



# ***Assessing the Effects of California Reforms on Quality of Care:***

## ***The Value of Higher Quality Care***

**Teryl Nuckols, MD, MSHS**

# ***In 2003, California Implemented Utilization Management (UM) As One of Several Reforms***

- In other healthcare settings, UM has reduced overuse
  - Best used selectively because claims review is costly
- In WC, UM is difficult to apply at this time
  - RAND found existing guidelines are not high quality
  - California payors found the best guideline hard to apply for UM
  - Claims review can increase costs by delaying receipt of beneficial care and, thus, return to work
  - Resolving disputes often involves litigation
- California workers' comp costs are better controlled
- However, UM does *nothing* to ensure that injured workers receive beneficial care

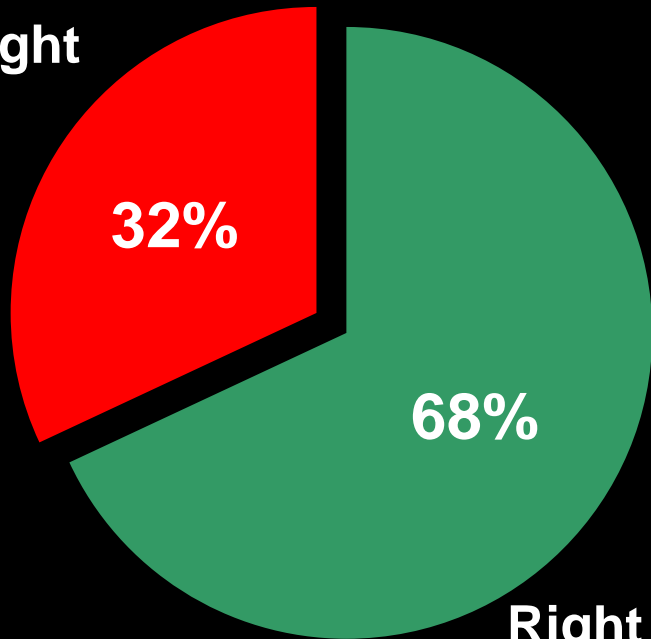
# ***Outline***

- ➔ • National research on quality of care**
- Quality of care in workers' comp**
- Strategies for improving quality**
- Next steps in California WC**
- Implications for other states**

# ***A Landmark RAND Study Found U.S. Adults Receive Right Care Only About Half the Time***

## **Low Back**

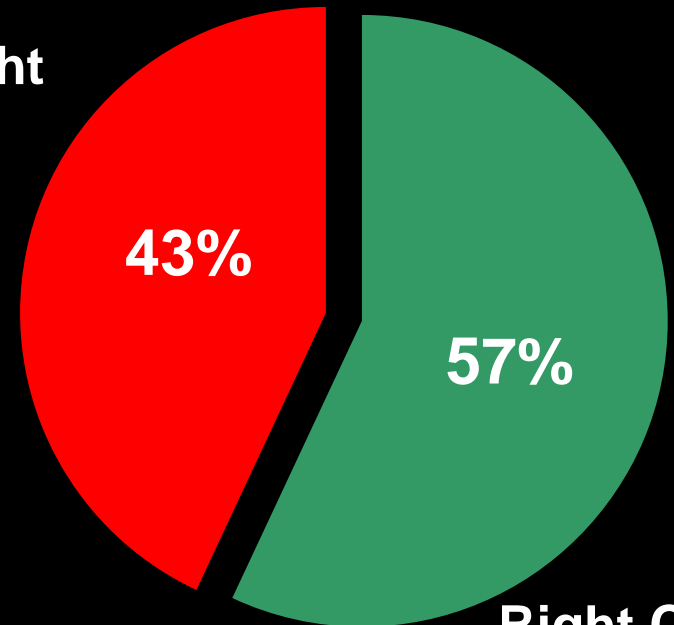
**Not Right**



**Right Care**

## **Shoulder & Knee**

**Not Right**



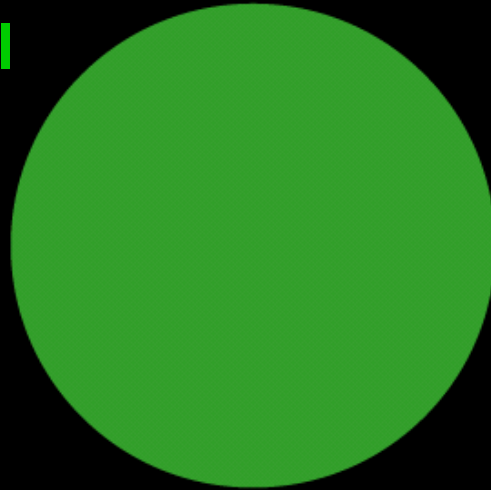
**Right Care**

**All Health Care**

Source: RAND, McGlynn 2003.

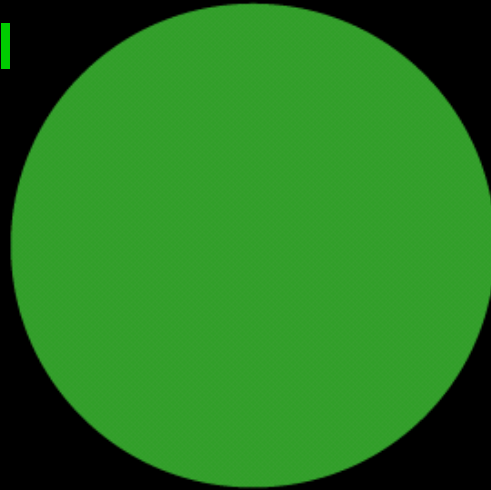
# ***The Two Principal Quality Problems, Overuse and Underuse, Often Occur Simultaneously***

**Care that could  
produce substantial  
benefit**

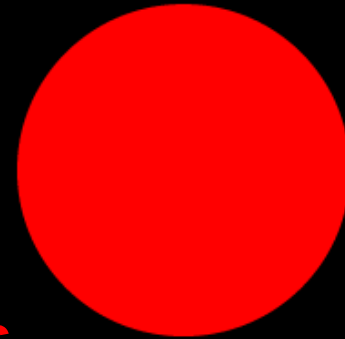


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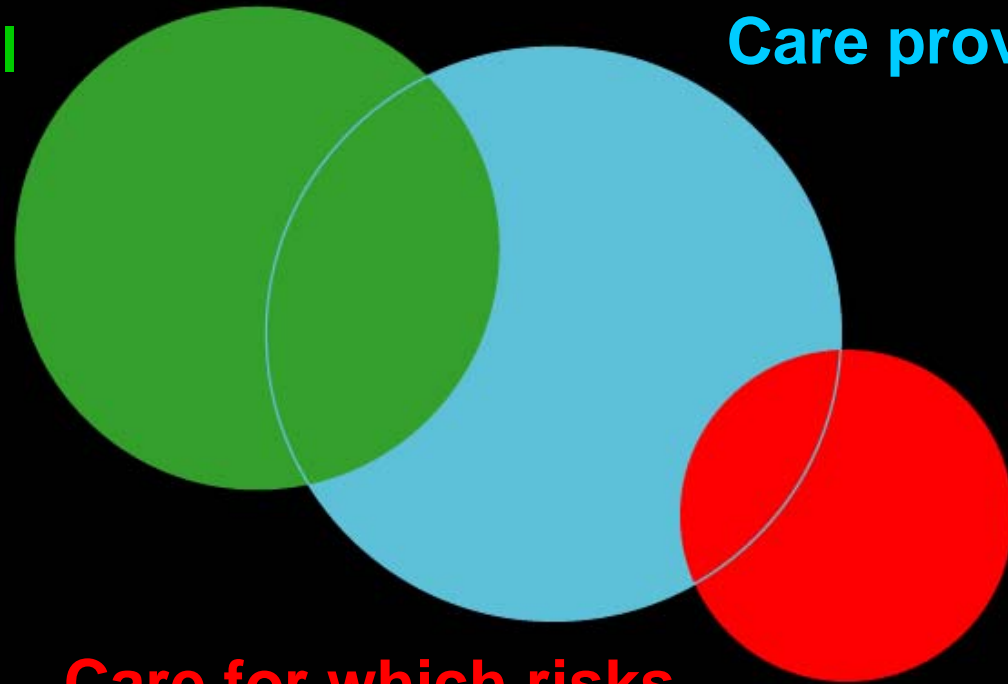
**Care for which risks  
outweigh benefits**



# *The Two Principal Quality Problems, Overuse and Underuse, Often Occur Simultaneously*

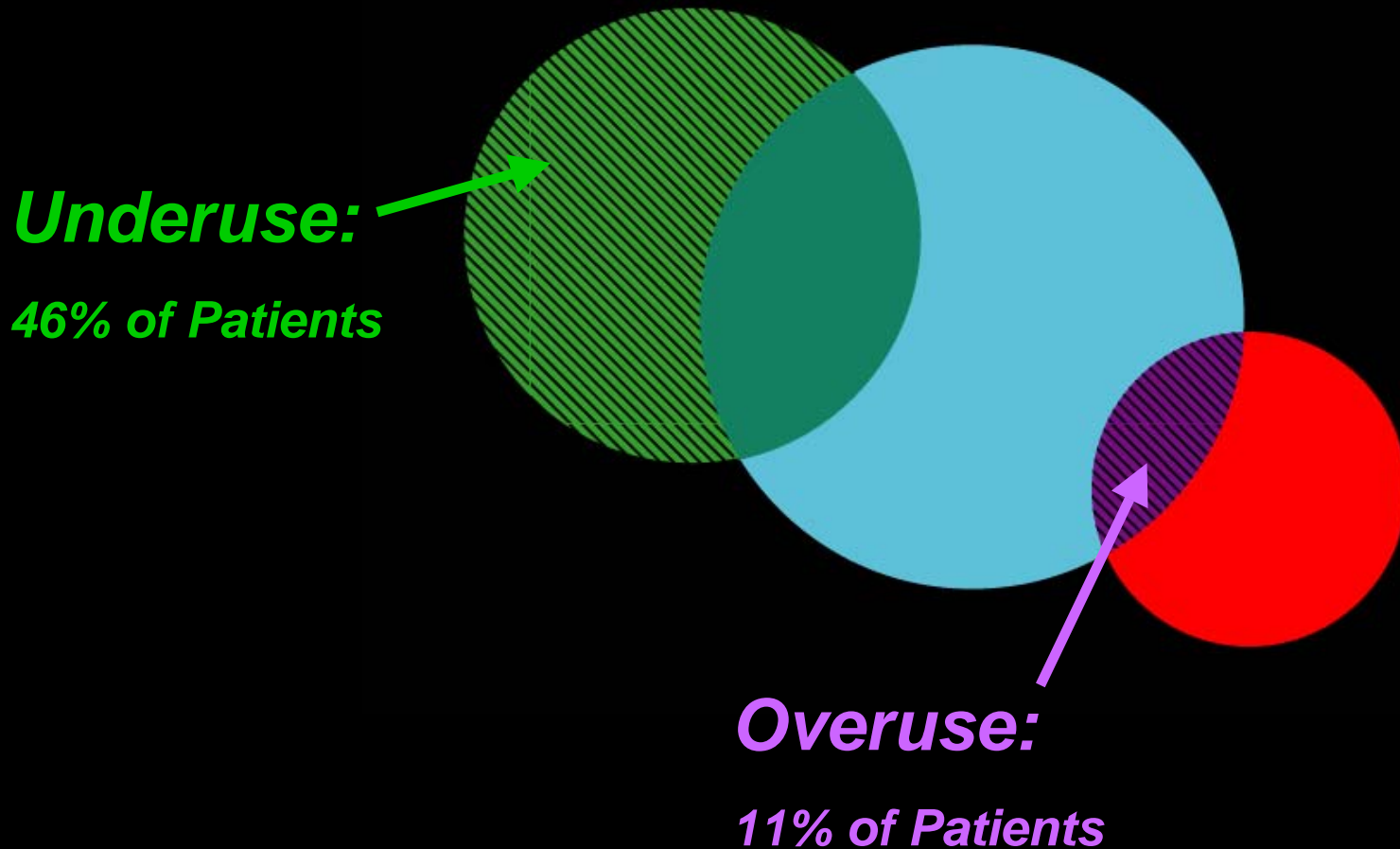
Care that could produce substantial benefit

Care provided



Care for which risks outweigh benefits

# *The Two Principal Quality Problems, Overuse and Underuse, Often Occur Simultaneously*

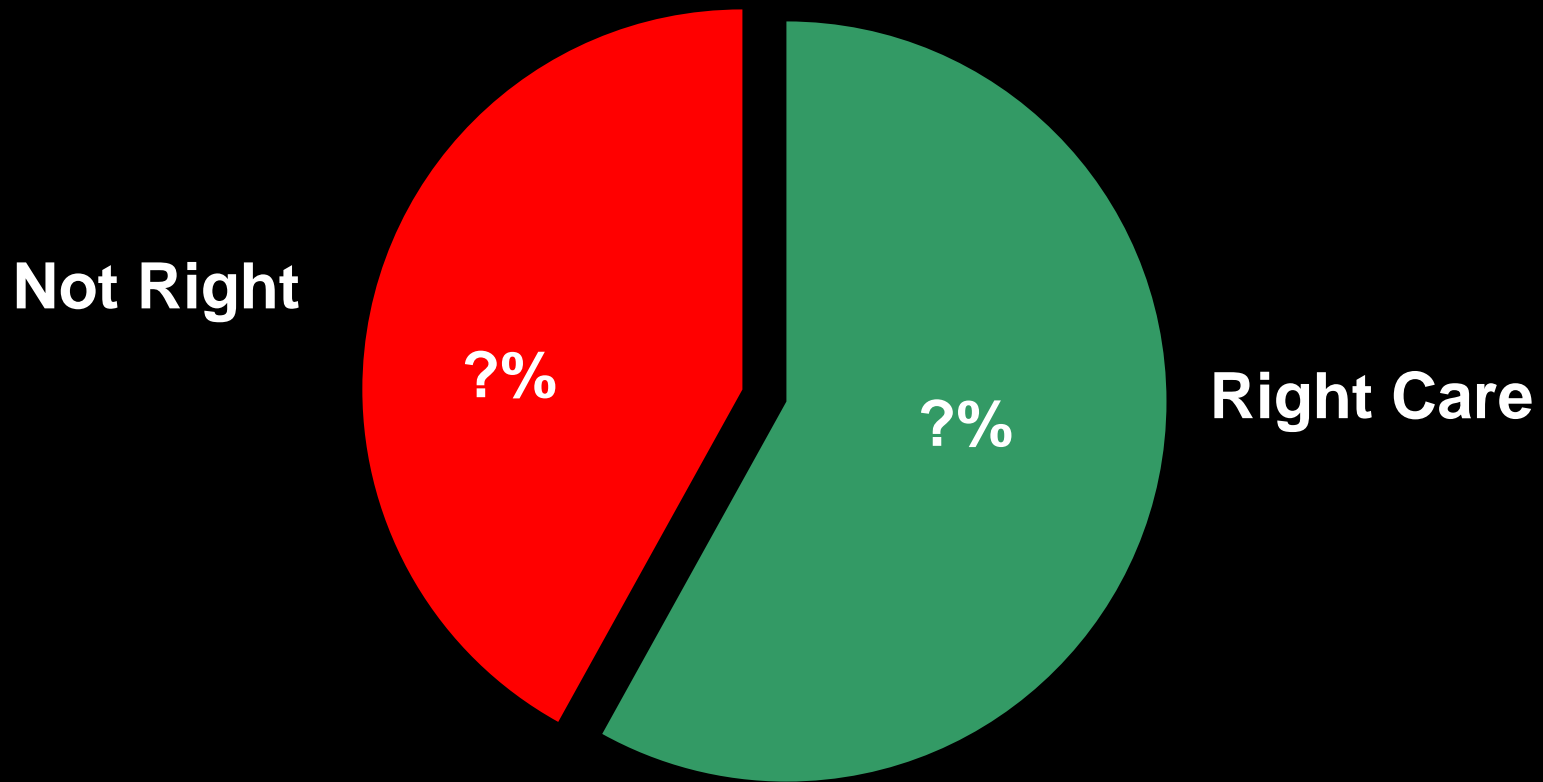




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***In Workers' Compensation Settings,  
Many Injured Workers  
Probably Do Not Get The Right Care***



# ***Overuse and Underuse Are Costly to Workers and Employers***

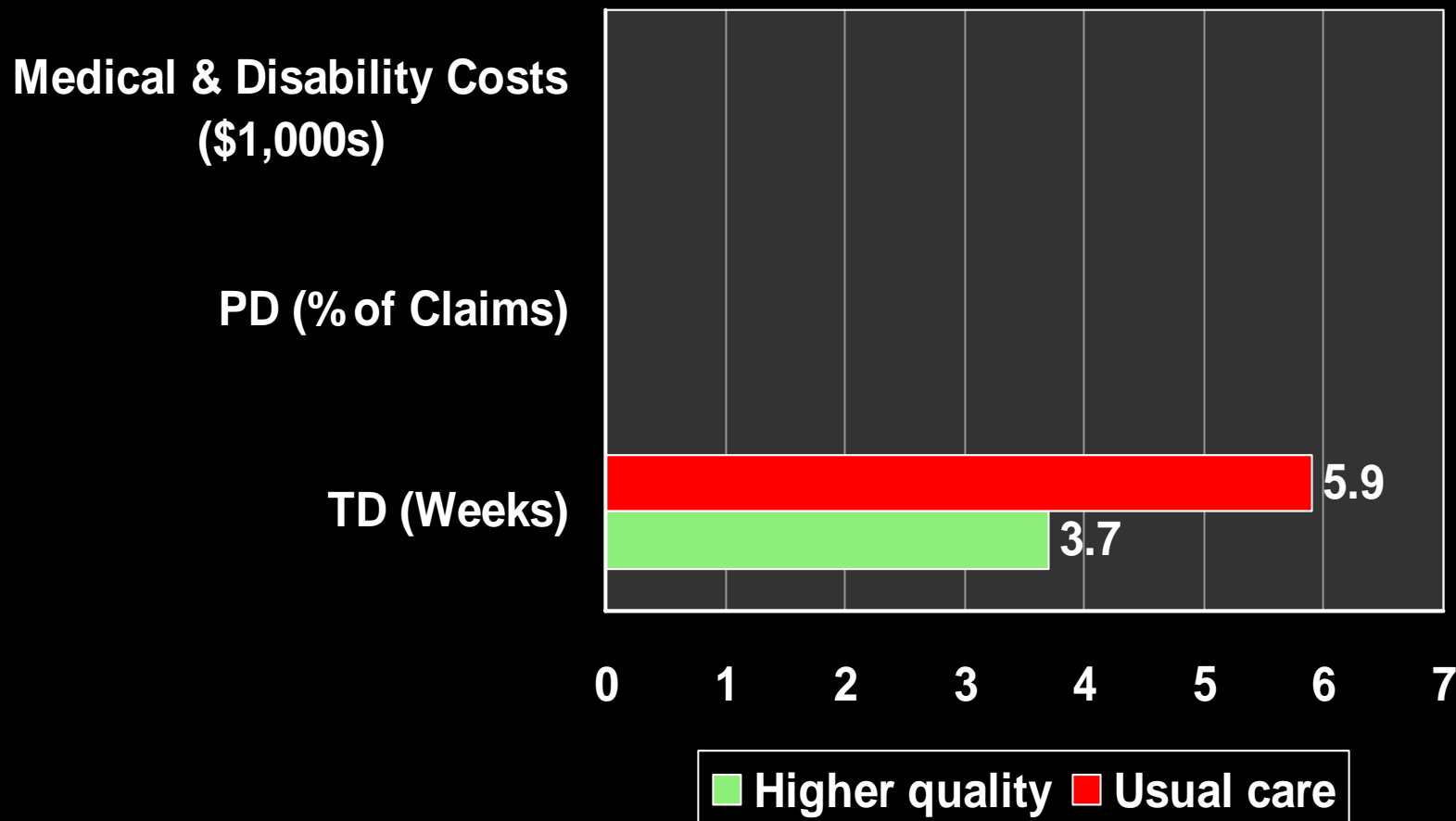
## **Overuse**

- **Workers' health is not likely to improve—and may decline**
  - **Medical costs are unnecessary**
- 

## **Underuse**

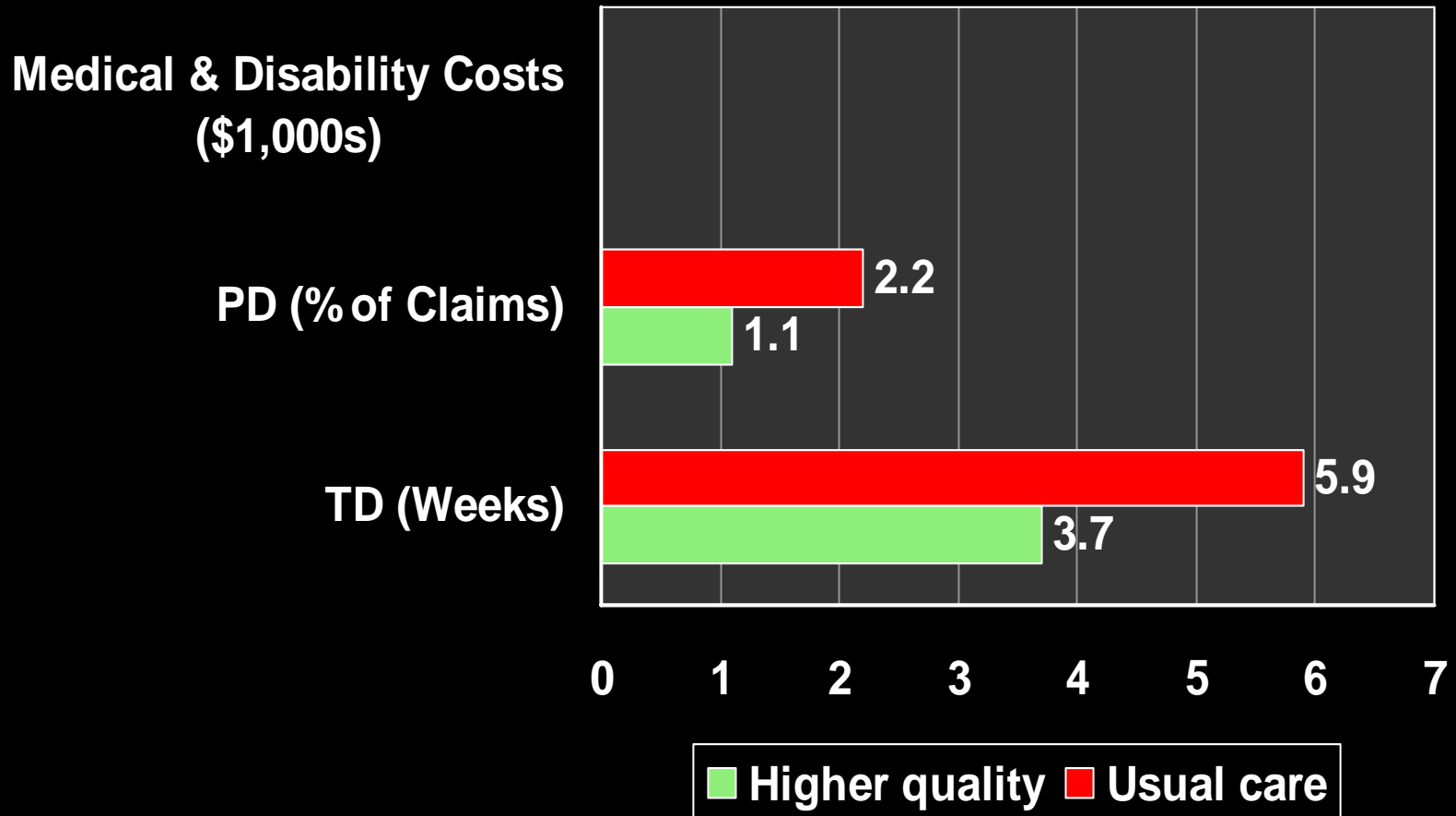
- **Workers' health is not likely to improve**
  - **Increases temporary and permanent disability**
  - **Creates need for more care**
- **Costs to payors increase**

# ***In One Rigorous Study, Better Care Reduced Time on Temporarily Disability by 37%***



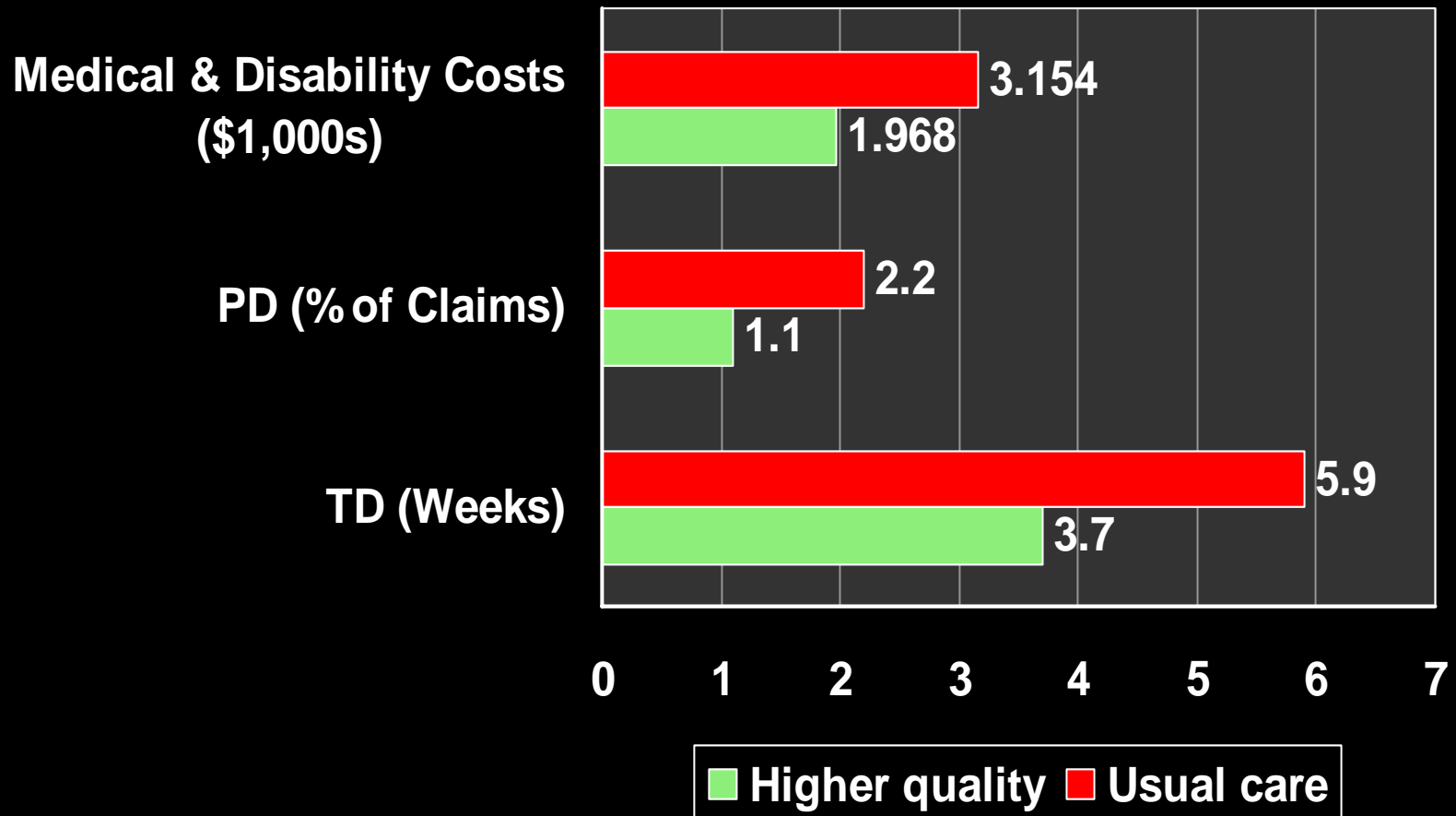
Source: Abasolo 2005.

# **Better Care Reduced the Number of Temporarily Disabled Workers Who Became Permanently Disabled by 50%**



Source: Abasolo 2005.

# ***And Better Care Reduced Medical and Disability Costs by 37%***



Source: Abasolo 2005.

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# *There Are Three Ways To Evaluate Quality of Care*

**Resources**



**Actual Care**



**Outcomes**



**By Avedis Donabedian**



# Evaluating Actual Care Is Most Informative

Resources



Actual Care



Outcomes



## *Pros*

- Identifies problems and needed changes
- Supports comparisons even when patient populations differ
- Minimal time lag
- Providers often support rigorous measures

## *Cons*

- Rather complicated—and costly



# ***Promising Strategies for Evaluating Actual Care***

- 1. Utilization management (UM)**
- 2. Report cards**
  - Doctors or hospitals
  - Medical groups or networks
  - A state workers' compensation system
- 3. Pay for performance**



## ***2. Report Cards Have Several Advantages Over UM Alone***

- **Address both underuse and overuse**
- **Enable payors to**
  - **Be proactive rather than reactive**
  - **Contract based on quality**
  - **Use UM selectively**
- **Enable policymakers to**
  - **Track changes over time**
  - **Determine effects of new policies**

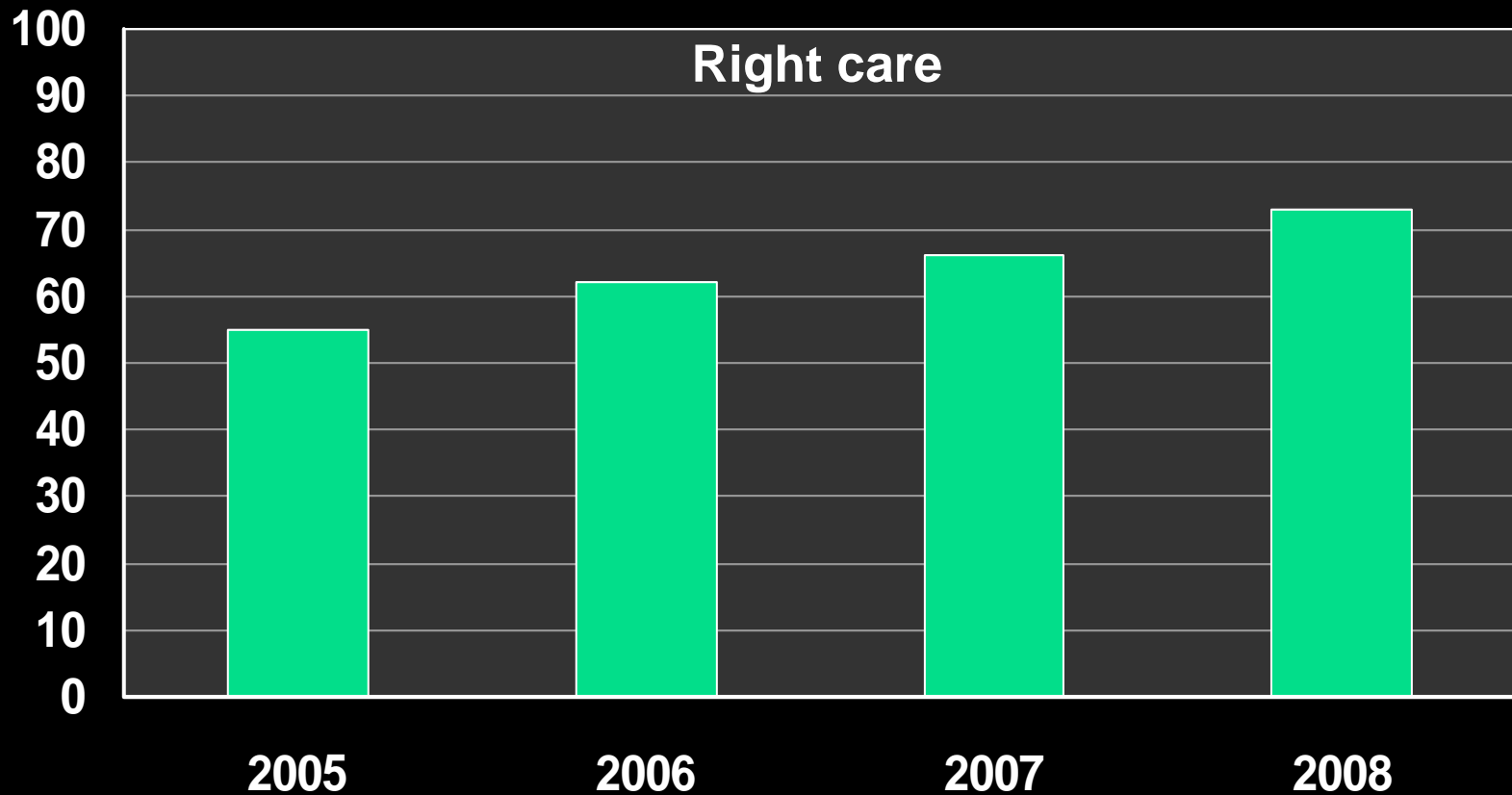


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## Hypothetical Example

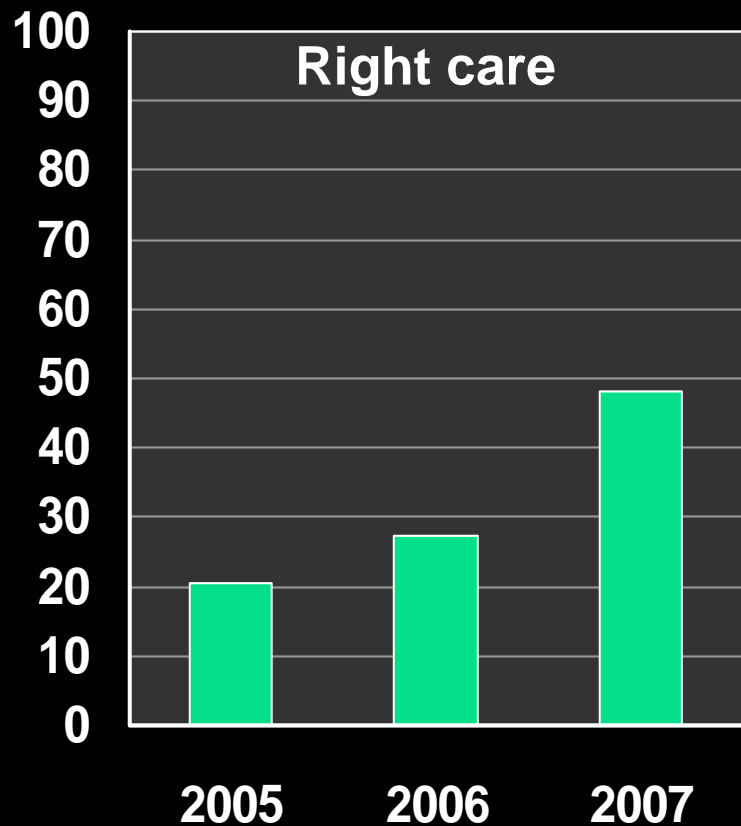
***For State WC Systems, Report Cards Can Monitor Quality Trends***



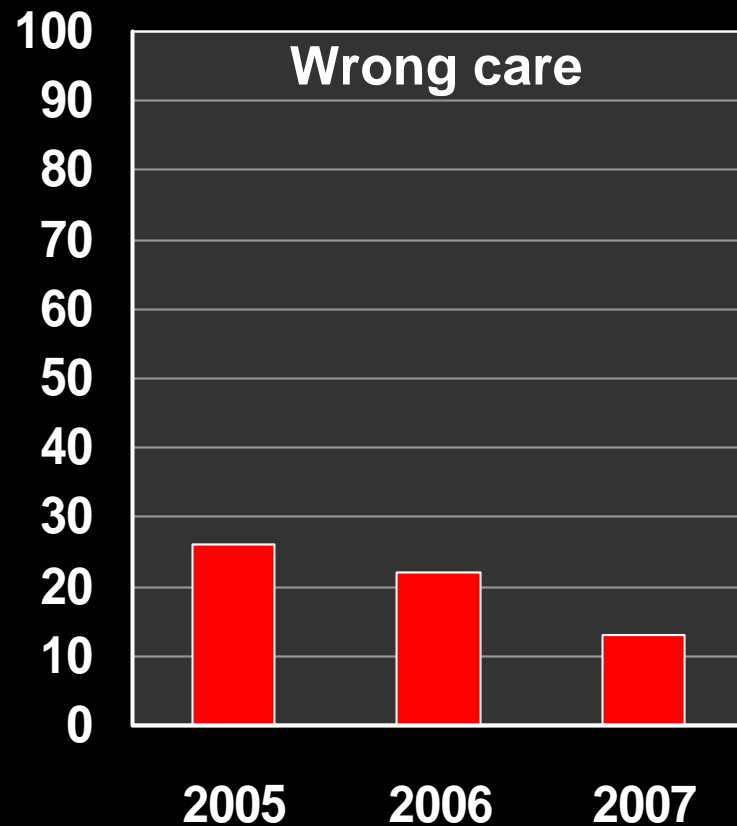
## Hypothetical Example

***For State WC Systems, Report Cards Can Highlight Important Quality Problems***

Return-to-work planning



Inappropriate back surgery



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# ***RAND/UCLA Demonstration Project***

- Purpose**
- Demonstrate quality measurement in California workers' compensation system
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- Approach**
- Develop quality measures for carpal tunnel
  - Develop tools for applying the measures and pilot test them against data
  - Measure quality in several medical networks
  - Develop sample report card comparing networks
  - Translate findings into an ongoing quality-monitoring system



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***Supported by the California Commission on Health and Safety and Workers' Compensation and Zenith Insurance***

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***With additional funding partners, we could produce a complete set of nationally applicable measures***

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## ***Implications for Other States***

- **Quality of care is important in workers' compensation**
  - **Low-quality care impedes recovery & increases cost**
- **Quality of care for injured workers should be evaluated**
  - **Monitoring actual care is most informative approach**
  - **Addresses overuse and underuse**
- **Report cards and pay-for-performance are promising strategies for monitoring and improving care**
- **RAND and UCLA are developing nationally applicable quality measures for carpal tunnel syndrome**

