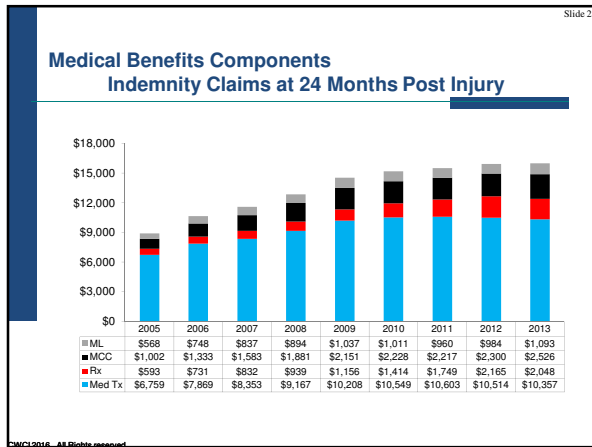
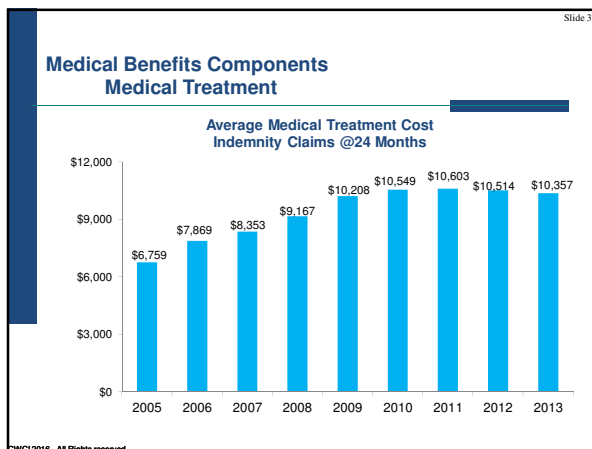

What's Next in the California Workers' Compensation System in 2016 & Beyond

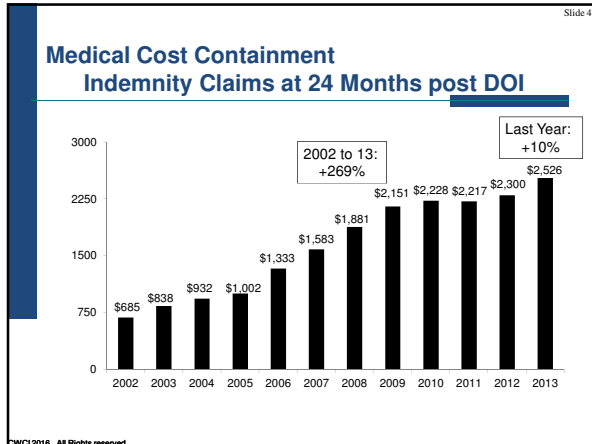
 Alex Swedlow
 President
 CWCI

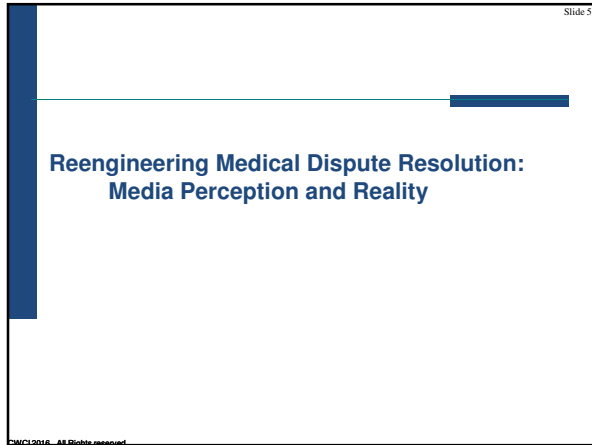
 Casualty Loss Reserve Seminar
 Chicago, Illinois
 September 19, 2016

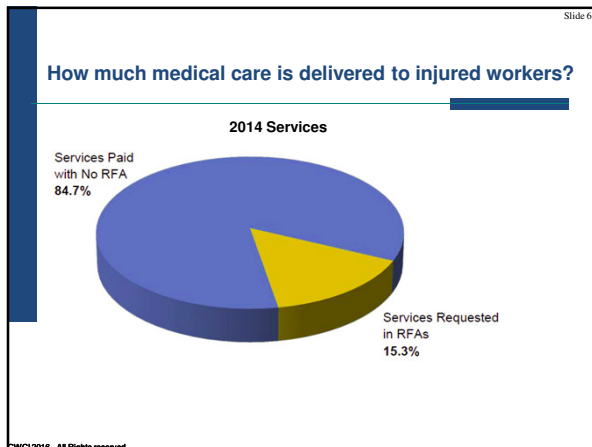
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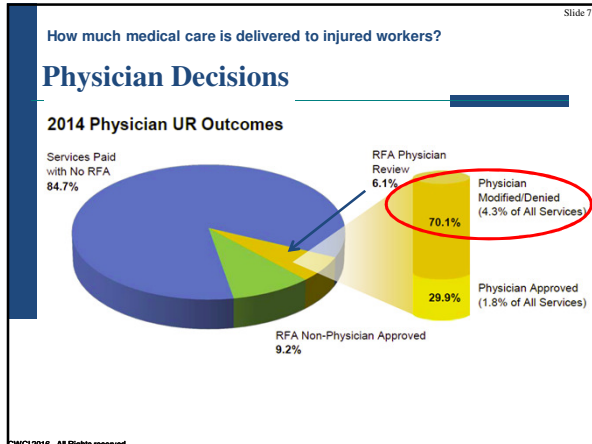


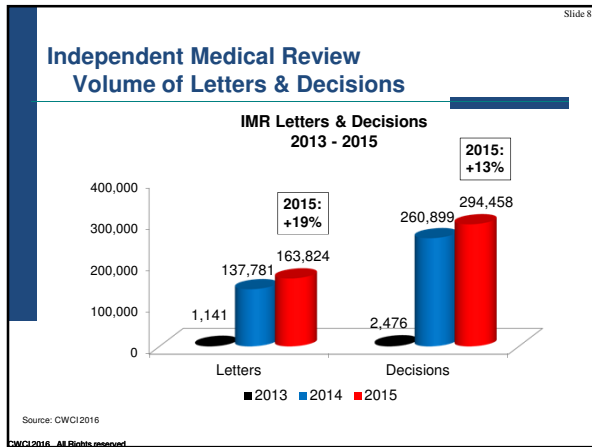


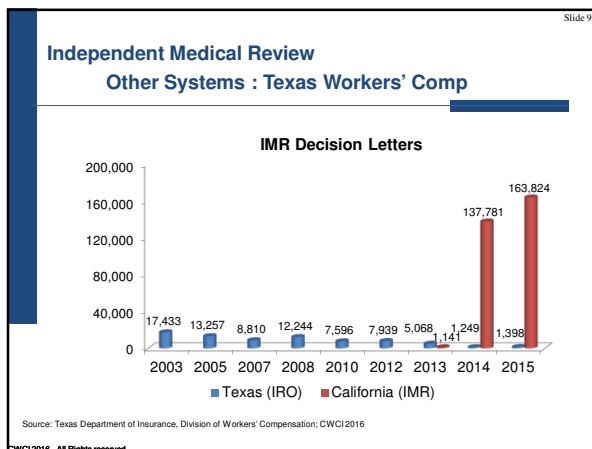












Slide 10

IMR Decision Results Volume & Timing

UR Denials/Modifications Upheld vs Overturned

2016 – Annualized from First Quarter

Result	Services	%
Upheld	271,456	88.8%
Overturned	34,168	11.2%
Total	305,624	100%

2015

Result	Services	%
Upheld UR	260,834	88.6%
Overturned UR	33,624	11.4%
Total	294,458	100%

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Slide 11

IMR Decision Results By Service

2016 IMR Distribution & Uphold Rates by Medical Service Category

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	100.0%	100.00%	100.00%	91.3%	88.6%	88.8%

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Slide 12

IMR Decision Results By Top Providers

2015 Results

% of Decisions for Top Volume Providers

Number of Providers	Percentage of Decisions
Top 1 (1%)	46%
Top 2 (2%)	
Top 3 (3%)	
Top 4 (4%)	
Top 5 (5%)	
Top 6 (6%)	
Top 7 (7%)	
Top 8 (8%)	
Top 9 (9%)	
Top 10 (10%)	85%

2016 Results

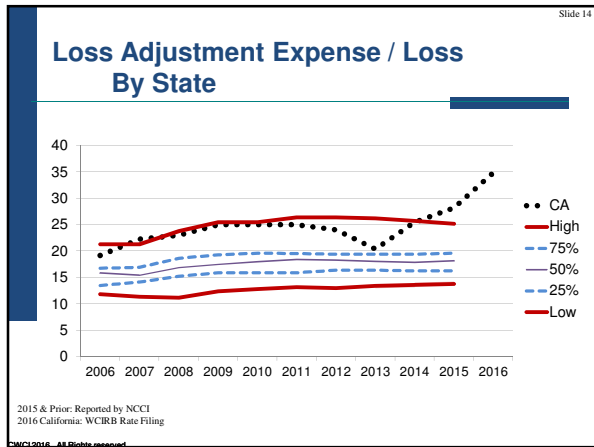
- 1 Q 2016 identified 5,525 unique provider names.
- Top 10 individual physicians associated with 11% of disputes.
- Top 1% of providers (N=53) linked to 31% of disputes
- Top 10% (N=553) linked to 76% of disputes.

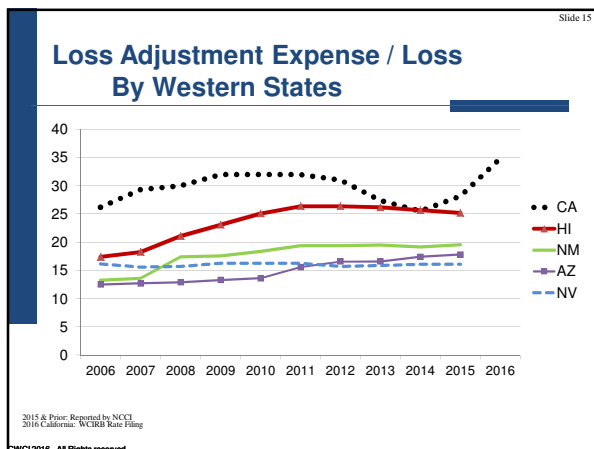
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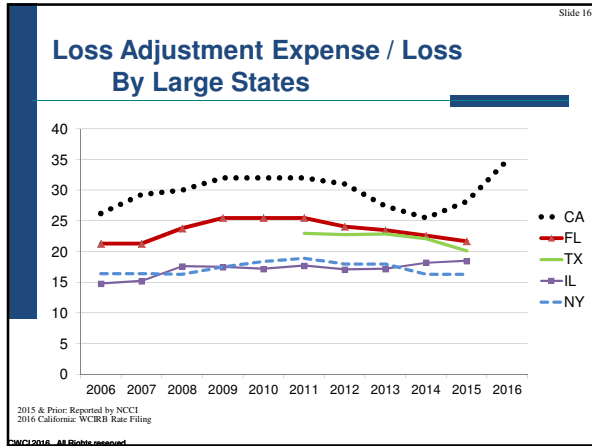
Slide 13

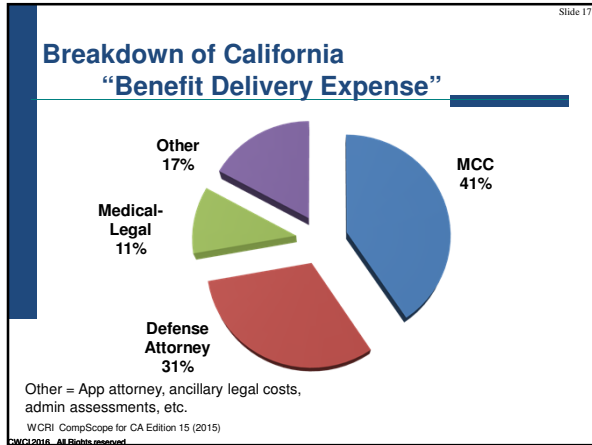
The High Cost of Benefit Delivery

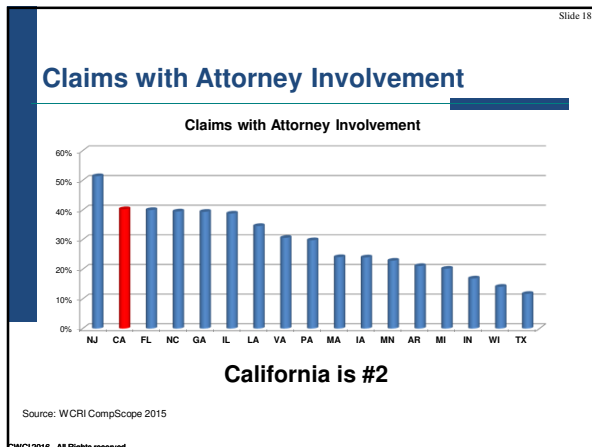
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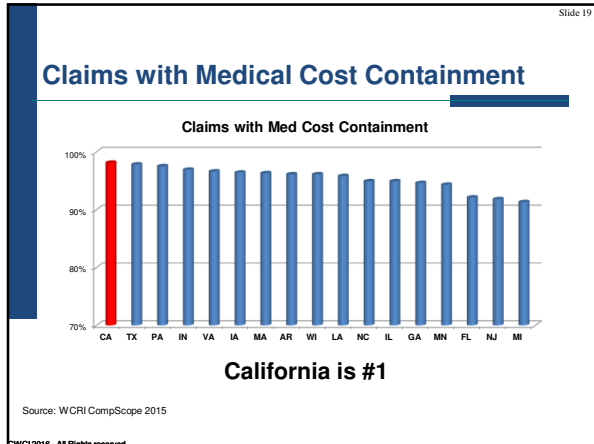


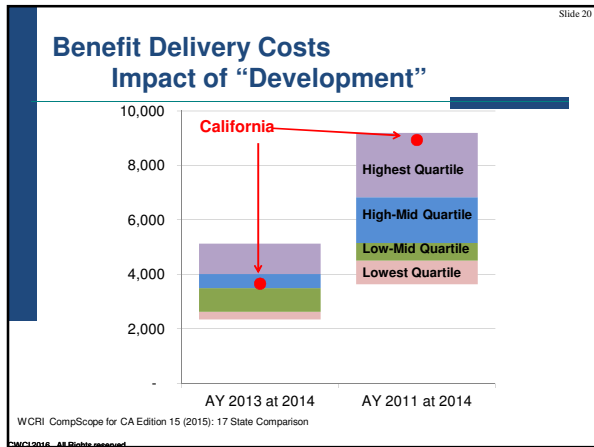


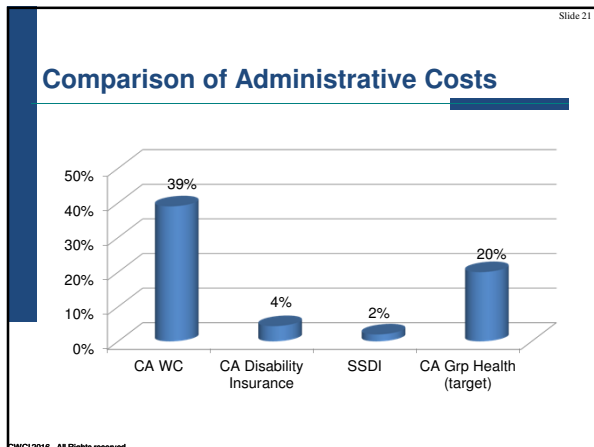












The L.A. Effect

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Slide 23

Days From Date of Injury to Employer Notification

Avg. Days DOI to ER Notice
5 24

- LA Basin: 21 days
- Rest of CA: 9 days

LA is more than twice as long as rest of CA

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Slide 24

Days From Employer Notification to 1st Med Treatment

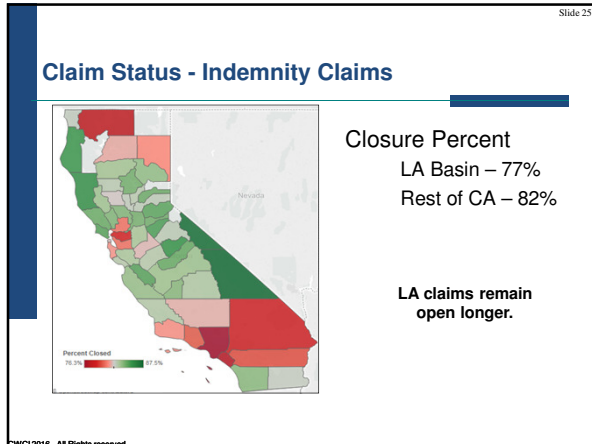
Avg. Lag ER/Notice

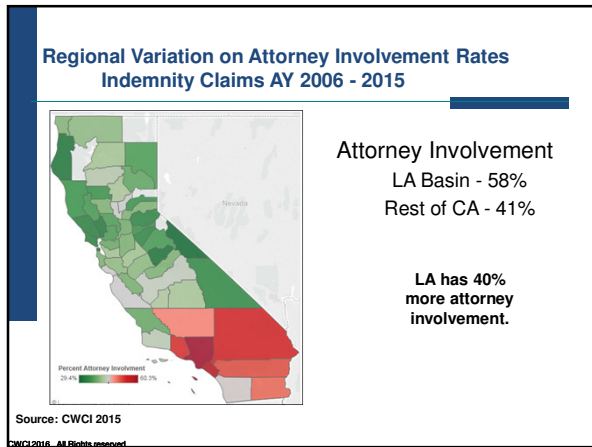
Days from Employer Notification to 1st Medical Treatment

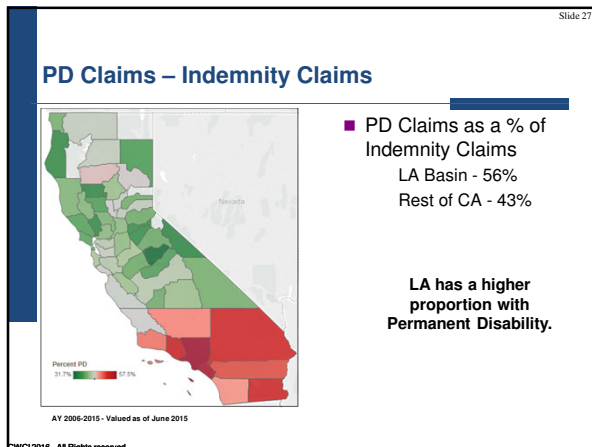
- LA Basin: 27 days
- Rest of CA: 21 days

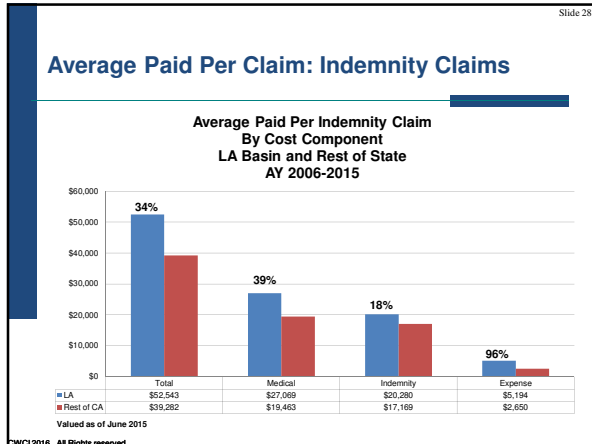
LA is 30% higher than the rest of the State

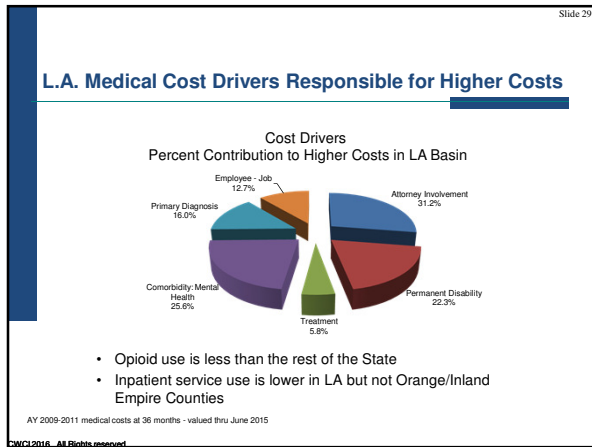
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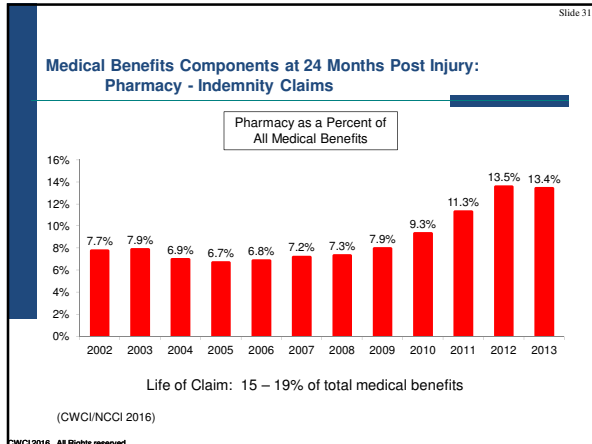




Slide 30

Pharmaceuticals & the Opioid Epidemic

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Slide 32

Developing the State Formulary

Key Considerations in the debate

- Brand /Generic Substitutions
- Price Variations for Same Drug

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Slide 33

Developing the State Formulary

Key Considerations in the debate

- Brand/Generic Substitutions
- Price Variations for Same Drug

More than 90% of available Brand to Generic substitutions are already realized

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Slide 34

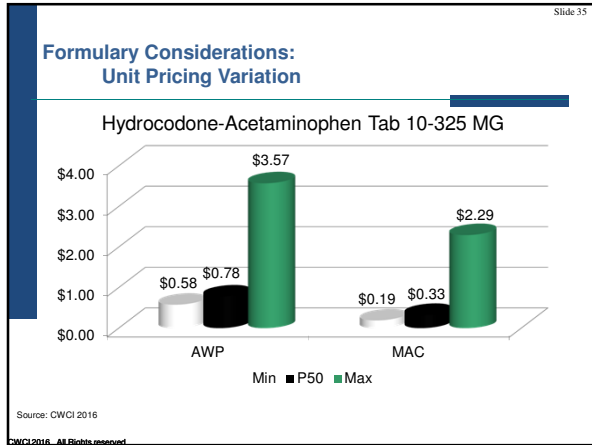
Developing the State Formulary

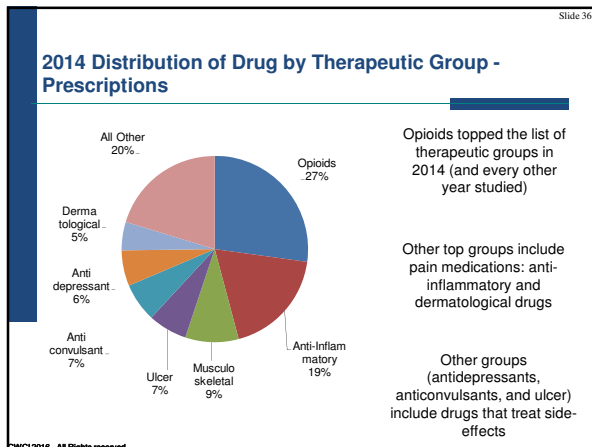
Key Considerations in the debate

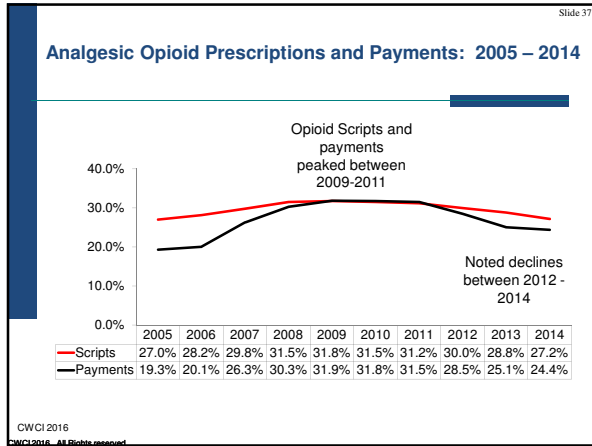
- Brand /Generic Substitutions
- Price Variations for Same Drug

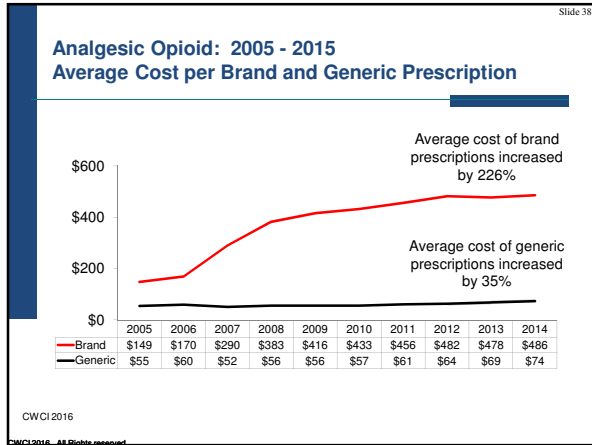
Current RX Fee Schedule allows for significant price variation

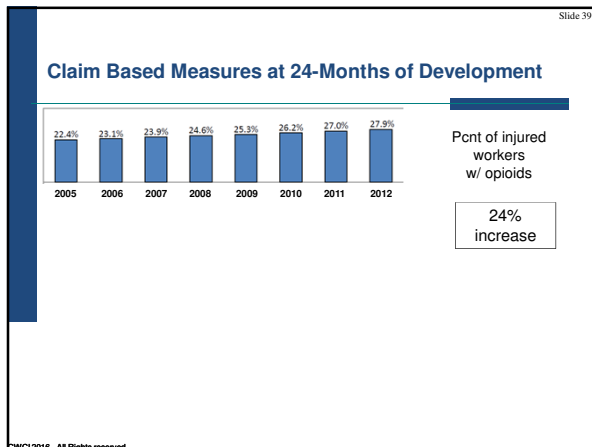
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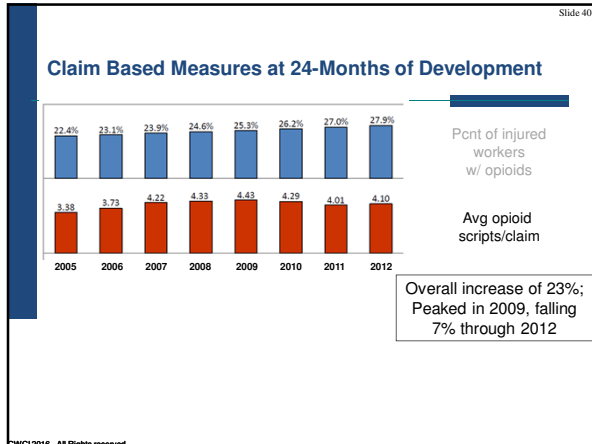


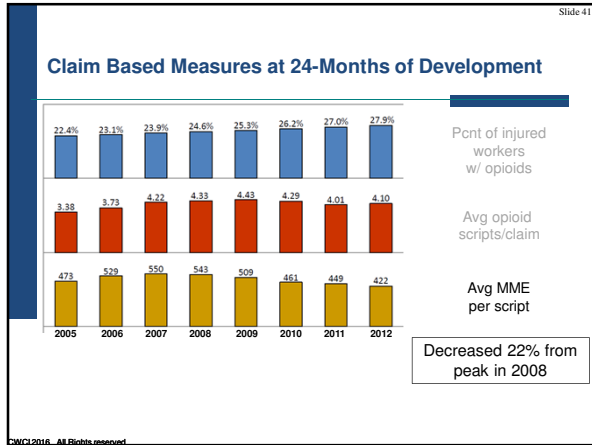


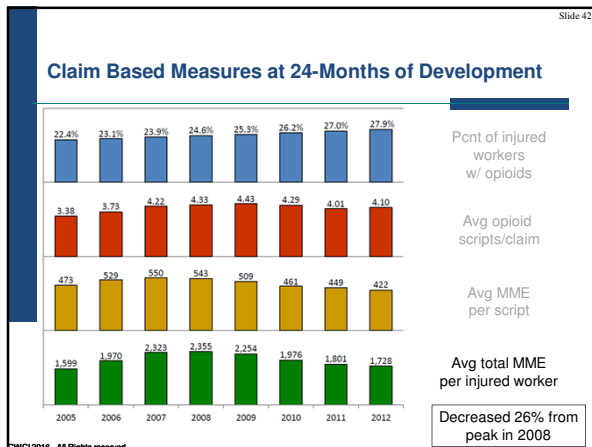














What's Next in the California Workers' Compensation
System in 2016 & Beyond

Questions?

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510-251-9470

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