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Medical Care Provided California's Injured Workers: An Overview of Recent Changes

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Health and Income Security for Injured Workers:
Directions for the 21st Century

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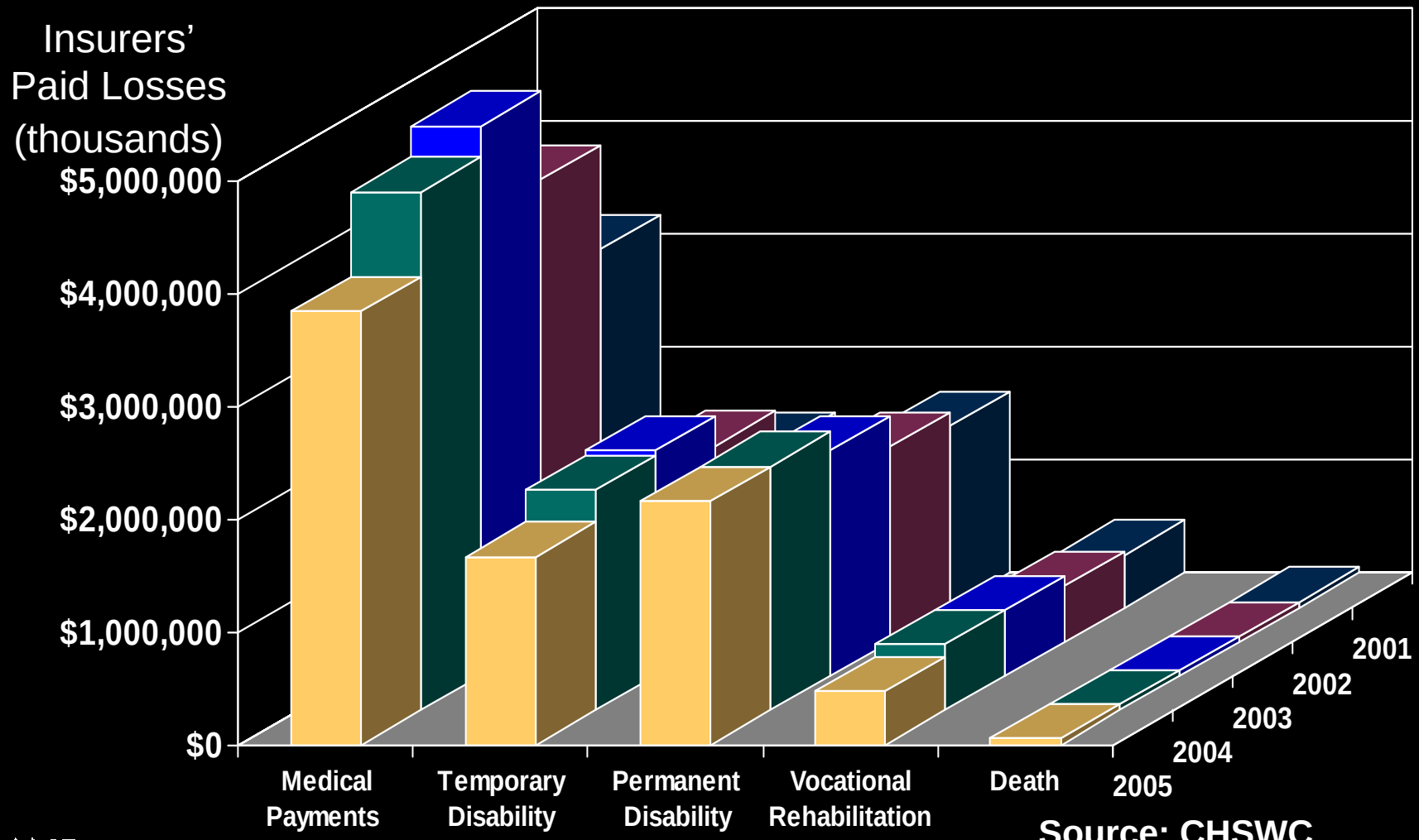
Today's Presentation

- **Describe the context for the medical reform provisions**
- **Summarize the major reform provisions affecting medical care provided California's injured workers**
- **Suggest early "lessons-learned" from California's experience**

CA Workers' Compensation Paid Losses : 2001-2005



Source: CHSWC

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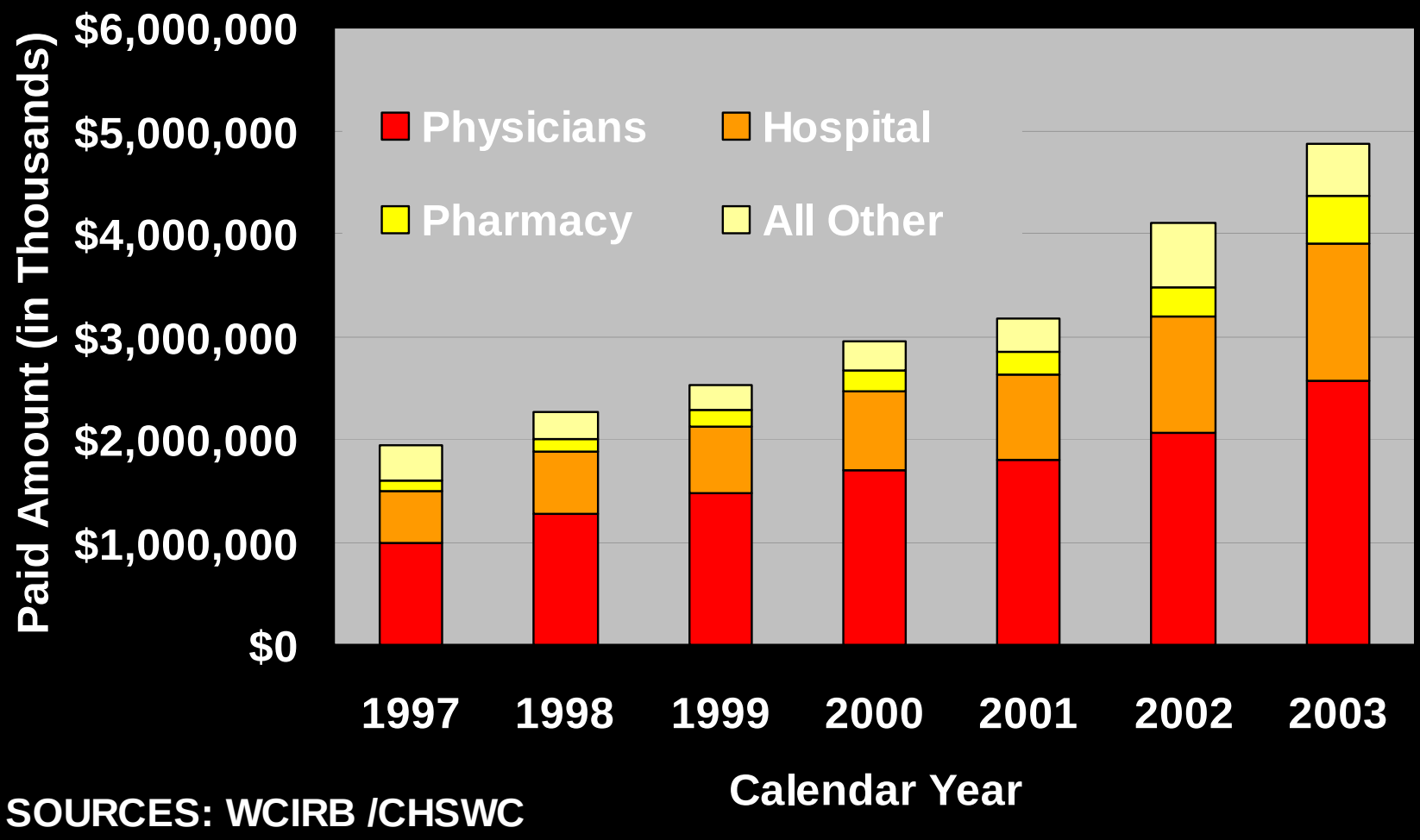
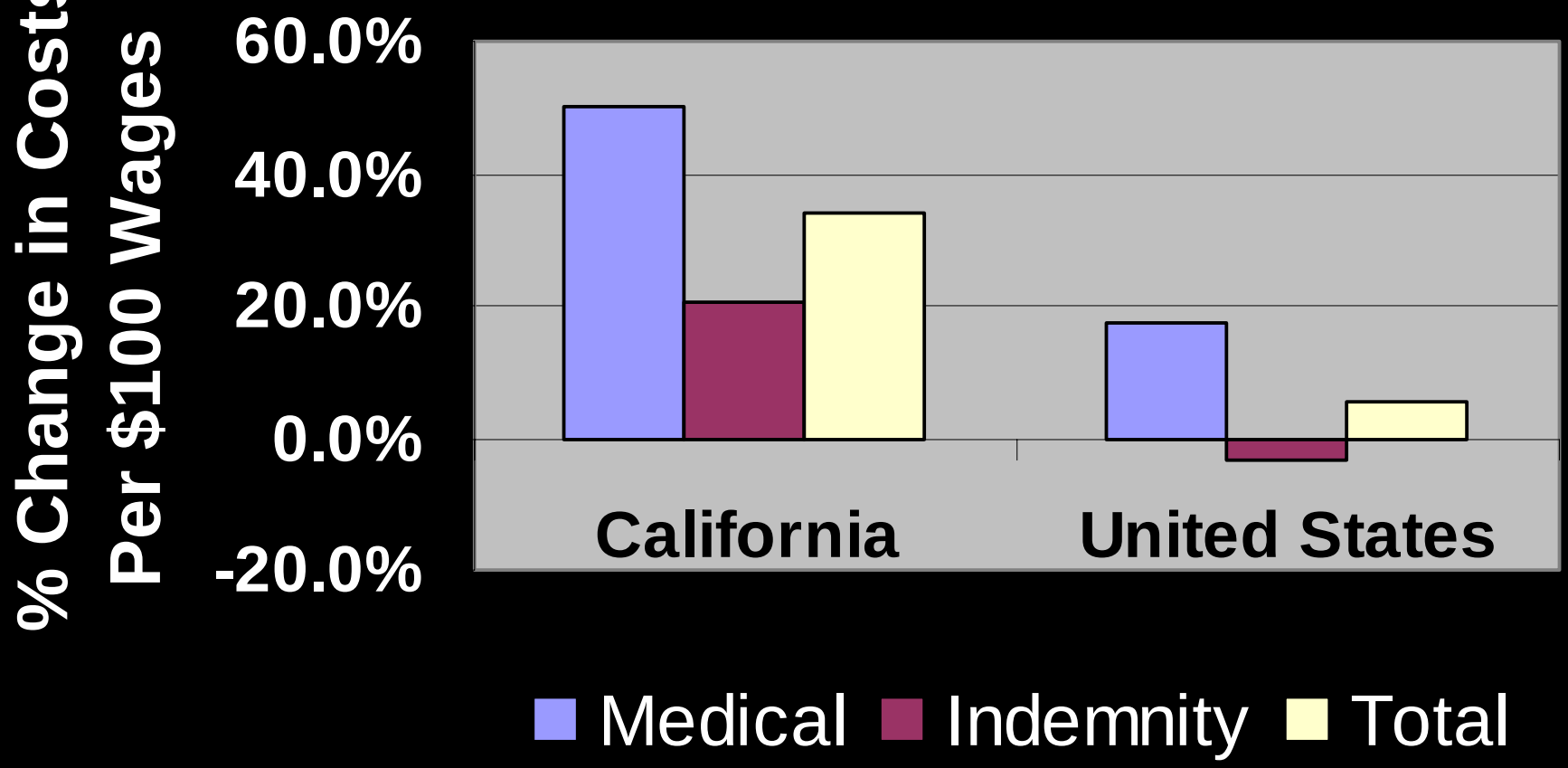
Medical Expenditures in CA Workers' Comp (Paid by Insured Employers Only), 1997-2003



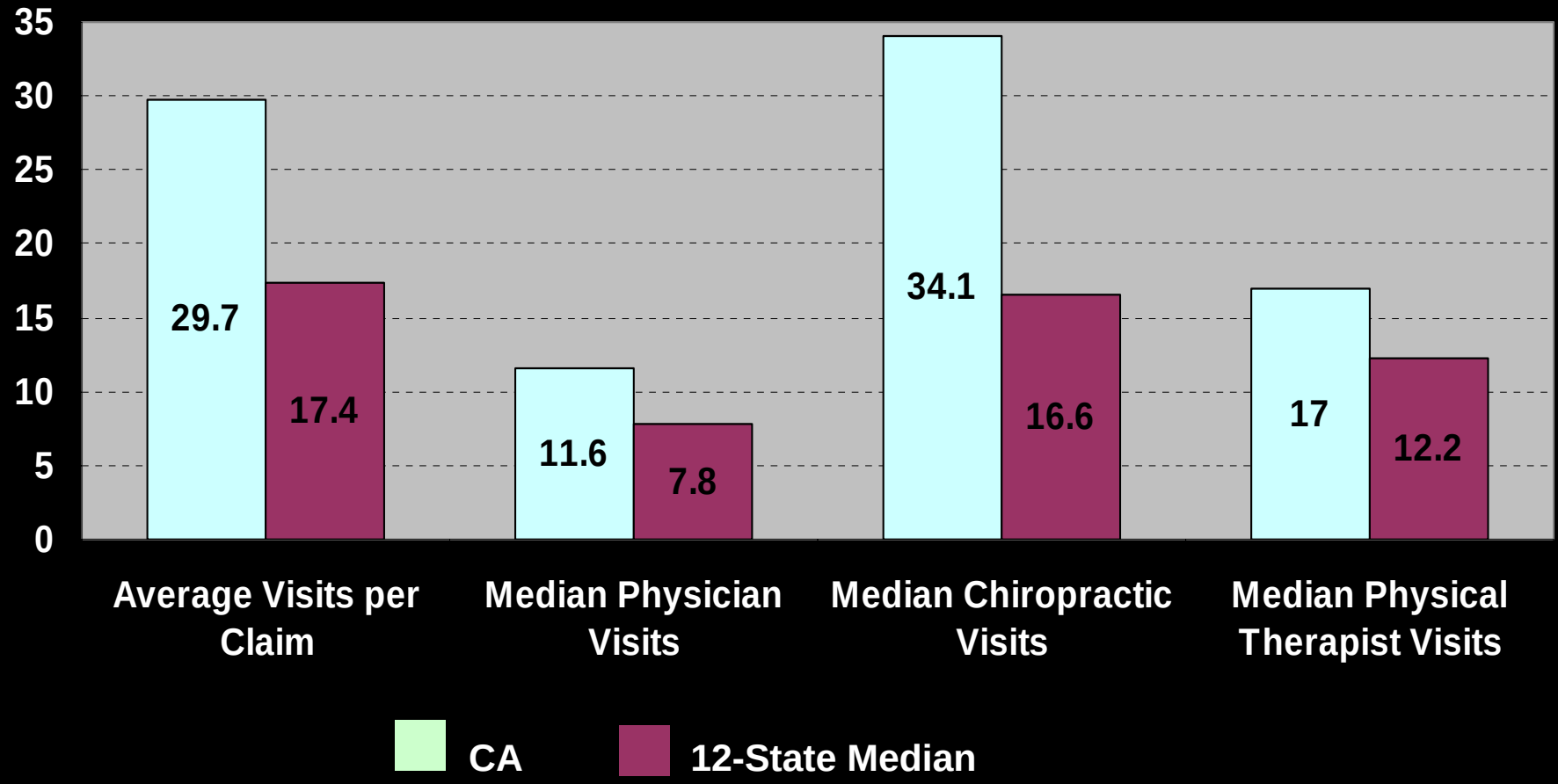
SOURCES: WCIRB /CHSWC

CA's WC Costs Per $100 Payroll Rose Much Faster than the National Average over 1999-2003 Period



Source: NASI, 2005

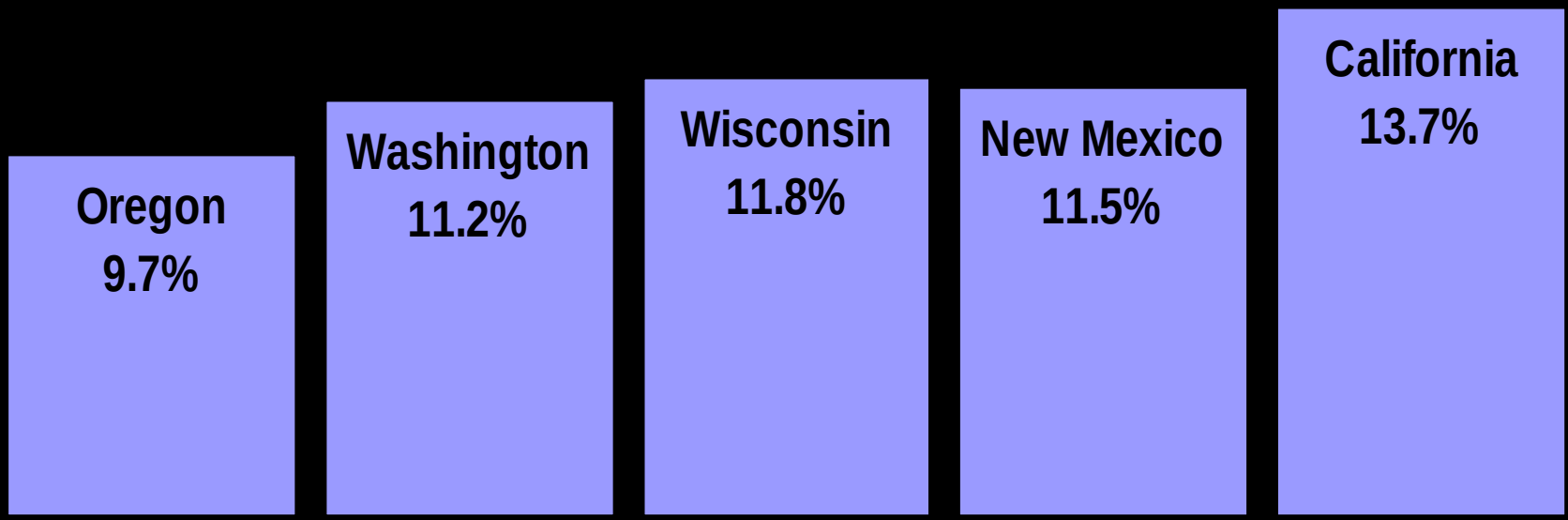
Utilization Was Driving Medical Care Expenses



Source: Eccleston (Workers' Compensation Research Institute), 2003

Despite More Care , CA's Injured Workers Had Poorer Outcomes

Percentage of PPD Claimants Out of Work after Three Years



Data Source: RAND

Employers/Payers Had Limited Ability To Control Medical Expenses

- **Injured worker could select a primary treating physician after 30 days**
- **Care provided by primary treating physician was presumptively correct**
- **Utilization review physician opinions were not admitted as evidence in appeals**
- **Official medical fee schedule inadequate**

Recent Legislation Addressed Utilization and Cost Issues

- **Treating physician presumption repealed; ACOEM guidelines presumptively correct until AD issues a utilization schedule**
- **UR guidelines repealed; new standards for UR processes**
- **Employers may establish medical networks and control medical care for duration of claim**
- **24-visit limit per industrial injury on chiropractic, PT and OT**
- **Second opinion program for spinal surgery**
- **Up to $10,000 in payments before compensability established**
- **Fee schedule expanded to include outpatient surgery facility fees and other services**
- **Allowable fees for pharmaceuticals lowered and generic drugs required**

Early Impressions from RAND Interviews and Studies Conducted by Other Researchers

- **Substantial reductions in utilization and medical costs**
- **Unknown impact on access, clinical quality and on work-related outcomes and expenditures**
- **Two systemic issues commonly raised by interviewees**
  - **The challenges posed by the complexity of four different medical delivery models with different utilization and dispute-resolution processes**
  - **The level of distrust and contention within the system Incentives for various stakeholders warrant analysis**

What is Needed in CA WC to Drive Value-Based Medical Care for Injured Workers?

- **On-going monitoring system to assess system performance: access, quality, cost, utilization, and patient satisfaction**
- **Clinical criteria to measure appropriate care**
- **Readily accessible evidence-based treatment information on common workers' compensation conditions and modalities**
- **Implementation of new physician fee schedule and financial incentives to improve quality**
- **Evaluation of reform initiatives to inform future policy development**

What Are Early Lessons Learned for Other States?

- **On-going monitoring and evaluation system needed to produce information at critical junctures:**
  - **Technical assistance in legislative and regulatory processes**
  - **Early warning system during implementation**
  - **Monitoring and evaluation to inform future policy development**
- **"Off-the shelf" policies still need to be adapted to local context**
  - **ACOEM guidelines are not comprehensive**
  - **Medicare-fee schedules do not address some occupational medicine services and some are not appropriate for WC population**
  - **Implementation of new physician fee schedule and financial incentives to improve quality**
- **Successful implementation requires time and resources**
  - **Involvement of stakeholders in policy development**
  - **Educational materials for affected parties**
  - **"Ombudsman" to help communication and resolve problems**
- **Regulatory authority for oversight and ability to address unintended consequences is important**

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Sources:

California Commission on Health and Safety and Workers' Compensation (CHSWC), Annual Reports, 1999-2005. Oakland, CA: CHSWC. Online at http://www.dir.ca.gov/chswc.

Eccleston, S.M. and X. Zhao, "The Anatomy of Workers' Compensation Medical Costs and Utilization: Trends and Interstate Comparisons, 1996-2000," Cambridge, MA: Workers Compensation Research Institute, July 2003.

Workers' Compensation Insurance Rating Bureau (WCIRB), "2003 California Workers' Compensation Insured Losses and Expenses," San Francisco, CA: WCIRB, June 2004. Online at http://wcirbonline.org (as of December 21, 2004).

National Academy of Social Insurance (NASI), *Workers'Compensation: Benefits, Coverage, and Costs, 2003*. Washington, DC: NASI, July 2005.