



# BULLETIN

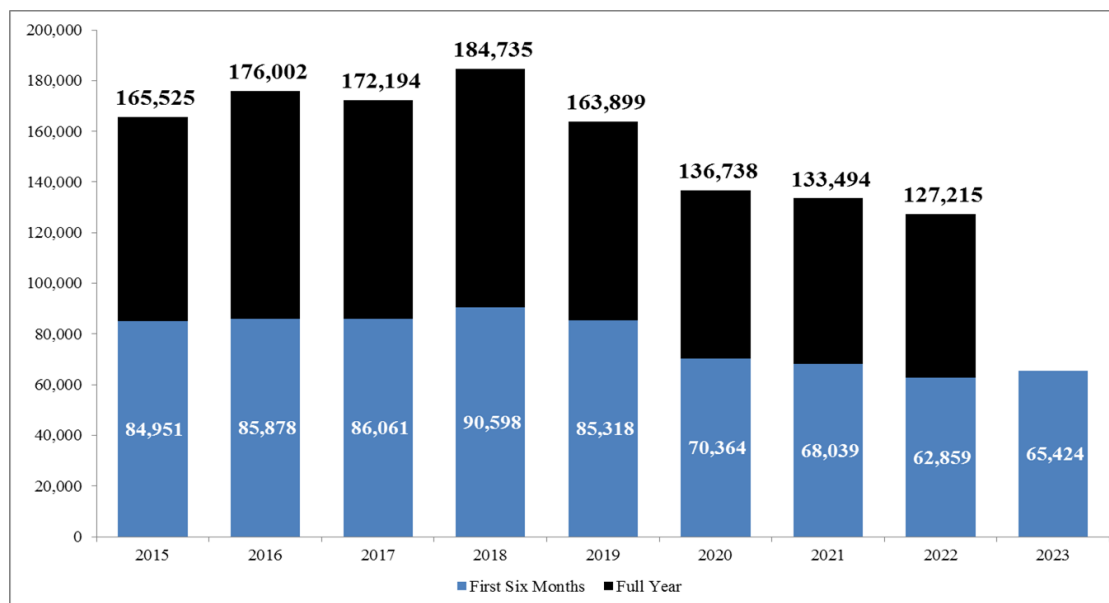
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After hitting a new low in 2022 as claim volume declined during the pandemic and prescription drug disputes plummeted following the adoption of the Formulary and Pain Management and Opioid Guidelines, the number of Independent Medical Review (IMR) decision letters in the California workers' compensation system rose 4.1 percent in the first half of 2023, marking the first increase since 2018 according to a new CWCI analysis.

State lawmakers adopted IMR as the California workers' compensation medical dispute resolution process as part of the 2012 reform legislation (SB 863) and CWCI began tracking IMR letter volume shortly after it became operational nearly a decade ago, noting changes in the volume of IMR letters and primary treatment decisions; changes in the mix and uphold rates for various categories of medical services; and the distribution and uphold rates of pharmaceutical IMRs by therapeutic drug group. The latest update encompasses more than 1.3 million IMR determination letters issued since 2015 and allows comparisons of IMR volume and outcomes from the first half of this year to the results from the prior 8 years. 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 percent, and top 10 percent of medical providers with the highest volume of disputed service requests.

When state lawmakers first adopted IMR, they expected the volume of disputes would decline as providers became familiar with treatment guidelines, but it was not until 2019 that IMR letter volume finally did drop sharply. That began a 4-year decline, with letter volume falling by 11.3 percent in 2019, 16.6 percent in 2020 (the initial year of the pandemic), 2.4 percent in 2021, and 4.7 percent in 2022, for a net decline of 31.1 percent from the record 184,735 letters in 2018. However, the latest data show the number of decision letters rebounded in the first six months of 2023, increasing 4.1 percent compared to the corresponding period of 2022, rising from 62,859 letters to 65,424.



IMR determination letters often include decisions on multiple medical service requests, but as the number of 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 261,694 primary service requests, but in 2020 that number fell 17.5 percent to 215,680, then continued to fall, declining to 209,539 in 2021 and 194,546 in 2022. However,

just as total letter volume increased in the first half of 2023, relative to the first half of 2022, the primary decision volume has also increased, climbing from 97,649 decisions in 2022 to 98,478 decisions in 2023. If the volume of letters and decisions for the second half of this year continues at this pace, there will be 130,848 IMR decision letters in 2023 (2.9% more than in 2022) and 196,956 primary treatment decisions this year (1.2% more than in 2022).

Comparing the distribution of IMRs by type of medical service request over the last five years shows that since peaking in 2018, IMR decisions have declined across all medical service categories (a 35.5 percent reduction in primary decisions from 2018 to 2022), with 70.1 percent of the overall decline 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 percent of all IMRs in 2017 to 33.3 percent of all IMRs in 2022, with results from the first half of 2023 showing prescription drug disputes down to 32.6 percent 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 39 percent of the decline in pharmaceutical IMRs from 2018 to 2022 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 this year.

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, from 2015 through the first half of 2023 the biggest percentage increases have been in physical therapy, which jumped from 8.7 percent to 13.4 percent of the IMRs; injections, which increased from 6.8 percent to 12.1 percent; and acupuncture, where the percentage doubled from 2.2 percent to 4.4 percent of the IMRs. The overall IMR uphold rate since 2015 has stayed within a very narrow range, fluctuating between a low of 88.2 percent and a high of 92.0 percent, and in the first six months of this year it came in at the low end of that range at 89.2 percent. IMR uphold rates continue to vary by medical service category, with the rates from the half of this year ranging from a low of 75.7 percent for requests involving evaluation and management services to a high of 92.9 percent for acupuncture requests.

Data identifying the individual physicians with the most disputed medical service requests 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 percent of requesting physicians (80 doctors) accounted for 40.3 percent 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 11.6 percent of the disputed requests determined by IMR – a total of 14,429 letters and 22,793 service decisions. A review of the top 10 providers by specialty shows nine were pain management specialists 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 9 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](http://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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