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BULLETIN

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The number of inpatient hospitalizations for work injuries in California fell by 7.9 percent between 2018 and 2019, and by 36.2 percent between 2010 and 2019, largely spurred by the ongoing decline in spinal fusions which fell 13.3 percent in 2019, for a net decline of 53.1 percent since 2010.

The findings come from a new CWCI study that used data on 35.9 million impatient hospital stays with 2010-2019 discharge dates compiled by California's Office of Statewide Planning and Development (OSHPD) to compare inpatient stays paid under workers' comp, Medicare, Medi-Cal, and private coverage, and to identify changes in the types of inpatient care and the mix of services rendered to California injured workers. While workers' comp and private plan inpatient discharges have declined steadily over the past decade, the number of discharges covered by Medicare and Medi-Cal have seen significant fluctuations. The OSHPD data show that the number of Medi-Cal inpatient stays fell by 3.4 percent from 2010 to 2013, but then rose 16.8 percent in 2014 with the rollout of many of the Affordable Care Act programs and the subsequent 25 percent increase in enrollees under the age of 65 into the system. Since then, Medi-Cal inpatient stays (excluding pregnancy, childbirth, and newborns) have stabilized at about 1.2 million per year. On the other hand, Medicare hospitalizations hit a 10-year low in 2014 then began trending up, climbing to a record high last year, a reflection of California's fast-growing senior population. Comparing data over the past decade, the study found that workers' comp inpatient stays declined 36.2 percent from 2010 through 2019 -- more than twice the 15.9 percent decline for private coverage, while Medicare hospitalizations rose 4.0 percent and Medi-Cal inpatient stays rose 14.5 percent. Overall, injured workers accounted for just 0.5 percent of all inpatient stays in the state over the past decade, and with the ongoing decline, that percentage fell to 0.4 percent in 2019.

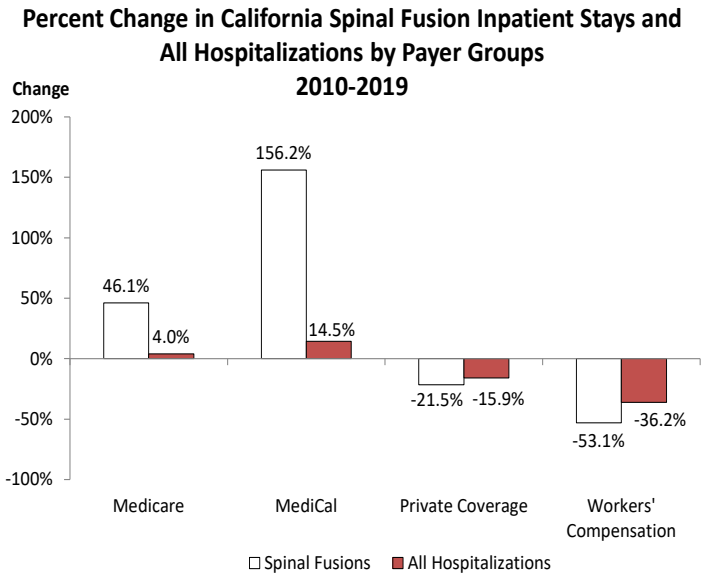
Number of California Inpatient Hospitalization Discharges: WC vs. Other Payors 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WC	22,410	22.159	21,528	20,336	18,592	17,557	16,574	15,831	15,529	14,298
Medi-Cal	1,033,221	1,019,927	1,010,989	997,994	1,165,677	1,199,965	1,227,738	1,221,418	1,198,834	1,182,664
Medicare	1,285,879	1,285,127	1,267,438	1,257,607	1,227,683	1,270,350	1,280,718	1,313,298	1,313,004	1,337,724
Private Plan	1,286,444	1,255,205	1,220,113	1,161,469	1,146,266	1,141,215	1,121,137	1,110,021	1,095,771	1,081,645
Total	3,627,954	3,582,418	3,520,068	3,437,376	3,558,218	3,629,087	3,646,167	3,660,568	3,623,138	3,616,331

A review of the Major Diagnostic Codes (MDCs) associated with the workers' compensation hospital stays shows that diseases and disorders of the musculoskeletal system and connective tissue are by far the most common diagnostic categories, accounting for about two-thirds of all injured worker inpatient discharges, which reflects the prevalence of back, joint, and soft-tissue injuries in workers' compensation. The study also found a key difference between workers' compensation hospitalizations and those paid for by other systems is the proportion of surgical vs. non-surgical (medical) stays. In 2019, nearly 70 percent of workers' comp inpatient stays were surgical stays, which was 2-1/2 to 3-1/2 times the proportion found in the Medicare (26.1 percent), Medi-Cal (20.2 percent) and private coverage (28.1 percent).

The OSHPD data include the Medicare Severity-Diagnosis Related Group (MS-DRG) code associated with each hospital stay. MS-DRG codes are derived from the principal diagnoses, specific secondary diagnoses, surgical procedures, and the patients' discharge status. The breakdown of the most common workers' compensation MS-DRGs from last year revealed that 5 of the top 10 MS-DRGs were for back and neck issues, with spinal fusions accounting for 3 of the top 5. Together, the various types of spinal fusions accounted for one out of every six workers' compensation hospitalizations, so they remained the top workers' compensation inpatient service in 2019.

Although they continue to be the most prevalent inpatient service provided to injured workers, a review of the data back to 2010 shows the number of workers' comp hospitalizations involving spinal fusions is down 53.1 percent over the past decade, including a 13.3 percent decline last year, which fueled much of the 36.2 percent drop in workers' comp inpatient stays over that 10-year span. As noted in prior studies, several factors contributed to the sharp decline in spinal fusion surgeries in California workers' compensation within the past decade. These include the elimination of duplicate "pass-through" payments for implantable hardware used in spinal fusions, which began to be phased out in 2013 and were completely eliminated in 2014; the adoption of evidence-based medicine standards as part of the utilization review and independent medical review processes; the closure or ownership changes of hospitals involved in fraudulent billing of spinal hardware; and the possible shifting of surgical events to outpatient hospitals or ambulatory surgery centers.



In contrast, to the ongoing decline in spinal fusion surgeries, the study noted a less pronounced decline in the number of workers' comp surgical stays involving lower extremity joint replacements over the 10-year study period. The OSHPD data show the number of lower extremity joint replacements gradually increased from 2010 to 2014, then gradually decreased in each of the last 5 years, producing a net decline of 14.3 percent over the past decade. The result has been a major shift in the mix of workers' compensation surgical stays, as there were only 8.5 percent more spinal surgeries than lower extremity joint replacements in 2019 (2,338 vs. 2,140), compared to a decade ago when there were nearly twice as many (4,980 vs. 2,497).

Although workers' compensation has accounted for only 0.5 percent of California's inpatient hospitalizations over the past 10 years, the study found significant variability among the facilities that provide inpatient care to injured workers. For example, among the top 10 hospitals that had the highest proportion of injured workers within their inpatient populations in 2019, injured workers represented between 3.3 percent and 18.6 percent of their total inpatient discharges. Among those 10 hospitals, hip and knee replacements and spinal fusions were by far the most prevalent services provided to injured workers, with the exception of one hospital that specialized in inpatient rehabilitation services, and one hospital that has a well-known burn center.

The Institute has published the study in a Research Update, **"California Workers' Compensation Inpatient Hospitalization Trends, 2010-2019."** CWCI members and subscribers can access the report in the Research section at www.cwci.org, while others can purchase a copy for $14 at www.cwci.org/store.html. CWCI members may also log in to access the updated version of the Institute's Inpatient Hospitalization Claim Interactive Tool under the Research tab on our homepage.

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