California Workers' Compensation Institute

Research Update

Independent Medical Review Decisions January 2014 through March 2020

By Rena David and Robby Bullis

May 2020

Executive Summary

Key Findings

- The number of California workers' compensation Independent Medical Review (IMR) letters issued last year was down 11.3 percent from the total issued in 2018, only the second year-to-year decline in IMR letter volume since CWCI began monitoring IMR outcomes in 2014, and by far the most significant decrease. The downward trend has continued this year, as there were 4.9 percent fewer letters issued in the first quarter of 2020 than in the first quarter of 2019. Pharmacy represented 78% of the drop in decision volume between 2018 and 2019.
- Los Angeles County, the Bay Area, and the Valleys accounted for more than two-thirds of the 2019 IMR determination letters. All regions of the state saw a decline in IMR letter volume last year, with the Bay Area showing the biggest decrease – 6,176 fewer letters in 2019 than in 2018.
- In 2019, IMR physicians upheld 88.2 percent of all Utilization Review (UR) modifications and denials, nearly matching the 88.6 percent uphold rate in 2018. IMR uphold rates by medical service category ranged from 74.9 percent for evaluation/management (E/M) services to 89.7 percent for acupuncture; physical therapy; and durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS).
- Pharmaceutical requests again topped the list of medical services submitted for IMR, representing 41.1 percent of 2019 IMR decisions, which was down from 46.4 percent in 2018. First quarter 2020 results show further declines, with pharmaceutical requests accounting for 39.9 percent of IMR determinations issued in the first three months of this year. Opioid requests again comprised the largest share of the pharmaceutical IMRs, though they did decline from 32.2 percent in 2018 to 30.9 percent in 2019. IMR physicians continued to uphold about 90 percent of the UR denials and modifications of pharmaceutical requests, including opioid requests.
- A small number of physicians continued to drive a high percentage of IMR requests in 2019, with the top 1 percent of requesting physicians (106 providers) accounting for 41.2 percent of the disputed service requests that underwent IMR, and the top 10 individual physicians accounting for 9.9 percent. Six of the top 10 physicians in 2019 were also on the top 10 list for 2018.
- Although the primary purpose of IMR is to determine the medical necessity of treatment, in an estimated 12 percent of all 2019 IMR decisions the requested service was approved as medically necessary by UR but modified for a lesser quantity than requested. These types of modifications accounted for 22 percent of all pharmaceutical requests and 18 percent of all physical therapy requests submitted for IMR.

Background/Objective

The goal of workers' compensation medical treatment is to provide injured workers with reasonable and necessary medical care to cure or relieve the effects of their injury and bring them to their maximum possible health and functioning – ideally so that they can return to work as soon as possible. The presumption is that the best way to achieve this goal is to follow evidence-based guidelines, which provide a clinical rationale to determine whether requested medical services are necessary, effective, and appropriate for the injury or illness. The guidelines adopted in the Medical Treatment Utilization Schedule (MTUS) are presumed correct unless patient-specific factors warrant alternative treatments that are supported by other nationally recognized, peer-reviewed, evidence-based guidelines.[1]

Utilization Review (UR) is the avenue of oversight used by claims administrators to ensure that care provided to injured workers meets evidence-based medicine standards for medical necessity. In 2003, state lawmakers enacted SB 228, mandating that every workers' compensation claims organization have a UR program governed by written policies and procedures consistent with requirements in the Labor Code,[2] and that all UR programs be filed with the Division of Workers' Compensation Administrative Director. Following the adoption of regulations, implementation of the mandatory programs began in 2005. In 2008, the state Supreme Court expanded the scope of UR programs, ruling that all workers' compensation treatment requests must undergo UR,[3] which may include prior authorization for certain treatment requests noted in the UR program, or simple review and approval by a claims examiner or other non-physician. However, only a physician may deny, or modify a treatment request, so any request that is not approved in the initial review, or that is not subject to prior authorization, must be reviewed for medical necessity by a physician who uses evidence-based guidelines to decide whether to authorize, modify, delay, or deny the request.

UR programs address not only the types of medical services appropriate for a specific injury or illness, but the modality, frequency, duration, and setting in which the services are rendered. While most treatment reviewed in UR is approved, in 2012 state lawmakers enacted SB 863, which included the adoption of the IMR process to allow injured workers or their representative to dispute a UR modification or denial of treatment, submit their medical records along with any additional evidence in support of the treatment request, and obtain an independent medical opinion as to whether the service is medically necessary under evidence-based medicine standards. Prior to SB 863, treatment disputes were settled by administrative law judges; but with implementation of IMR in January 2013, responsibility for determining whether a disputed medical service request met the evidence-based clinical guidelines, along with the responsibility to protect injured workers from unproven, unnecessary, and potentially harmful treatment, shifted to the IMR physician. Additional changes to the medical dispute resolution process were adopted after Governor Brown signed a 2016 bill (SB 1160) which amended Labor Code §4610 to streamline the delivery of injured workers' medical treatment by reducing the types of services subject to prospective UR when provided within the first 30 days of injury. SB 1160, which took effect January 1, 2018, also mandated greater oversight of UR programs, including a requirement that all organizations providing UR services be accredited.[4]

CWCI has tracked IMR volume and outcomes in a series of reports that began shortly after the program's inception and continued through the April 2019 report.[5,6] This report adds to the series using data from determination letters issued from 2014 through the first quarter of 2020. The report looks at IMR volume, shifts in the mix of services reviewed, regional variations, and the concentration of IMR activity among high-volume physicians and law firms named in IMR letters. The first part of the report reviews data on the determination letters; the latter part focuses on medical service decisions addressed in the letters.

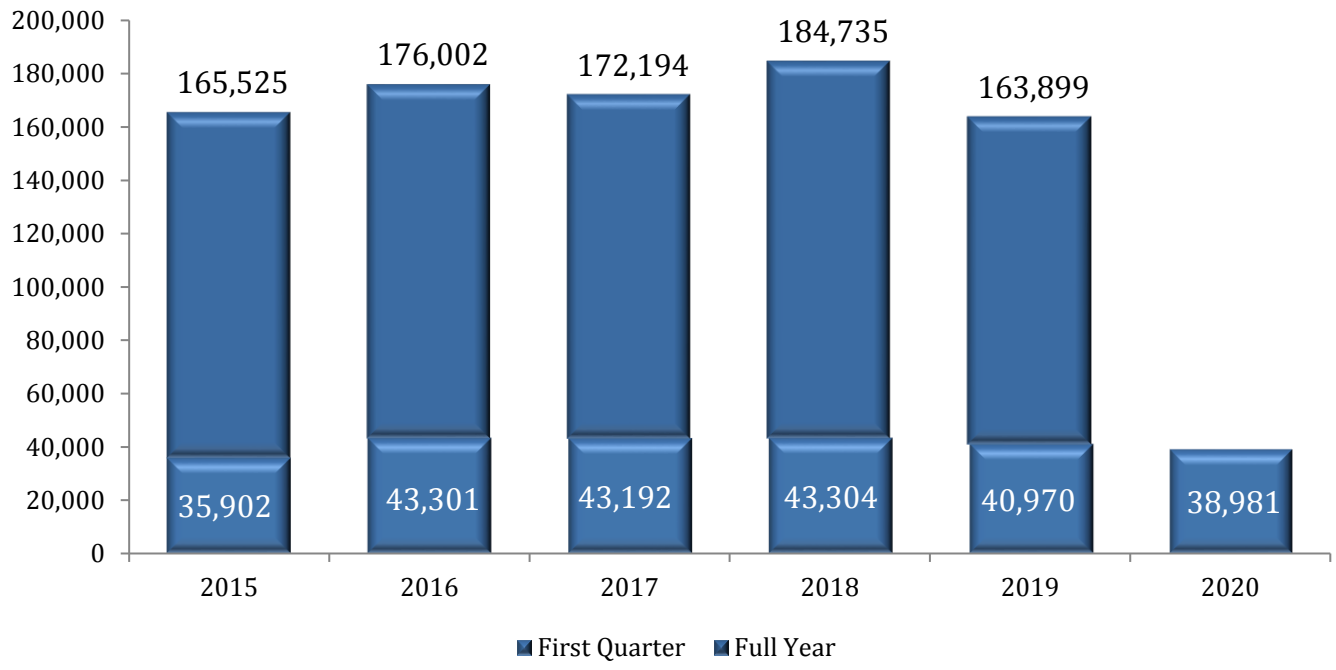
[1] CCR §§9792.21 (c), 9792.8 9(a) (1), 4604.5 (a)
[2] California Labor Code §4610.
[3] *State Compensation Insurance Fund. v. WCAB (Sandhagen)* (2008) 44 Cal. 4th 230, 186 P.3rd, 535, 79 Ca. Rptr. 3rd 171.
[4] Pending adoption of regulations defining the selection process for a non-profit accrediting organization, URAC accreditation is required (effective July 1, 2018). Labor Code §4610(g)(4).
[5] David, R., Jones, S., Ramirez, B., Swedlow, A. "IMR Outcomes in California Workers' Compensation," Research Update, April 2015.
[6] David, R., Bullis, R., "IMR Decisions: January 2014 Through December 2018," CWCI Research Update, April 2019.

Results

Number of IMR Determination Letters

For this study, the authors reviewed data from more than one million IMR determination letters generated from January 2014 through March 2020 by Maximus, the Independent Medical Review Organization contracted by the state to manage the IMR process. As shown in Exhibit 1, there were 19,210 more letters in 2018 than in 2015, an increase of nearly 12 percent, with the first sizable decline occurring in 2019, as the number of letters fell 11.3 percent to a 5-year low of 163,899 in 2019.[7] The decline continued in the first quarter of 2020, as the number of letters dropped 4.9 percent below the total from the first quarter of the prior year, falling to a 5-year low of 38,981.

Exhibit 1: Eligible IMR Determination Letters, January 2015 – March 2020



[7] The numbers for 2014-2019 shown on this page are from the Division of Workers' Compensation on the Department of Industrial Relations website and from a March 2020 DWC presentation. The Institute analysis for January 2014-March 2020 reflects data compiled from 1,029,381 Final Determination Letters provided by Maximus, so the balance of the report is based on a 98.5 percent subset of the 1,045,319 letters reported by the DWC for this period.

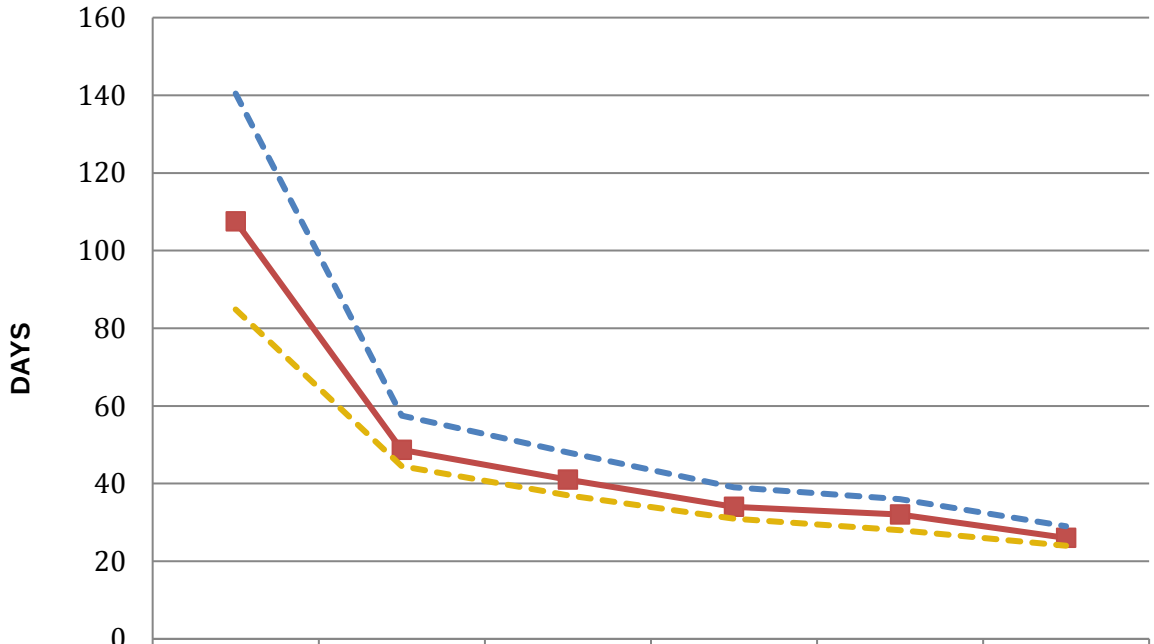
IMR Response Time

Each IMR determination letter shows the date of the UR denial or modification, the date the IMR application was received, and the date of the determination letter, which is considered to be the review completion date.

After Maximus receives an IMR application, it must confirm the eligibility of the application; request, receive, and process the injured worker's medical records; and assign the case to a reviewing physician to complete the review. Unless it's a consolidated review of multiple requests, or an expedited review, state law requires Maximus to issue an IMR determination letter within 30 days of receiving the application and all necessary records (up to 15 days are allowed for receipt of necessary records, so for a regular review Maximus has up to 45 days to issue a determination letter). Exhibit 2 shows the median time that elapsed between Maximus' receipt of an IMR application and the date it issued the determination letter, with results broken out based on the year in which the decision was issued.

As has been the case since 2014, the timeliness of Maximus' response to IMR applications continues to improve. In 2019, the median number of days from Maximus' receipt of an IMR application to the issuance of a decision letter fell to a new low of 26 days; with 25 percent of the applications decided within 24 days, and 75 percent determined within 29 days, all of which are well within the statutory requirements.

Exhibit 2: Days from IMR Application Date to Date of Decision Letter, January 2014 – December 2019



	2014	2015	2016	2017	2018	2019
Median	108	49	41	34	32	26
25th%	85	44	37	31	28	24
75th%	140	58	48	39	36	29

Distribution of IMR Letters and Uphold Rates by Region

Each IMR determination letter includes an address for the injured worker or their representative, enabling the authors to use the ZIP codes noted in the IMR determination letters to determine the prevalence of IMR in seven different regions of the state. Exhibit 3 shows that in 2019, the volume of IMR letters was highest in Los Angeles County and the Bay Area, which together accounted for 52 percent of the letters.

Exhibit 3: Distribution of 2019 IMR Letters by Region

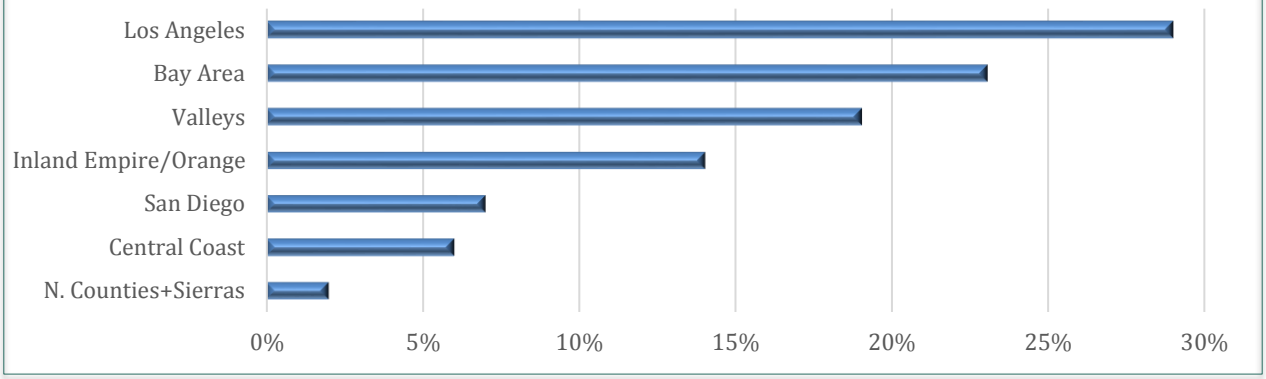
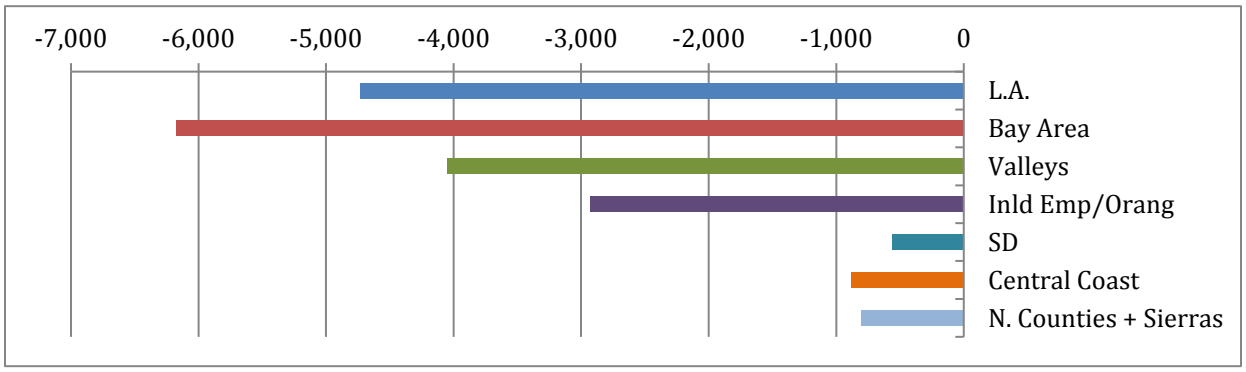
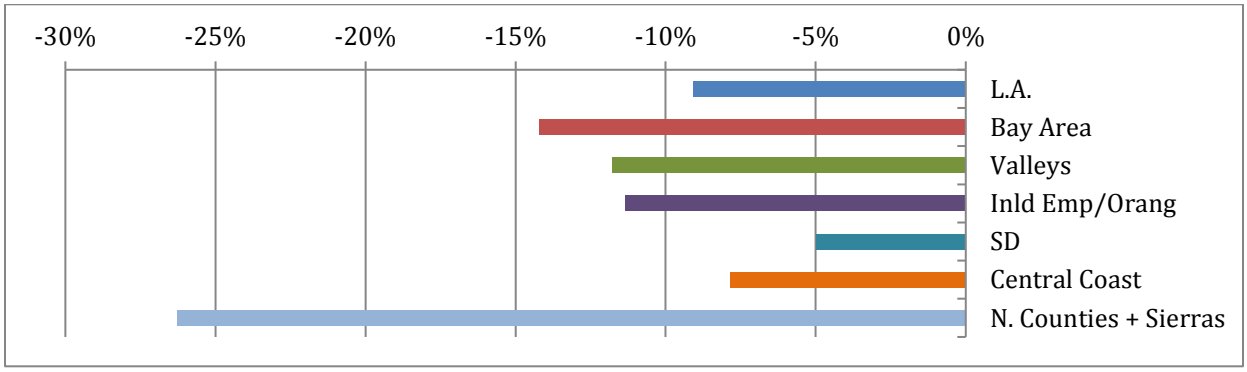


Exhibit 4 shows the change in the volume of IMR letters by region between 2018 and 2019. The Bay Area registered the biggest decrease in letter volume, with about 6,200 fewer letters in 2019 than in 2018, a year-over-year decline of more than 14 percent. But on a percentage basis, the biggest decrease was in the sparsely populated, low-volume Northern Counties and Sierras, where IMR letter volume fell 26.3 percent in 2019. The number of IMR letters decreased in all regions, consistent with the 11.3 percent decline in IMR letters for California as a whole.

Exhibit 4: Volume and Percent Change in IMR Letters from 2018 to 2019 by Region



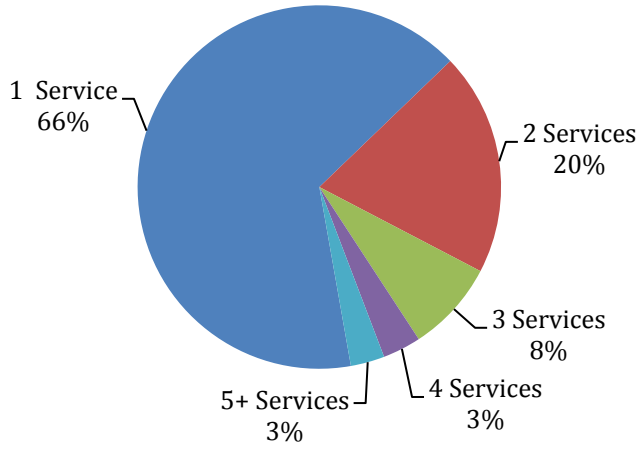


Number of Decisions per Determination Letter

IMR applications and determination letters often involve multiple medical service requests. Each of the medical services addressed in an IMR letter is adjudicated separately by the IMR reviewer unless the decision involves an associated service linked to the necessity of a primary service (*e.g.*, a request for pre-operative lab and radiology linked to a surgery request). Although these "associated" services were initially excluded from CWCI's analyses of decisions, the ability to identify them improved starting with mid-2017 letters when reviewers began using more standard language to describe these services in the Rationale section of the IMR letters.

Exhibit 5 shows the distribution of the 2019 IMR letters based on the number of requested medical services addressed in the determination letter, excluding associated services. As noted in the pie chart below, 66 percent of the IMR letters issued in 2019 involved a decision on a single medical service request, while the other 34 percent had decisions on multiple services. The average number of decisions per letter was 1.6 in 2019, down from 1.7 in 2018.

Exhibit 5: Distribution of 2019 IMR Letters by Number of Medical Service Decisions in the Letter



IMR Uphold Rates

After reviewing the medical records, applicable guidelines, and additional materials submitted in support of a medical service request, the IMR physician makes a finding as to whether the treating physician's request is medically appropriate, and then issues a determination upholding or overturning the decision of the UR physician.[8] The high uphold rates shown in Exhibit 6 offer evidence that UR decision-making typically adheres to the relevant guidelines. At the same time, in 2019 nearly 12 percent of the UR decisions were overturned, demonstrating the value that IMR provides to injured workers who want a second opinion on the interpretation of guidelines and/or patient-specific factors that should drive exceptions.

Exhibit 6: IMR Uphold and Overturn Rates, Primary Services, January 2015 – December 2019 Determination Letters

	Number of Primary Service Decisions					Percent of Decisions				
Result	**2015**	**2016**	**2017**	**2018**	**2019**	**2015**	**2016**	**2017**	**2018**	**2019**
Upheld UR	255,839	284,551	274,758	270,891	230,898	88.4%	91.2%	91.0%	88.6%	88.2%
Overturned UR	33,479	27,452	27,287	34,726	30,808	11.6%	8.8%	9.0%	11.4%	11.8%
Total	**289,318**	**312,003**	**302,045**	**305,617**	**261,706**	**100%**	**100%**	**100%**	**100%**	**100%**

[8] Under LC §4610.6 (g)(h) and CCR §9792.10.6 (h), IMR determinations also are deemed to be Administrative Director determinations and are "binding on the parties" absent verified appeal on very limited issues.

IMR Distribution and Uphold Rates by Medical Service Category

While the total number of determination letters was down 11.2 percent from 2018 to 2019, the total number of IMR decisions included in those letters declined by 14.4 percent, driven largely by a 24.2 percent drop in the number of pharmaceutical decisions, which accounted for 78.0 percent of the total decline.

Exhibit 7 shows the distribution of IMR decisions by the type of service requested for each of the five years studied and for the first quarter of 2020. Comparing the distributions across the study period shows that since IMR was first implemented, the mix of services that undergo the process has been relatively stable. Pharmaceuticals remain the highest volume category by far, though their share of the IMR decisions has declined steadily from nearly half of all determinations in 2015 to a new low of 39.9 percent in the first quarter of 2020, with much of that decline occurring between 2018 and 2019 when pharmaceuticals as a proportion of IMR determinations declined by 5.3 percentage points. Physical therapy; injections; DME, prosthetics, orthotics, and supplies; and MRI/CT/PET scans continued to round out the top five categories, and each accounted for an increased share of the IMRs in both 2019 and the first quarter of 2020. Notably, physical therapy and injections have represented an increased share of the IMRs across the entire study period.

Exhibit 7: IMR Distribution by Medical Service Category, January 2015 – March 2020

Service Requested	2015	2016	2017	2018	2019	Q1-2020
Pharmaceuticals	49.9%	48.8%	47.3%	46.4%	41.1%	39.9%
Physical Therapy	9.0%	9.2%	10.0%	10.3%	12.0%	12.6%
Injections	7.0%	7.5%	8.3%	9.2%	10.2%	10.6%
DME/Prosth/Ortho/Supplies	7.7%	7.1%	6.7%	7.1%	7.8%	8.2%
MRI/CT/PET	4.2%	4.5%	4.7%	4.6%	4.8%	4.9%
Acupuncture	2.2%	2.3%	2.5%	3.0%	3.7%	3.9%
Surgery	3.4%	3.2%	3.1%	3.1%	3.6%	3.6%
Diagnostic Test / Measure	3.5%	3.5%	3.4%	3.4%	3.2%	3.1%
Chiropractic Manipulation	1.6%	1.7%	1.7%	1.7%	2.2%	2.2%
Laboratory Services	2.8%	3.2%	3.2%	2.5%	2.1%	2.1%
Evaluation and Management	2.3%	2.2%	2.2%	2.0%	1.9%	1.9%
Psych Services	1.4%	1.4%	1.3%	1.2%	1.3%	1.3%
Other	5.1%	5.3%	5.6%	5.5%	6.1%	6.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Exhibit 8 shows the uphold rates by service category. Since 2015, uphold rates have been relatively stable across all service categories, with 8 of the 13 categories having less than a 5-percentage point difference between the highest uphold rate year and the lowest uphold rate year.

The difference in uphold rates is also consistent across most service categories, with 10 of the 13 categories ranging from 85 percent to 90 percent in 2019. As was the case in the four prior years, the 2019 data show the IMR uphold rate was lowest (74.9 percent) for evaluation/management services, which are primarily requests for office visits and consultations. As noted in Exhibit 7, however, requests for evaluation/management services accounted for only 1.9 percent of the services submitted for IMR in 2019.

Overall, the IMR uphold rate across all medical service categories showed a small decline last year, falling by 0.4 percentage points from 88.6 percent in 2018 to 88.2 percent in 2019, before edging back up to 88.5 percent in the first quarter of 2020. For the first time, all major categories had uphold rates below 90 percent in 2019, as the physical medicine categories (physical therapy, chiropractic, and acupuncture) dropped between 1.4 and 3.1 percentage points to fall below the 90 percent threshold, but the results from the first quarter of 2020 show the DMEPOS uphold rate was back up to 91.6 percent.

Exhibit 8: IMR Uphold Rates by Medical Service Category, January 2015 – March 2020

Service Requested	2015	2016	2017	2018	2019	Q1-2020
Pharmaceuticals	89.7%	92.5%	91.9%	89.3%	89.2%	88.9%
Physical Therapy	92.3%	93.2%	93.5%	91.1%	89.7%	89.9%
Injections	87.4%	89.4%	89.5%	89.1%	88.8%	87.9%
DME/Prosth/Ortho/Supplies	90.0%	91.9%	91.9%	88.9%	89.7%	91.6%
MRI/CT/PET	86.4%	88.6%	89.2%	87.6%	86.3%	88.7%
Acupuncture	91.6%	93.6%	93.9%	92.7%	89.7%	86.5%
Surgery	86.6%	88.9%	90.7%	88.1%	88.7%	89.0%
Diagnostic Test / Measure	84.5%	91.3%	91.3%	89.0%	86.7%	87.5%
Chiropractic Manipulation	90.7%	92.0%	93.8%	92.2%	89.1%	87.5%
Laboratory Services	82.9%	88.5%	86.5%	82.9%	81.5%	83.8%
Evaluation and Management	67.2%	77.3%	77.9%	75.8%	74.9%	79.4%
Psych Services	83.1%	85.2%	84.4%	78.8%	79.0%	81.4%
Other	85.5%	88.5%	87.8%	85.0%	85.4%	86.6%
Total	**88.4%**	**91.2%**	**91.0%**	**88.6%**	**88.2%**	**88.5%**

Prescription Drug IMR Distribution and Uphold Rates by Drug Category

Disputes involving prescription drug requests can arise over a number of factors, including the appropriateness and strength of the drug, the quantity and duration of the prescription, and contra-indications with other prescribed medicines. All of these factors are considered by UR and IMR physicians. Nearly 106,000 prescription drug requests went through IMR in 2019. In 89.2 percent of those cases, the IMR physicians upheld the UR physicians' modification or denial.

Exhibit 9 shows the distribution of the pharmaceutical IMR decisions by drug category and the uphold rates for the UR physicians' service modification or denial. As in the past, requests for opioid painkillers topped the list in 2019, accounting for 30.9 percent of all pharmaceutical IMR decisions – down from 32.2 percent in 2018. Requests for compounded drugs accounted for only 1.6 percent of the IMRs in 2019, down from 2.0 percent of the IMRs in 2018.

Exhibit 9: Distribution & Outcomes of Rx IMR Decisions by Drug Type, January 2015 – December 2019										
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Rx Drug Category		% of Rx Drug Requests				% Upheld				
Analgesics-Opioid	30.3%	28.9%	29.5%	32.2%	30.9%	88.0%	90.3%	90.1%	89.5%	90.3%
Musculoskeletal Therapy	11.9%	12.6%	12.9%	14.3%	15.4%	96.1%	96.9%	97.2%	95.8%	95.5%
Dermatologicals	9.5%	10.3%	11.4%	10.9%	12.8%	94.8%	96.3%	96.5%	94.6%	93.6%
Anticonvulsants	5.0%	5.4%	6.0%	8.1%	8.7%	80.4%	86.8%	87.5%	80.5%	81.9%
Anti-Inflammatory	7.5%	8.7%	9.7%	7.5%	6.3%	80.5%	89.3%	88.2%	83.5%	81.0%
Antidepressants	3.6%	3.9%	4.0%	4.9%	5.0%	73.0%	83.3%	81.8%	75.8%	74.8%
Ulcer Drugs	7.3%	7.3%	7.1%	4.7%	3.5%	89.0%	93.0%	91.8%	88.3%	87.8%
Hypnotics	3.9%	3.7%	3.1%	2.7%	2.4%	97.4%	98.2%	97.7%	97.2%	97.2%
Antianxiety	2.7%	2.7%	2.6%	2.4%	2.2%	96.3%	97.2%	95.1%	94.4%	92.5%
Analgesics - Non-Narcotic	1.1%	1.4%	1.8%	2.2%	1.9%	88.6%	92.5%	91.8%	91.6%	89.5%
Compounded	8.5%	6.6%	4.2%	2.0%	1.6%	99.3%	99.5%	99.3%	99.0%	98.5%
Other	8.8%	8.4%	7.7%	8.2%	9.3%	87.5%	90.6%	89.3%	85.4%	85.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**89.7%**	**92.5%**	**91.9%**	**89.3%**	**89.2%**

Among the other prescription drug categories, musculoskeletal therapy drugs, dermatologicals, anticonvulsants, and antidepressants all accounted for an increasing share of the prescription drug requests submitted for IMR in 2019. The IMR uphold rates for all four of these drug categories showed little change, remaining within 1.5 percentage points of their 2018 uphold rates. On the flip side, anti-inflammatories, ulcer drugs, hypnotics, antianxiety drugs, non-narcotic analgesics, and compounded drugs all represented a smaller share of the prescription drug IMRs last year. IMRs involving compounded drug requests have experienced the sharpest drop in recent years, falling from 8.5 percent of the prescription drug IMRs in 2015 to 1.6 percent in 2019, and modifications and denials of these requests continue to have the highest uphold rate among the different drug categories, as they were upheld by the IMR physicians 98.5 percent of the time in 2019.

These shifts in the distribution and outcomes of the prescription drug IMR decisions coincided with changes in the MTUS, including the adoption of new opioid and chronic pain guidelines in late 2017, and the implementation of the workers' compensation prescription drug formulary in January 2018.

The growing proportion of prescription drug IMRs involving dermatologicals tracks with the findings of a CWCI study from February 2019 which found that in recent years, as opioids and compounded drugs' share of the California workers' compensation prescription drug spend has diminished, dermatologicals' share has increased.[9] The study cited two factors that fueled the growth of dermatologicals in California workers' compensation:

1) Increased use of topical diclofenac sodium (a nonsteroidal anti-inflammatory) that comes in many different strengths and formulations and is exempt from prospective UR on the MTUS formulary drug list; and

2) The increased prevalence of mass-produced, high-cost, private-label topicals that are marketed to physicians either for in-office dispensing or mail order. These private-label topicals usually contain one or more active ingredients commonly found in over-the-counter topical analgesics (*e.g.*, capsaicin, lidocaine, methyl salicylate, and/or menthol).

[9] Young, B., Hayes, S. "California Workers' Compensation Prescription Drug Utilization & Payment Distributions, 2009-2018: Part 1," CWCI Research Update, February 2019.

Given the increased prevalence, and the growing awareness of the mass-produced, high-priced dermatologicals, as well as the availability of much less expensive over-the-counter alternatives containing the same active ingredients, it is not surprising that these prescriptions would be either denied or modified by a UR physician, and that in the vast majority of those cases, those decisions would be upheld if submitted to IMR.

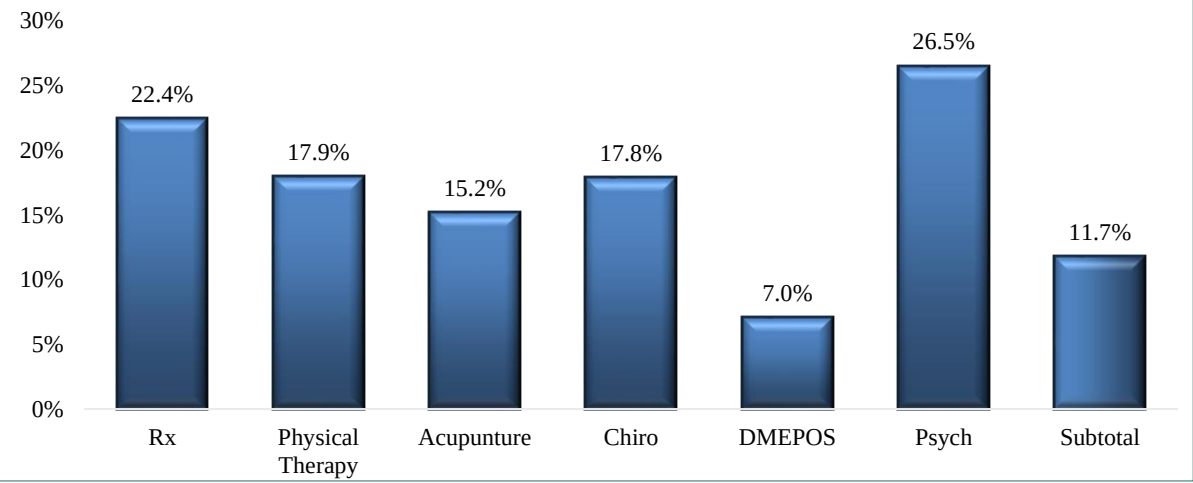
IMR Reviews for UR Modifications of Quantity

Under current policies, any UR modification of a service is eligible for IMR review. This includes modifications where the UR physician approved the medical necessity of a service but reduced the requested quantity to levels consistent with the MTUS. Certain types of medical service requests (*i.e.*, physical therapy, chiropractic manipulation, acupuncture, and prescription drugs) are particularly prone to these types of modifications. A common example of this is when a provider requests eight physical therapy (PT) visits, but the UR reviewer only approves six, since the guidelines for most PT other than post-operative cases typically call for a six-visit trial period to see if the treatment is helpful. In this case, the provider can make the request for the additional visits after determining if the PT is beneficial.

The authors estimated the percentage of IMRs that involved reductions in the requested quantity of pharmaceuticals, physical therapy, acupuncture, chiropractic, DMEPOS, and psych services via a string search for key phrases including "original" within the "service" section.

Exhibit 10 shows that psych and pharmaceutical IMRs had a high proportion of these types of modifications, 26.5 percent for psych and 22.4 percent for pharmaceutical determinations. Among the physical medicine service IMRs, 15.2 percent of the acupuncture IMRs and 17.9 percent of the physical therapy IMRs were submitted after the UR physician approved the treatment but reduced the requested quantity of services to the level recommended in the evidence-based guidelines, while 7.0 percent of DMEPOS IMRs involved these types of modifications. Across the six major service categories shown in Exhibit 10, the estimated percentage of 2019 IMRs reviewed for UR quantity modifications was 11.7 percent, while the estimated percentage across all service categories was 13 percent.

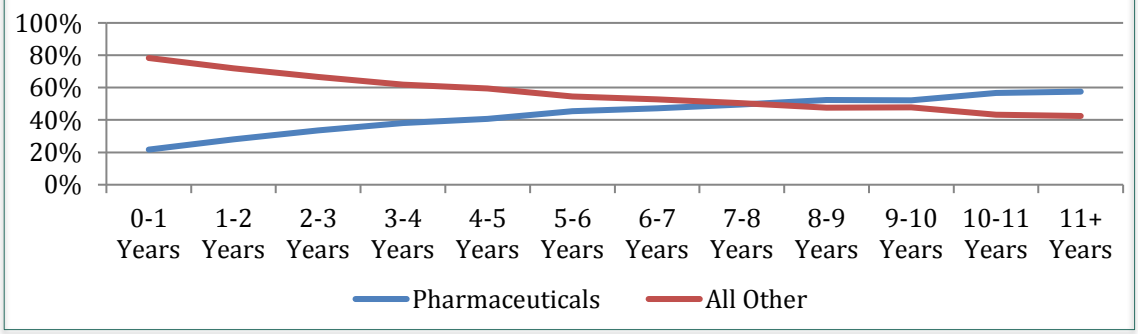
Exhibit 10: Estimated Percentage of 2019 IMR Reviewed Services for UR Quantity Modifications



IMR Decisions by Age of Claim

About half of all 2019 IMR decisions involved medical services for claims in which five or more years had elapsed between the date of injury and the IMR letter date. As in prior research,[10] uphold rates for the 2019 IMRs did not vary much based on the age of the claim, but the mix of requested services was very different. Exhibit 11 shows that as claims age, prescription drug requests account for an increasing share of the IMRs, while other services account for a decreasing share. Among 2019 IMR decisions, pharmaceutical requests accounted for just 21.7 percent of the disputed services on first-year claims, but 57.5 percent of the disputed services on claims over 11 years old.

Exhibit 11: Percent of 2019 Service Decisions by Claim Age – Pharmaceuticals vs Medical Services



Concentration of IMR Determinations Among High-Volume Providers

A review of the IMR letters issued in 2019 revealed a total of 10,567 unique providers who requested the disputed medical services. As in each of the Institute's prior analyses of IMR outcomes, a small number of these providers continued to account for a disproportionate share of the modified or denied medical service requests that underwent IMR in 2019, with the top 50 providers listed on 28.2 percent of the IMR letters. Exhibit 12 shows the proportion of service requests originating from the top 10, top 25, and top 50 individual providers in each of the six years studied, and the proportion that originated with the top 1 percent and top 10 percent of providers based on their IMR volume.

Exhibit 12: Top Providers, January 2014 – December 2019 Determinations

	2014	2015	2016	2017	2018	2019
Providers	**% of Service Requests**					
Top 10	12.4%	11.9%	11.3%	12.0%	9.5%	9.9%
Top 25	20.6%	20.7%	20.3%	20.6%	18.1%	18.6%
Top 50	29.7%	29.9%	30.0%	29.6%	28.2%	28.2%
Top 1% (106)	45.5%	45.4%	45.3%	45.0%	44.2%	41.2%
Top 10% (1,057)	84.1%	85.4%	85.1%	84.2%	84.6%	83.5%

[10] Bullis, R., David, R. "Independent Medical Review Decisions, January 2014 Through June 2018," CWCI Research Update, September 2018.

Exhibit 13 shows the percentage of IMR determination letters, disputed services, and claims linked to the 10 individual physicians with the highest number of IMR decision letters in 2019, further illustrating the high concentration of disputed medical services that were associated with a small number of high-volume medical providers. Together, these 10 physicians – specialists in physical medicine/rehab, pain management, orthopedics, and one general practitioner – were associated with 14,820 IMR service decisions rendered in 2019, which is 9.9 percent of all 2019 IMR determinations. Furthermore, comparing the top 10 provider lists from 2018 with 2019 shows that 6 of the 10 individual providers with the highest number of IMR requests in 2018 remained on the top 10 list in 2019.

Exhibit 13: 2019 IMR Letters and Decisions – Top 10 Providers

Requesting Provider	# of IMR Decision Letters	# of Medical Service Decisions	% of Total Medical Service Decisions	% of UR Decisions Upheld by IMR	Rank in 2018	Requesting Physician Specialty	Requesting Provider Region
Provider 1	1,763	3,493	1.3%	89.2%	3	Pain Management	SCAL
Provider 2	1,726	3,073	1.2%	90.1%	9	General Practice	NCAL
Provider 3	2,115	3,039	1.2%	83.2%	1	Phys Med & Rehab	NCAL
Provider 4	1,482	3,025	1.2%	88.7%	7	Phys Med & Rehab	SCAL
Provider 5	1,263	2,335	0.9%	89.3%	16	Orthopedist	SCAL
Provider 6	1,487	2,305	0.9%	86.3%	2	Phys Med & Rehab	NCAL
Provider 7	1,550	2,300	0.9%	85.6%	45	Pain Management	NCAL
Provider 8	1,491	2,148	0.8%	85.3%	6	Pain Management	NCAL
Provider 9	905	2,125	0.8%	91.2%	18	Phys Med & Rehab	SCAL
Provider 10	1,038	2,113	0.8%	91.7%	17	Orthopedist	SCAL
Top 10	**14,820**	**25,956**	**9.9%**	**88.3%**			

Discussion

When state lawmakers adopted IMR as a key component of the workers' compensation medical dispute resolution process, they expected that the volume of UR modifications and denials would diminish over time as physicians became more familiar with the MTUS. Instead, other than a slight dip in 2017, IMR volume climbed steadily from 143,983 determination letters in 2014 to a record 184,735 letters in 2018. The results for 2019, however, show an 11.3 percent decline in IMR determination letter volume – the first sizable decline since the inception of the program, driven primarily by the decline in pharmaceutical decisions. The 163,899 letters sent in 2019 represent a 5-year low and was similar to the 2015 total of 165,525. The initial data from the first quarter of 2020 show a continuation of that decline, as the letter count from the first three months of this year was down 4.9 percent from the first quarter of 2019. Given the anticipated decline in claim volume due to the precipitous drop in employment fueled by the COVID-19 pandemic, it now seems highly likely that the decline in IMR volume will accelerate in 2020.

The geographic data from the study show that the recent decline in the number of IMR letters was a statewide phenomenon, with percentage declines ranging from 5.0 percent in San Diego to 26.3 percent in the sparsely populated Sierras and Northern Counties. Los Angeles County, the Bay Area, and the Valleys together accounted for more than 70 percent of the 2019 IMR determination letters, but the volume of letters to those regions also fell sharply, led by the Bay Area which showed the biggest year-to-year decline in the state with 6,176 fewer letters in 2019 than in 2018.

In terms of service mix, disputes over pharmaceuticals continued to account for the largest share of the IMR activity – 41.1 percent of the service requests that went through IMR in 2019, though that is down from nearly 50 percent of the IMRs conducted in 2015, prior to the adoption of the Chronic Pain and Opioid treatment guidelines in the MTUS, and the workers' compensation formulary which established standards and rules on the types of drugs that can be used to treat injured workers. The decline continued in the first quarter of 2020 with pharmaceuticals comprising 39.6 percent of volume. The authors also found that as claims age, prescription drugs represent a much greater share of the IMR disputes, with prescription drug IMRs increasing from 21.7 percent of IMRs on first-year claims to 57.5 percent of the IMRs on claims older than 11 years. Despite the age of many of the claims for which pharmaceutical IMRs are conducted, and the fact that the MTUS guidelines do not recommend opioids for chronic pain, opioid requests continued to be the leading drug category submitted for IMR, accounting for nearly a third of all pharmaceutical IMRs in 2019, even though UR denials or modifications of opioid requests continued to be upheld about 90 percent of the time. Physical therapy (12.0 percent); injections (10.2 percent); DMEPOS (7.8 percent); and MRIs, CT scans and PET scans (4.8 percent) rounded out the top five medical service categories for 2019 IMR disputes.

The latest results provide good news in terms of the processing of IMR requests. IMR response times continued to improve in 2019, as the median number of days from the receipt of an IMR application to the issuance of a decision letter fell to a new low of 26 days, with 25 percent of the determination letters sent within 24 days, and 75 percent issued within 29 days, all of which were well within the statutory requirements.

As in the Institute's past analyses of IMR activity, the 2019 results found that much of the IMR activity involved treatment requests from a small number of physicians who continue to request a high volume of medical services that go through IMR. The top 10 percent of physicians based on IMR volume (1,057 doctors) were identified in 83.5 percent of the 2019 disputed service decisions, while the top 1 percent (106 providers) were involved in 41.2 percent of the service decisions. A closer look at the IMR experience of the 10 individual doctors with the highest IMR volume found that these 10 providers alone accounted for nearly one out of every 10 medical disputes determined by IMR in 2019 – a total of 25,956 medical service decisions. In 88.3 percent of those decisions, the UR modification or denial of the treatment was upheld. This finding underscores that in nearly eight out of nine treatment disputes involving these high-volume providers, the provider failed to adhere to the evidence-based medicine guidelines; furthermore, a majority of them did not change their practices despite the IMR outcomes, as 6 of the top 10 providers in 2019 were also on the top 10 list in 2018.

The outcomes data show that in 2019, 88.2 percent of all IMR decisions upheld the UR physicians' denial or modification of the requested service; which nearly matched the 2018 uphold rate of 88.6 percent. Conversely, in 11.8 percent of all IMR decisions issued last year, the independent medical reviewer overturned the UR physician and deemed the service medically necessary and appropriate. The uphold rate for the first quarter of 2020 remained consistent at 88.5 percent.

The authors estimated that in 13 percent of all 2019 IMR decisions the requested service was approved as medically necessary by UR, but modified for a lesser quantity than requested, then submitted to IMR solely on the basis of the reduction in the number of services allowed rather than on the medical necessity of the service. Given the costs associated with these reviews, this remains one area that public policymakers may want to revisit to assess whether removing these types of modifications from the IMR process would improve the system both for injured workers and employers.

About the Authors

Rena David is Senior Vice-President, Research and Operations at the California Workers' Compensation Institute.

Robby Bullis is a Senior Research Associate with the California Workers' Compensation Institute.

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California Workers' Compensation Institute

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