






Major Findings From Study On Opioid Utilization

- Among nonsurgical claims, 7+ days away from work:
 - Frequency and amount of opioids per claim decreased in nearly all study states
 - 32-70% of injured workers with prescriptions received opioids
 - Average amount of opioids per claim continued to be higher in LA, DE, PA, and NY, despite sizable decreases in some states
 - Claim frequency of receiving non-opioid pain meds. increased to a lesser degree; fewer workers received pain meds. at the end of the study period
 - But claim frequency of receiving some form of pain treatment changed little; there was a shift towards providing non-pharmacologic pain treatments without pain meds.

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Rate Of Receipt Of Any Pain Treatment Changed Little But Treatment Patterns Shifted

- Percentage point changes from 2012/14 to 2016/18 in treatment patterns in the median state

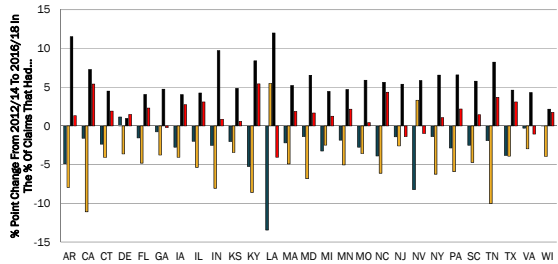
		Non-Pharmacologic Pain Treatment Receipt	
		Yes	No
Pain Medication Receipt	Yes	-5 ppt	-2 ppt
	No	5 ppt	2 ppt

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Rate Of Pain Treatment Did Not Change; Shift Towards Non-Pharmacologic Treatments Without Pain Meds.



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Drug Trends To 2018Q1

Western Connecticut Research Institute

Major Findings—Share Of Prescription Payments By Therapeutic Drug Group

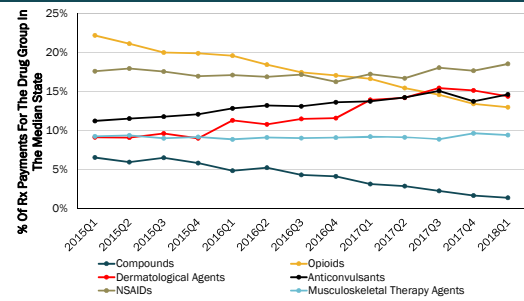
- Once prominent in a number of states, compounds now a very small share of payments
- Dermatologicals have increased notably as a share of all Rx payments
- Opioid payment share has dropped
- Anticonvulsants show moderate increase in payment share

Drug Payment Trends

- Featured measure: Payments for drug groups as shares of all prescription payments
- Payments for drugs by service quarter:
 - From 2015 quarter 1 (2015Q1)
 - To 2018 quarter 1 (2018Q1)
- Prescriptions filled within first 3 years postinjury
- Data from payors and PBMs

PBMs: Pharmacy benefit managers

Payment Shares In The Median State



2018Q1: Prescriptions Filled In The First Quarter Of 2018, For All Medical Claims With Injuries Occurring Within Three Years Prior To The Fill Date; Similar Notation Is Used For Other Quarters

Results From Two Studies

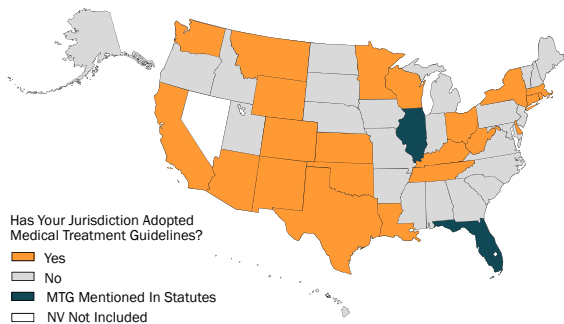
- State policy inventory: summary of key findings
- Interstate variation in patterns of care for low back pain: Do treatment guidelines matter?
 - Objectives and scope
 - Identifying low back claims and services
 - Illustrative results

State Policy Inventory: Objectives And Scope

- Characterize state policies
 - Adoption and use of MTGs
 - Guideline recommendations (restrictiveness, clarity/ease of use)
 - State policies that help enforce MTGs (e.g., utilization review, reimbursement, and dispute resolution)
- Scope
 - Included all state-adopted guidelines, regardless of whether the guidelines meet the standards set by IOM or Cochrane's AGREE
 - Focused on state legislative and regulatory environment, do not capture market forces and company practices

MTGs: Medical Treatment Guidelines; IOM = Institute of Medicine; AGREE: Appraisal of Guidelines Research and Evaluation

23 States Adopted Treatment Guidelines, 22 Included In The Inventory Study



Evaluating Guideline Recommendations For Low Back Pain Without “Red Flag” Conditions

- Two physician co-authors evaluated guidelines in five service areas, based on two sets of criteria
 - Restrictiveness
 - Clarity and ease of use
- Overall, ACOEM, ODG, CO, and WA guidelines ranked as most restrictive, guidelines for several states less restrictive
- Large variation in ratings for clarity and ease of use

ACOEM: American College of Occupational and Environmental Medicine; ODG: Official Disability Guidelines

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25 Of 49 States Require Utilization Review (24 Prior Authorization, 9 Post-Procedural Review)

- Utilization review: a process to review requested services and determine medical necessity, *at the employer/carrier level*
- Two types of UR
 - Prior authorization
 - Post-procedural review

UR: Utilization review

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Among States With Mandatory UR, Standards And Procedures Vary By State

- Selective Review
 - Automatic approval of services consistent with MTGs, prior authorization for services inconsistent or outside guidelines
 - Targeting certain types of services or setting threshold
- Timely Review
 - Timeframe for decisions
 - Consequences of delay

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Medical Treatment Disputes: Four Broad Types Of Dispute Resolution Systems

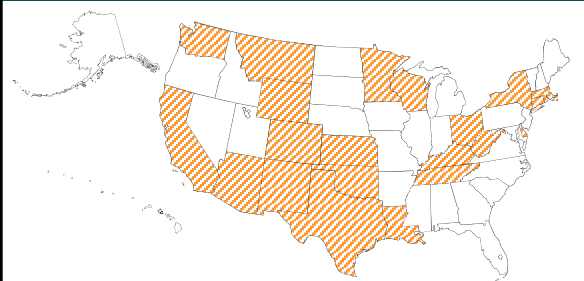
- Dispute resolution: a process for resolving disputes regarding medical treatments that cannot be resolved at the company level
- Four types:
 - Independent Medical Review (IMR) process (CA, FL)
 - Admin Only (5 states)
 - Legal system (14 states)
 - Admin-Legal (28 states)


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22 Study States Adopted Medical Treatment Guidelines



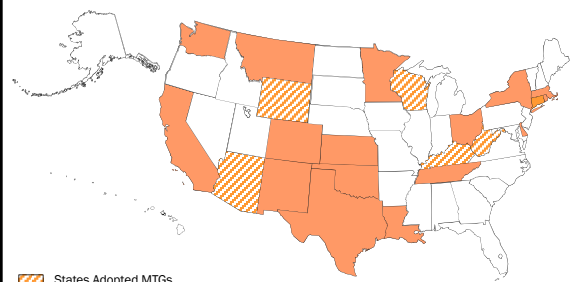
 States Adopted MTGs



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17 Of 22 States Required UR In The Form Of Prior Authorization (UR/PA)



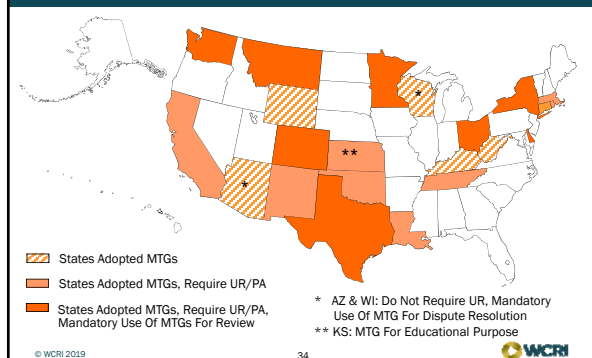
 States Adopted MTGs
 States Adopted MTGs & Require UR/PA

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8 Of 17 States With UR And MTGs Require Use Of State MTGs For Utilization Review



Summary

- 22 study states have MTGs (NV not included)
- 25 states require UR (prior authorization or post-procedural review)
 - 24 states require prior authorization, MI only requires post-procedural review
- 17 states with state-adopted MTGs require prior authorization
 - 8 states require use of state MTGs for review
 - In 6 states, prior authorization reference state MTGs
 - In 3 states, state MTGs not used for prior authorization
- 2 states require use of state MTGs for medical dispute resolution

Study #2: Interstate Variation In Patterns Of Care For Low Back Pain: Do Treatment Guidelines Matter?



Objectives And Scope

- Objectives
 - Describe patterns of care for low back claims
 - Interpret interstate variations in patterns of care in the context of state policies
- Scope
 - Examine initial care within first year of treatment
 - Descriptive results, not regressions
 - One year of data, with some small states

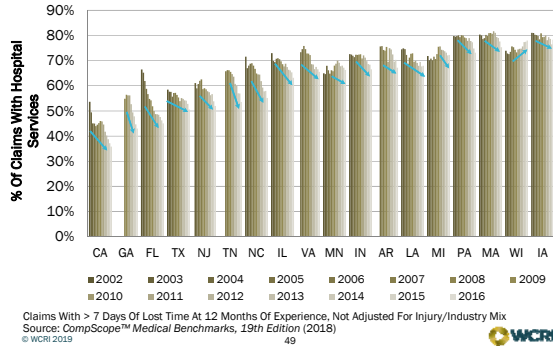
Defining And Identifying Low Back Claims

- Low back claims
 - Low back diagnosis representing more than 70% of payments
 - Based on diagnoses recorded using ICD-10 codes, selected services within first 6 months of injury (E&M, consultations, Emergency visits, PTs, injections, surgeries, etc.)
 - Exclusion of low back claims with "red flag" or neuro neck conditions
- Two broad groups: Low back claims with or without neuro findings (i.e., radiculopathy, myelopathy, sciatica)
- DBE Data: Injuries from Oct. 1, 2015 to Sept. 30, 2016, treatment through Mar. 31, 2017

Focusing On Five Service Areas For Low Back Pain That Are Widely Addressed By MTGs

- MRIs and early MRIs
- Epidural steroidal injections (ESIs)
- Discectomy and decompression
- Lumbar fusion
- Artificial discs

Long-Term Decrease In % Of Claims With Hospital Services (Inpatient And Outpatient)



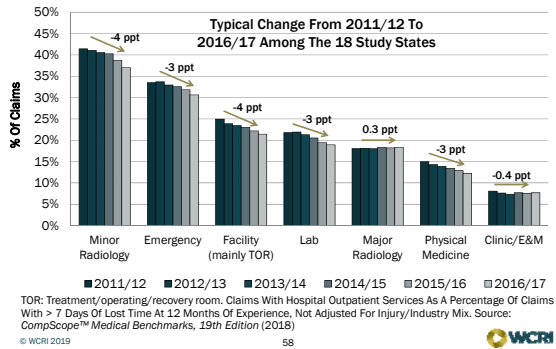
Factors That May Influence Shifts In Where Injured Workers Receive Medical Services

- Technological and clinical advances
- Federal interventions: for example, changes in Medicare approach, reimbursement, and billing
- Changes in business models: such as consolidations, facility and physician practice ownership, contractual incentives
- Competition for access: WC reimbursement vs. other payors
- Local and state medical care delivery models or practice norms
- Legislative or administrative system features and changes focused on WC reimbursement or utilization of medical care
- Choice, convenience, and cost

Shift Away From Using Hospital Care In Workers' Compensation

- **Less use of hospital inpatient care**
 - Services shifted from hospital outpatient departments to ambulatory surgery centers (ASCs) and nonhospital providers
 - Decrease in surgery rate

Decrease In % Of Claims With Hospital Outpatient Care From 2011 To 2016 For Many Service Types



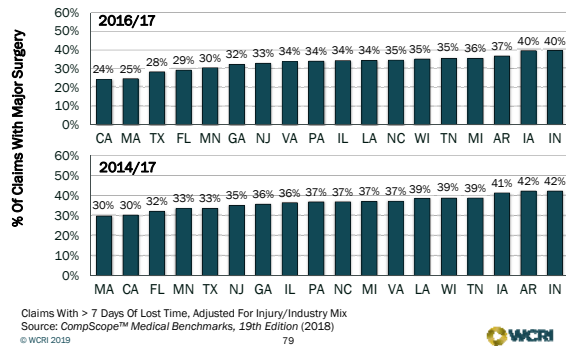
Potential Factors Contributed To The Shift Of Services From Hospital Outpatient To Nonhospital

- Trends in general health care
- More expensive payments for services billed by hospitals than by nonhospital providers
 - Incentives to payors trying to control the cost of care
- Impact of state's fee schedule changes
 - Less incentive for hospitals to provide the services if prices reduced; more incentive for nonhospital providers to provide the services if prices increased

Shift Away From Using Hospital Care In Workers' Compensation

- Less use of hospital inpatient care
- Services shifted from hospital outpatient departments to ambulatory surgery centers (ASCs) and nonhospital providers
 - Shift of facility services from hospital outpatient to ASCs
 - Shift of physical medicine from hospital outpatient to nonhospital providers
- Decrease in surgery rate

Overall % Of Claims With Major Surgery Varied Between 30% And 42% Among Study States (At 36 Months)



Factors That Help Explain Why Surgery Rates Vary

Contributing Factor	Back Surgery (less clinical consensus)	Knee Surgery (more clinical consensus)
Case Mix	Medium Importance	High Importance
Local Practice Norms	High Importance	Low Importance
Surgeon Reimbursement	High Importance	Low/Medium Importance
Number Of Surgeons	High Importance	Low Importance
Nonsurgical Options	High Importance	Low Importance

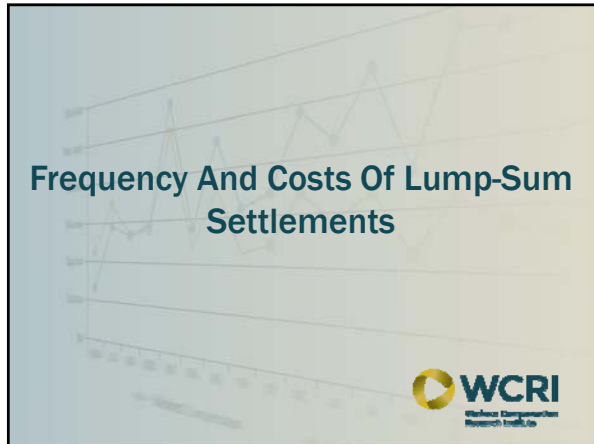
Source: Why Surgery Rates Vary (2015)



Implications On Overall Medical Payments Per Claim


- Less frequent use of inpatient care may mean:
 - Shift towards a more severe case-mix for inpatient care
 - On average hospital inpatient episodes become more expensive, but fewer episodes over time
- Shift of services from hospital outpatient to ASCs and nonhospital providers may mean:
 - Proportionally more services provided at the settings with less expensive payments
- Decrease in surgery rate may mean:
 - Fewer surgeries, a service type with higher payments






Key Findings On Frequency & Costs Of Lump-Sum Settlements In Workers' Compensation Claims

- State variation in frequency and amount of lump-sum settlements reflects benefit structure and other factors
 - Large variation in % of claims with settlements across states
 - States with wage-loss benefit systems tended to have higher settlement amounts
 - Settlements occurred earlier in some states, later in others
- Increase in % of claims with lump-sum settlements in most states since 2008; settlement amounts fairly stable
- Policy changes (legislation and court cases) may impact trends in frequency, timing, and amount of settlements

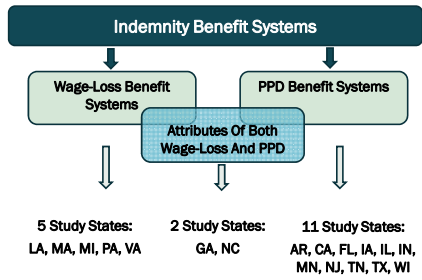
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Factors That May Influence Lump-Sum Settlement Frequency And Costs In WC Claims

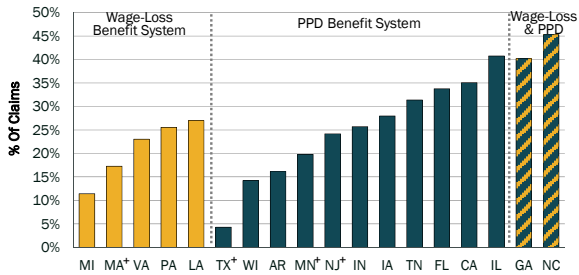
- Type of benefit system: PPD, Wage-Loss, Combination
- Permanent Partial Disability (PPD) Benefits
 - Benefit basis: impairment, disability, loss of earning capacity
 - Maximum weekly PPD benefit amount
 - Number of weeks of benefits paid
 - How determined: complexity/subjectivity of process
- Limitations on lump-sum settlements, for example, no settlement of obligation for future medical benefits
- Process and speed of negotiated or adjudicated settlement, and attorney involvement

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General Classification Of Indemnity Benefit Systems: Wage-Loss Vs. PPD States

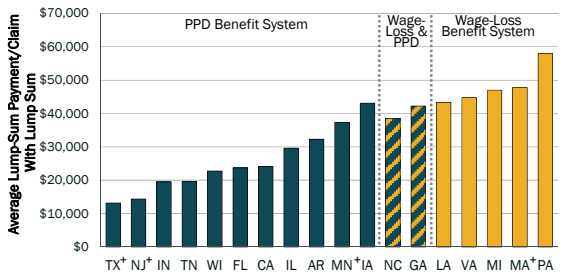


Large Variation In Frequency Of Lump-Sum Settlements Across States



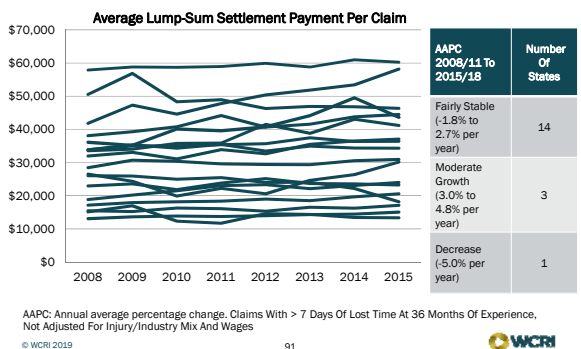
* No/Little Lump Sum Of Future Medical
 2015/2018 Claims With Lump-Sum Payments As % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages

Lump-Sum Settlement Amounts Generally Higher In States With Wage-Loss Benefit System



* No/Little Lump Sum Of Future Medical
 2015/2018 Claims With Lump-Sum Settlements With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages

Lump-Sum Settlement Payments Per Claim Remained Fairly Stable In Most States Since 2008



Thank You!

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