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BULLETIN

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A new CWCI analysis of California workers' compensation medical care approval rates shows that more than 94 percent of treatment services performed or requested for injured workers in the first 10 months of 2018 were either approved (92.5 percent) or approved with modifications (1.6 percent), while 5.9 percent were denied, though outcomes varied based on the type of service.

For more than a decade, California has required all workers' compensation claims administrators to have utilization review (UR) programs to ensure that medical services provided to injured workers are appropriate and meet evidence-based standards in terms of the modality, frequency, duration, and the setting for the treatment. In 2013, the state added Independent Medical Review (IMR) as a new component of the medical approval and dispute resolution process, giving injured workers the right to request independent physician review of any treatment request that has been modified or denied by a UR physician. In 2015, more changes to the medical approval process were mandated when state lawmakers enacted AB 1124, leading to the 2018 implementation of a workers' compensation prescription drug formulary which is also based on evidence-based guidelines and which exempts certain drugs from prospective UR. Further adjustments were called for in SB 1160, a 2016 bill that took effect in January 2018, granting UR exemptions for most medical services provided within 30 days of the date of injury; basic medical services performed by medical provider network providers in accordance with evidence-based treatment guidelines, and emergency services.

In the wake of these reforms, the authors of the study measured various aspects of the workers' compensation medical approval and dispute resolution process, including the distribution of services for January through October of 2018, the proportion of those requested or delivered medical services that were approved, approved with modifications, or denied by UR; the proportion of the UR modifications and denials submitted to IMR, and the approval, modification, and denial rates following IMR. As noted in the table below, results were also broken out for the top 10 medical service categories, which together comprised 97.4 percent of the services delivered or requested during the study period.

UR and IMR Authorization Results by Service Category

Service Category	% of All Medical Care Services	% Denied After UR	% Modified After UR	% Approved After UR	% Denied + Modified to IMR	IMR Overturn Rate	% Denied After IMR	% Modified After IMR	% Approved After IMR
Phys Med (PT, Chiro, Acupuncture)	29.6%	10.8%	3.8%	85.4%	4.0%	6.9%	10.6%	3.8%	85.6%
Evaluation & Management	29.1%	0.3%	0.0%	99.7%	0.1%	17.9%	0.3%	0.0%	99.7%
Pharmaceuticals	16.9%	9.2%	2.6%	88.1%	3.9%	10.6%	8.9%	2.5%	88.6%
Radiology (w/o MRI/CT/PET)	6.6%	0.9%	0.0%	99.0%	0.2%	10.7%	0.9%	0.0%	99.1%
DME/POS	5.6%	6.2%	0.5%	93.3%	2.0%	9.4%	6.0%	0.5%	93.5%
Diagnostic Tests/ Measurements	2.5%	8.0%	0.5%	91.5%	2.5%	9.7%	7.8%	0.5%	91.7%
Surgery	2.3%	5.2%	0.8%	94.0%	1.5%	11.5%	5.1%	0.8%	94.1%
MRI/CT/PET	2.2%	9.1%	0.2%	90.7%	2.8%	12.6%	8.8%	0.2%	91.0%
Psych Services	1.3%	2.1%	0.9%	97.1%	0.9%	21.9%	1.9%	0.8%	97.3%
Injection	1.3%	20.8%	1.3%	77.8%	7.5%	10.8%	20.1%	1.3%	78.6%
Other	2.6%	7.7%	0.8%	91.5%	2.6%	9.9%	7.5%	0.8%	91.7%
Overall	100.0%	6.0%	1.6%	92.3%	2.2%	8.5%	5.9%	1.6%	92.5%

The results show that 92.3 percent of the medical services were approved with or without UR review, 1.6 percent were approved with modifications, and 6.0 percent were denied. Of the 1.6 percent of services approved with modifications following UR, just over a quarter were submitted for an IMR; and of the 6.0 percent of the services that were denied by a UR physician, less than a third were sent to IMR. The IMR physicians overturned 8.5 percent of the UR determinations that they reviewed, which bumped the overall approval rate for the 10-month study period up slightly from 92.3 percent to 92.5 percent of all services provided or requested, while the proportion of services approved with modifications remained at 1.6 percent. Thus, following both UR and IMR, 94.1 percent of the 2018 medical services in the study sample were approved or approved with modifications; and 5.9 percent were denied.

More than three quarters of the treatment services that were performed or requested fell into three categories. Physical Medicine (Physical Therapy, Chiropractic Manipulation, and Acupuncture) accounted for 29.6 percent of the services; Evaluation and Management (E/M) accounted for 29.1 percent, and Pharmaceuticals accounted for 16.9 percent. The proportion of services that were approved or approved with modifications following the UR/IMR process varied by service category, ranging from 79.9 percent for Injections (78.6 percent approved + 1.3 percent approved with modifications) to 99.7 percent of the Evaluation and Management services (99.7 percent approved, 0 percent modified). In the pharmaceutical category, 88.1 percent were approved by UR, 2.6 percent were approved with modifications, and 9.2 percent were denied, though following IMR, 10.6 percent of the pharmaceutical UR determinations were overturned, so the overall approval rate for prescription drugs edged up to 88.6 percent. Closer examination reveals that the UR outcomes varied significantly among the top drug groups, with denial rates ranging from 2.9 percent for anti-inflammatories, which are exempt drugs under the formulary, to 18 percent for dermatologicals and more and 20.9 percent for musculoskeletal therapy agents. Opioids had a denial rate of 17.4 percent and the highest rate of modification for any drug category at 8.2 percent.

Although SB 1160's 30-day rule was intended to expedite treatment for injured workers, a comparison of treatment provided within 30 and 60 days of the injury date during the first 10 months of 2017 and 2018 showed that for most types of medical services, there was little change in the volume of services in the first 30 or 60 days. The only exception was Physical Therapy, where the proportion of services rendered within the first 30 days increased slightly from 51.6% in 2017 to 54.3% in 2018, while there was no increase in the average number of PT services within 60 days, suggesting that these services were being provided faster.

The study also included updated summary statistics on IMR volume and outcomes from 2014 through June 2019. That data show IMR volume for the first six months of this year was down 6.2 percent from the corresponding period of 2018, nearly matching the levels noted in 2015 to 2017. The overall IMR uphold rate for the first half of this year held steady at 88.3 percent vs. 88.6 percent in 2018. The formulary appears to be having an impact on the volume of pharmaceutical IMRs, which fell to 42.5 percent of all IMRs from January through June of this year, the lowest level since CWCI began tracking IMR outcomes 5½ years ago, though the IMR uphold rate for prescription drugs held steady at 89.2 percent.

The updated data on IMR also revealed that 11.8 percent of the 2019 IMR decisions were for UR reviews where the service was approved, but the quantity or duration was modified to bring them in accord with evidenced-based standards. A regulatory change precluding IMR submissions when a UR modification reduces the number or frequency of a medical service to levels that meet evidence-based standards could eliminate a substantial number of IMRs that are being submitted without an opportunity to determine results from the approved level of treatment.

CWCI has published its study as a Research Update Report, "Post-Reform Medical Approval Rates in California Workers' Compensation. The 28-page report is posted in the Research section at www.cwci.org.

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