

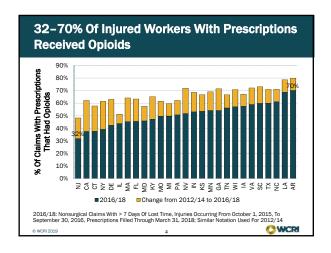


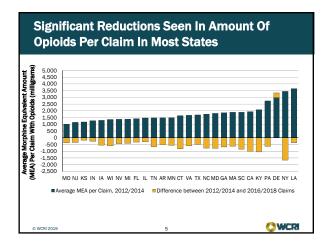
Major Findings From Study On Opioid Utilization

- 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 nonpharmacologic pain treatments without pain meds.

ID MICEL 2010







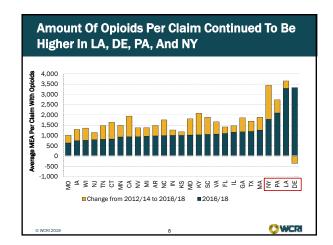
Federal And State Policies Addressing Opioid Prescribing And Dispensing

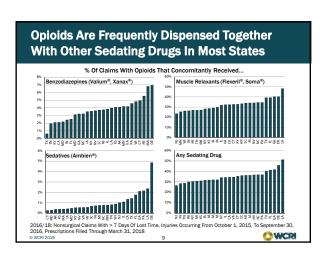
- CDC Guideline for Prescribing Opioids for Chronic Pain
- Up-scheduling of Hydrocodone Combination Products
- Prescription drug monitoring programs (PDMP)
- Treatment guidelines addressing opioids
- Drug formularies
- Limits on prescribing and dispensing of opioids
- Other policies addressing opioid prescribing

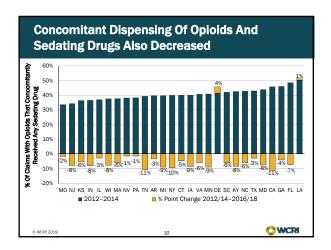
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Several Reforms Coincided With Reductions In Opioids Filled Over The Study Period					
	CA	NY	ст	KY	
Change In % Claims With Prescriptions That Had Opioids	-25 ppt	-22 ppt	-20 ppt	-18 ppt	
Change In Average Amount Of Opioids Per Claim	-52%	-48%	-50%	-50%	
PDMP Prescriber Mandate	*	✓	✓	✓	
WC Treatment Guidelines	✓	✓	✓	*	
WC Drug Formulary	✓	*		*	
Quantity Limits On Initial Rx	√ (formulary)	✓	✓	✓	
Law passed but the effective date is bey	ond the study per	iod or TBD			







Fewer Injured Workers Received Pain Medications At The End Of The Study Period

 Percentage point changes from 2012/14 to 2016/18 in pain medication prescribing patterns in the median state

		Non-Opioid Anal	gesics Receipt
		Yes	No
Onicid Descint	Yes	-8 ppt	-3 ppt
Opioid Receipt	No	3 ppt	7 ppt

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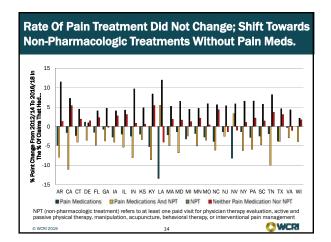
Opioids Decreased Substantially; Frequency In Use Of Non-Opioid Analgesics Increased To A Lesser Degree

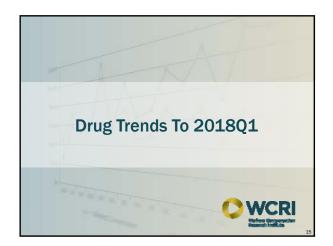
Rate Of Receipt Of Any Pain Treatment Changed Little But Treatment Patterns Shifted

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

		Non-Pharmacologi Rece	
		Yes	No
Pain Medication Receipt	Yes	-5 ppt	-2 ppt
rain Medication Receipt	No	5 ppt	2 ppt

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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

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Drug Payment Trends

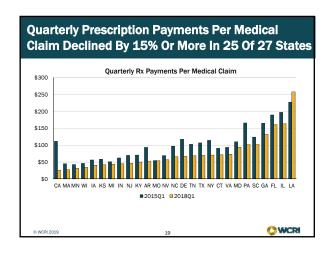
- Featured measure: Payments for drug groups as shares of all prescription payments
- Payments for drugs by service quarter:
 - From 2015 quarter 1 (2015Q1)
 - To 2018 quarter 1 (2018Q1)
- Prescriptions filled within first 3 years postinjury
- Data from payors and PBMs

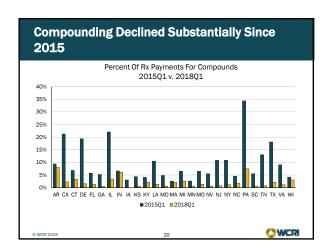
PBMs: Pharmacy benefit managers

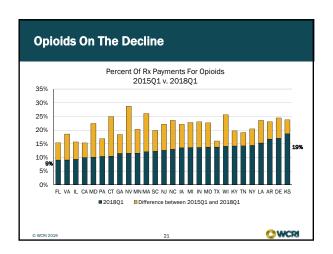
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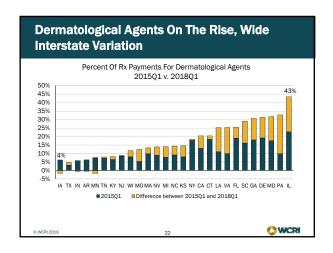
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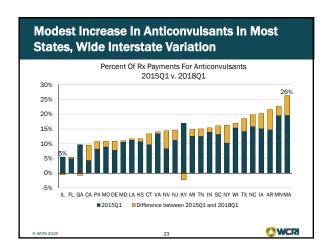














Results From Two Studies

- 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

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State Policy Inventory: Objectives And Scope

- Characterize state policies
 - Adoption and use of MTGs
 - Guideline recommendations (restrictiveness, clarity/ease of
 - 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

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2



23 States Adopted Treatment Guidelines, 22 Included In The Inventory Study Has Your Jurisdiction Adopted Medical Treatment Guidelines? Yes No MTG Mentioned In Statutes NV Not Included

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 <u>review</u> requested services and <u>determine</u> 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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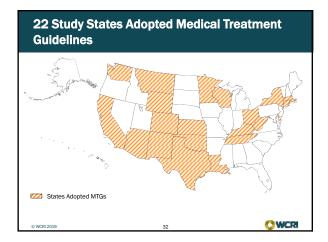
Medical Treatment Disputes: Four Broad Types Of Dispute Resolution Systems

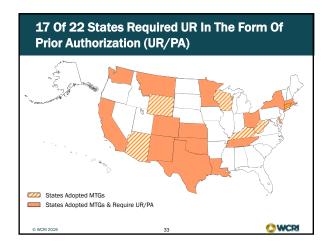
- Dispute resolution: a process for resolving disputes regarding medical treatments that cannot be resolved at the company level
- Four types:
 - Independent Medical Review (IMR) process (CA, FL)
 - Admin Only (5 states)
 - Legal system (14 states)
 - Admin-Legal (28 states)

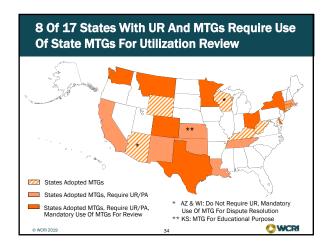
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Summary

- 22 study states have MTGs (NV not included)
- 25 states require UR (prior authorization or postprocedural review)
 - 24 states require prior authorization, MI only requires postprocedural 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

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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

DBE: Detailed Benchmark/Evaluation Database; E&M: Evaluation and management; ICD: International Classification of Diseases; Neuro: Neurologic. PT: Physical therapists

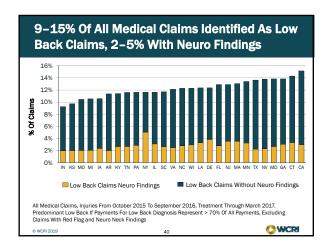
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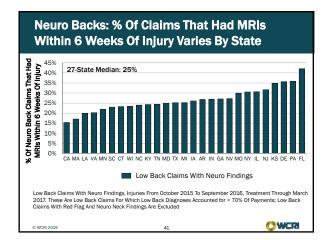


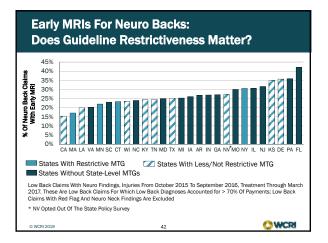
Focusing On Five Service Areas For Low Back Pain That Are Widely Addressed By MTGs

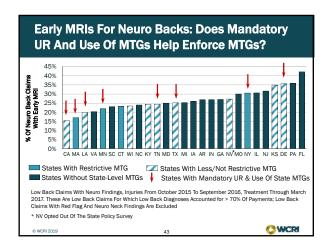
- . MRIs and early MRIs
- Epidural steroidal injections (ESIs)
- Discectomy and decompression
- Lumbar fusion
- · Artificial discs

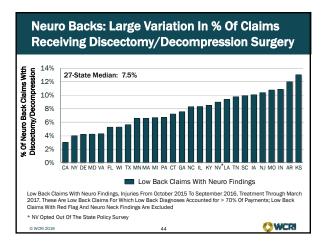
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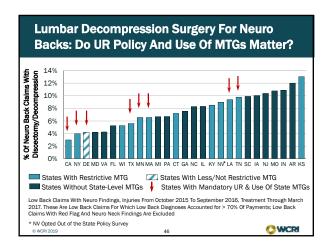








Decompression Surgery For Neuro Backs: Most Guidelines Are Restrictive 14% 12% 12% 12% 10% 8% 6% 6% Cany De MD Va FL WI TX MNMA MI PA CT GANC IL KY NV LA TN SC IA NJ MO IN AR KS States With Restrictive MTG States With Neuro Findings, Injuries From October 2015 To September 2016, Treatment Through March 2017. These Are Low Back Claims For With Low Back Diagnoses Accounted for > 70% of Payments; Low Back Claims With Red Flag And Neuro Neck Findings Are Excluded * NV Opted Out of the State Policy Survey **OWDR 2015 **ON TRANSPORTED TO THE STATE OF THE STATE

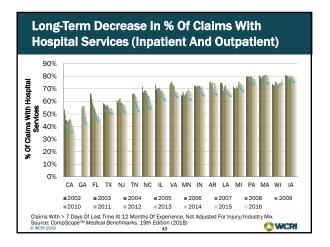




Shift Away From Using Hospital Care In Workers' Compensation

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

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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

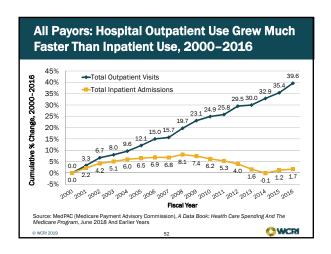


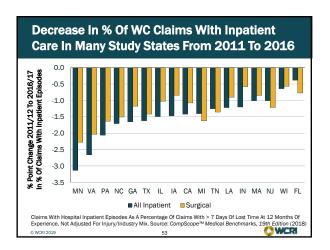
Shift Away From Using Hospital Care In Workers' Compensation

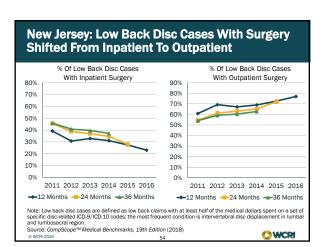
> Less use of hospital inpatient care

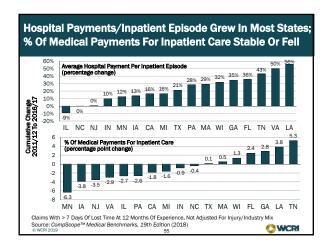
- Services shifted from hospital outpatient departments to ambulatory surgery centers (AS and nonhospital providers
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Shift Away From Using Hospital Care In Workers' Compensation

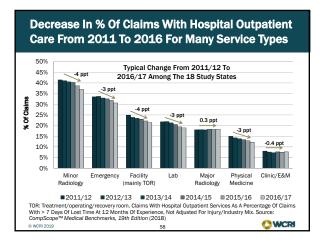
- Less use of hospital inpatient care
- Services shifted from hospital outpatient departments to ambulatory surgery centers (ASCs) and nonhospital providers
- Decrease in surgery rate

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Most Study States Had Decrease In % Of Claims With Hospital Outpatient Care From 2011 To 2016 With Hospital Outpatient Care From 2011 To 2016 To 2016 A Superior of Country Countr



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

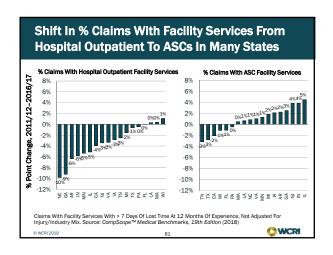
- Trends in general health care
- More expensive payments for services billed by hospitals than by nonhospital providers
 - Incentives to payors trying to control the cost of care
- Impact of state's fee schedule changes
 - Less incentive for hospitals to provide the services if prices reduced; more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

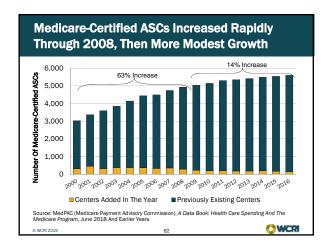


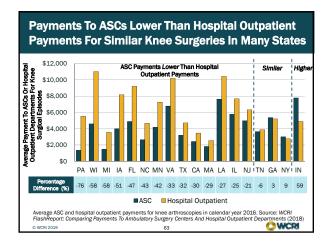
Shift Away From Using Hospital Care In Workers' Compensation

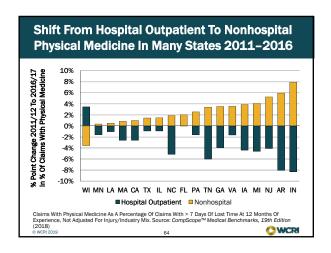
- · Less use of hospital inpatient care
- Services shifted from hospital outpatient departments to ambulatory surgery centers (AS and nonhospital providers
 - > Shift of facility services from hospital outpatient to
 - > Shift of physical medicine from hospital outpatien nonhospital providers
- Decrease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

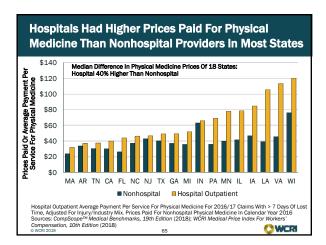
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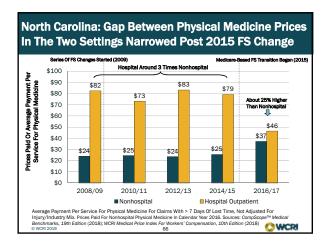


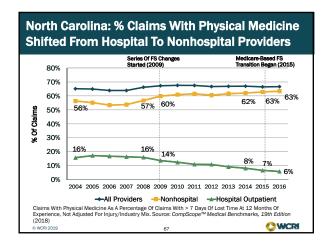












Shift Away From Using Hospital Care In **Workers' Compensation**

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



Major Surgery: Includes Invasive Surgeries Such As Arthroscopy And Laminotomy



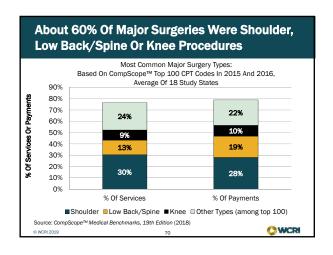
Major Surgery

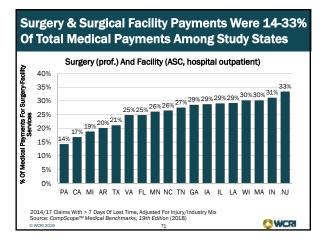


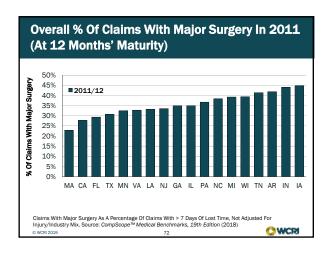
Does not include minor surgical treatments or pain management injections (which are also included in the surgical section of the CPT manual)

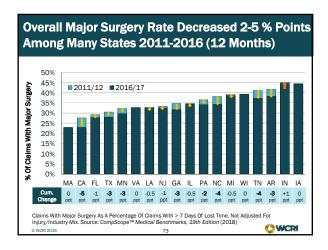
Combines all surgeries performed in inpatient and outpatient/ASC setting











Possible Reasons For The Decrease In Surgery Rates

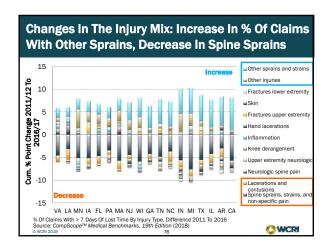
- · Alternatives to surgery
 - Alternative treatments pain management injections, physical medicine, chronic pain management
 - Nonsurgical options for cases with chronic low back pain and degenerative disc disease
- State-specific initiatives and active payor management
- · Changes in the injury mix

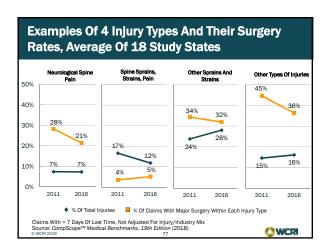
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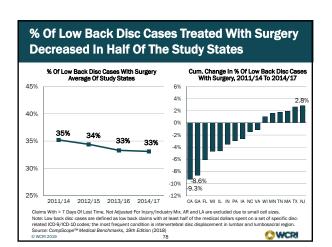
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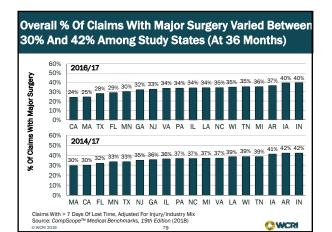


Changes In The Injury Mix: Increase In % Of Claims With Other Sprains And Strains 15 Increase University Infractures lower extremity Infractures lower extremity Infractures lower extremity Infractures lower extremity Infractures upper extremity Infractures upper extremity Infractures upper extremity Inframmation In









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) © WCRI 2019	80	OWCRI	

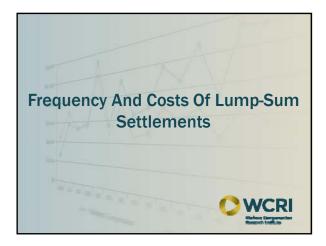
Implications On Overall Medical Payments Per Claim

- 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

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- Decrease in surgery rate may mean:
 - Fewer surgeries, a service type with higher payments

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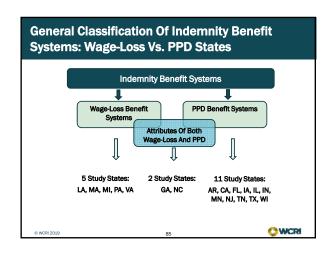
Factors That May Influence Lump-Sum Settlement Frequency And Costs In WC Claims

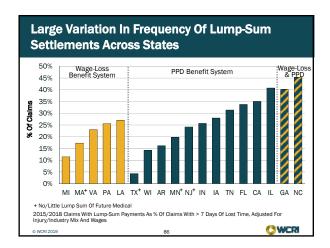
- Type of benefit system: PPD, Wage-Loss, Combination
- Permanent Partial Disability (PPD) Benefits
 - Benefit basis: impairment, disability, loss of earning capacity
 - Maximum weekly PPD benefit amount
 - Number of weeks of benefits paid
 - How determined: complexity/subjectivity of process
- Limitations 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

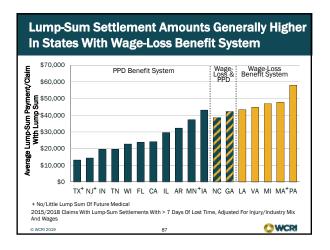
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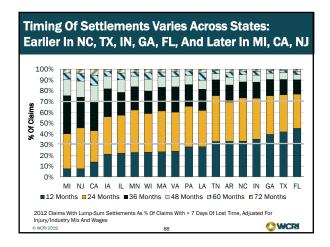


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Factors That May Influence Trends In Lump-Sum Settlement Frequency And Costs In WC Claims

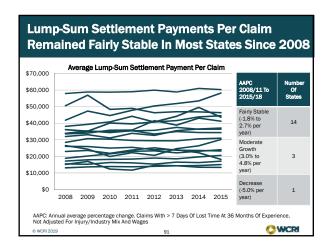
- Policy changes addressing income benefit payments
 - Increases or decreases in benefit amounts, length of benefit payments, or changes in eligibility requirements
 - Change in the way PPD benefit amounts are determined, such factors to be considered
- Change in speed of dispute resolution, settlement approval, or attorney involvement
- Change in factors that influence workers, payors, and attorneys to seek settlements
 - Economic conditions (recession/recovery)
 - Business decisions
 - Intervening interests, such as Medicare

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% Claims With Lump-Sum Settlements Increased In Most Study States Since 2008 50% Claims At 36 Months 45% % Of Claims With Lump-Sum Settlements 40% 35% **2** 30% 25% 20% 15% 10% 5% 0% TX AR MI WI MA VA PA MN NJ CA LA IA IN FL GA TN NC IL ■2008 ■2009 ■2010 ■2011 ■2012 ■2013 ■2014 ■2015 Claims With > 7 Days Of Lost Time At 36 Months Of Experience **C**WCRI



Thank You!

• For comments/questions:

Ramona Tanabe **Executive Vice President and Counsel** rtanabe@wcrinet.org (617) 661-9274 x276

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