMR Decisions and Uphold Rates by Region

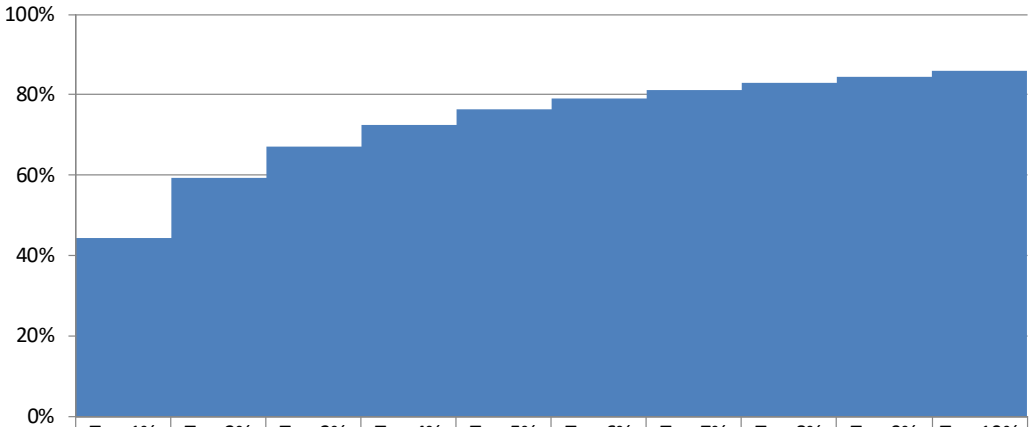
Region	% of Decisions	% of Services	% Upheld
Los Angeles	30.7%	23.1%	91.7%
Bay Area	22.1%	17.3%	89.2%
Valleys	18.8%	24.2%	89.4%
Inland Empire/Orange	14.8%	17.8%	90.1%
Central Coast	6.0%	7.2%	88.9%
San Diego	6.0%	6.6%	88.2%
Northern Counties	0.8%	1.9%	89.8%
Sierras	0.8%	1.8%	89.1%
Total	**100.0%**	**100.0%**	**90.4%**

8. The IRIS database is a proprietary database maintained by CWCI that contains detailed information, including employee and employer characteristics, medical service data, and benefit and other administrative cost detail on California workers' compensation claims. The regional medical service distribution was based on data from July 1, 2017 to December, 2017 and included 3.3 million services.
9. Bullis, R. and David, R. Independent Medical Review Decisions, January 2014 Through December 2017. CWCI Research Update, March 2018.

Concentration of IMR Determinations Among High-Volume Providers

The IMR determination letters also identify the medical providers who requested the disputed medical services. A review of the IMR letters issued in the 12 months ending June 2018 identified a total of 11,901 unique providers. As in each of the Institute's prior analyses of IMR outcomes, the latest data show that a small number of these providers continued to account for a disproportionate share of the medical service requests that underwent IMR. Exhibit 10 shows that the 119 physicians who comprised the top 1 percent of medical providers identified in the IMR letters from the 12 months ending in June 2018 were linked to 44 percent of the disputed medical service requests, while the 1,190 physicians who comprised the top 10 percent were named in 86 percent of the requests.

Exhibit 10: Percent of July 2017 to June 2018 IMR Decisions Associated w High-Volume Providers



	Top 1%	Top 2%	Top 3%	Top 4%	Top 5%	Top 6%	Top 7%	Top 8%	Top 9%	Top 10%
% of Decisions	44%	59%	67%	73%	76%	79%	81%	83%	85%	86%
# of Providers	119	238	357	476	595	714	833	952	1,071	1,190

Concentration of IMR Determinations Among Top 10 Providers

Exhibit 11 shows the percentage of IMR determination letters, disputed services, and claims linked to the 10 individual physicians with the highest number of IMR decision letters in the first half of 2018, further illustrating the high concentration of disputed medical services that were associated with a small number of high-volume medical providers. Together, these 10 physicians – specialists in orthopedics, physical medicine and rehabilitation, and pain management – were associated with 14,981 IMR service decisions rendered in the first half of 2018, or 9.4 percent of all IMR determinations made during that 6-month period. Furthermore, comparing the top 10 provider lists from 2017 with the first half of 2018 shows that 7 of the 10 individual providers with the highest number of IMR requests in 2017 remained on the top 10 list in the first half of 2018. The regional data show the top 10 providers from the first half of this year were evenly split between Northern and Southern California.

Exhibit 11: Jan. - June 2018 IMR Letters and Decisions – Top 10 Providers

Requesting Provider	# of IMR Decision Letters	# of Medical Service Decisions	% of Total Medical Service Decisions	% of UR Decisions Upheld by IMR	Rank in 2017	Requesting Physician Specialty	Requesting Provider Region
Provider 1	1,466	2,450	1.5%	86.5%	2	Phys Med & Rehab	NCAL
Provider 2	1,042	1,734	1.1%	86.3%	3	Phys Med & Rehab	NCAL
Provider 3	779	1,685	1.1%	88.4%	10	Pain Management	SCAL
Provider 4	904	1,621	1.0%	92.3%	9	Pain Management	NCAL
Provider 5	256	1,351	0.8%	95.5%	243	Orthopedist	SCAL
Provider 6	874	1,325	0.8%	85.3%	8	Pain Management	NCAL
Provider 7	694	1,289	0.8%	88.7%	4	Orthopedist	SCAL
Provider 8	533	1,245	0.8%	96.2%	6	Orthopedist	SCAL
Provider 9	735	1,185	0.7%	86.9%	14	Pain Management	NCAL
Provider 10	454	1,096	0.7%	86.5%	16	Phys Med & Rehab	SCAL
Top 10	7,737	14,981	9.4%	89.1%			

Summary

In the first half of 2018, the volume of IMR determination letters was 4.4 percent higher than in the first half of 2017, while the uphold rate edged down from 91.2 percent to 90.1 percent, but remained at a consistently high level, with IMR physicians concurring with the UR determination on more than 90 percent of the disputed treatment requests. As in the Institute's earlier analyses of IMR data, nearly half of the requested medical services that went through an Independent Medical Review in the first half of 2018 were for prescription drugs, with an increasing proportion being requests for opioid analgesics (almost one-third), a shift that coincided with the transition to the new opioid and pain management guidelines adopted in the MTUS late last year, and the workers' compensation prescription drug formulary which took effect in January 2018.

Although the authors anticipate that the recent legislation, SB 1160 (Utilization Review) and AB 1124 (the prescription drug formulary), may eventually lower IMR volume by aligning more treatment to the Medical Treatment Utilization Schedule, the early returns indicate that has not yet been the case. It is unclear whether this is because various stakeholders have yet to fully adjust to the new rules, or if it is due to some exogenous factor, but the authors will continue to monitor IMR activity in order to assess the ongoing impact of these and other changes to the workers' compensation medical dispute resolution system.

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California Workers' Compensation Institute

The California Workers' Compensation Institute, incorporated in 1964, is a private, nonprofit organization of insurers and self-insured employers conducting and communicating research and analyses to improve the California workers' compensation system. Institute members include insurers that collectively write more than 83 percent of California workers' compensation direct written premium, as well as many of the largest public and private self-insured employers in the state. Additional information about CWCI research and activities is available on the Institute's website (www.cwci.org). The California Workers' Compensation Institute is not affiliated with the State of California.

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