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BULLETIN

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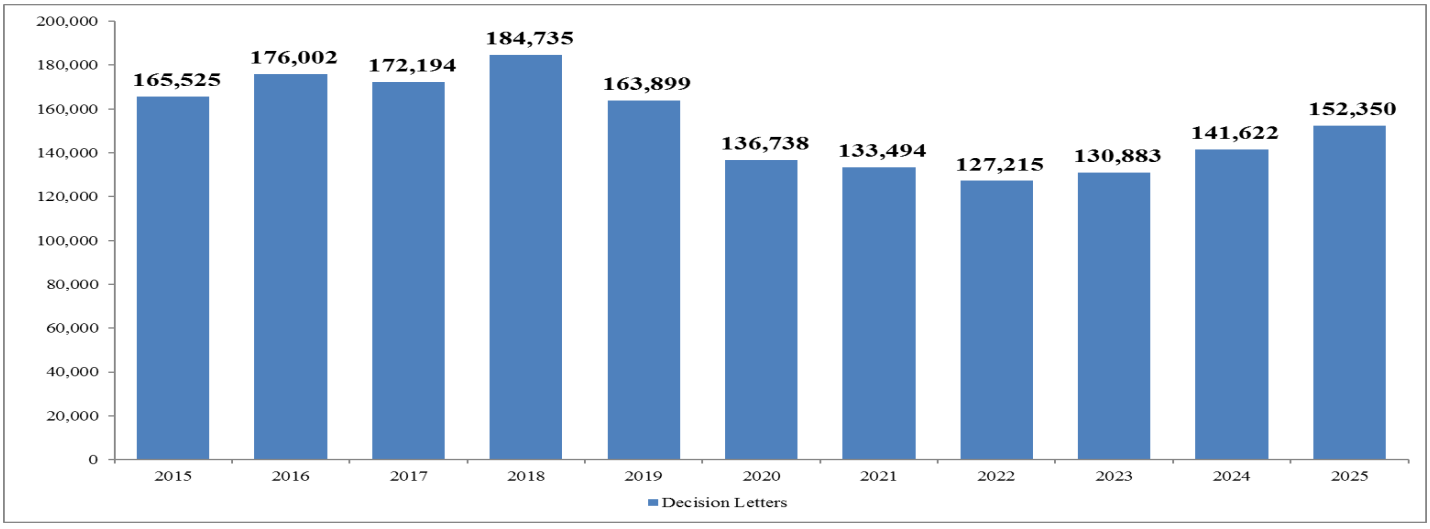
After falling to a record low in in 2022, California workers' compensation Independent Medical Review (IMR) activity is again trending upward. A new CWCI analysis finds that the number of IMR decision letters issued in response to disputed modifications or denials of injured worker treatment requests rose for the third year in a row last year, reaching 152,350 letters, the highest level since before the pandemic. The study notes that this rebound occurred even though employment growth in the state was flat in 2024 and 2025, and workers' compensation claim volume declined slightly.

With revised Utilization Review (UR), IMR and physician reporting regulations aimed at reducing IMR delays, expediting injured workers' access to care and prescription drugs, and increasing accountability for claims administrators and UR vendors set to take effect April 1, the CWCI analysis provides benchmark data on how the medical dispute resolution process established by SB 863 has been operating. The study reviews IMR volume and outcomes from 2015 through 2025 using data from nearly 1.7 million decision letters issued during that 11-year span by physician reviewers who conducted IMRs following UR denials or modifications of treatment requests for California injured workers. In addition, the study:

- tracks the timeliness of IMR decisions;
- compares the regional distribution of 2025 IMRs to the regional distribution of claims;
- analyzes changes in the mix and uphold rates by medical service category;
- examines the distribution and outcomes of pharmaceutical IMRs by drug category from 2015 through 2025;
- shows the percentage of 2025 IMRs associated with the top 10% of physicians based on the number of disputed treatment requests they submitted;
- estimates the percentage of pharmaceutical, physical therapy, acupuncture, chiropractic, psych, and durable medical equipment/prosthetics/orthotics/and supplies IMRs filed after a UR physician approved the service but modified the request by reducing the quantity to comply with evidence-based medicine guidelines.

IMR took effect in 2014, and for the first several years IMR activity exceeded state lawmakers' expectations as they thought that the number of disputes would decline as physicians, attorneys, and claims administrators became familiar with services that met evidence-based treatment standards. CWCI's analysis shows that the number of IMR decision letters did not peak until 2018, when there were 184,735 decision letters, though IMR volume did decline in 2019 after prescription drug reforms were enacted, and from 2020 through 2022 when the pandemic disrupted the job market, medical care, and the mix of work injury claims by adding hundreds of thousands of COVID-19 claims that required little if any treatment. However, as shown in the chart below, since falling to a record low in 2022, the number of IMR determination letters has rebounded over the past three years, hitting 152,350 in 2025, an increase of 19.8% since IMR volume bottomed out.

Total Number of IMR Determination Letters, 2015 - 2025



The study notes that the increase in IMR since 2022 occurred even though claim volume was flat, indicating that the overall growth in IMR in 2023, 2024, and 2025 was not driven by rising claim counts but by other factors including shifts in the types of treatment used, regional practice patterns, the heavy concentration of IMR activity among a small group of high-volume medical providers and by some attorneys who submit nearly all UR denials and modifications to IMR.

Breaking out the IMR results by type of medical service, the study found that after the Opioid and Chronic Pain Guidelines were added to the Medical Treatment Utilization Schedule (MTUS) in late 2017 and the MTUS Formulary took effect in January 2018, prescription drug disputes declined from 46.5% of all IMRs in 2017 to 30.5% of the IMRs in 2025, led by the decline in opioid disputes, which fell from 32.0% of the pharmaceutical IMRs in 2018 to 18.2% in 2025. At the same time, dermatological drugs' share of the IMR disputes has increased from 12.3% to 25.4%, while musculoskeletal drugs have gone from 14.5% to 17.4% and anticonvulsants have increased from 8.2% to 10.2%, as both these drug categories are often prescribed as alternatives to opioids. Other medical categories that have accounted for a growing share of the IMRs in recent years include physical therapy which increased from 8.3% of the IMRs in 2015 to 14.0% last year; injections, which went from 6.9% to 12.8%, and durable medical equipment, prosthetics, orthotics and supplies which went from 7.3% to 9.4%. Meanwhile acupuncture went from 2.2% of the IMRs in 2015 to 5.1% in 2025, and chiropractic manipulation went from 1.7% to 2.8%. These trends suggest that as the pharmaceutical disputes declined IMR activity largely shifted toward physical medicine and alternative pain management services.

Despite the fluctuations in IMR volume and the shifts in the mix of disputed services, IMR outcomes have remained highly consistent. From 2015 through 2025, IMR physicians upheld UR physicians' decisions between 88% and 92% of the time, including 89.8% in 2025, indicating strong alignment between the UR decisions and evidence-based medicine recommendations. As in the past, uphold rates varied by service category in 2025, ranging from 79.9% for evaluation and management services—primarily consultation requests—to 93.9% for acupuncture. Among prescription drug IMRs, the uphold rate was 91.2%, including 95.3% for opioids, 97.7% for hypnotic drugs, and 98.6% for musculoskeletal drugs, reflecting continued adherence to the Formulary and the MTUS Guidelines.

As in past studies, the latest results show that IMR activity remains heavily concentrated among a small group of physicians. Of the 8,140 providers identified in the 2025 IMR letters, the top 1% (81 physicians) accounted for 42% of the disputed treatment requests, with the top 10 individual physicians accounting for 11%. Six of those top 10 physicians were pain management specialists and two were physical medicine and rehabilitation specialists. Four of the five highest-volume requesting physicians practiced in the Bay Area, which generated a disproportionate share of IMR disputes, as the region accounted for 15.7% of all California workers' compensation claims in 2025, but generated 22.9% of the IMR disputes, underscoring the influence of local practice patterns and high-volume providers on IMR volume. Los Angeles County, which has the highest litigation rate in the state, was the only other region that had a higher share of IMR letters (30.6%) than of claims (25.0%).

The results of the Institute's study confirm that IMR's primary effect has not been to correct widespread UR error, but to validate guideline-based decision-making while providing a meaningful avenue for review. While the regulatory changes that are about to take effect may streamline the process and accelerate the delivery of medical care to injured workers, the recent rebound in IMR submissions—despite stable claim counts and high UR uphold rates—suggests other changes could also reduce IMR volume and improve the effectiveness of the medical dispute resolution process without altering the basic framework of UR and IMR, which is largely functioning as designed. The study notes that two areas that policymakers could examine include whether certain modification disputes should remain eligible for IMR and whether more oversight and training of high-volume requesting providers could improve system efficiency.

CWCI's analysis has been published in a Research Update Report "Independent Medical Review Trends and Outcomes: 2015–2025." Complimentary copies of the report are available by emailing pmedrano@cwci.org. CWCI members and subscribers may also request copies of the latest IMR slides updated through 2015. The revised UR, IMR and physician reporting regulations are available here.

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