



BULLETIN

No. 22-05

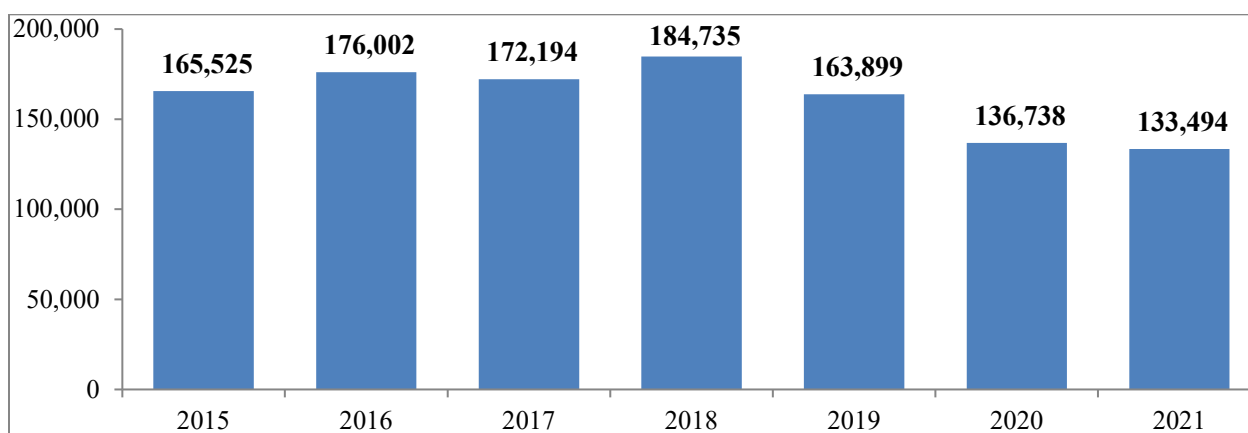
March 23, 2022

With workers' compensation claim volume still not back to pre-pandemic levels and the number of independent medical reviews (IMRs) involving opioids and other drugs continuing to trend down, the number of IMR determination letters issued in response to disputed modifications or denials of injured worker medical service requests declined for the third year in a row in 2021, falling to the lowest level since IMR took effect in 2015.

CWCI's latest analysis of IMR activity is derived from data on more than 1.1 million IMR determination letters issued from 2015 through 2021 by physician reviewers who conducted IMRs in response to utilization review (UR) denials or modifications of medical service requests for California injured workers. The study tracks changes in the volume and timeliness of IMR decisions, compares the regional distribution of last year's IMRs to the regional distribution of claims, notes changes in the mix and uphold rates of IMRs by service category, including the distribution and outcomes of pharmaceutical IMRs by drug category from 2015 through 2021, and calculates the percentage of 2020 IMRs associated with the top 10 percent of physicians with the highest volume of disputed medical service requests. The study also estimates the percentage of pharmaceutical, physical therapy (PT), acupuncture, chiropractic, psych, and durable medical equipment/prosthetics/orthotics/supplies (DMEPOS) IMRs that were submitted after the UR physician approved the service on an initial or trial basis but reduced the quantity to comply with the evidence-based medicine guidelines.

IMR took effect in 2014, and for the first several years IMR activity exceeded state lawmakers' expectations, as they thought the number of disputes would decline as physicians, attorneys, and claims administrators came to understand what services would or would not meet evidence-based standards. The latest analysis shows that the number of IMR decision letters peaked at 184,735 letters in 2018, and over the past three years it has declined steadily, falling 11.3 percent to 163,899 letters in 2019; 16.6 percent to 136,738 letters in 2020; and 2.4 percent to 133,494 letters in 2021. That is 51,241 fewer IMR letters in 2021 than in 2018, or a drop of 27.7 percent from the peak level.

Eligible IMR Determination Letters, Jan. 2015 – Dec. 2021



The decline in IMR decision letters began in 2019 after the Division of Workers' Compensation incorporated ACOEM's Chronic Pain and Opioid Guidelines into the California workers' compensation Medical Treatment Utilization Schedule (MTUS) in late 2017 and implemented the MTUS prescription drug formulary in 2018.

In addition, the study notes that the 10.2 percent decline in claim volume between 2019 and 2020 (the first year of the pandemic) also contributed to the reduction in IMRs, an effect that continued even as the state's economy rebounded in 2021 as there were still 30,405 fewer claims last year than in the final pre-pandemic year of 2019.

Breaking out the IMR results by type of medical service, the authors found that after the chronic pain guidelines and the formulary took effect, prescription drug disputes fell from 46.4 percent of all IMRs in 2018 to 34.9 percent of the IMRs in 2021, a decline largely fueled by the reduction in disputed opioid requests, which have trended down from 32.2 percent of the pharmaceutical IMRs in 2018 to 30.9 percent in 2019, 28.3 percent in 2020, and 25.4 percent in 2021.

The study's regional analysis compared the distribution of 2021 IMR letters by region to the distribution of job injury claims across those regions to determine those parts of the state where IMR volume was high or low relative to their workers' compensation claim volume. Los Angeles County, widely known as a hotbed for workers' compensation litigation, accounted for 24.7 percent of California's 2021 workers' comp claims and 27.6 percent of the IMR letters, though in the neighboring Inland Empire/Orange County region IMR letter volume was disproportionately low, as this region accounted for 20.7 percent of the state's workers' compensation claims but only 13.9 percent of the IMR letters. The greatest disparity between claim volume and IMR letters was in the Bay Area, which had 17.8 percent of the claims but 25.7 percent of the IMR letters – a result that was somewhat surprising given that CWCI's Regional Scorecard Application shows Bay Area workers' comp claims have one of the lowest rates of attorney involvement in the state. However, the study notes one factor that likely contributed to the Bay Area's relatively high share of the state's IMRs: the prevalence of pain management specialists in the region. A review of the doctors with the highest number of IMR disputes last year showed that five of the top six in the state were pain management specialists, and four of the top six were located in the Bay Area, which would at least partially explain the disproportionate share of IMR letters – especially those involving prescription drug disputes – that were sent to the region.

The IMR outcomes data for 2021 show that IMR physicians upheld the UR physicians' decisions 92.0 percent of the time last year, which was up from 89.4 percent in 2020, and the highest uphold rate since IMR took effect in 2014. As usual, the uphold rates varied by service category, ranging from 84.9 percent for evaluation and management services (primarily requests for office visits and consultations) to 95.0 percent for injections.

California law requires that the Independent Medical Review Organization contracted by the state to manage the IMR process (Maximus) issue an IMR determination letter within 30 days of receiving the application and all necessary records, with 15 days allowed for the receipt of necessary records, so Maximus has up to 45 days to issue a determination letter. The timeliness of Maximus' response to IMR applications improved steadily from 2014 through 2019, though the median response time did edge up from 26 days in 2019 to 28 days in 2020 and 2021, which was likely due to the pandemic. The study also notes that 25 percent of last year's IMR applications were decided within 26 days, and 75 percent were decided within 34 days, all of which were well within the statutory timeframes, so the pandemic appears to have had only a minor impact on the timeliness of the IMR process.

CWCI has issued its latest analysis of IMR activity in a Research Update Report, "Independent Medical Review Decisions: January 2015 Through December 2021," which can be downloaded from its website [here](#).

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