



# Spotlight Report

## 1<sup>st</sup> Quarter 2016 IMR Outcomes

By Rena David

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### Key Findings

A review of California's Independent Medical Review (IMR) decisions from the first quarter of 2016 show results that are remarkably consistent with those found in CWCI's study of 2015 IMR determination letters, with volume holding steady at an annualized rate of 160,000 letters, uphold rates at 89 percent and prescription drug requests (40 percent of which were for opioid painkillers and compounded drugs) continuing to represent nearly half of all medical service requests that undergo IMR.

### Background/Objective

One of the major provisions of the 2012 workers' compensation reform bill (SB 863) called for the adoption of an Independent Medical Review (IMR) process for resolving medical treatment disputes. When a utilization review (UR) physician modifies or denies a medical service that has been requested for an injured worker and the worker disputes that decision, IMR allows them to have an independent physician reviewer examine the medical records and other submitted evidence and then either uphold or overturn the UR decision. The Medical Treatment Utilization Schedule (MTUS) adopted by the Division of Workers' Compensation (DWC) provides treating and reviewing providers with evidence-based guidelines for effective medical care, providing a needed check against unnecessary and potentially harmful tests, surgeries, drugs and procedures. Once the IMR is complete, a final determination letter is sent to the injured worker by Maximus Federal Services, which is under contract with the DWC to manage the IMR process.

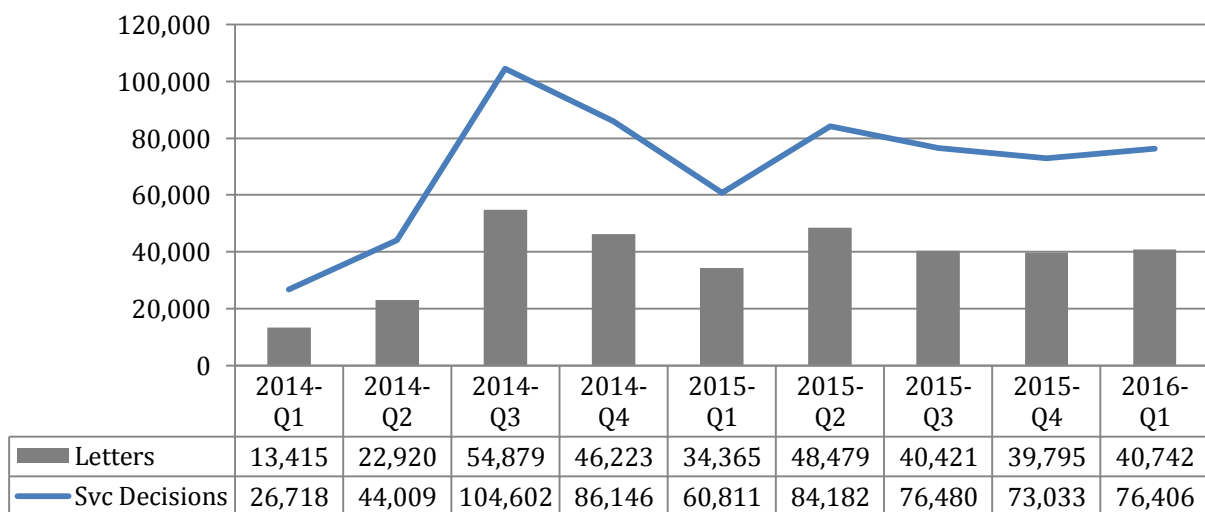
Following adoption of emergency regulations governing the process, Independent Medical Reviews took effect for medical disputes on claims for all dates of injury in July 2013. In January 2014, CWCI conducted an examination of the first 1,100 IMR determination letters issued in 2013, which was followed in April 2015 by an analysis of the more than 137,000 IMR decision letters that had been issued in 2014. Earlier this year, the Institute conducted a follow-up study based on the 2015 IMR decision letters which found that the number of IMR decision letters had increased 19 percent to more than 163,000 in 2015. That study also noted that 39 percent of those letters included decisions on multiple service requests, so that altogether the letters issued in 2015 encompassed decisions on more than 304,000 medical service requests. This report extends the Institute's IMR research series by providing an initial look at 2016 IMR experience, using data from IMR determination letters issued in the first quarter of this year.

## Results

### Volume of IMR Determination Letters and Service Decisions

As shown in Exhibit 1, in each of the past three quarters, Maximus issued approximately 40,000 letters containing determinations of medical necessity for up to 76,480 individual services. This annualizes to 160,000 letters and more than 300,000 service requests. In the first quarter of 2016, Maximus issued 40,742 IMR decision letters involving 76,406 individual service requests (an additional 3,537 requests were for services where the decision was linked to the necessity of a primary service such as surgery). On average, the first quarter 2016 determination letters addressed 1.9 service requests, with 60 percent containing only one request and 6 percent containing more than 5 services, a pattern consistent with the 2015 IMR results.

**Exhibit 1: Number of IMR Decision Letters & Service Decisions, Q1 2014 through Q1 2016**

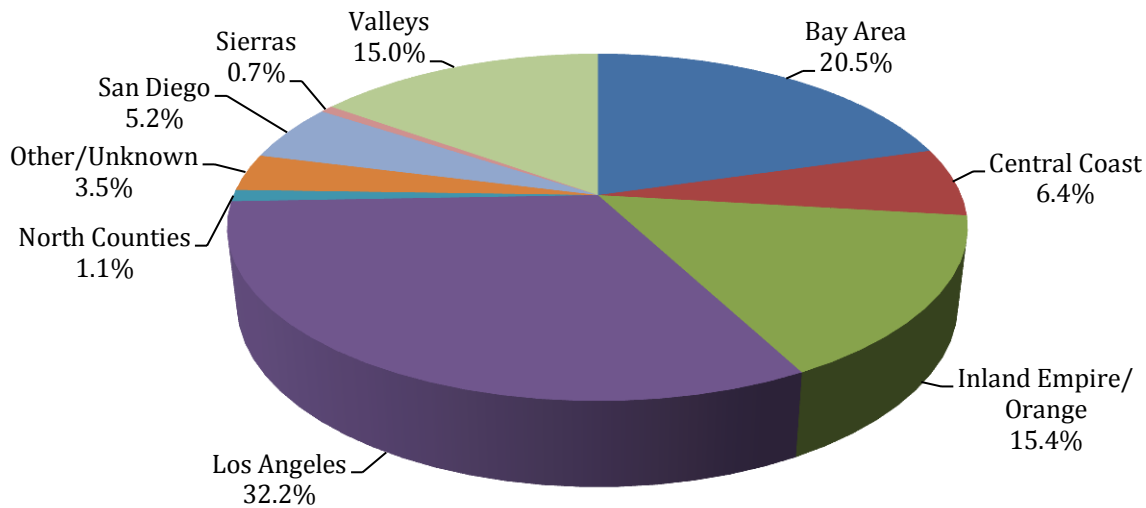


### IMR Uphold Rates

The first quarter 2016 IMR letters upheld the utilization review physicians' UR modifications and denials of services 88.8 percent of the time, which is consistent with the 88.6 percent uphold rate noted in the analysis of 2015 IMR outcomes. This consistently high uphold rate shows that the vast majority of the disputed modifications and denials made by UR physicians continue to be found to be in line with the evidence-based medicine guidelines.

Almost 60 percent of the first quarter 2016 IMR decisions involved claims with a date of injury prior to the IMR program's 2013 inception, but as in prior studies, claim age had no effect on the IMR uphold rate. As shown in Exhibit 2, the regional distribution also was stable between 2015 and the first quarter of 2016, with 47.6 percent of the disputed services that went through IMR originating in Los Angeles, Orange, Riverside, San Bernardino and Imperial Counties and 20.5 percent originating in the Bay Area. The percentage of UR decisions that were upheld by the IMR physicians ranged from 84.9 percent in San Diego to 91 percent in Los Angeles County.

**Exhibit 2: IMR Service Decisions - Distribution by Region, Q1 2016**



**IMR Distribution & Uphold Rates by Type of Service Requested, 2014-Q1 2016 Decisions**

Exhibit 3 shows that pharmaceutical services remain the highest volume category under review, followed by physical therapy; durable medical equipment, prosthetics, orthotics and supplies; and injections. As in 2014 and 2015, surgery represented less than 5 percent of the disputed service requests that underwent IMR in the first quarter of 2016.

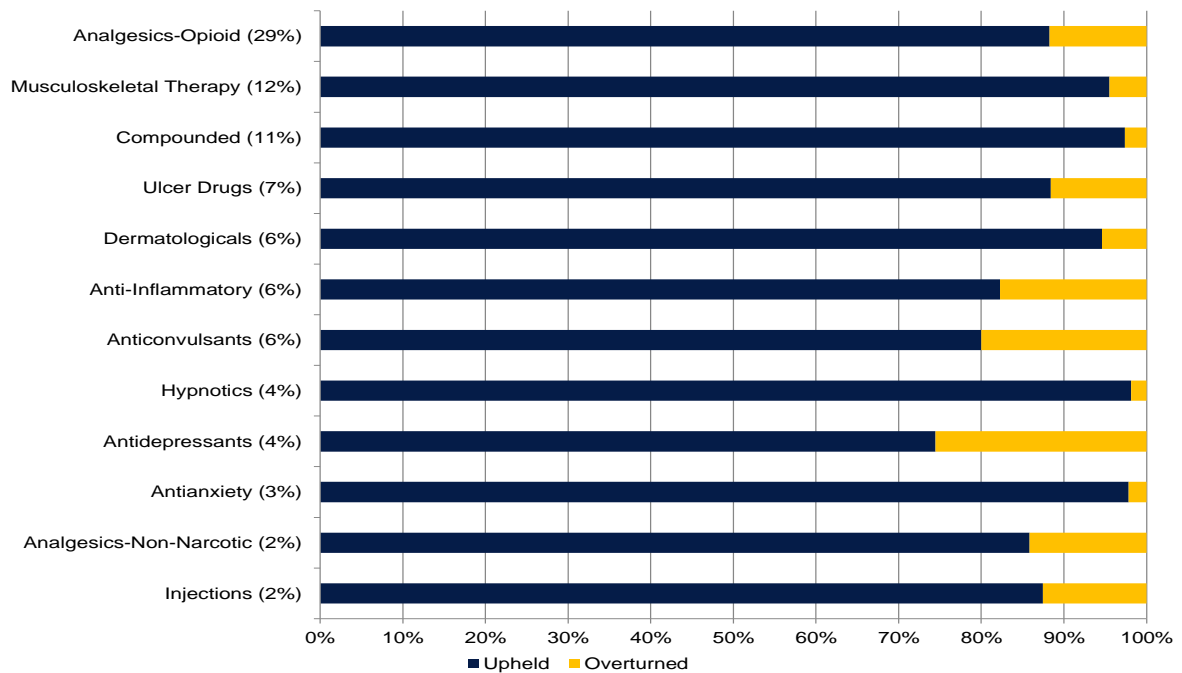
**Exhibit 3: IMR Distribution & Uphold Rates by Medical Service Category and Decision Year**

Type of Service Requested	% of Service Requests			% Upheld		
	2014	2015	2016-Q1	2014	2015	2016-Q1
Pharmaceuticals	45.2%	49.6%	49.0%	91.9%	89.7%	89.7%
Physical Therapy	9.2%	8.7%	8.8%	94.0%	92.5%	92.6%
DME, Prosthetics, Orthotics & Supplies	9.5%	7.8%	7.3%	93.8%	90.2%	90.6%
Injections	6.1%	5.9%	6.0%	92.1%	87.1%	88.7%
Surgery	4.7%	4.2%	4.7%	88.3%	86.9%	86.4%
MRI/CT/PET	3.8%	4.2%	4.3%	89.1%	86.5%	85.2%
Laboratory Services	2.9%	3.3%	4.3%	87.3%	85.3%	88.2%
Diagnostic Tests/Measurements	4.9%	3.9%	3.8%	88.0%	85.6%	86.6%
Acupuncture	2.1%	2.2%	2.1%	94.1%	91.6%	92.0%
Chiropractic Manipulation	1.8%	1.7%	1.6%	95.5%	90.8%	87.4%
Psych Services	2.1%	1.7%	1.5%	85.0%	79.5%	79.8%
Evaluation and Management	1.6%	1.5%	1.5%	79.1%	68.2%	71.6%
Other	6.0%	5.3%	5.0%	90.1%	85.9%	86.7%
Grand Total	100.00%	100.00%	100.00%	91.3%	88.6%	88.8%

### Prescription Drug IMR Distribution and Uphold Rates by Drug Category

Exhibit 4 shows the distribution of the first quarter 2016 pharmaceutical IMR decisions broken out by the category of drug requested. Among the various categories of drugs that underwent IMR, opioids remained at the top of the list, accounting for 29 percent of all pharmaceutical requests for which IMR decisions were issued in the first quarter of 2016, followed by musculoskeletal therapy drugs (12 percent) and compounded drugs, which as in 2015, accounted for 11 percent of all prescription drug IMRs. In nearly 90 percent of the IMR cases involving opioids, the IMR physician agreed with the UR physician’s determination that the use, strength, quantity or duration of the opioid prescription was not medically necessary, while in 97.7 percent of the IMRs involving compounded drugs, the UR physician’s modification or denial was upheld.

**Exhibit 4: IMR Distribution & Outcomes of Q1 2016 Pharmaceutical IMR Decisions by Drug Type**



### Concentration of IMR Determinations Among High-Volume Providers

IMR determination letters include the names of the medical providers who requested the disputed medical services. The 40,742 IMR letters issued in the first quarter of 2016 identified 5,525 unique provider names, but as in the prior studies, the latest results show that a small number of medical providers accounted for a disproportionate share of the disputed medical service requests. The 10 individual physicians who were named in the most IMR letters issued in the first quarter of 2016 were associated with 11 percent of the disputed medical service requests; while the top 1 percent of medical providers (56 individuals) were linked to 31 percent of the disputed services; and the 553 physicians who comprised the top 10 percent were involved in 76 percent of the disputed services that went through IMR.

## Summary

The initial results gleaned from the IMR determination letters issued in the first quarter of 2016 show continuation of the trends noted in the 2014 and 2015 analyses. The latest figures indicate that the total volume of IMR determination letters has plateaued at an annualized rate of about 160,000 letters; IMR uphold rates remain at 89 percent; and prescription drug requests continue to account for almost half of all medical service requests for which IMR is conducted. Among the prescription drug requests for which IMR decisions were issued in the first quarter of this year, 29 percent were for opioid painkillers, with another 11 percent involving compounded drugs. The latest results also confirm that a small number of medical providers continue to drive a high percentage of the disputed medical service requests that go through IMR, with the top 10 percent of medical providers identified in the first quarter IMR determination letters (553 individuals) accounting for more than three out of every four disputed medical service requests.

CWCI will continue to track IMR outcomes as additional data becomes available. Prior reports on California workers' compensation medical review and dispute resolution are available in the Research section or in the online store at [www.cwci.org](http://www.cwci.org).

## About the Author

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

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