



BULLETIN

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With the pandemic taking a toll on the California economy, statewide unemployment spiking to a record level, and the volume of workers' comp claims and medical services on the decline as many workers shelter in place, the number of independent medical reviews (IMRs) used to resolve California workers' compensation medical disputes fell sharply in the first half of 2020 according to the latest tally by the California Workers' Compensation Institute (CWCI).

Eight years ago, state lawmakers mandated the adoption of the IMR process as part of the 2012 workers' compensation reform bill (SB 863). Under IMR, if a UR physician modifies or denies a medical service requested for an injured worker, the worker can dispute the decision and have an independent physician review their medical records and other submitted evidence and then decide whether to uphold or overturn the UR decision. The Medical Treatment Utilization Schedule (MTUS) adopted by the state provides the treating and reviewing medical providers with nationally recognized, peer-reviewed evidence-based treatment guidelines to ensure that the 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, Maximus Federal Services, the Independent Medical Review Organization contracted by the state to manage the process, issues a determination letter to the injured worker or their representative.

IMR took effect for all workers' comp claims in July 2013 and in 2014 CWCI began to track IMR activity using data compiled from the determination letters issued by Maximus. The latest review encompasses data from 1,076,611 letters issued from January 2014 through June of 2020, of which 70,273 were issued in the first half of this year -- down 17.6 percent from 85,318 letters issued during the same period last year. As in the past, about 40 percent of those letters included decisions on multiple service requests, so altogether there were 119,514 individual service decisions rendered from January through June of this year versus 148,069 in the first half of 2019 (-19.3 percent). Most of the drop occurred after the state's shelter-in-place order took effect on March 19, as a comparison of monthly letter counts from 2019 and 2020 shows the total number of letters was down 11 percent in April, 36 percent in May, and 27 percent in June.

CWCI's analysis of the decision letters from the first half of 2020 found that in 88.8 percent of the cases, the IMR physician upheld the UR physician's determination that the requested service was not supported by the treatment guidelines, while in 11.2 percent of the letters the UR decision was overturned and the request was approved.

IMR Distribution & Uphold Rates by Medical Service Category, Jan. 2017 – June 2020

	2017	2018	2019	2020-06	2017	2018	2019	2020-06
Service Requested	% of Service Requests				% Upheld			
Pharmaceuticals	47.3%	46.4%	41.1%	39.8%	91.9%	89.3%	89.2%	89.4%
Physical Therapy	10.0%	10.3%	12.0%	12.3%	93.5%	91.2%	89.7%	90.1%
Injections	8.3%	9.2%	10.2%	10.7%	89.5%	89.1%	88.8%	89.4%
DMEPOS	6.7%	7.1%	7.8%	8.2%	91.9%	88.9%	89.6%	91.3%
MRI/CT/PET	4.7%	4.6%	4.8%	5.0%	89.2%	87.6%	86.4%	88.6%
Surgery	2.5%	3.0%	3.7%	3.8%	93.9%	92.7%	89.7%	87.5%
Diagnostic Test / Measure	3.1%	3.1%	3.6%	3.7%	90.7%	88.1%	88.7%	87.4%
Laboratory Services	3.4%	3.4%	3.2%	3.0%	91.3%	89.0%	86.6%	88.5%
Acupuncture	1.7%	1.7%	2.2%	2.2%	93.8%	92.2%	89.1%	86.6%
Chiropractic Manipulation	3.2%	2.5%	2.1%	1.8%	86.5%	82.9%	81.5%	83.3%
Psych Services	2.2%	2.0%	1.9%	2.1%	77.9%	75.9%	74.8%	80.1%
Evaluation and Management	1.3%	1.2%	1.3%	1.4%	84.5%	78.8%	79.1%	81.6%
Other	5.6%	5.5%	6.1%	6.0%	87.8%	84.9%	85.4%	87.0%
Total	100.0%	100.0%	100.0%	100.0%	91.0%	88.6%	88.2%	88.8%

The overall IMR uphold rate tracks closely with the rates from each of the prior three years, though as in the past, uphold rates varied by the type of service requested, ranging from a low of 80.1 percent for Psychological services to 91.3 percent for requests for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS).

Since the adoption of the opioid and chronic pain guidelines in late 2017 and the implementation of the MTUS formulary on January 1, 2018, pharmaceutical requests as a percentage of workers' comp medical disputes have declined, falling to 39.8 percent of the IMR decisions in the first half of 2020, the lowest level since IMR began. Even though pharmaceutical requests as a percent of medical disputes are down, they still account for the single largest share of the IMRs, with more than three times the proportion noted for Physical Therapy requests, which rank second. From January through June of this year, IMR physicians upheld the UR denials and modifications of prescription drug requests 89.4 percent of the time, up just a fraction from the 89.2 percent uphold rate noted in 2019, but down from 91.9 percent in 2017, prior to the adoption of the MTUS formulary. In addition to the large share of IMRs involving prescription drug requests, the distribution of IMRs involving other medical services showed little change from 2019, with requests for Injections; DMEPOS; and MRIs, CTs, and PET scans again rounding out the top five IMR service categories. With the decline in Pharmaceutical IMRs since 2017, however, several other service categories have accounted for a growing share of the IMRs over the last 3-1/2 years, most notably Injections, which increased from 8.3 percent of the IMRs in 2017 to 10.7 percent in the first half of 2020; DMEPOS which increased from 6.7 percent to 8.2 percent of the IMRs; and Surgical requests which increased from 2.5 percent to 3.8 percent.

A breakdown of the prescription drug IMRs by drug category shows that even with the formulary and the opioid and chronic pain guidelines, opioid requests still top the list, accounting for 29.2 percent of all pharmaceutical IMRs in the first half of this year (vs. 30.9 percent in 2019). At the same time, the uphold rate on opioid IMRs has held steady, as IMR physicians concurred with 89.4 percent of the UR denials or modifications of opioid requests from January through June of this year, matching the uphold rate for pharmaceuticals overall. Musculoskeletal therapy drugs ranked second (16.0 percent of pharmaceutical IMRs, with a 95.5 percent uphold rate); followed by dermatologicals, which represented 14.7 percent of the prescription drug IMRs and had a 93.0 percent uphold rate; and anticonvulsants (10.1 percent of the pharmaceutical IMRs, with an 83.4 percent uphold rate). Overall, uphold rates have been very steady for pharmaceuticals in the last couple of years, coming in at an overall rate of 89.3 percent in 2018, 89.2 percent in 2019, and 89.4 percent in the first six months of 2020. Meanwhile, the data also show that IMR activity involving compounded drugs has dropped sharply in recent years, as compounded drug disputes declined from 8.5 percent of pharmaceutical IMRs in 2015 to just 1.3 percent in the first half of 2020.

As in CWCI's prior IMR analyses, the data from the first half of 2020 again found that a high percentage of the 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 2020 accounted for 83 percent of all IMR disputed service requests resolved during that period, while the top 1 percent (97 providers) accounted for 40 percent of the disputed requests. Furthermore, the 10 doctors identified in the highest number of IMR decision letters from the first half of 2020 were linked to 23,403 service decisions during that 12-month period -- 10.0 percent of the total -- and 9 of these 10 doctors were in the top 20 in the prior year.

A review of IMR timeliness shows that in the first half of 2020 IMR responses were usually well within the 50 days allotted to Maximus to confirm the eligibility of an IMR application; request, receive and process the medical records; assign an IMR physician; and complete the review. The median number of days from receipt of an IMR application to issuance of a decision letter was 28 days in the first quarter and 27 days in the second quarter, while 75 percent of first quarter decisions were rendered within 33 days and 75 percent of second quarter decisions were rendered within 31 days.

The Institute is continuing to monitor IMR activity and outcomes and will publish an analysis of the full-year results for 2020 once the data becomes available.

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