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Access to Care and Medical Delivery in California Workers' Compensation

Findings from Recent RAND Studies on Medical Access, SB 1160 (Utilization Review), and Qualified Medical Examiners

Roadmap

1 Background

2 Research Approach

3 Study #1: Access to Medical Care

4 Study #2: Utilization Review

5 Study #3: Qualified Medical Examiners

6 Future Directions

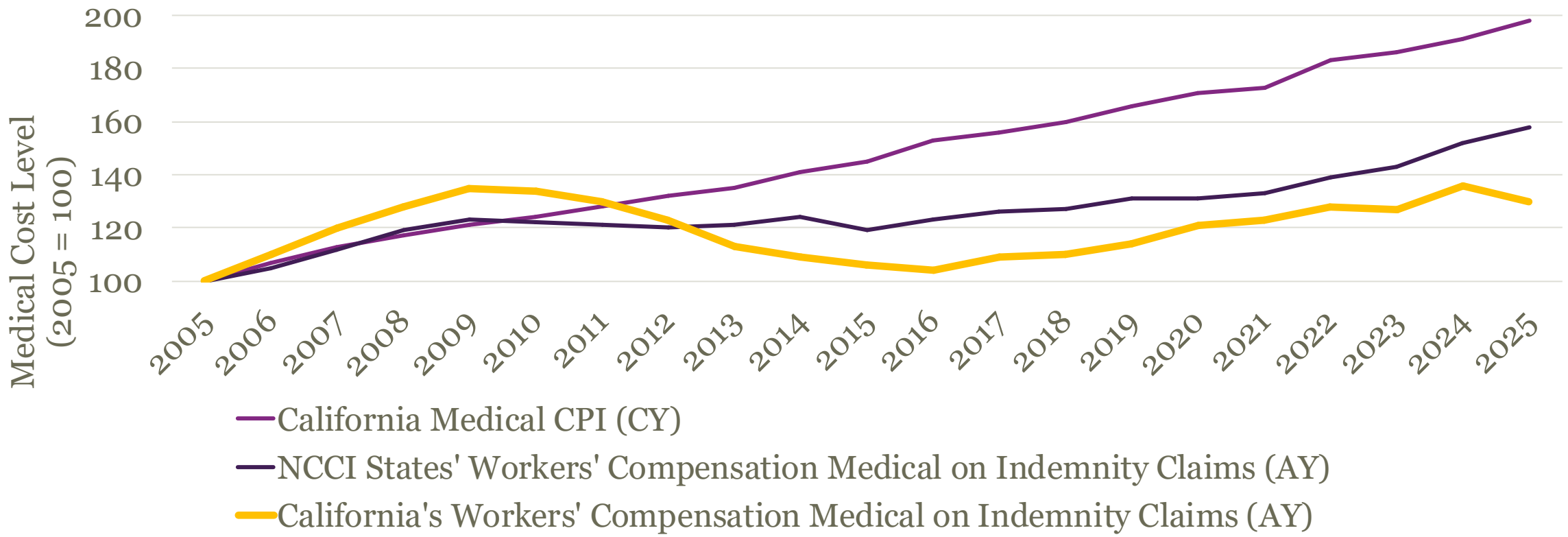
About the WC Medical Delivery Landscape in California

- Workers' Compensation (WC) responsible for all medically necessary care to treat consequences of workplace injury

- Major reforms in 21st century sought to control spending while maintaining quality and access
  - Medical Provider Networks (MPNs)
  - Official Medical Fee schedule (OMFS)
  - Drug Formulary
  - Utilization Review (UR) plans required for all payers
  - Independent Medical Review (IMR) and Independent Bill Review (IBR)

- Widely voiced concerns about care delivery:
  - Difficulty finding providers, especially specialty care
  - MPN network adequacy, complexity for patients and providers
  - Complexity and administrative burden often discourage provider participation
  - Utilization review
  - Payment and billing practices

Reforms Have Been Followed by Slower Medical Cost Growth



Source: WCIRB, "2026 State of the System."

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DIR Commissioned Three Studies Relevant to These Issues

- Utilization Review (UR): legislatively mandated with focus on Senate Bill 1160 (May 2025-June 2026)
- Qualified Medical Evaluators (QME): undertaken by CA Department of Industrial Relations (June 2024-May 2026)
- Access to Medical Care: legislatively mandated to monitor access (Feb 2026-Jan 2030)
- Study Leadership
  - Sara Heins: project lead/lead author on QME
  - Stephanie Renanne: project lead/lead author on UR
  - Myself: project lead/lead author on Medical Access
- Numerous RAND colleagues contributed to these studies:
  - Amy Mahler, Danya Birnbaum, Matthew B. Forbes, Travis Hubble, Shona Olalere Oluwatola, Cheryl K. Montemayor, Jennifer Gildner, Daniel Penoyer, Elizabeth Marsolais

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Overview of Medical Access Study

- Four-year study with broad scope
- Goals of first annual study:
  - Establish baseline for core measures of patient access and provider supply
  - Describe variation across regions and specialties
  - Examine care disruptions during COVID pandemic
  - Examine role of telehealth in access
- Yearly studies examine additional topics in greater depth

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- Yearly studies examine additional topics in greater depth
- Today I'll present high-level findings from Year 1 annual study

We Focus on Two Measures of Patient Access Examined in Previous Studies on Access to Care in Workers' Compensation

- Timeliness of Care
  - Days between injury and first receipt of care
  - Use date reported to employer
  - Restrict to cases with visit within 1 year
- Distance Traveled to Care (Driving Distance)
  - Employee ZIP code of residence
  - ZIP code of provider location (facility ZIP code)
  - Restrict to locations in California
- Examine measures for four types of care

Visit Type	Definition	Timeliness	Distance Traveled	% with Visit (2024)
Evaluation and Management (E&M)	E&M visit in setting other than inpatient or emergency department	Y	Y	90%
Physical Medicine	Physical therapy, chiropractic manipulation, or acupuncture	Y	Y	45%
Orthopedic	Visit with orthopedic surgeon or major musculoskeletal procedure		Y	12%
Behavioral Health	Visit with psychologist, psychiatrist, or behavioral health procedure		Y	2%

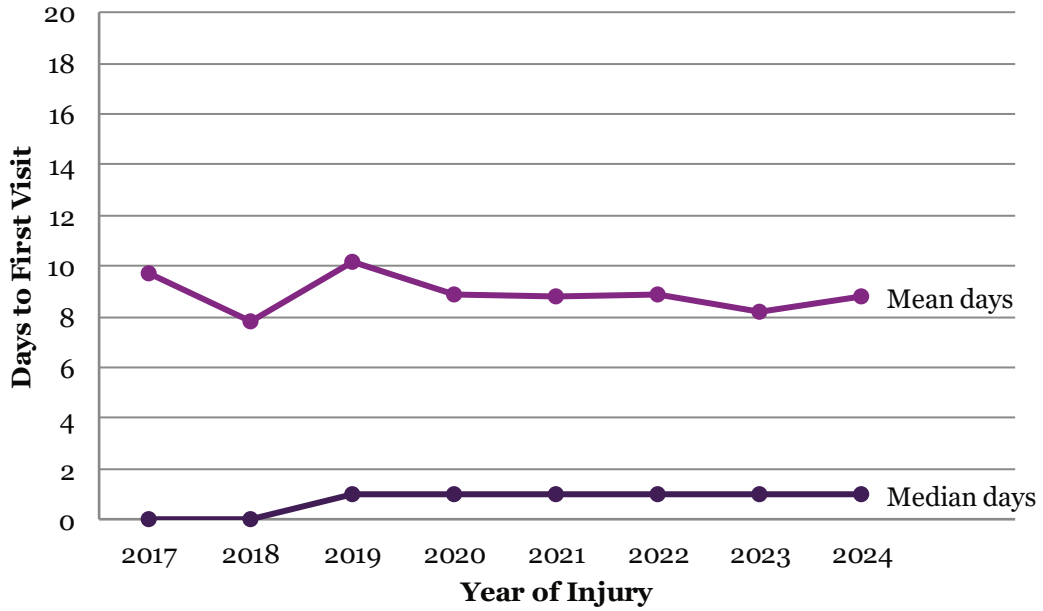
We Use Administrative Claims Data from the Workers' Compensation Information System (WCIS)

- 2017-2024 Workers' Compensation Information System (WCIS) Medical Bill Payment
- First Reports of Injury (FROI)
- Excluded from main analysis:
  - Non-specific injuries
    - Cumulative trauma
    - Occupational disease
    - Mental health
    - Multiple injuries
  - Denied claims (denial reported on FROI)
  - COVID-19 claims

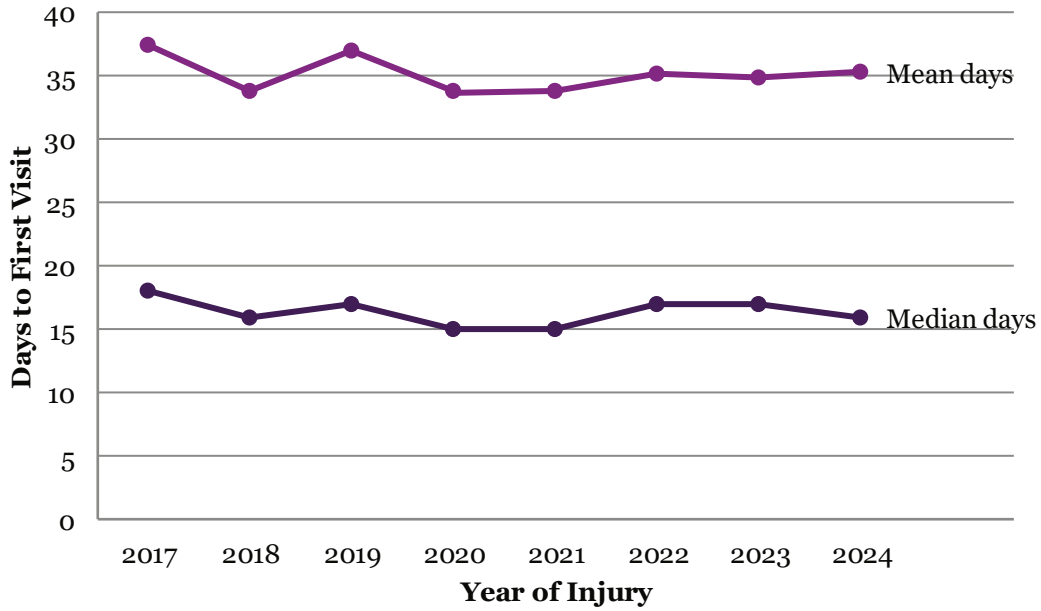
Nature of injury	Specific Injuries		Non-Specific Injuries	
Claim denial status	Accepted	Denied	Accepted	Denied
N claims, 2022 injuries	423,514	27,103	35,802	20,804
% of 2022 claims	81.7%	5.2%	6.9%	4.0%
N claims, 2023 injuries	419,375	25,890	41,211	22,657
% of 2023 claims	81.7%	5.0%	8.0%	4.4%
N claims, 2024 injuries	400,350	28,060	37,179	27,732
% of 2024 claims	80.9%	5.7%	7.5%	5.6%

Timeliness Has Changed Little in Recent Years

Mean and Median Days to First Visit: Evaluation and Management (E&M)



Mean and Median Days to First Visit: Physical Medicine

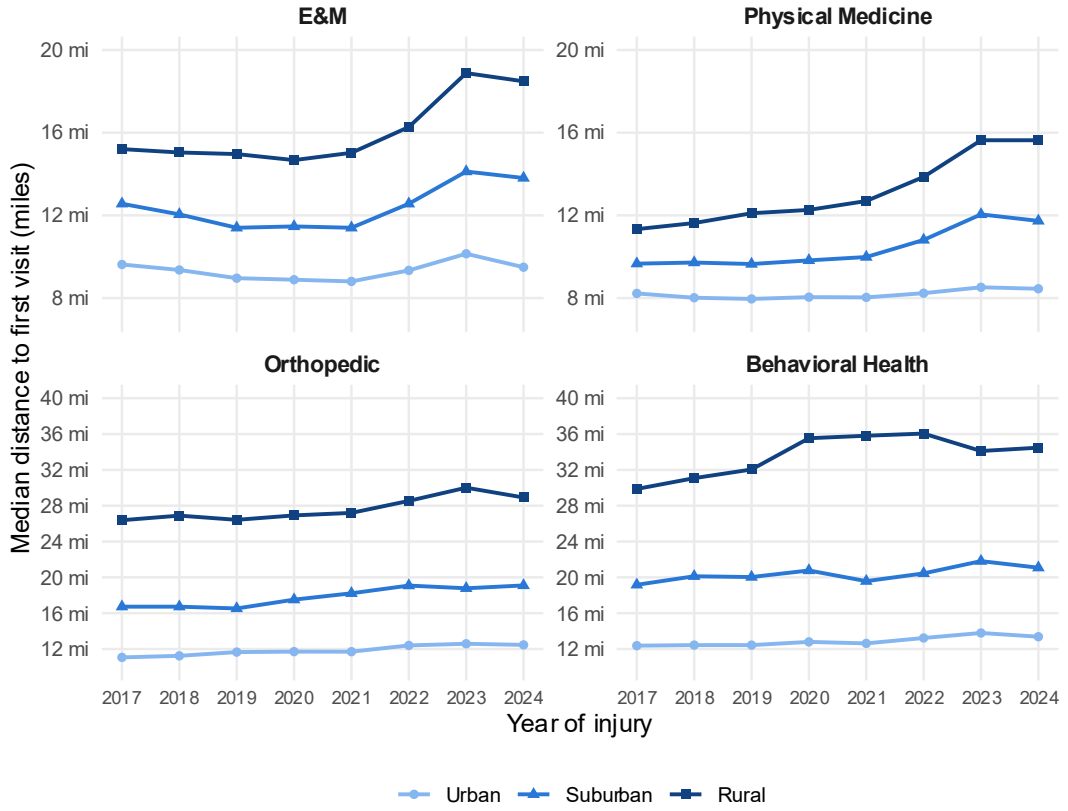


Distance Traveled is Rising in Suburban and Rural Areas

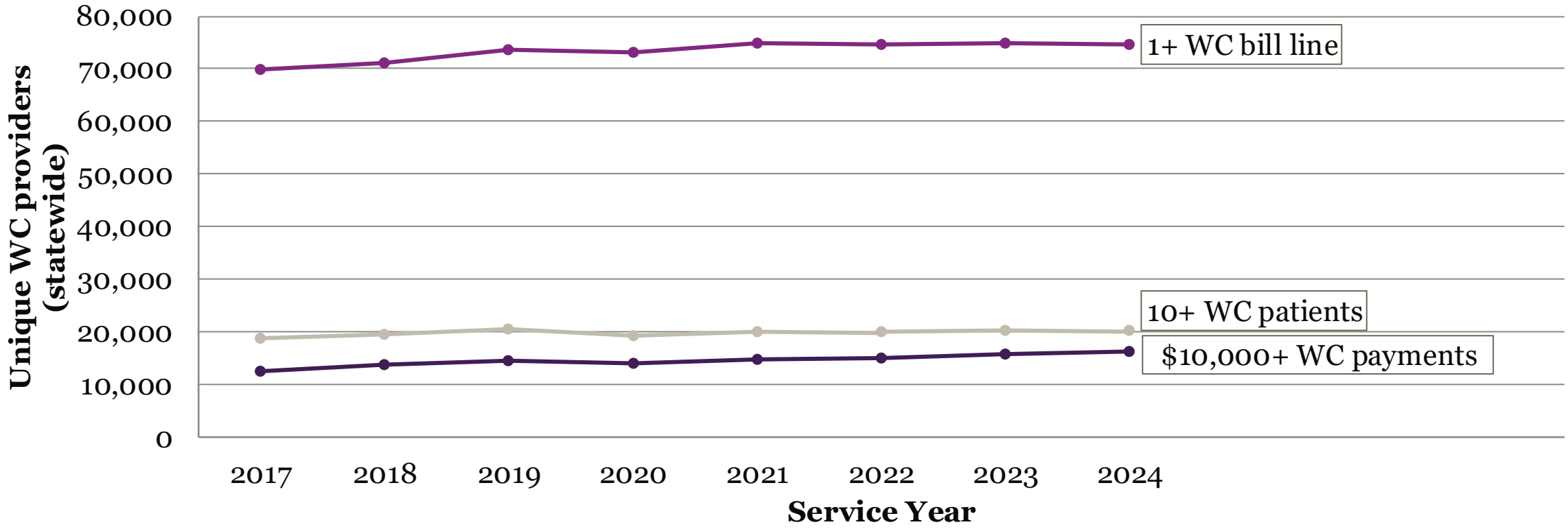
Median Distance Traveled by Year of Injury

Year of Injury	E&M	Physical Medicine	Orthopedic	Behavioral Health
2017	10.8	8.8	13.8	15.6
2018	10.6	8.7	14.1	15.7
2019	10.2	8.7	14.5	15.8
2020	10.2	8.9	15	16.9
2021	10.2	8.9	15	16.5
2022	10.8	9.3	15.6	16.8
2023	12.1	9.9	16.1	17.7
2024	11.4	9.8	15.9	17.4

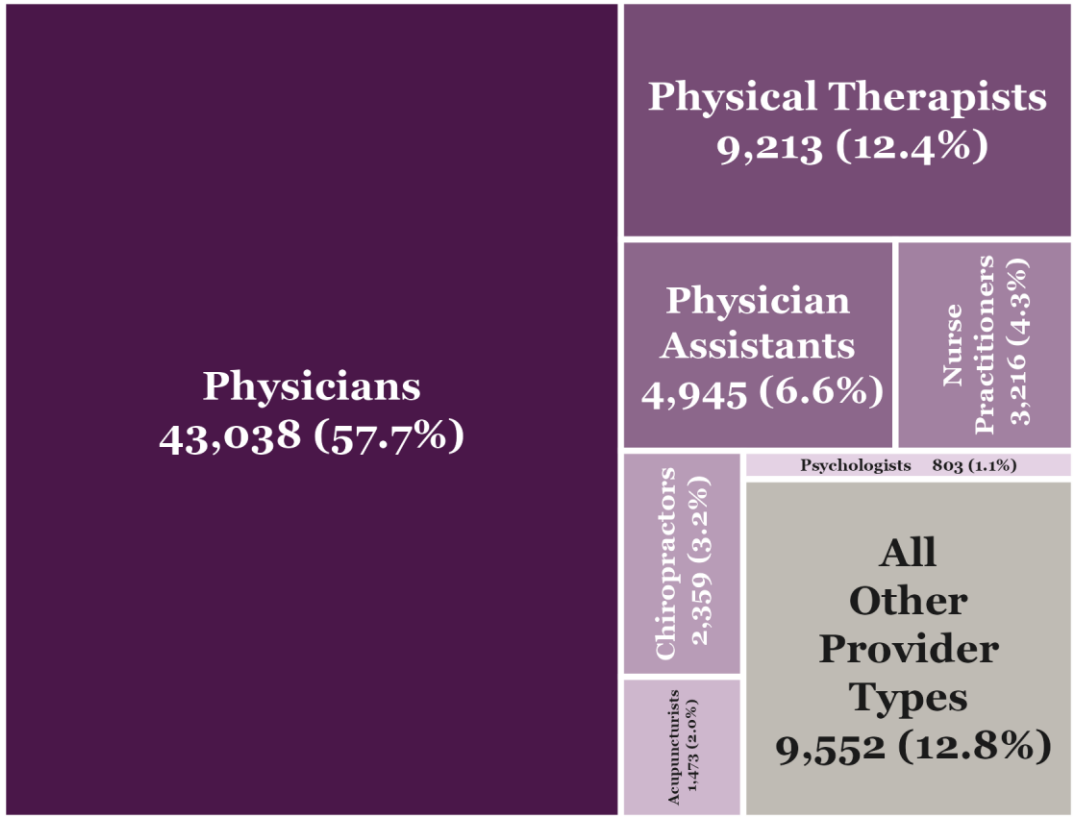
Distance Traveled by Population Density



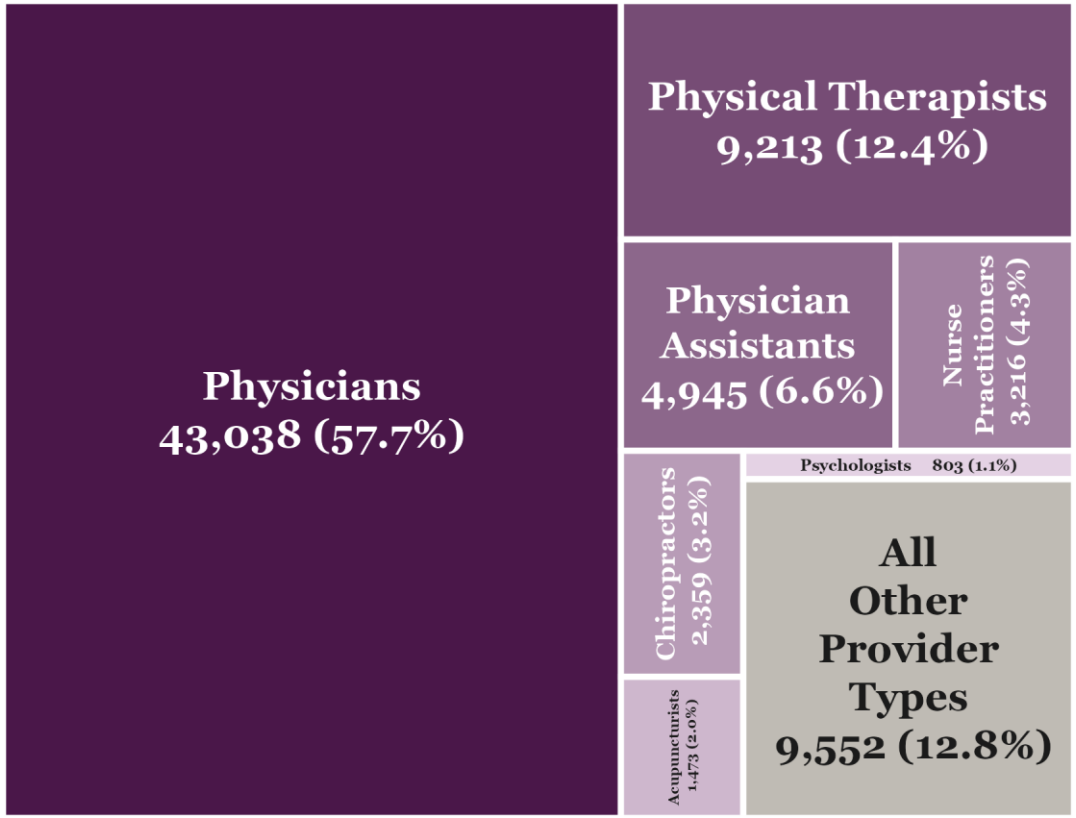
The Number of Providers Participating in Workers' Compensation Has Been Flat Since 2021

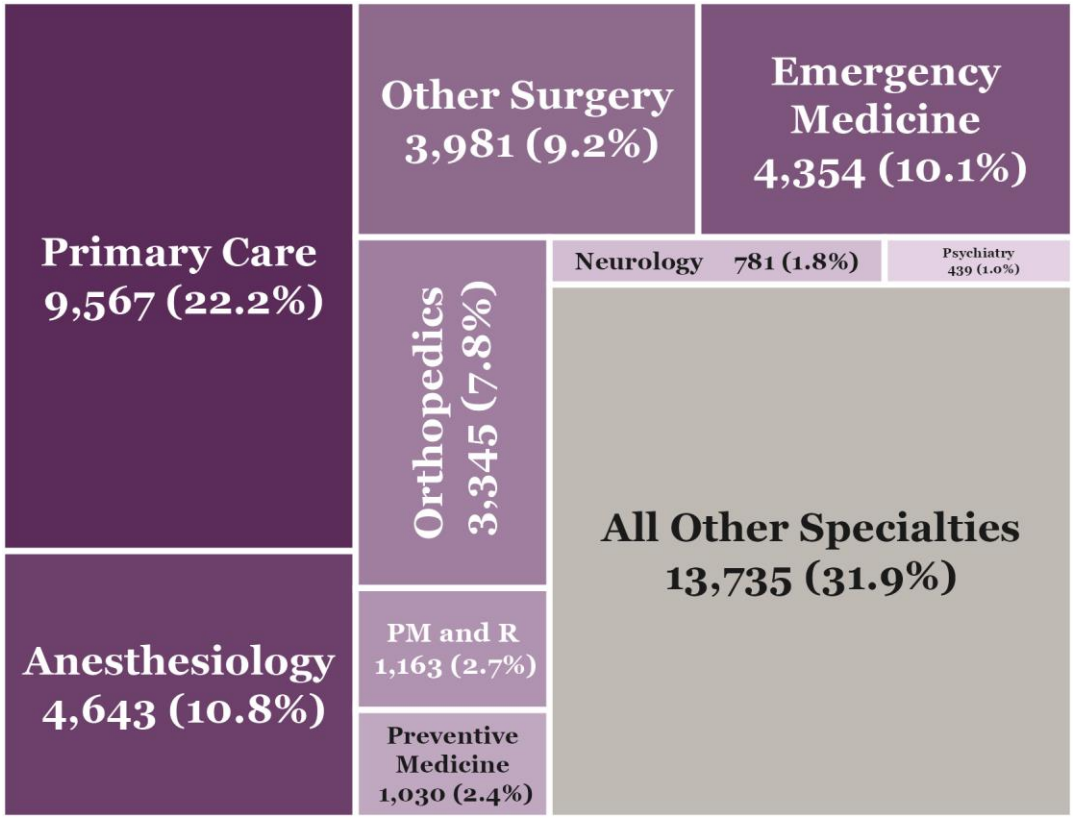


Most Participating Providers are Physicians



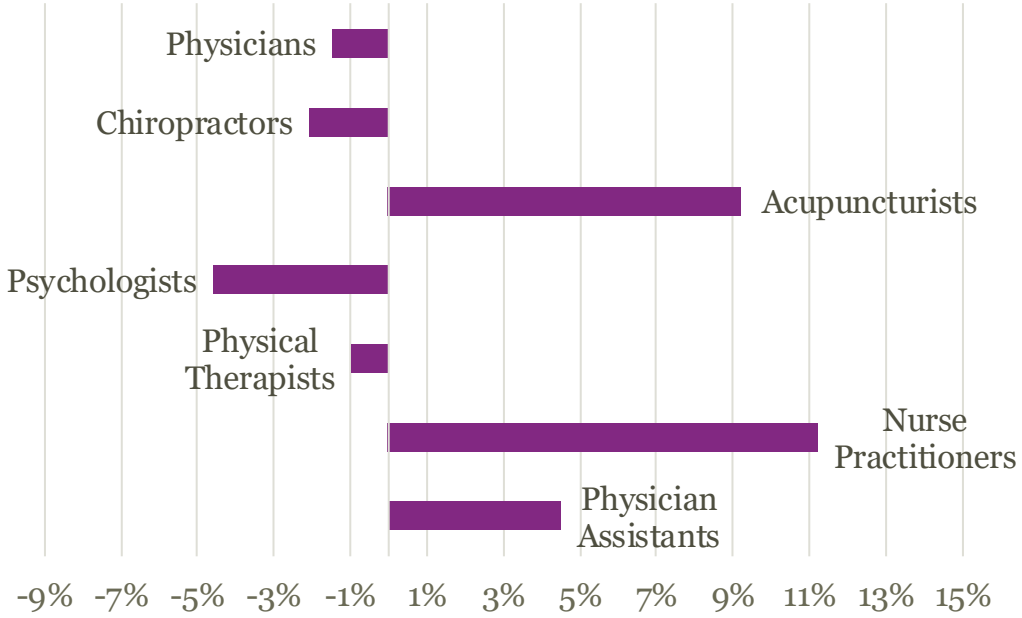
We Also Describe Participation by Physician Specialty





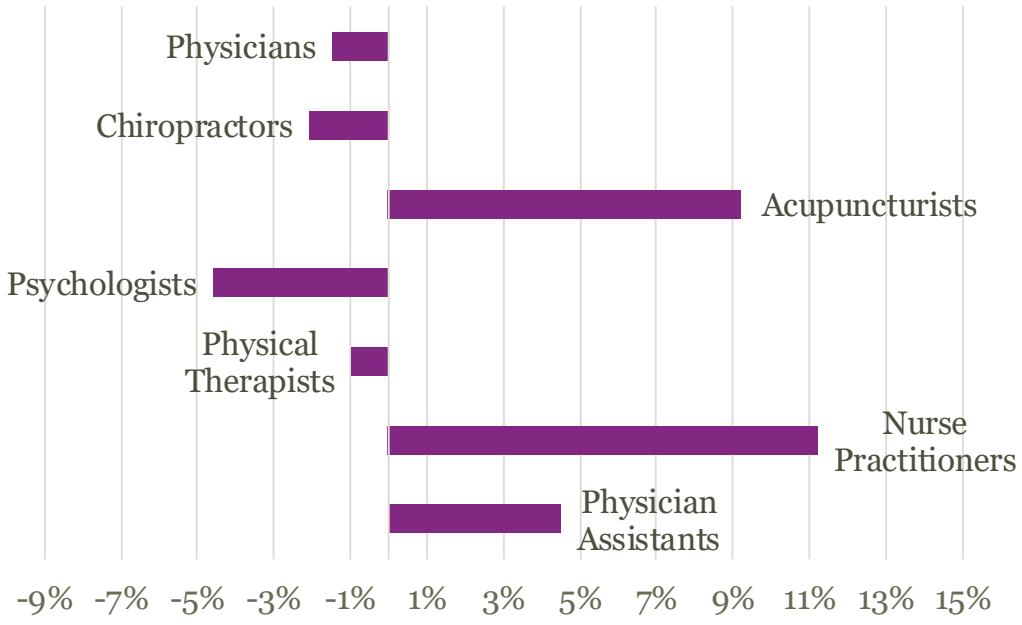
Provider Mix Is Shifting Toward Advanced Practice Providers

% Change from 2022-23 Average to 2024

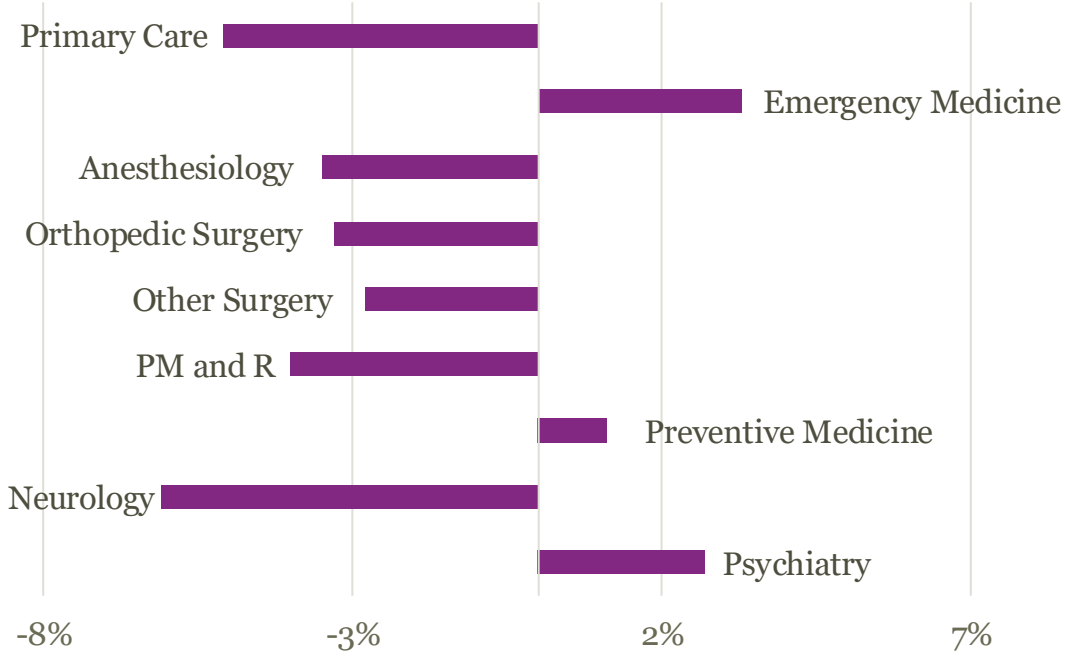


Physician Participation Declined in Most Specialties

% Change from 2022-23 Average to 2024

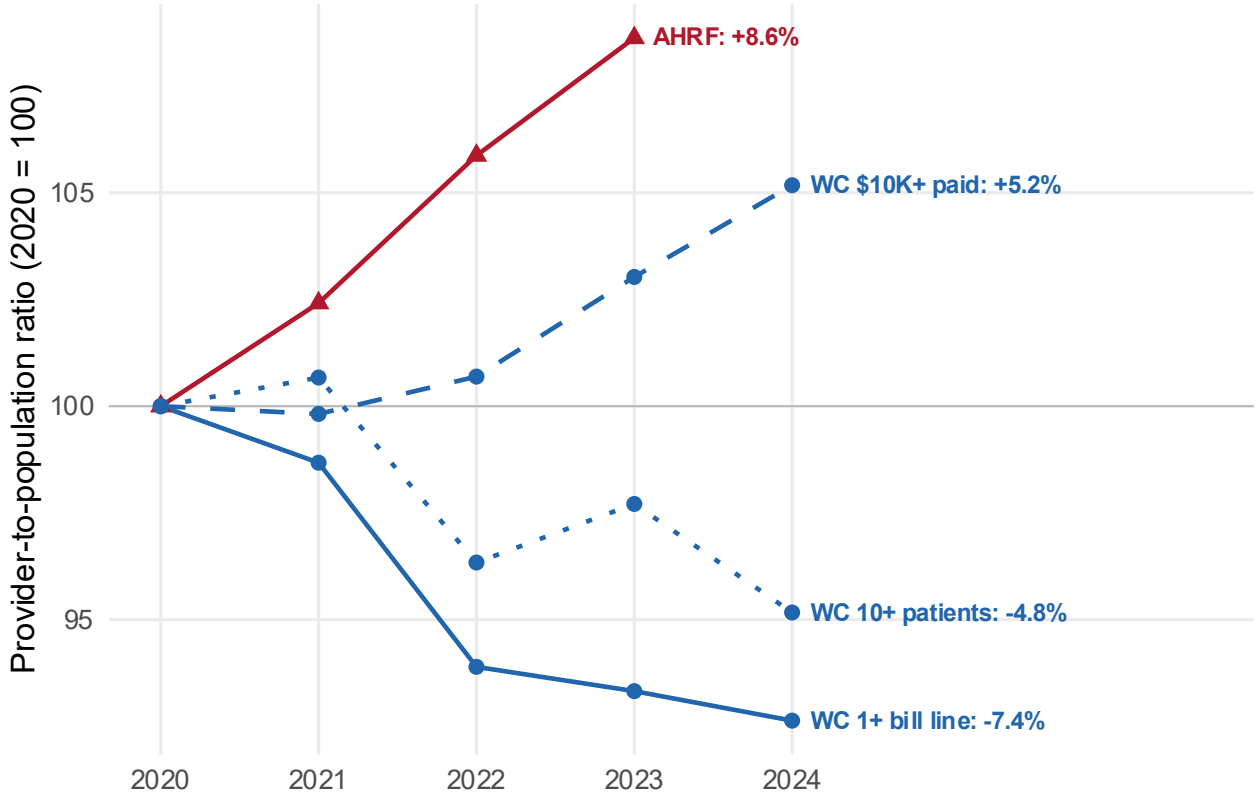


% Change from 2022-23 Average to 2024

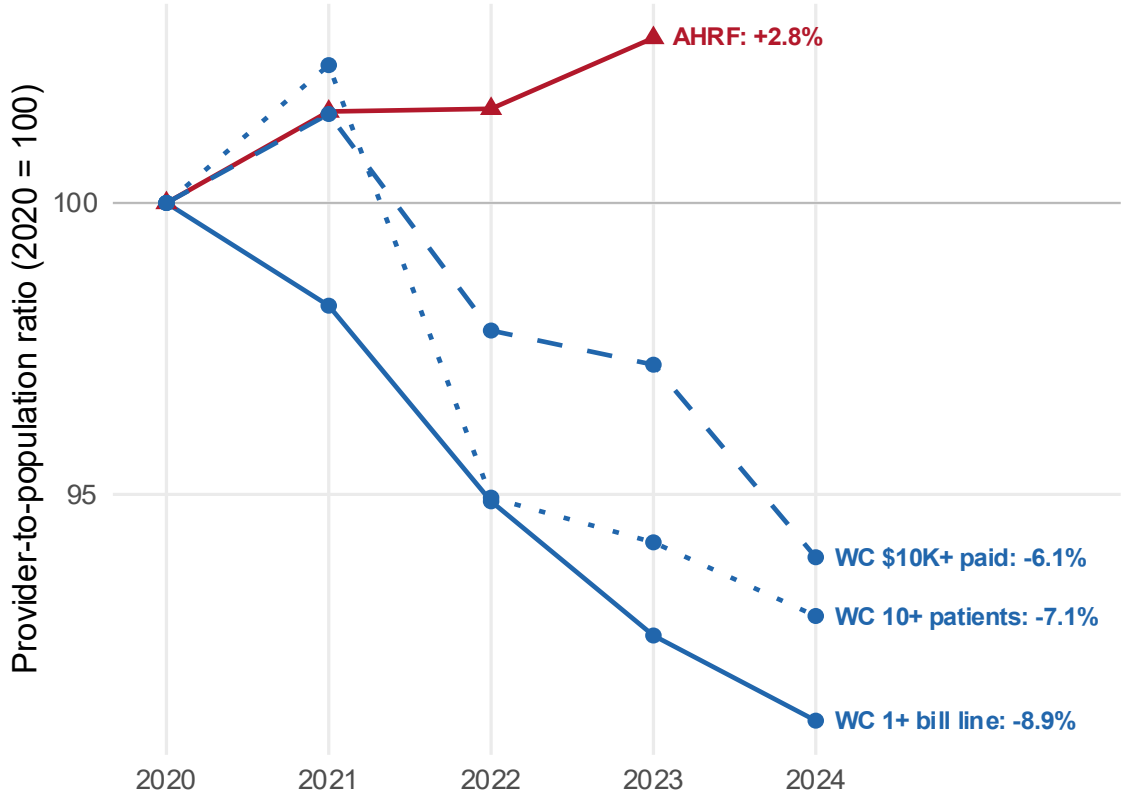


Physician Participation Has Not Kept Up with Growth in Licensed Physicians in the General Health Care System

All Physicians



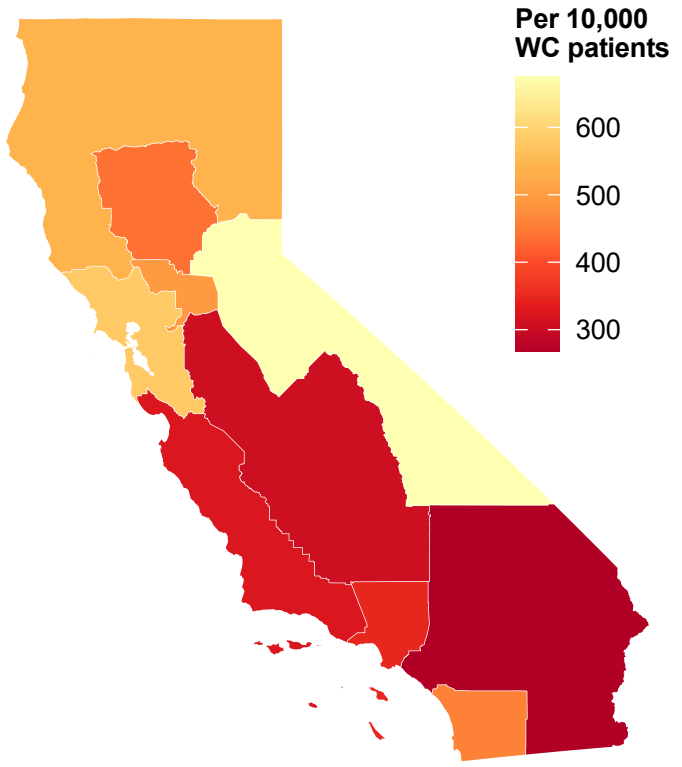
Orthopedic Surgeons



Supply of Providers Participating in Workers' Compensation Varies Widely Across Regions

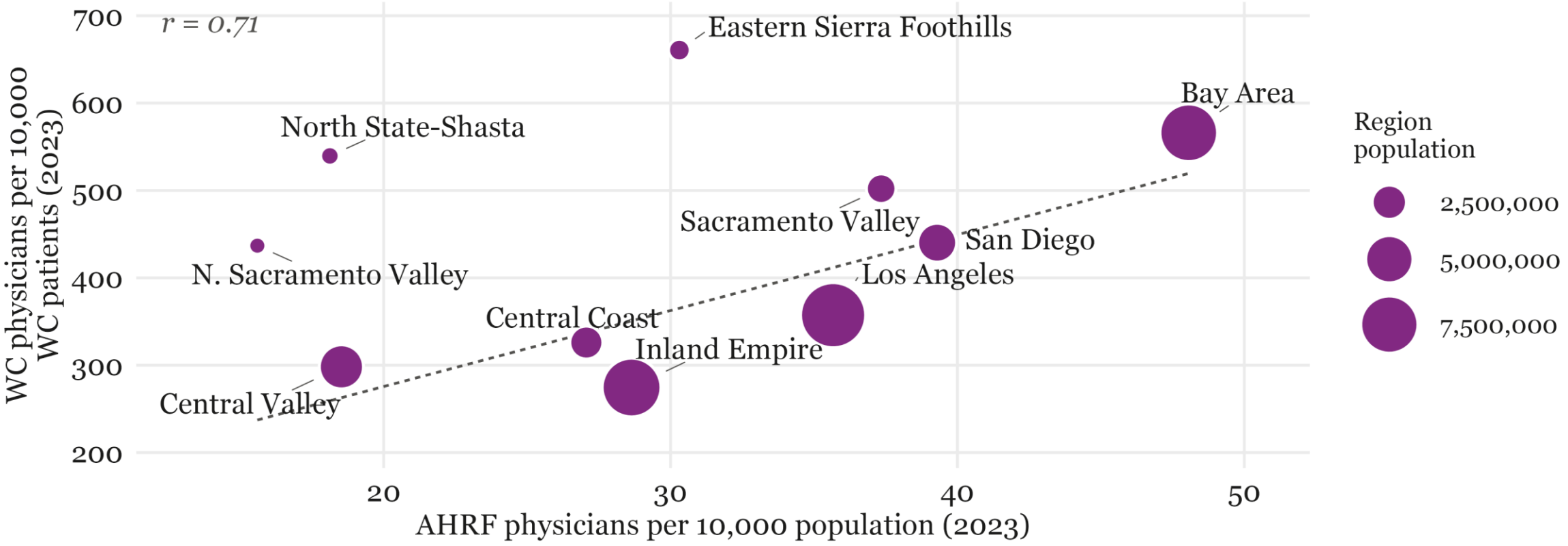
Provider practice region	WC physicians	WC patients	WC physicians per 10,000 patients
Bay Area	8,272	142,668	580
Central Coast	1,975	61,053	323
Central Valley	3,686	120,650	306
Eastern Sierra Foothills	1,066	15,788	675
Inland Empire	5,320	198,569	268
Los Angeles	8,378	241,719	347
N. Sacramento Valley	459	10,432	440
North State-Shasta	707	13,076	541
Sacramento Valley	1,890	38,165	495
San Diego	3,022	66,050	458

Physicians per 10,000 WC Patients by Region, 2024



Regional Differences in Supply of WC Providers Often Reflects State of General Health Care System

Physicians Serving Workers' Compensation Patients versus Physicians with Active Licenses



Medical Access Study: Findings from the First Annual Report Have Mixed Implications for State of Access to Care

- Timeliness of care stable for E&M and physical medicine
- But provider supply in workers' compensation has not kept up with general health care system
  - Number of participating providers has been flat
  - Provider composition shifting away from physicians and toward advance practice professionals
- Distance traveled increasing in last few years
  - Increases driven by rural and suburban areas
- Important to monitor for further indicators of access challenges

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Study Overview

- SB 1160 (enacted 2016, effective Jan. 2018) eliminated prospective UR requirements for most treatments in the first 30 days after injury — with the goal of reducing administrative friction and faster care for workers
- Legislatively mandated study to evaluate impact of SB 1160
- Research Questions:
  - Did UR approval rates change after SB 1160 took effect?
  - Did injured workers receive recommended treatments more often and more quickly?
  - What should DIR and the Legislature do next?

Utilization Review in California Workers' Compensation

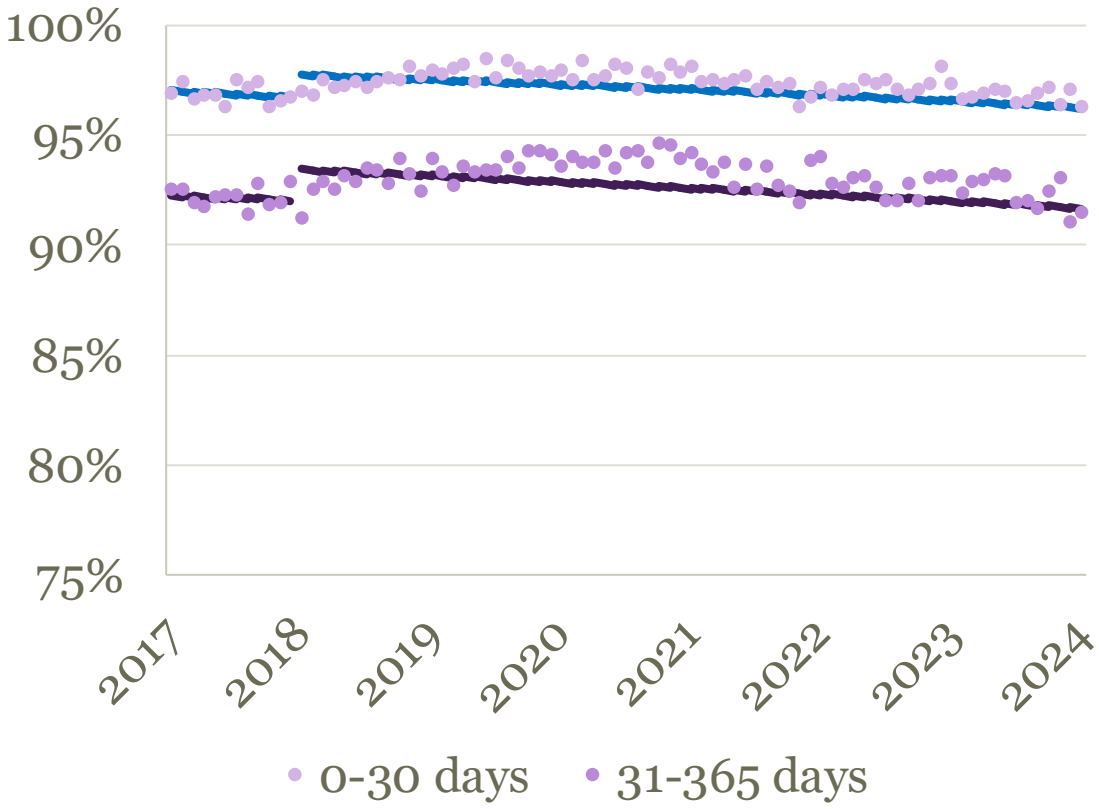
- Claims administrators evaluate if proposed treatment is
  - medically necessary
  - consistent with evidence-based guidelines
- All employers required to have a UR program (Labor Code §4610, first established by SB 228 in 2003)
- Treatment evaluated against MTUS: evidence-based standard for "reasonable and necessary" care
- UR serves multiple purposes: ensuring appropriate care, controlling costs, preventing fraud, and holding providers to a consistent standard
- Concerns about UR:
  - Providers face administrative burden submitting Requests for Authorization (RFAs)
  - Delays in UR decisions can mean delays in care for injured workers
  - Denials may not always reflect the full clinical picture a treating provider has

We Combined Four Data Sources to Examine Both UR Processes and Treatment Outcomes

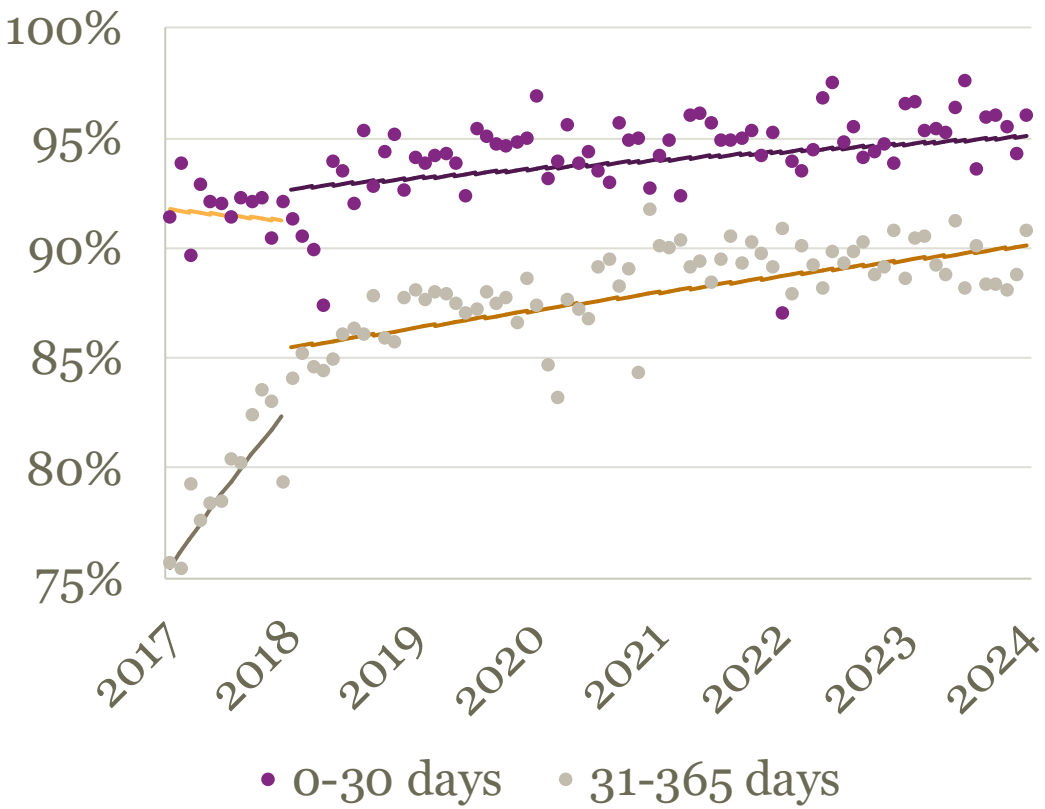
- RFA Data shared voluntarily by two large claims administrators
- UR Audit Data from DIR: small random sample of RFAs (N = 1,450-3,000 per year)
- Independent Medical Review (IMR) data from DIR: UR decisions that were appealed (N = 276,119)
- WCIS medical billing data: used to measure receipt of recommended treatment in first 30 days of claim
- Focus on 2017-2023 injury dates

Claim Administrator RFA Data Shows Approval Rates in First 30 Days were Already High Before SB 1160; No Evidence of Change

RFA Approval Rate by Month of Injury, Claim Administrator A



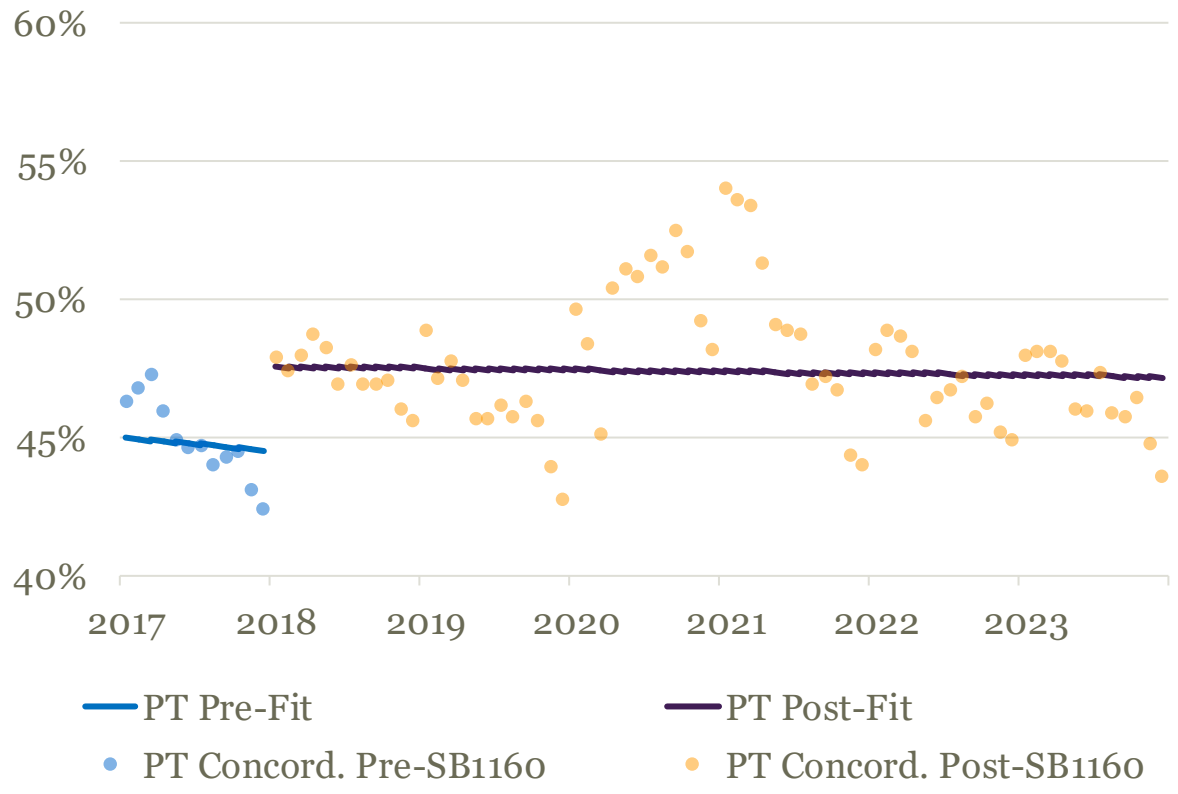
RFA Approval Rate by Month of Injury, Claim Administrator B



Modest Improvements in Physical Therapy Utilization, but Other Early Treatments Largely Unchanged

- Selected conditions that:
  - could be identified in claims data
  - had clear MTUS recommendations
- What share of patients received guideline-concordant (or discordant) care?
- Did rates of concordant care change after SB 1160? (interrupted time-series)

Receipt of Guideline-Concordant Physical Therapy within 30 Days by Month of Injury



Implications for SB 1160 and UR Reform

- Modest effect size of SB 1160 impact across all treatment types
- Common early treatments likely approved, delivered timely before the law's implementation
- IMR data suggest vast majority of UR decisions that are appealed occur past the 30-day window

What could help?

- Payers' UR plans have exemptions
  - These vary across payers and may not be well-understood by providers
  - More standardized reporting of exemptions
- SB 1160 approach (exempt guideline-concordant care from UR) could be expanded beyond 30-day window
- Data collection on RFAs and outcomes still needed
- We make recommendations about data elements that could be included in the UR database in development

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DIR Asked RAND to Address Key Questions about the QME System

1. Is there a mismatch between the supply and demand of QMEs across specialties and geographic areas?
2. What is the best way to recruit and retain QMEs?
3. How have recent changes to the QME reimbursement structure impacted overall costs to the workers' compensation system, and should additional changes be considered?
4. What have been the impacts of structural changes to QME selection, and should additional changes be considered?
5. How can medical record delivery to QMEs be improved?
6. How has the quality of Med-Legal reports changed since 2012, and what is the best way to ensure the quality of QME reports?
7. Are the time frames built into the QME process appropriate and being met?
8. Are remote telehealth/remote health evaluations being used appropriately, and should any changes regulating their use be considered?
9. How have litigation practices in the Med-Legal system changed since 2012?
10. What role have medical management companies (MMCs) played in the Med-Legal process?

We Used a Mixed-Methods Approach

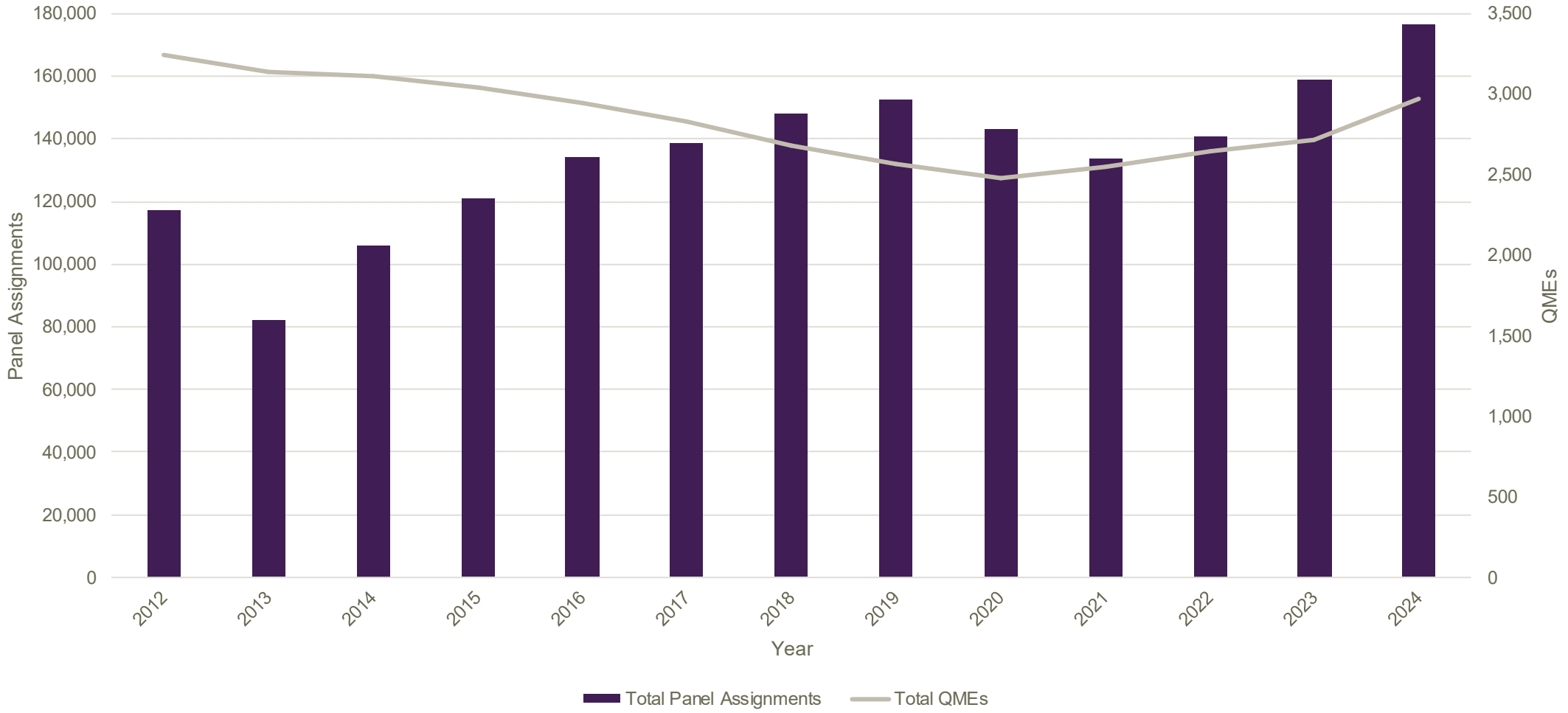
Qualitative Methods

- Reviewed 17 states' Med-Legal processes and interviewed officials from two states (CO, TX)
- Interviewed with 25 CA stakeholders
  - Applicant attorneys
  - Defense Attorneys
  - Injured Workers
  - MMC representatives
- 6 focus groups, including:
  - 11 active QMEs
  - 10 former QMEs

Quantitative Methods

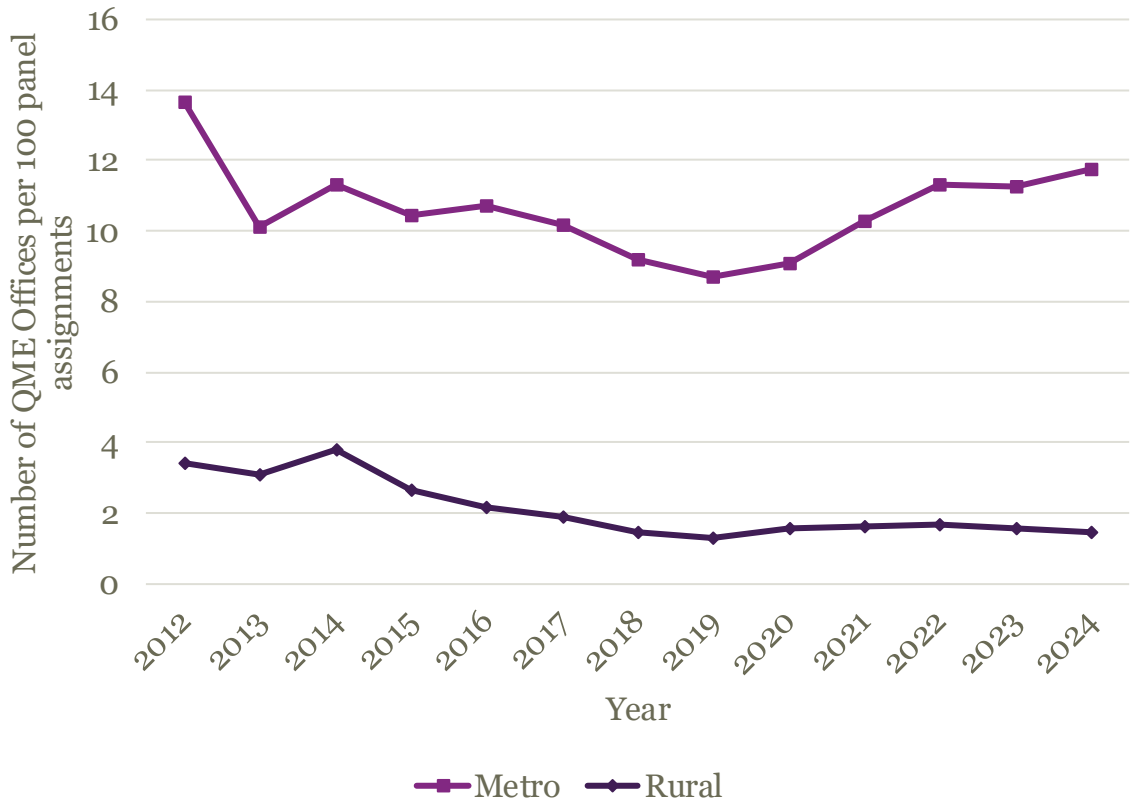
- Analyzed DIR records from QME system at levels of QME, office, and panel assignment
- Analyzed WCIS data
- Analyzed case status (EAMS) data
- Merged data to answer questions such as time from panel assignment (QME data) to evaluation (WCIS)

The number of QMEs has slightly increased in recent years



Gaps in QME Supply in Rural Areas and for Subspecialties Remain

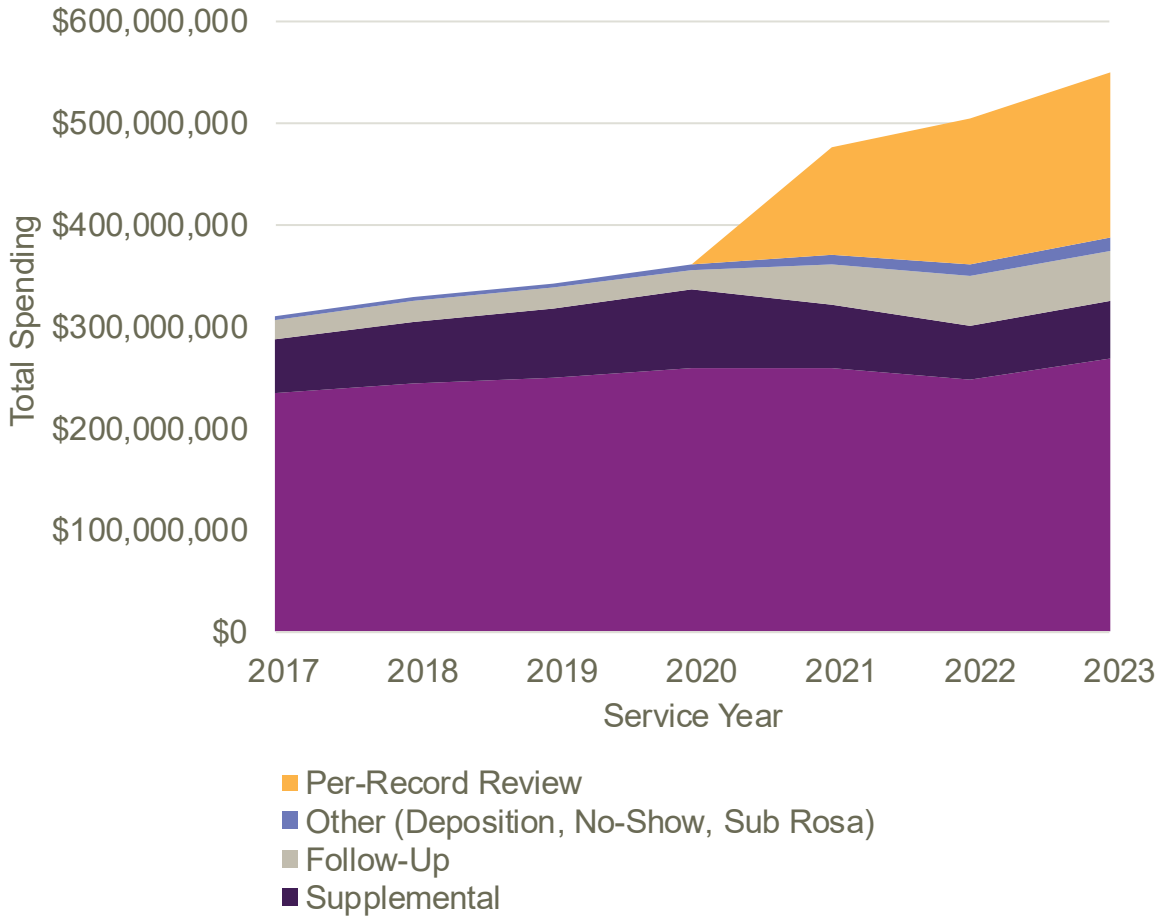
Increases in QME offices have mostly occurred in metro areas

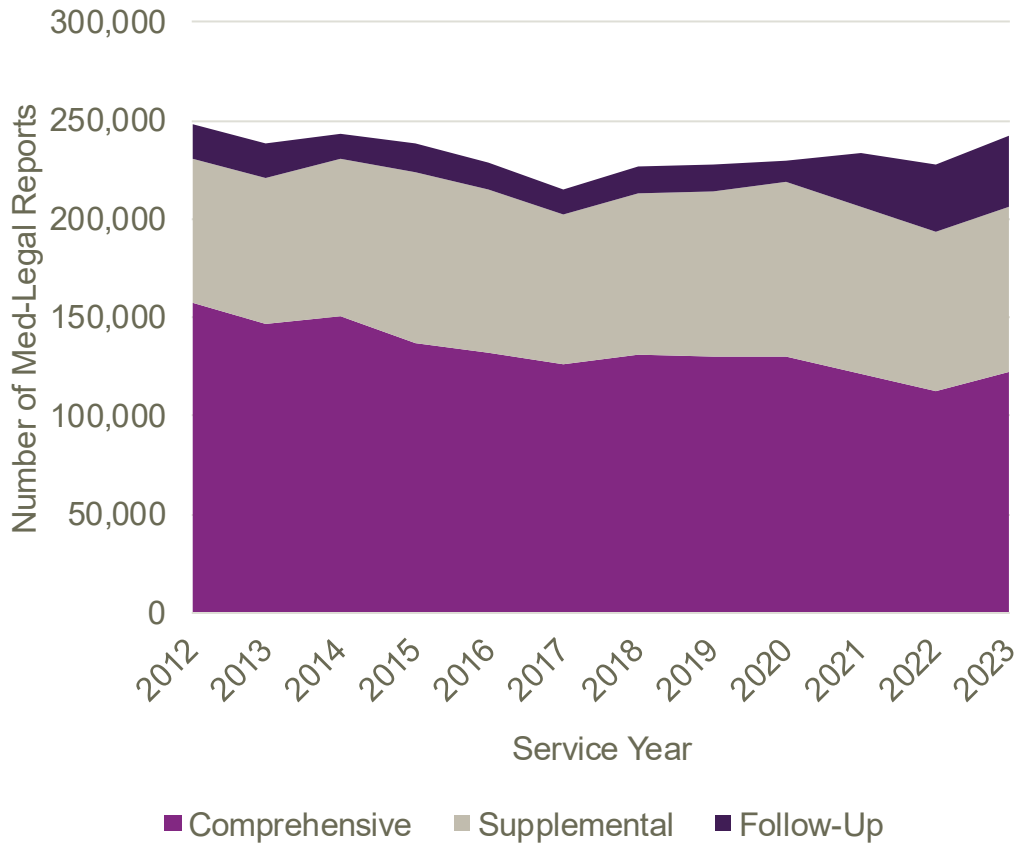


Some panel subspecialties, such as oncology, have not been issued since 2015

	Average Yearly Panel Assignments	
Specialty	**2012-2014**	**2016-2024**
Endocrinology	145	0
Hematology	68	0
Infectious Disease	255	0
Nephrology	44	0
Oncology	283	0
General Internal Med.	5,761	5,850

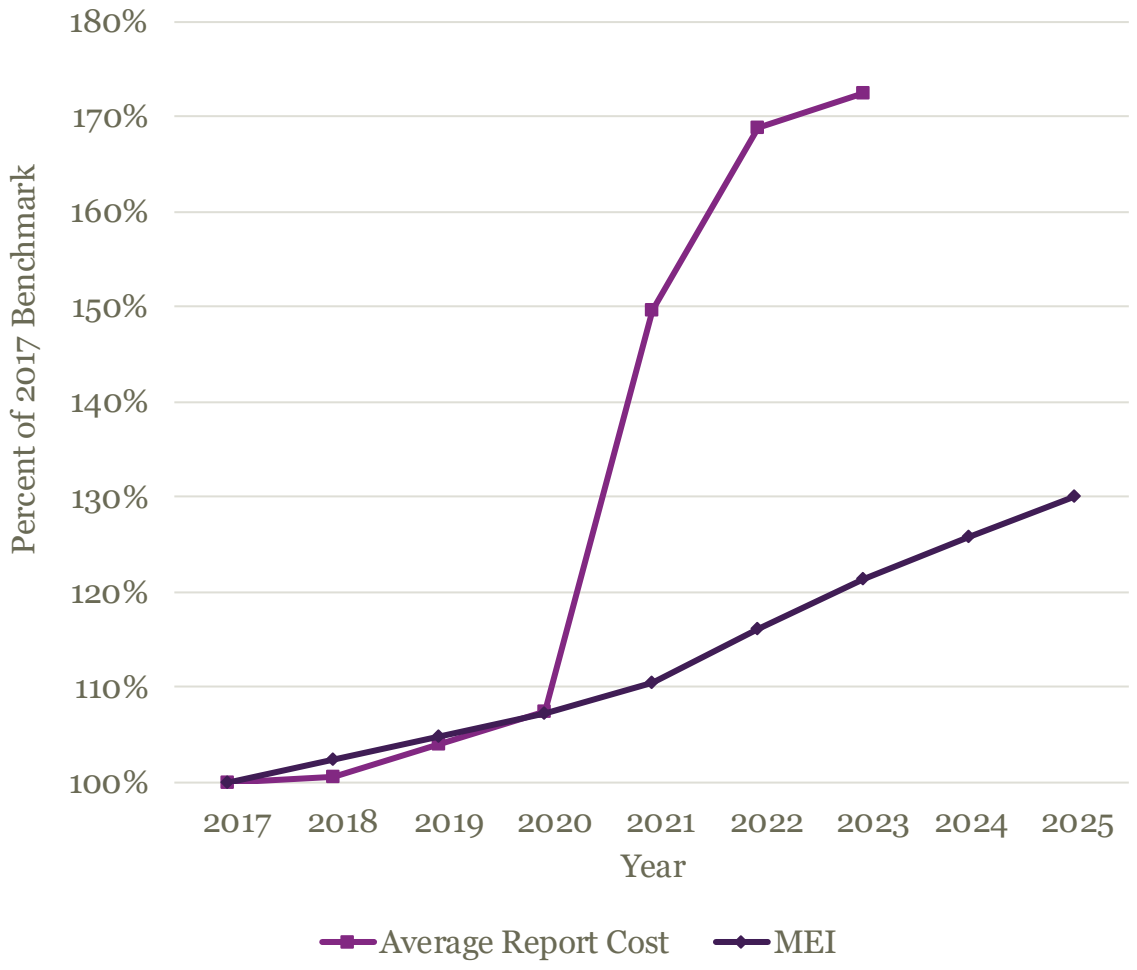
Med-Legal Payments and Follow-Up Reports Increased Significantly Following the 2021 Fee Schedule Change





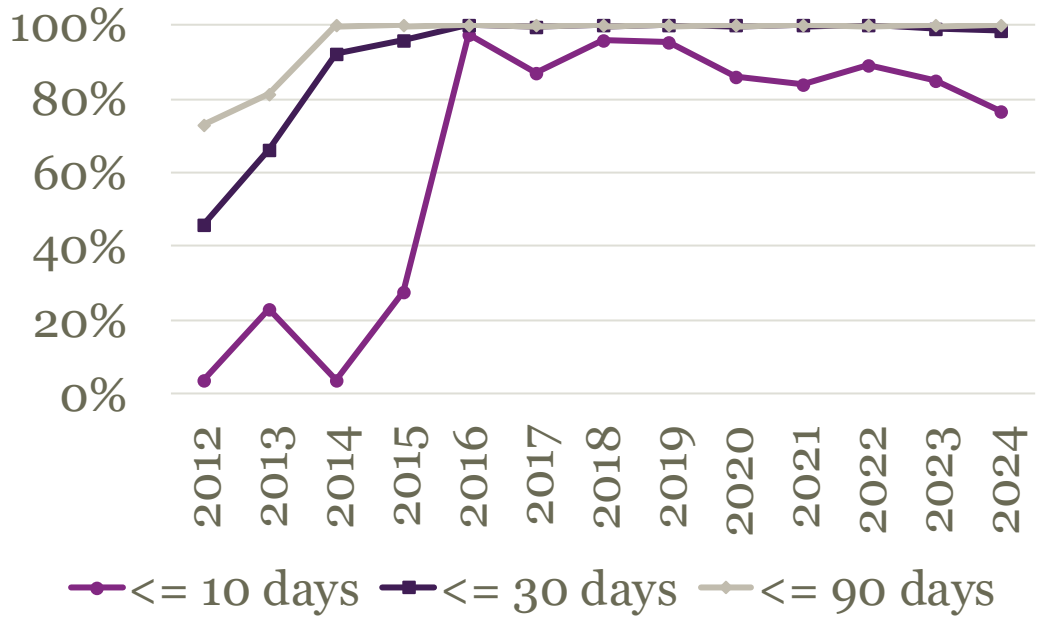
Med-Legal Payments Are Beginning to Level Off After Fee Schedule Increase, and QMEs Voiced Sustainability Concerns

- While initial payments per report increased, the fee structure does not include automatic increases for inflation
- A cost-of-living adjustment tied to inflation was the most frequent request in QME focus groups
- Texas's fee schedule includes automatic evaluator payment adjustments tied to the Medicare Economic Index (MEI)
- This was viewed as important to the state's ability to attract and retain evaluators

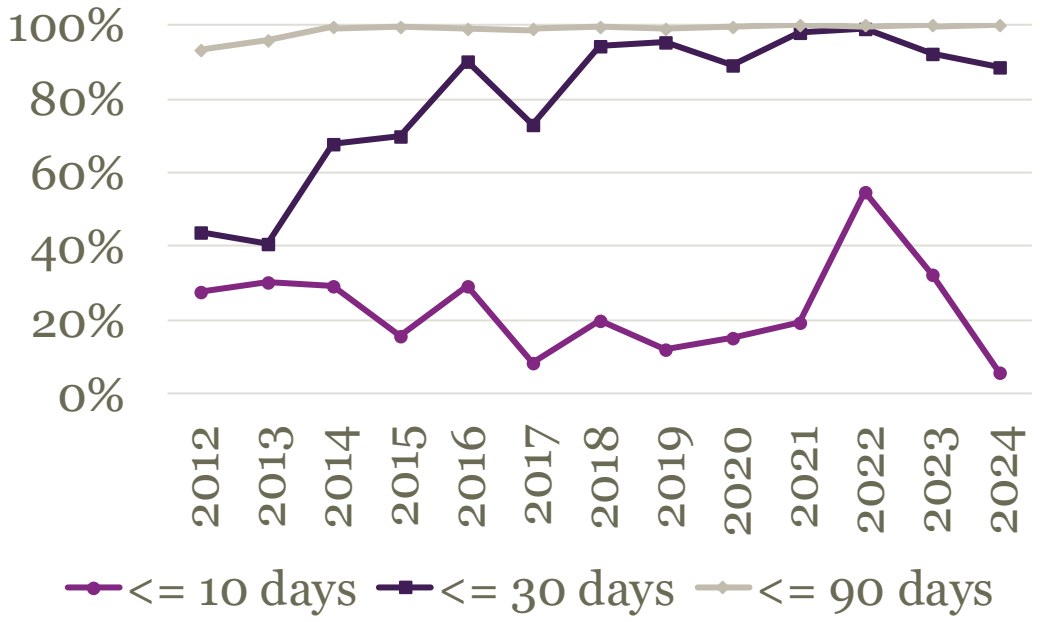


Time From Panel Request to Assignment Has Improved, But Gaps Remain, Especially After the Initial Request

Days from Panel Request to Assignment, Initial Requests by Year of Request



Days from Panel Request to Assignment, Subsequent Requests by Year of Request



Select Recommendations and Consideration

High-Level Recommendation	Action for Consideration
Increase the number of QMEs with specific characteristics	• Increase recruitment efforts from under-represented specialties and in rural areas • Include fee schedule modifiers for examinations for under-represented specialties or in rural areas • Allow offices beyond the ten-office limit for offices in rural areas
Ensure adequate compensation to recruit and retain QMEs	• Monitor average QME payments relative to the Medicare Economic Index and consider adding a cost-of-living adjustment to fee schedule
Reduce time-to-case resolution	• Give unrepresented injured workers the option of requesting a panel online

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Medical Access Study Will Look Closer at Specific Factors Affecting Access to Develop Policy Recommendations

- UR and QME studies completed
- Medical Access Study continues through end of 2029
- Core measures (patient access, provider supply) to be updated annually
- Future annual studies will include in-depth analysis of how certain system features affect access
  - MPNs and PPO agreements and association with access
  - UR, IMR, IBR processes and association with access and provider participation
- Final report (2029) will synthesize findings and make policy recommendations

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Timeliness for Non-Specific and Denied Claims

Nature of Injury Claim Denial Status	Specific Accepted	Specific Denied	Non-specific Accepted	Non-specific Denied
Median days to first E&M visit	Median days to first E&M visit	Median days to first E&M visit	Median days to first E&M visit	Median days to first E&M visit
Median days, 2022 injuries	1	4	2	27
Median days, 2023 injuries	1	4	2	27
Median days, 2024 injuries	1	5	2	29
p-value, 2024 vs. 2022-23 average	<0.001	0.094	<0.001	<0.001
Mean days, 2022 injuries	8.9	37.7	23.1	66.2
Mean days, 2023 injuries	8.2	37.6	24.8	64.5
Mean days, 2024 injuries	8.8	37.2	22.8	65.9
p-value, 2024 vs. 2022-23 average	0.001	0.498	0.003	0.527