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BULLETIN

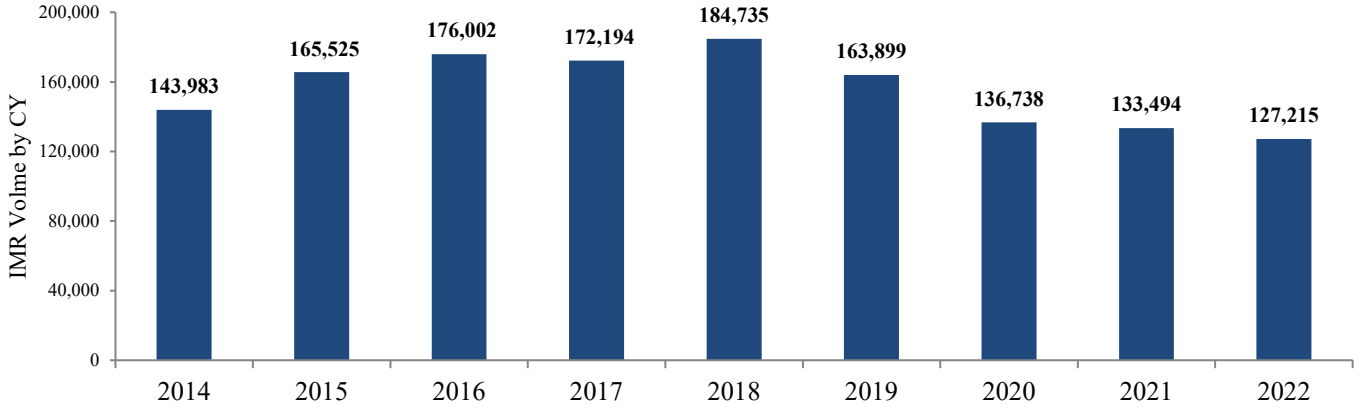
No. 23-05 May 12, 2023

As state lawmakers debate proposed legislation that revisits the California workers' compensation medical dispute resolution process, a new CWCI report finds that the number of Independent Medical Review (IMR) determination letters issued in 2022 fell to the lowest level in the 9 years since the IMR process became fully operational, and that a handful of physicians continue to generate a disproportionate share of the disputed treatment requests that undergo IMR.

This year marks a decade since the implementation of the IMR dispute resolution process, which uses physician reviewers to determine whether a treatment request for an injured worker that was modified or denied by a Utilization Review (UR) physician meets the evidence-based standards in the state's Medical Treatment Utilization Schedule (MTUS) or other applicable guidelines. In a new Report to the Industry, CWCI reviews data from more than 1 million IMR determination letters issued from 2014 through 2022, which is more than 99% of all determination letters generated during that 9-year span. The authors converted information from the letters into a database to isolate details on the medical provider, the injured worker, the disputed treatment request, the IMR decision to uphold or overturn the UR physician's denial or modification of the service, and the rationale behind that decision. That data was then used to track year-to-year changes in IMR volume, note changes in the distribution of the disputed treatment requests by type of medical service, and to identify factors that drive IMR volume and outcomes.

IMR was first implemented in January 2013 for treatment disputes involving injuries on or after that date and took effect for treatment disputes for all injury dates on July 1 of that year, so 2014 was the first complete year in which the process was fully operational. When state lawmakers initially proposed IMR, it was estimated that the volume of letters challenging UR treatment modifications and denials would be fairly low and decrease over time as medical providers and payers became familiar with the types of care allowed under the system. However, as shown in the chart below, there were 143,983 IMR determination letters in 2014, and by 2018 IMR letter volume had climbed to a record 184,735 letters. During that initial 4-year span, disputes over prescription drug requests comprised between 46.4% and 49.9% of the IMRs, but with the growing awareness of opioid risks, as well as the adoption of the Opioid and Pain Management Guidelines into the MTUS in late 2017 and the implementation of the MTUS Prescription Drug Formulary in 2018, pharmaceutical disputes began to decline, which helped drive down overall IMR volume.

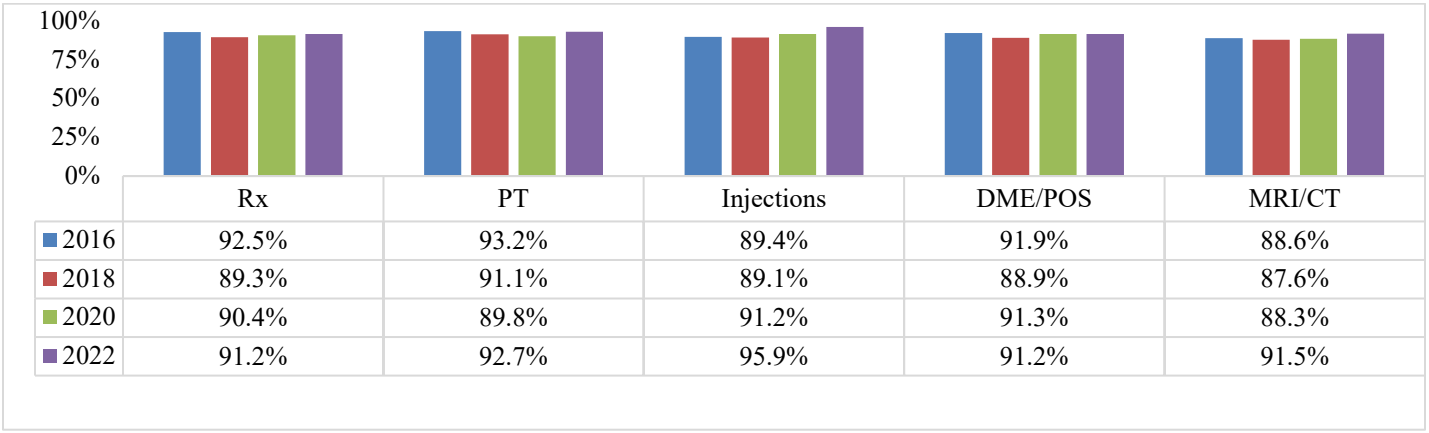
IMR Letter Volume: Calendar Years: 2014 - 2022



After the pandemic hit in 2020, claim volume and treatment requests fell and the decline in IMR accelerated, with IMR volume continuing down in 2021 and 2022. Meanwhile pharmaceutical disputes accounted for just 33.3% of last year's IMRs, though they still represented far more of the IMR volume than any other medical service category, ranking well ahead of physical therapy and injections, which represented 13.3% and 11.9% of the 2022 IMRs respectively.

As in prior Institute studies, the latest results show that last year IMR physicians continued to uphold the vast majority of UR modifications and denials, with the UR determination upheld in 91.1% of all IMR decisions in 2022, which was in line with the prior eight years, when the uphold rates ranged between 88.2% and 92.0%. Breaking out the results by the type of treatment request reveals only minor variations in the uphold rates among the top service categories, as noted in the chart below, which shows the uphold rates for the top 5 medical service categories from 2016, 2018, 2020, and 2022. The most notable change has been in the uphold rates for injection services, where the percentage of UR modifications and denials upheld by the IMR physicians increased from 89.1% in 2018 to 95.9% in 2022.

% of UR Decisions Upheld by IMR, Top 5 Medical Treatment Categories



	Rx	PT	Injections	DME/POS	MRI/CT
2016	92.5%	93.2%	89.4%	91.9%	88.6%
2018	89.3%	91.1%	89.1%	88.9%	87.6%
2020	90.4%	89.8%	91.2%	91.3%	88.3%
2022	91.2%	92.7%	95.9%	91.2%	91.5%

Over the past 6 years, 1 in 7 IMRs (14.4%) involved a modification rather than a denial of the treatment request, most often because the volume of services requested exceeded the MTUS-recommended level. For example, IMRs are often submitted after a UR physician approves the treatment on a modified basis, allowing fewer pills in a prescription or fewer physical therapy (PT) visits than were requested by the treating doctor in order to meet the evidence-based guideline. This can lead to a dispute, even though additional pills or PT visits can be requested later if the treatment proves successful. Since 2017, 57.1% of all modification disputes resolved by IMR have involved prescription drugs, and 17.1% have involved PT, though with the adoption of the Pain Management and Opioid Guidelines and the implementation of the MTUS Formulary, that distribution changed, as disputes over prescription drug requests declined from 62.9% of the modification disputes in 2017 to 40.6% in 2022, while disputes over PT modifications increased from 15.0% to 21.9%. Overall, since 2017, UR physician decisions have been upheld in 91.5% of the IMR determinations involving modified treatment requests, with uphold rates ranging from 90.8% of the pharmaceutical modifications to 94.9% of the modifications to acupuncture requests.

In addition to providing the latest data on IMR volume and outcomes, the Institute report reviews the history of dispute resolution in California workers' compensation, details how medical dispute resolution in California workers' compensation differs from other health care systems and notes the disproportionate share of disputed medical treatment requests that continue to originate with a small percentage of high-volume providers -- primarily orthopedists and pain management specialists. For example, in 2022, the 80 physicians who comprised the top 1% of providers (based on their volume of disputed treatment requests) accounted for nearly 40% of IMR activity, while the 803 physicians who comprised the top 10% accounted for nearly 83%. Additionally, on average, providers who made the top 10 list between 2015 and 2022 remained among the top 10 providers 63.8% of the time, or for about 5 of those 8 years.

CWCI has issued its analysis as a Report to the Industry, "Resolving Medical Disputes: Factors that Drive IMR Volume and Outcomes in the California Workers' Compensation System," which is available here. CWCI members can also access more results and graphics from our review of IMR activity by logging in to our website then using the drop-down menu under the Research tab at the top of the home page and clicking "Independent Medical Review."