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BULLETIN

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Functional Restoration Programs (FRPs), multi-disciplinary programs used to treat injuries that involve chronic pain and improve patient function when the injuries do not respond adequately to traditional therapies, are garnering increased attention in the California workers' compensation system following expansion of the medical guidelines for FRPs in the Medical Treatment Utilization Schedule (MTUS). A new CWCI study examines the types of claims in which these programs are used, measures the time, intensity, and duration of FRP treatment relative to the MTUS guidelines, and compares the treatment costs and outcomes of FRP to claims that did not involve an FRP.

For its study, CWCI analyzed 635 indemnity claims that involved FRPs compiled from the utilization review systems of six California workers' compensation insurers. Using demographic, bill review, and medical management data, the authors compared the FRP claim sample to 270,165 non-FRP indemnity claims to determine how they differ in terms of claim characteristics, geographic region, and clinical conditions. In addition, to gain a more precise assessment of FRP vs. non-FRP treatment costs, temporary disability (TD) duration, and claim durations, the FRP claims were compared to a matched sample of 2,361 non-FRP indemnity claims which had similar clinical, demographic, and claim characteristics (i.e., claimant age at injury, attorney involvement, injury year, region, medical conditions, type of injury, and use of opioids or psychotropic drugs) to those of the FRP claims.

According to the MTUS guidelines, the decision to refer an injured worker to a functional restoration program should be based on several criteria. These criteria include:

- A known cause of chronic pain, such as physical injury or disease.
- The patient is off work or on modified duty for at least 3 months and shows delayed functional recovery.
- The failure of previously indicated medical and/or invasive treatments to restore function.
- Evidence that the patient is likely to benefit from an FRP and is not improving with less intensive treatments.
- The presence of behavioral and psychosocial factors that interfere with recovery.
- A demonstrated motivation and commitment to engage in an extended, muti-disciplinary treatment schedule. typically for a minimum of 5 hours per day for 4 to 6 weeks.
- Absence of contraindications to participation (e.g., an unstable medical condition, substance use disorder, and/or cognitive impairment).

A review of the FRP and non-FRP claim samples revealed that unlike the broader indemnity claim population, which is primarily based in Southern California, FRP claims were heavily concentrated in the Bay Area, which represented nearly half (47.4 percent) of the Functional Restoration Plan claims and the Central Valley, which accounted for more than a quarter of the claims (25.7 percent). In addition, the FRP claims were far more likely to involve attorney representation (94.0 percent) than other indemnity claims (50.8 percent), and despite the MTUS guideline criteria that FRPs be used for chronic pain patients, only 42.8 percent of FRP claims involved a chronic pain diagnosis, though it is unclear whether this was due to clinical inattentiveness in coding, or because some of the FRP participants did not have chronic pain.

Data on the timing of the FRPs show they typically began after extended periods of conventional treatment, with an average of 792 days elapsing between the first medical service date on the claim to the first FRP service date. Prior to that, injured workers averaged 37 conventional physical medicine visits (and a median of 33 visits), with 80 percent of the FRP claims having between 7 and 69 physical medicine visits before FRP services were initiated. Although the MTUS recommends that an FRP continue for 4 to 6 weeks, the Institute found that FRP treatment tends to exceed that timeframe, with the median duration for FRP services in the study being 8 weeks. While that does exceed the MTUS recommended level, a review of the Utilization Review (UR) data found it was consistent with the intent of typical UR approvals for FRPs. Similarly, while the MTUS guidelines do not recommend a specific number of days for an FRP, most of the injured workers in these programs received between 20 to 40 days of FRP services, which was also consistent with the number of days approved by UR. On the other hand, injured workers in FRPs averaged 3.8 days of treatment per week, which was less than the MTUS recommendation of at least 5 days per week for tertiary rehabilitation programs, but they averaged a total of 29.1 FRP treatment days (median 30 days), with 80 percent of them receiving between 11 to 40 days of FRP treatment.

Looking at total claim costs, the study found that FRP claims averaged $234,003, or 59.3 percent more than the similar non-FRP claims, as the FRP claims were more expensive across all across all cost categories, with medical costs averaging twice as high, indemnity costs averaging 28 percent higher, and expenses averaging 28 percent higher. The breakdown of medical costs shows that inpatient and outpatient medical costs on FRP claims averaged $127,816, with FRP medical service costs alone averaging $59,106 per claim, or 72.6 percent of the total outpatient payments on those claims. In contrast, average inpatient and outpatient medical costs on the matched sample of non-FRP claims was $64,062, with outpatient costs on the non-FRP claims averaging $38,613. A key reason for the higher outpatient costs on the FRP claims was that a third of the procedure codes used to bill FRP services were not listed in the Official Medical Fee Schedule, and payments associated with unlisted codes accounted for 84.3 percent of total treatment costs on the FRP claim. Notably, the payment data also show that unlisted procedure codes used for bundled FRP services resulted in much higher payments than conventional services, averaging $1,751 per code or an estimated $350 per hour of treatment.

FRP claim durations were also longer as these claims averaged 520 temporary disability (TD) days, 25.2 percent more than the 415-day average for the matched non-FRP claims. This helped to push the average indemnity costs on the FRP claims to $87,855 compared to $68,533 for the similar non-FRP claims. Average claim durations measured from the first medical service date to the claim closure date were considerably longer than the average number of TD days for both the FRP claims (1,287 days) and the matched non-FRP claims (1,013 days) as TD for most injuries in California is capped at 104 weeks (728 days) within a five-year period from the date of injury, though the average duration of the FRP claims was still 27.0 percent longer than for the matched non-FRP claims.

Finally, the study's review of 2,896 FRP-related utilization review decisions across 1,059 claims (2.8 decisions per claim) found that 25.3 percent were denied, and 4.8 percent were modified, significantly higher than the 7.7 percent denial/modification rate for non-FRP medical services noted in a prior Institute study.

CWCI has published its FRP study in a Report to the Industry, **Functional Restoration Programs in the California Workers' Compensation System**. CWCI members and research subscribers who log onto the Institute's website at www.cwci.org can access the report under the Research tab. Others can purchase a copy for $21 from CWCI's online store here.

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