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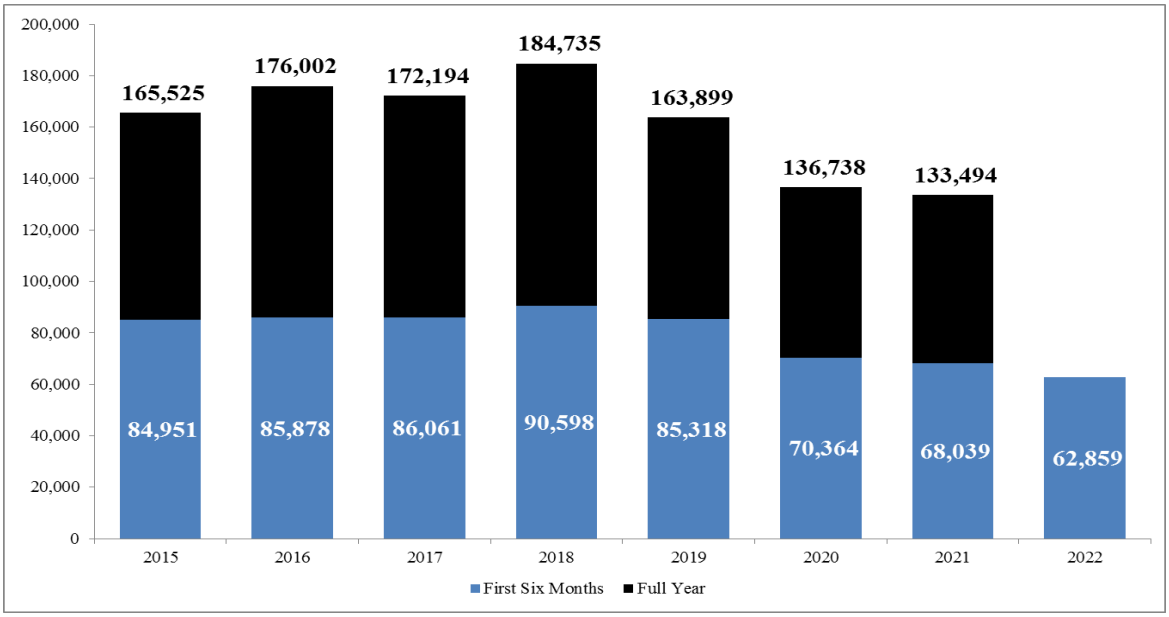
BULLETIN

No. 22-15 September 14, 2022

CWCI's latest update on the California workers' compensation medical dispute process finds that the volume of Independent Medical Review (IMR) decision letters hit a new low in 2021, largely due to the ongoing decline in pharmaceutical disputes and the decline in claim volume during the first year of the pandemic, while data from the first half of 2022 shows the decline in IMR is continuing.

The new data provides comparisons of IMR volume and outcomes from 2015 through 2021 to the latest results derived from the 62,859 IMR decision letters issued from January through June of this year. Altogether, CWCI's review of IMR outcomes encompassed nearly 1.2 million IMR final determination letters issued during the 7-1/2 year study period by physician reviewers who conducted IMRs in response to denials or modifications of treatment requests for California injured workers. CWCI's IMR research measures changes in the monthly, quarterly, and annual volume of IMR letters and primary treatment decisions; changes in the mix and uphold rates for the different categories of medical services that are reviewed; and the distribution and uphold rates of pharmaceutical IMRs by therapeutic drug group. The Institute also tracks the number and percentage of IMR letters and medical service decisions associated with medical providers with the highest volume of disputed medical service requests; uphold rates for IMRs submitted by the top 10 medical providers, and the percentage of disputed service requests submitted by the top 10, top 25, top 50, top 1%, and top 10% of medical providers with the highest volume of disputed service requests.

When California lawmakers first adopted the IMR as the means for resolving workers' comp medical disputes they expected IMR volume would decline as providers became familiar with treatment guidelines, but it was not until 2019 that IMR letter volume finally did drop sharply, falling by 11.3% to a 5-year low of 163,899, with the annual letter counts subsequently declining another 16.6% to 136,738 in 2020 (the initial year of the pandemic), followed by a 2.4% decline to 133,494 letters in 2021. The decline continued in the first half of this year as the letter count from January through June was down 7.6% from the corresponding period of 2021, falling to a record low 62,859.



IMR determination letters often include decisions on multiple medical service requests, but as the number of determination letters has declined in recent years the number of service decisions has dropped as well. For example, in 2019, the last year prior to the pandemic, IMR physicians rendered medical necessity decisions on 261,708 primary

service requests, but in 2020 that number fell 17.5% to 215,788, and in 2021 it continued down, falling to 209,782. In the first half of 2022 there were 97,649 decisions on primary medical service requests. If the volume of letters continues at the current pace for the rest of this year, there will be 125,718 IMR decision letters issued in 2022, which would be down 5.8% from 2021, and down 31.9% from the record 184,735 letters issued in 2018. Likewise, if the volume of primary service decisions continues at the same rate there will be 195,298 treatment decisions this year, which would be down 6.9% from 2021 and down 25.4% from the 2019 total.

Looking at the distribution of IMRs by type of medical service request shows that since peaking in 2018, IMR letter counts have declined across all medical service categories, though most of the overall decline in IMR is due to the sharp reduction in pharmaceutical disputes that occurred after the state incorporated the Chronic Pain and Opioid Guidelines into the Medical Treatment Utilization Schedule (MTUS) in late 2017 and implemented the MTUS Prescription Drug Formulary in January 2018. The formulary established categories of drugs that were Exempt from prospective UR; Non-Exempt (subject to prospective UR); or Not Listed; as well as subcategories of Non-Exempt drugs (Special Fill and Perioperative) that allow for special circumstances or pre- and post-operative situations in which physicians can prescribe limited amounts of certain drugs that would otherwise be subject to prospective UR and IMR. Since those changes took effect, disputes over prescription drug requests have declined from 47.3% of all IMRs in 2017 to 34.9% of all IMRs in 2021, with results from the first half of 2022 showing prescription drug disputes down to 33.9% in the first two quarters of this year. A review of the prescription drug IMR decisions broken out by therapeutic drug group confirms that about 40% of the decline in pharmaceutical IMRs over the past 3-12 years is linked to the steep decline in disputes involving opioid requests, which dropped from nearly a third of prescription drug IMRs in 2018 to less than a quarter of all pharmaceutical IMRs in the first half of 2022.

The declining percentage of IMRs involving prescription drug disputes has led to a shift in the distribution of IMRs among the different medical service categories. Most notably, since 2015 the biggest percentage increases have been in physical therapy, which jumped from 8.7% to 13.3% of the IMRs; injections, which increased from 7.0% to 12.4%; and acupuncture, where the percentage more than doubled from 2.2% to 4.6% of the IMRs. The overall IMR uphold rate since 2015 has stayed within a very narrow range, fluctuating between a low of 88.2% and a high of 92.0%, and in the first six months of this year it came in at the high end of that range at 91.3%. IMR uphold rates continue to vary by medical service category, with the rates from the half of this year ranging from a low of 81.4% for requests involving psych services to a high of 95.6% for injection requests.

Data identifying the physicians who submit the most disputed medical services that undergo IMR again found that a small number of physicians who request a high volume of disputed services continue to drive much of the IMR activity. For the 12-month period ending on June 30 of this year, the top 1% of requesting physicians (81 doctors) accounted for 39.8% of all disputed service requests sent through IMR within the last year. During this same period the top 10 individual providers with the highest IMR volume accounted for 10.9% of the disputed requests determined by IMR – a total of 13,468 letters and 21,315 service decisions. A review of the top 10 providers by specialty shows 8 were pain management specialists, one was an orthopedist, and one was a general practitioner, while data on where their offices are located shows that 7 of the top 10 provider had practices in Northern California and 3 were in Southern California or other parts of the state. Furthermore, a comparison of the top 10 provider lists from a year earlier shows 8 of the 10 individual providers with the highest number of IMR requests in the prior year were still on the top 10 list in the latest analysis.

The Institute has posted additional results and graphics from its latest review of IMR activity on our website (www.cwci.org). CWCI members can access those results by logging on to our website using their log-in and password information, then going to the drop-down menu under the Research tab at the top of the home page and clicking "Independent Medical Review."

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