

California Workers' Compensation Aggregate Medical Payment Trends

Updated through Calendar Year 2019

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Report Summary: California Workers' Compensation Aggregate Medical Payment Trends in Calendar Year (CY) 2019

General Trends in the Medical Payments and Transactions in CY2019

- Overall medical payments continued to decline.
- There were continuous sharp declines in the medical payments for pharmaceuticals.
- Physical therapy services continued to increase in the share of medical payments, largely driven by increases in the paid per service.

Fastest-Growing Physician Services Procedures and Therapeutic Group

- Physical Medicine and Rehabilitation procedures continued to grow and are the fastest growing physician services.
- Use of hematologicals increased more significantly than that of any other therapeutic groups.

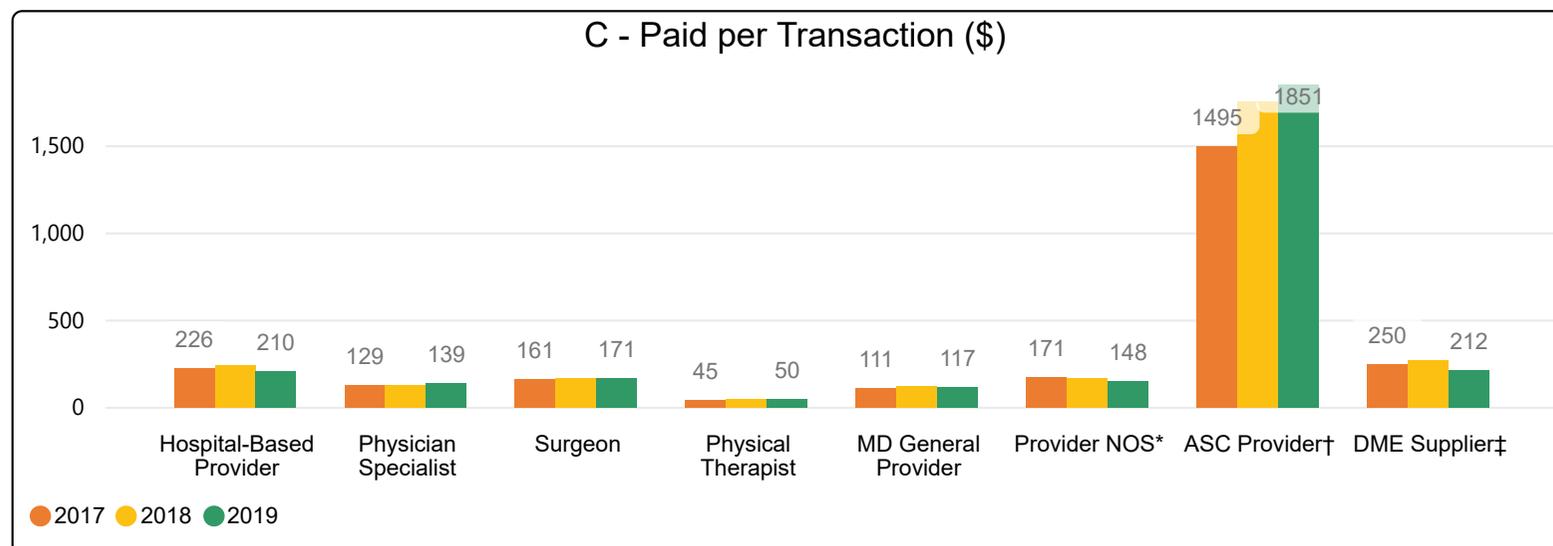
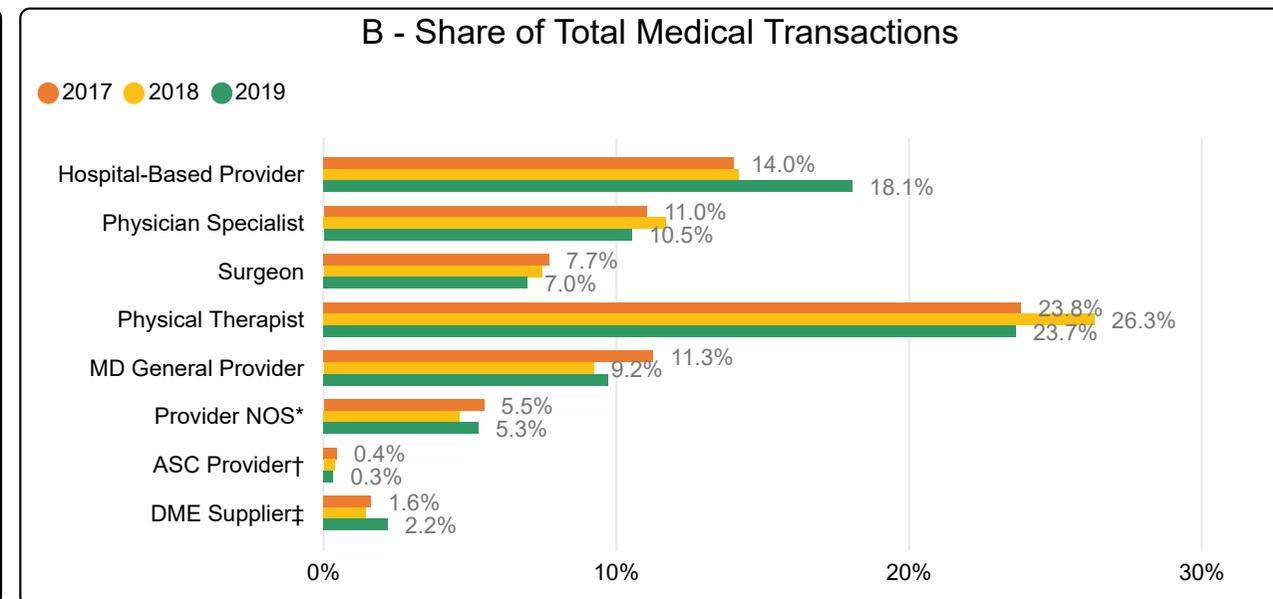
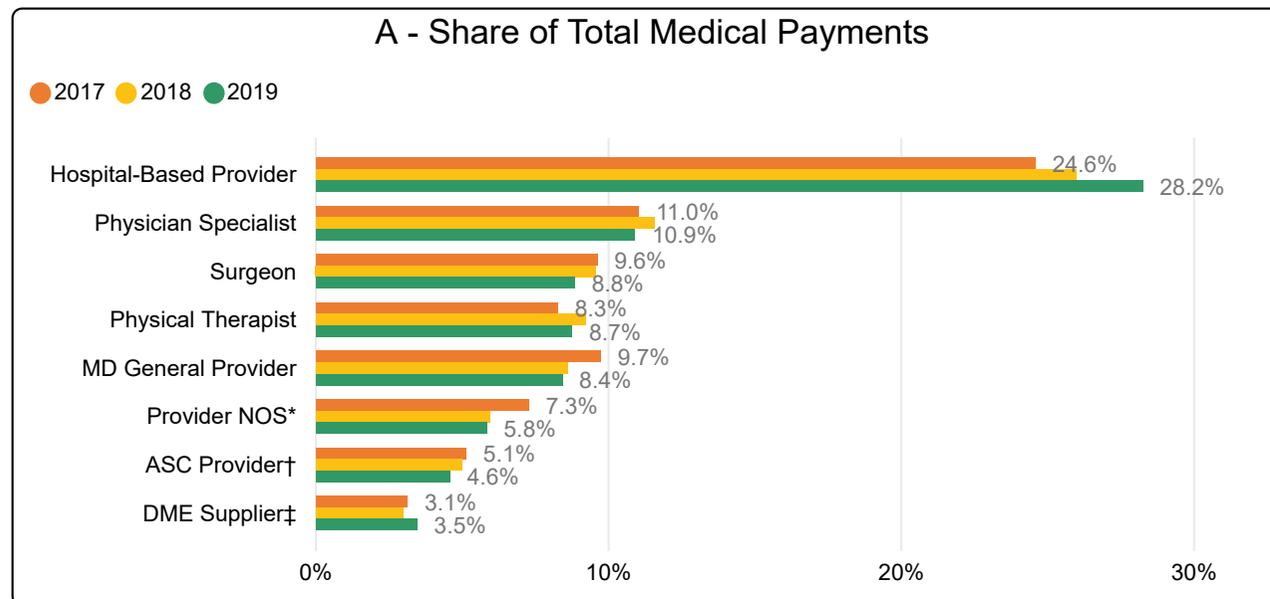
Opioid and Physical Medicine Utilization and Costs

- The share of claims that involve opioid prescriptions continued to decrease. Tulare/Inyo and Bakersfield had the highest share of claims involving opioid prescriptions, while the Silicon Valley area and Los Angeles Basin had the lowest share.
- On the contrary, the share of claims that involve physical medicine services increased steadily. Urban areas had a higher share of claims involving physical medicine services, while more suburban and rural areas had lower shares.

Summary Data

CY2019	% Change CY2018 - CY2019
\$2B Medical Payments	-3.8%
654K Number of Claims	1.1%
14M Paid Medical Transactions	-5.5%
\$136 Paid per Transaction	1.9%
\$3,003 Paid per Claim	-4.8%

Report 1 – Medical Payments and Transactions by Leading Provider Types



Insights

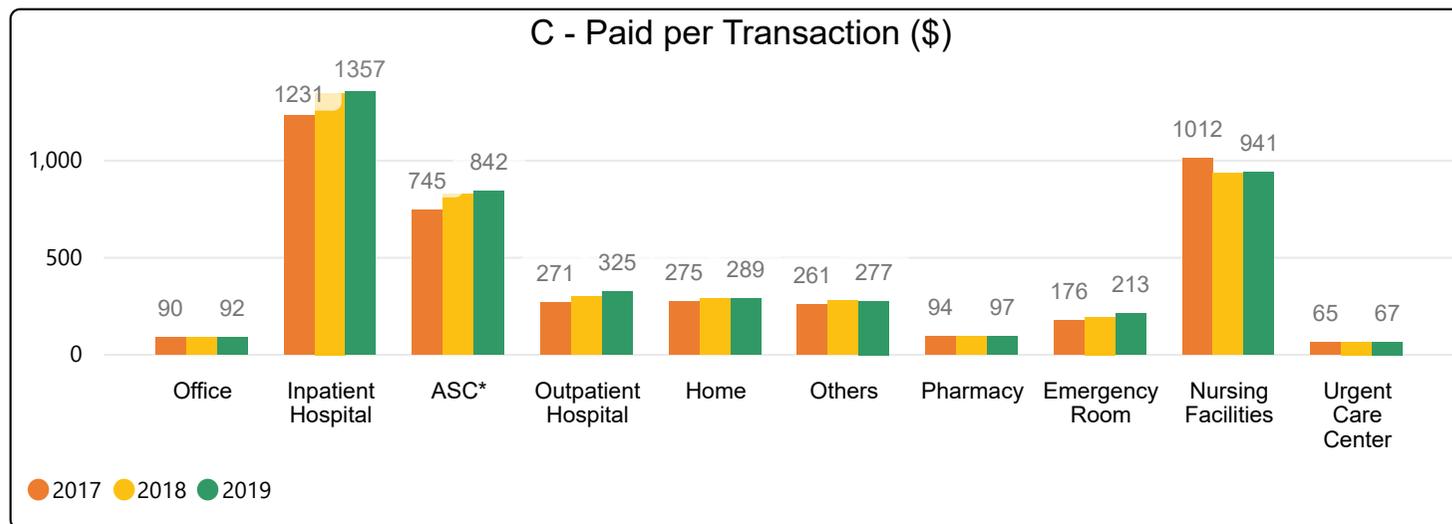
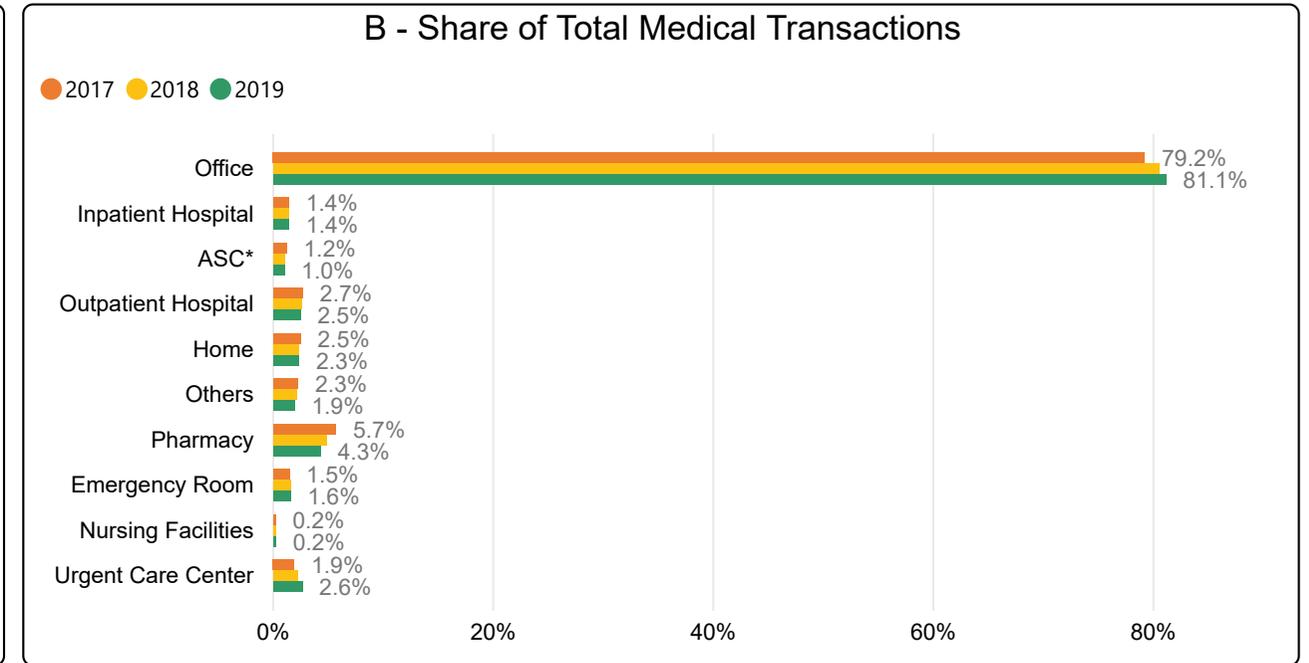
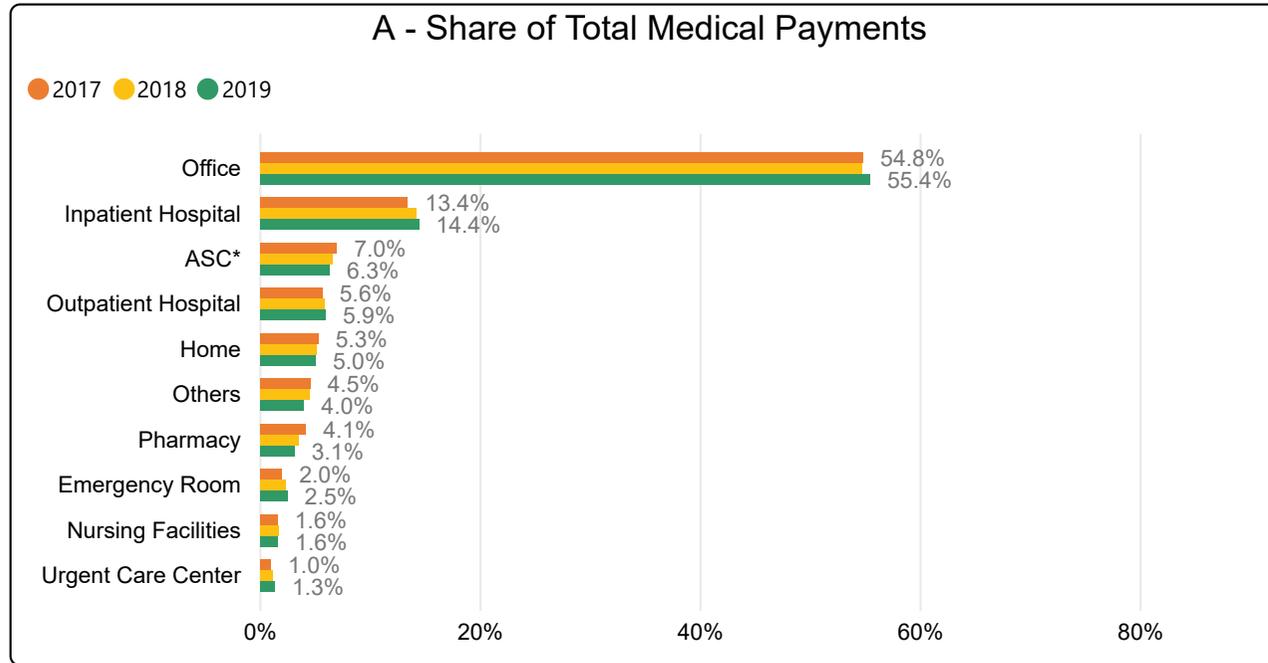
- Hospital-Based Providers had the highest share (28%) of medical payments in 2019, similar to recent prior years. Durable Medical Equipment Suppliers had the largest percentage increase in the paid and transaction shares since 2018.
- Physical Therapists accounted for the highest share (24%) of medical transactions in 2019, and also experienced the largest increase (8%) in paid per transactions compared to 2018.

* NOS - Not Otherwise Specified. Taxonomy Code Reported as 174400000X.

† ASC - Ambulatory Surgery Center

‡ DME - Durable Medical Equipment

Report 2 – Medical Payments and Transactions by Place of Service (Top 10)

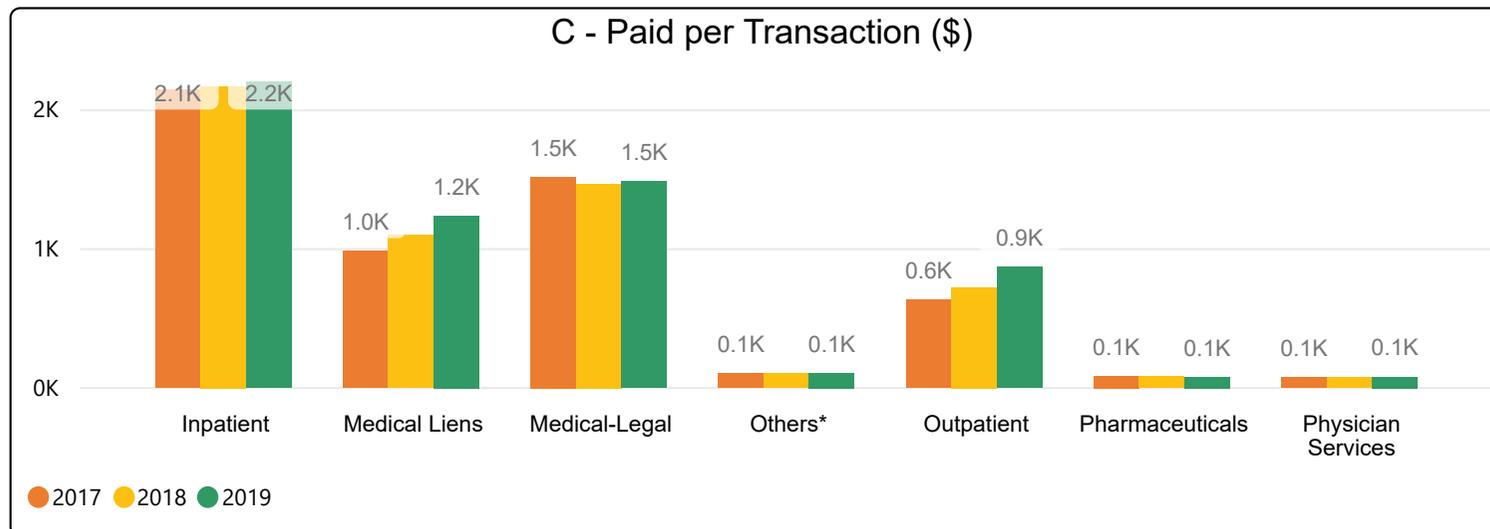
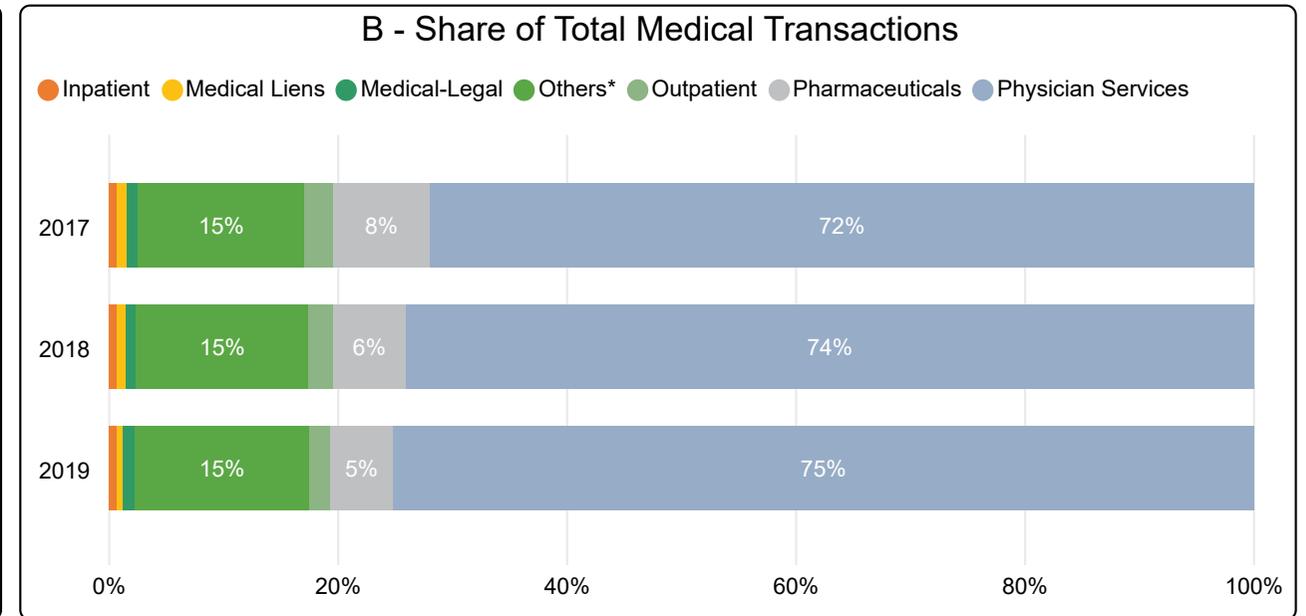
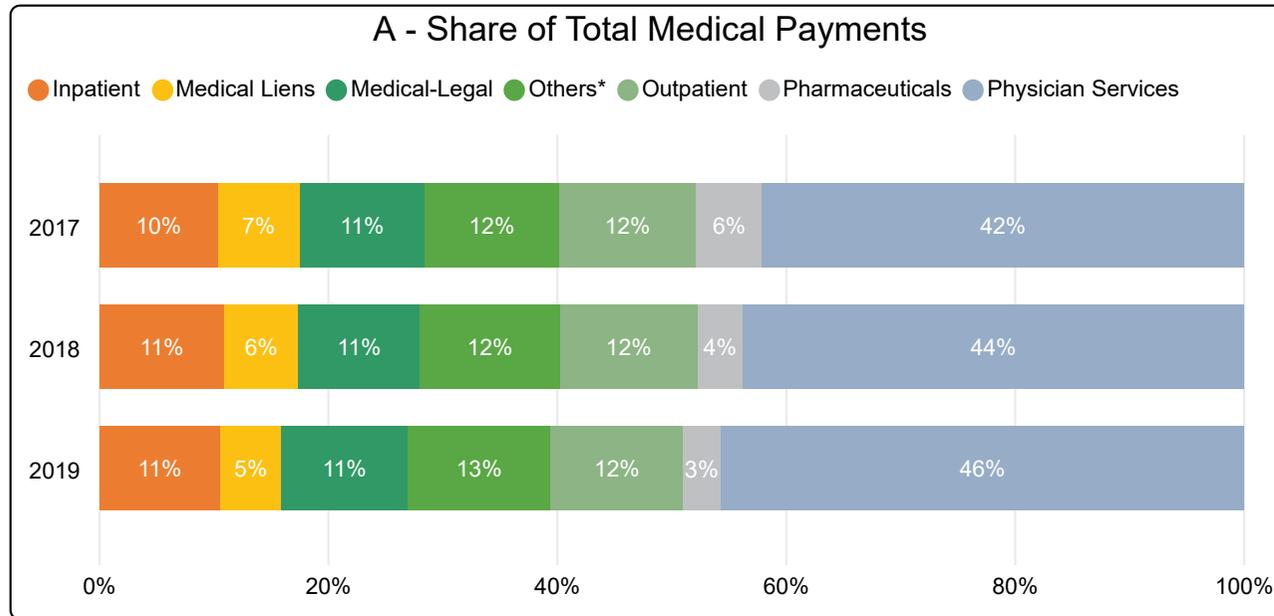


Insights

- Similar to recent prior years, Physician Office remained as the leading Place of Service, accounting for the highest share (55%) of medical payments in 2019. This was mostly driven by its highest share of medical transactions in 2019.
- Urgent Care Center experienced the largest percentage increase in the share of the medical paid. Pharmacy had the largest decrease in the share of medical transactions, which contributed to its significant decrease in the medical payment share for 2019.
- Paid per transaction increased significantly for Emergency Rooms and Outpatient Hospitals in 2019, yet their transaction shares remained similar to the 2018 level.

* ASC - Ambulatory Surgery Center

Report 3 – Medical Payments and Transactions by Procedure Type



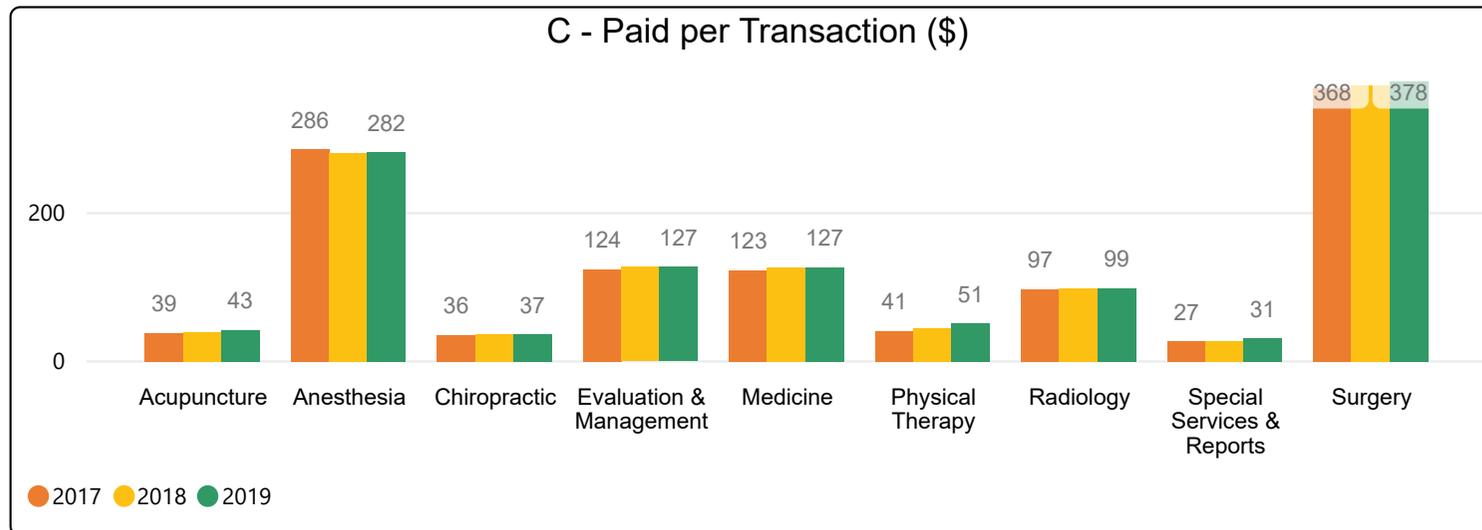
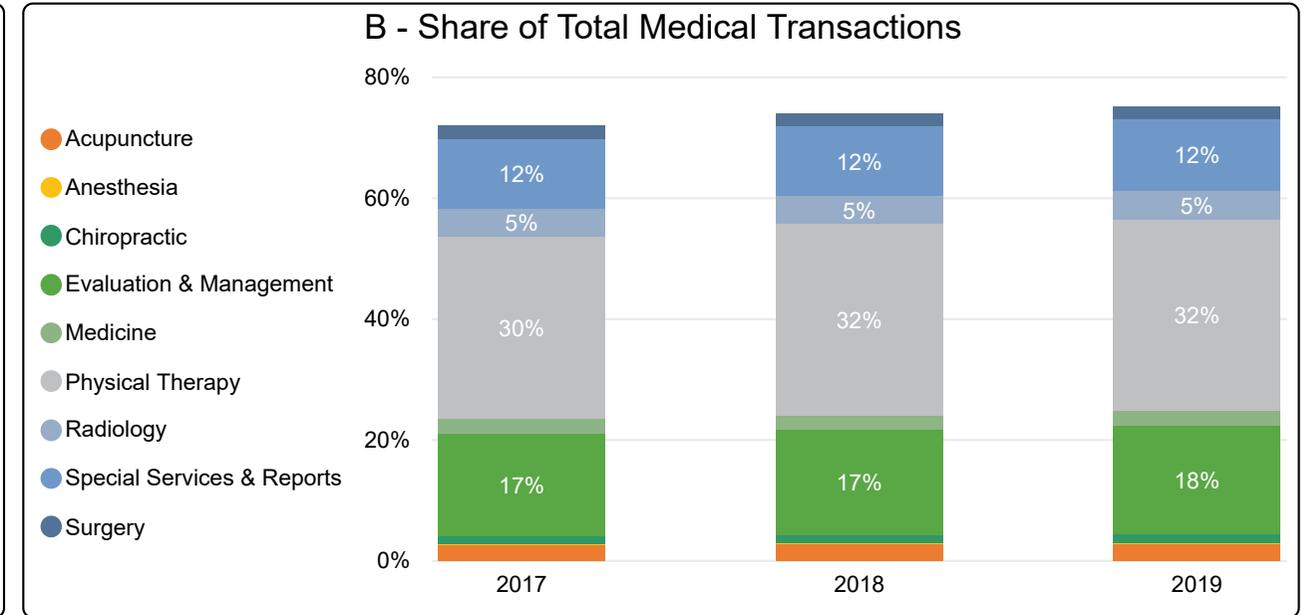
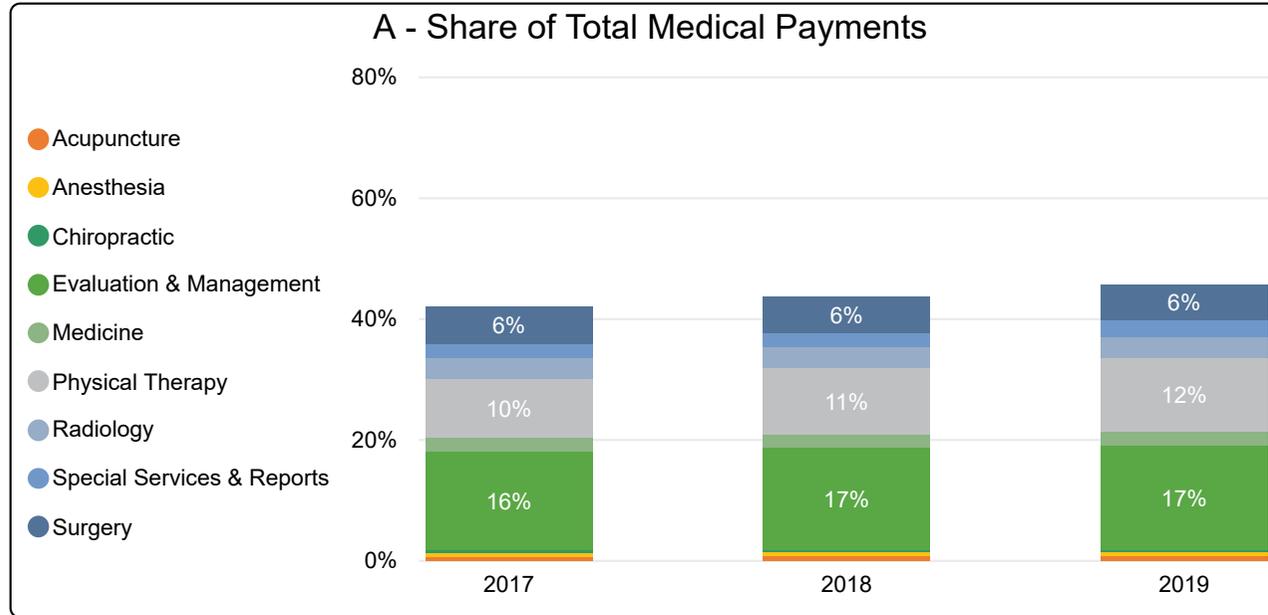
Insights

- The share of medical payments for Pharmaceuticals decreased significantly by about 43%, from 6% in 2017 to 3% in 2019. Pharmaceutical transactions accounted for about 5% of all medical transactions in 2019, decreasing from 8% in 2017. Key drivers of the decrease include legislation and policies intended to restrict inappropriate prescribing, use of CURES† database to monitor prescriptions of controlled substances, anti-fraud efforts, and the Drug Formulary.
- The paid per transaction increased significantly for Outpatient Care and Medical Liens in 2019.

* Others includes Health Care Procedure Code System (HCPCS) codes, Dental and Copy services, and Pathology and Laboratory testing.

† CURES - Controlled Substance Utilization Review and Evaluation System.

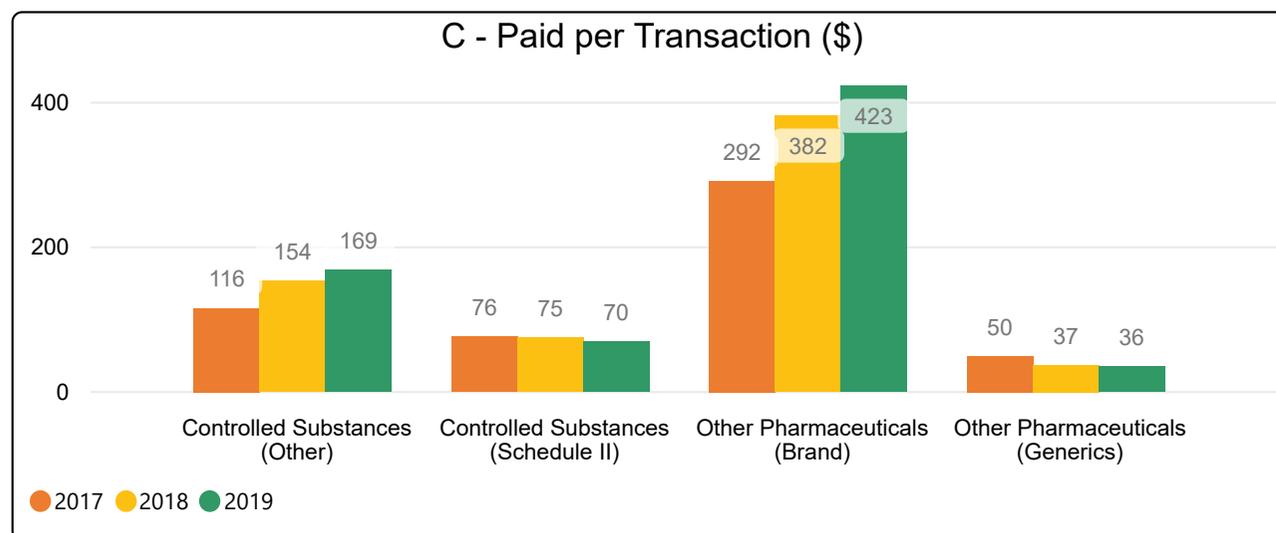
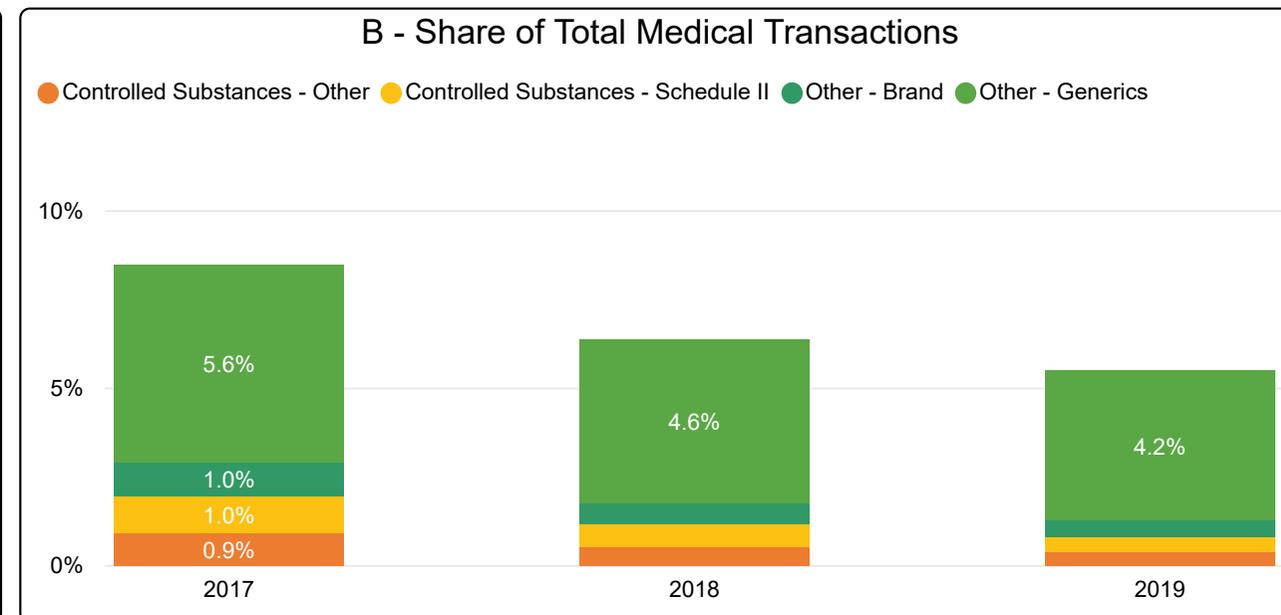
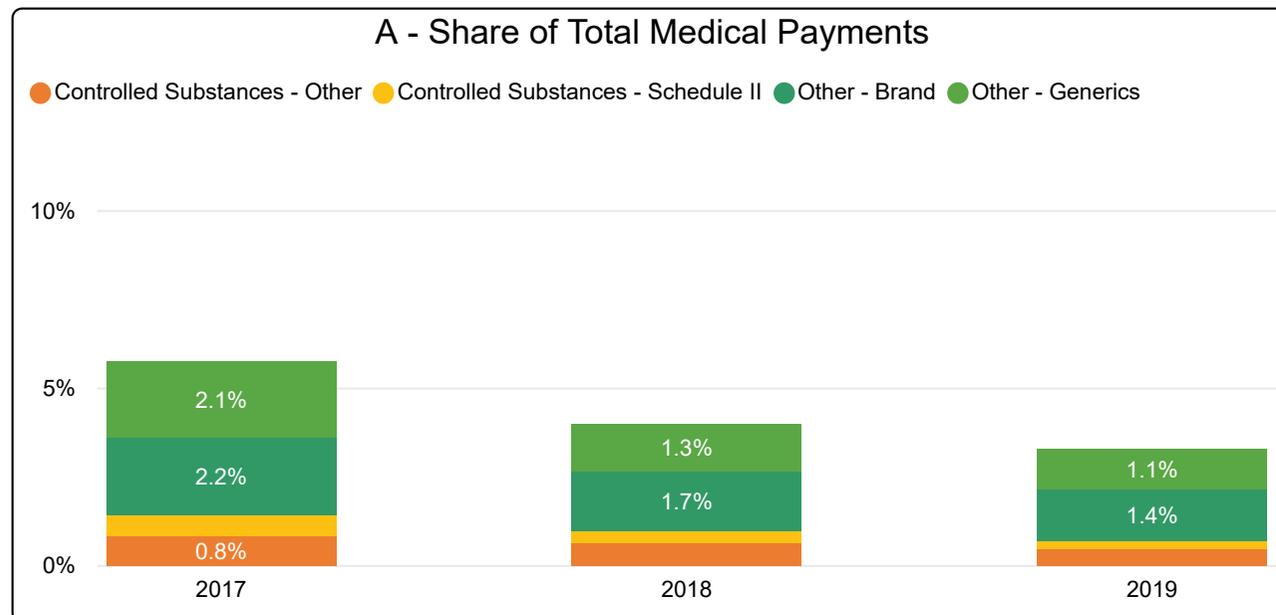
Report 4 – Medical Payments and Transactions for Physician Services



Insights

- Physical Therapy services experienced the largest percentage increase in the share of medical payments in 2019 compared to the prior two years. The increased share of medical payments for Physical Therapy was driven mostly by increases in the paid per transaction.

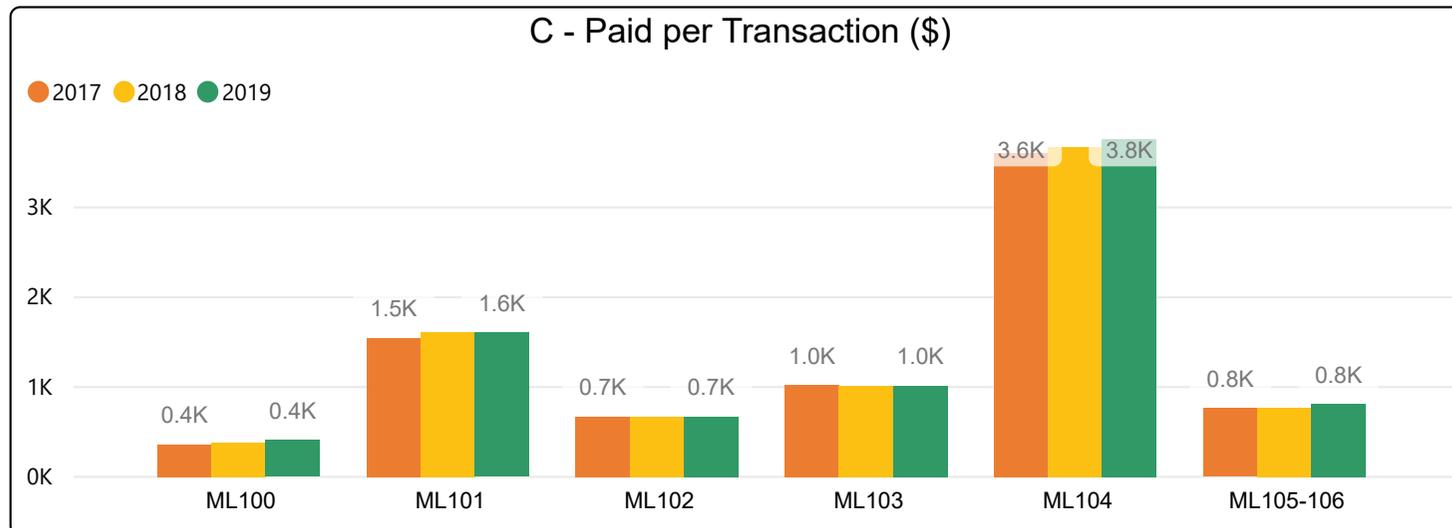
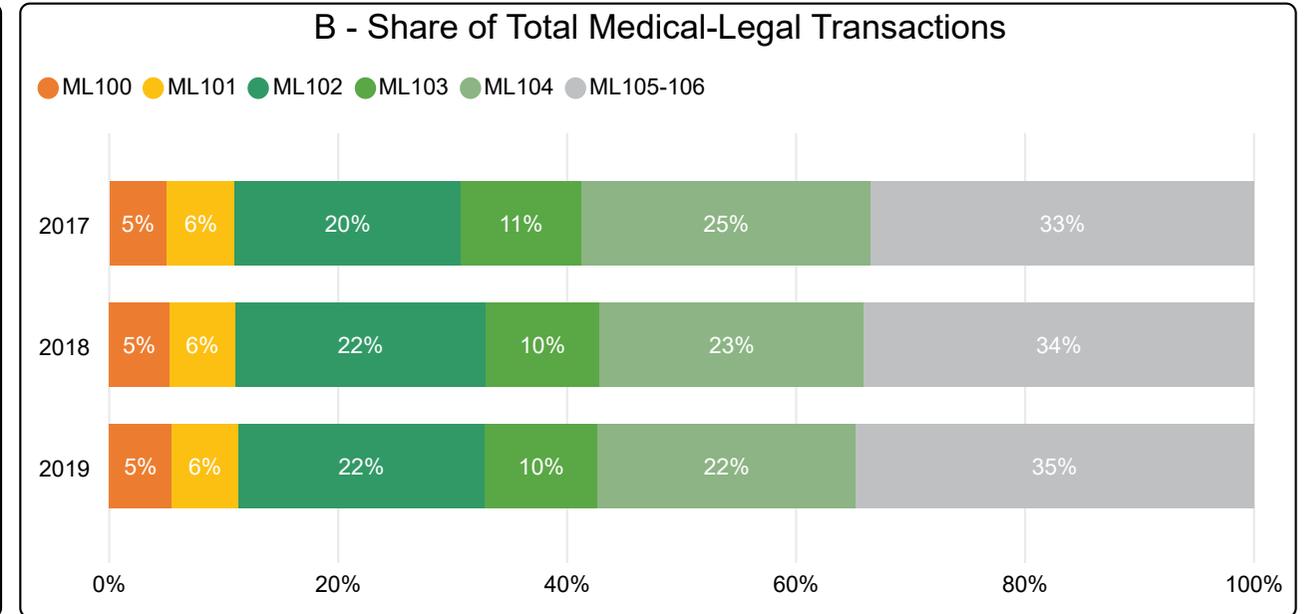
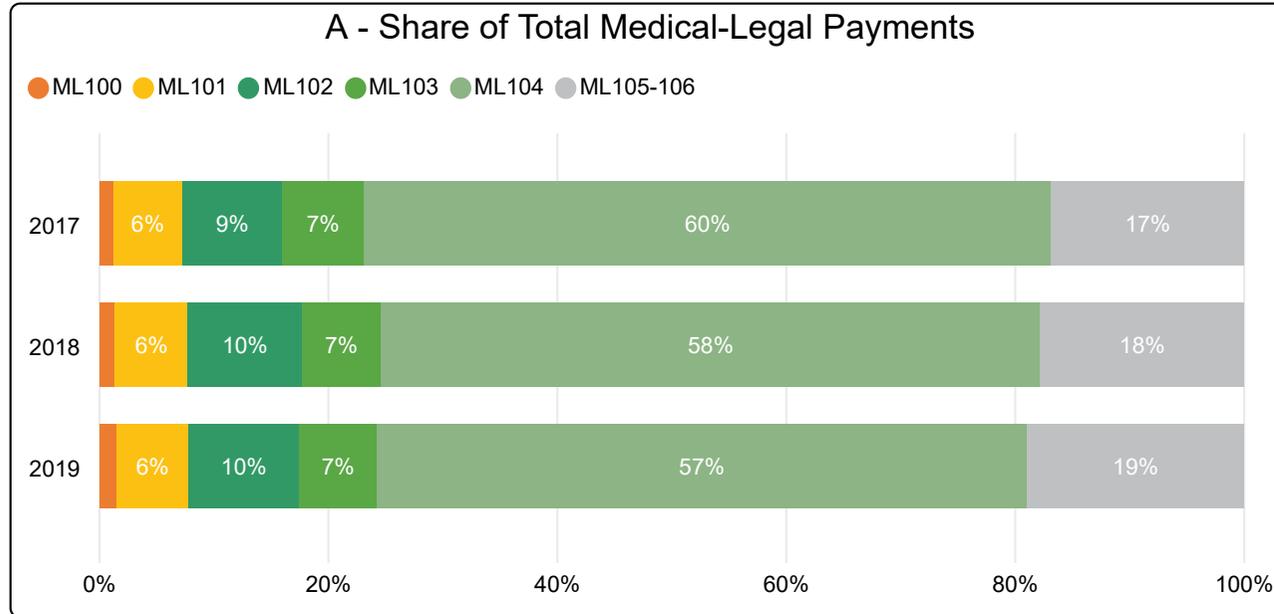
Report 5 – Medical Payments and Transactions for Pharmaceuticals



Insights

- The share of medical payments for Pharmaceuticals declined significantly. The shares of payments and transactions for Controlled Substances, in particular, dropped significantly from 2017 to 2019.
- Paid per transaction for brand name drugs increased significantly in 2019 compared to prior years, while that for generics decreased.
- The decreases in both Pharmaceutical transactions and overall paid per transaction were due to: (1) reduction in opioids prescribing (see Report 8 for more details); (2) the continued effects of Senate Bill No. 863 provisions including independent medical review; (3) anti-fraud efforts; and (4) the Drug Formulary, which went into effect January 1, 2018.

Report 6 – Medical Payments and Transactions for Medical-Legal Evaluations



Insights

- The share of total medical transactions for ML104 (the most complex and expensive Medical-Legal evaluation) decreased by 11% in 2019 compared to 2017, while that for ML105-106 (testimonies and supplementary evaluations) increased by 4%.
- The paid per transaction for ML104, ML105-106 and ML100 (missed appointment) continued to increase modestly.

Note: See Appendix for descriptions of Medical-Legal procedure codes.

Report 7 – Fastest-Growing Procedure Code Sets and Therapeutic Groups

A - Fastest-Growing Procedure Code Sets, CY2019 vs. CY2018

Growth Rank	Procedure Code Set	Procedure Code Range	Percentage Point Change in Medical Payment Share	Medical Payment Share (CY2019)	Medical Transaction Share (CY2019)	Paid per Transactions (\$) (CY2019)
1	Physical Medicine and Rehabilitation	97010-97799	1.59	26.51%	42.08%	\$51
2	Other Services and Procedures	99170-99199	0.65	2.89%	0.92%	\$254
3	Psychiatry	90785-90899	0.11	1.07%	0.69%	\$127
4	Prolonged Services	99354-99416	0.08	1.65%	0.98%	\$136
5	Emergency Department Services	99281-99288	0.06	1.52%	0.65%	\$188
6	Acupuncture	97810-97814	0.05	1.89%	3.58%	\$43
7	Preventive Medicine Services	99381-99429	0.04	0.09%	0.07%	\$99
8	Care Management Evaluation and Management Services	99487-99490	0.02	0.05%	0.05%	\$97
9	Consultation Services	99241-99255	0.02	0.03%	0.00%	\$594
10	Home Health Procedures/Services	99500-99602	0.02	0.11%	0.05%	\$193
Total				35.82%	49.07%	

Insights

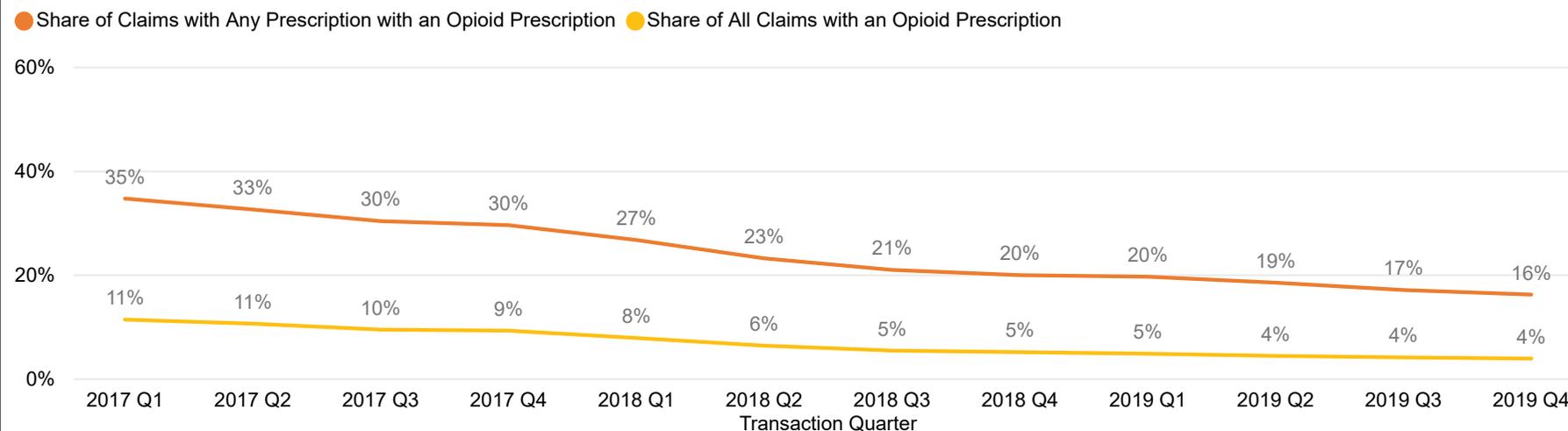
- The procedure code set related to **Physical Medicine and Rehabilitation** continued to be the greatest gainer between 2018 and 2019. These procedures received the largest share (27%) of medical payments for Physician Services.
- Hematological Agents were the fastest-growing therapeutic group in 2019.

B - Fastest-Growing Therapeutic Groups, CY2019 vs. CY2018

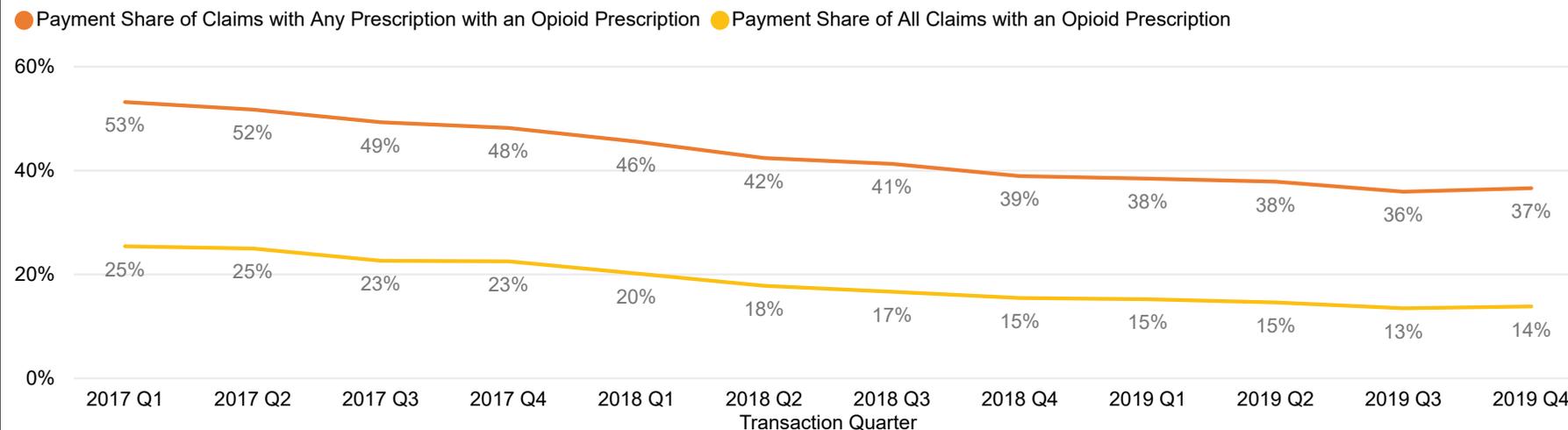
Growth Rank	Therapeutic Group	Therapeutic Group Code	Percentage Point Change in Medical Payment Share	Pharmaceutical Payment Share (CY2019)	Pharmaceutical Transaction Share (CY2019)	Paid per Transactions (\$) (CY2019)
1	Hematological Agents - Misc	85	1.23	2.57%	0.07%	\$2,982
2	Antifungals	11	0.65	1.17%	0.06%	\$1,561
3	Ulcer Drugs	49	0.56	6.84%	5.29%	\$103
4	Antidiabetics	27	0.51	2.27%	0.42%	\$427
5	Psychotherapeutic and Neurological Agents - Misc	62	0.51	2.09%	0.20%	\$823
6	Anticoagulants	83	0.45	1.74%	0.35%	\$401
7	Dermatologicals	90	0.39	15.65%	6.90%	\$181
8	Analgesics Anti Inflammatory	66	0.36	15.72%	32.90%	\$38
9	Antineoplastics and Adjunctive Therapies	21	0.25	0.38%	0.02%	\$1,344
10	Migraine Products	67	0.18	0.75%	0.22%	\$265
Total				49.20%	46.44%	

Report 8 – Prescriptions and Payments for Opioids (2017 - 2019)

A - Claims with Any Opioid Prescription



B - Medical Payments for Claims with Any Opioid Prescription



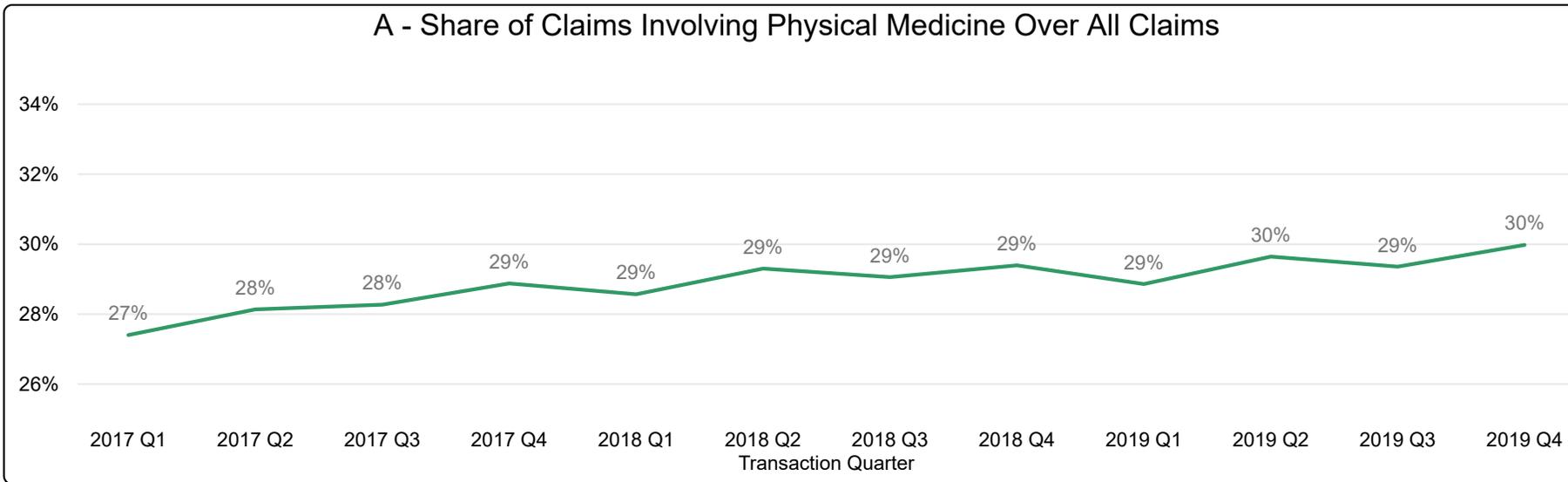
Note: See Appendix for more information on the methodology.

Insights

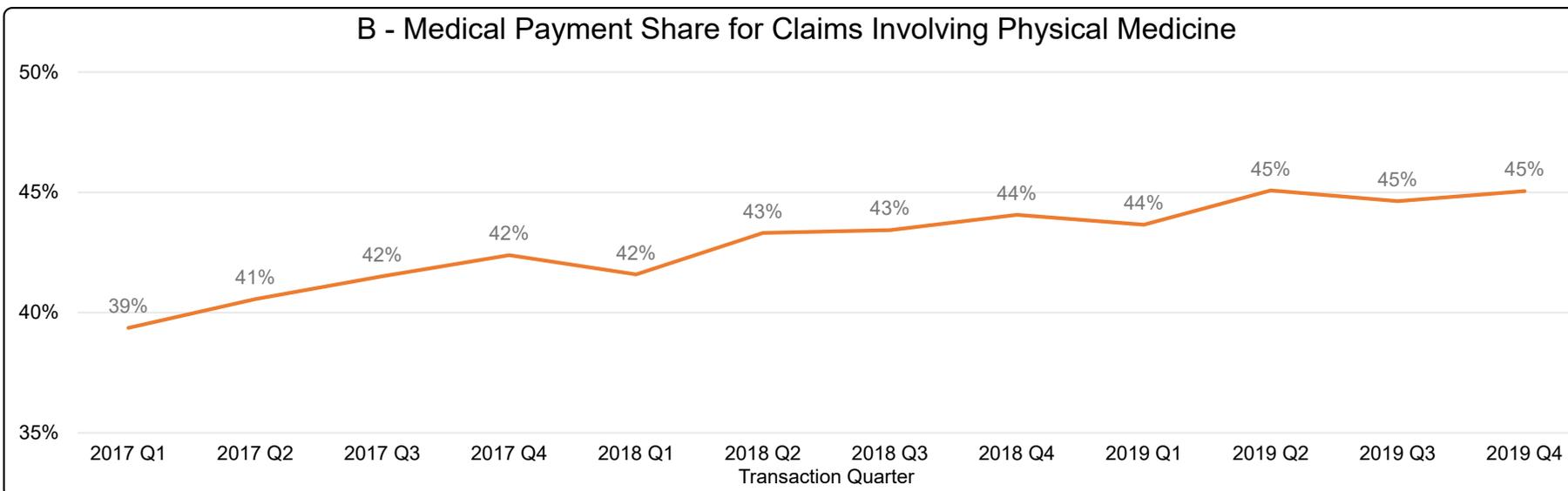
- The share of all claims with at least one opioid prescription declined significantly by 65% from early 2017 to late 2019. Even among claims with drug prescriptions, those with at least one opioid prescription declined by about 53%.
- The share of medical payments for claims involving opioid prescriptions also decreased steadily by 46% in the same time period; among claims with drug prescriptions, the payment share decreased by 31%.

Report 9 – Transactions and Payments for Physical Medicine (2017 - 2019)

A - Share of Claims Involving Physical Medicine Over All Claims



B - Medical Payment Share for Claims Involving Physical Medicine



Note: Physical Medicine procedures include physical therapy, acupuncture and chiropractic care.

See Appendix for more information on the methodology.

Insights

- The share of overall claims involving physical medicine increased by 9% from early 2017 to the end of 2019. Prior WCIRB research showed that early use of physical therapy is associated with a lower likelihood of opioid use and lower doses of opioid use among soft tissue claims in the workers' compensation system. The research finding indicated that use of physical medicine might have been substituting for opioid prescriptions.

- The share of medical payments for claims involving physical medicine also increased steadily by 14% in the same time period.

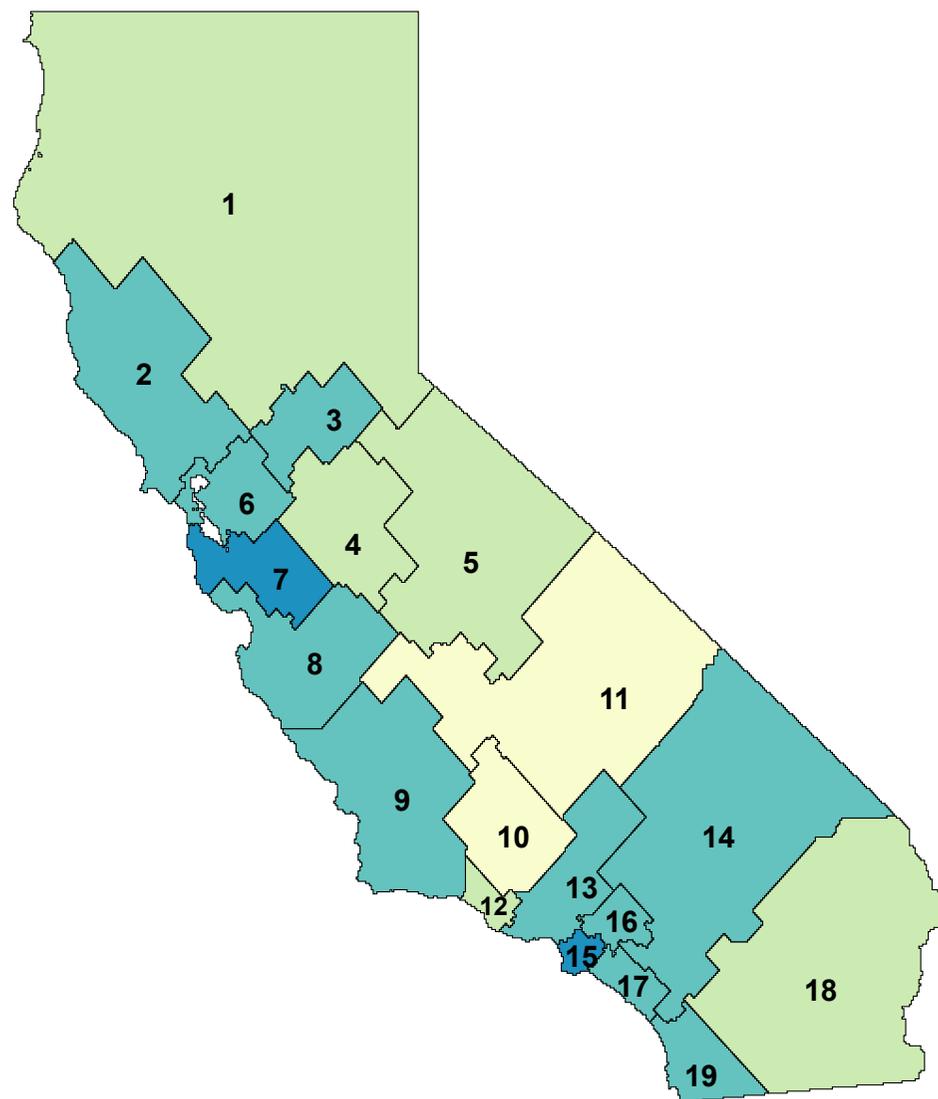
Report 10 – Regional Variations in the Share of Claims Involving Opioid Prescriptions (2017*)

Share of Claims Involving Opioid Prescriptions

- 10.0% and below
- 10.0% - 12.5%
- 12.5% - 15.0%
- 15.0% - 17.5%

Region

- 01 - Yuba City / Redding / Far North
- 02 - Sonoma / Napa
- 03 - Sacramento
- 04 - Stockton / Modesto / Merced
- 05 - Fresno / Madera
- 06 - Bay Area
- 07 - Peninsula / Silicon Valley
- 08 - Santa Cruz / Monterey / Salinas
- 09 - SLO / Santa Barbara
- 10 - Bakersfield
- 11 - Tulare / Inyo
- 12 - Ventura
- 13 - Santa Monica / San Fernando Valley
- 14 - San Bernardino / West Riverside
- 15 - LA / Long Beach
- 16 - San Gabriel Valley / Pasadena
- 17 - Orange County
- 18 - Imperial / Riverside
- 19 - San Diego



Insights

- Overall, the share of claims involving opioid prescriptions declined across all regions in California in 2017 compared to 2016.
- The Tulare / Inyo and Bakersfield areas had the highest share of claims involving opioid use in 2017. Conversely, the Los Angeles Basin and Peninsula / Silicon Valley areas had the lowest shares, and the only regions with shares below 10%.

* The latest calendar year that the WCIRB has the complete geo-located claims in the medical transaction data.

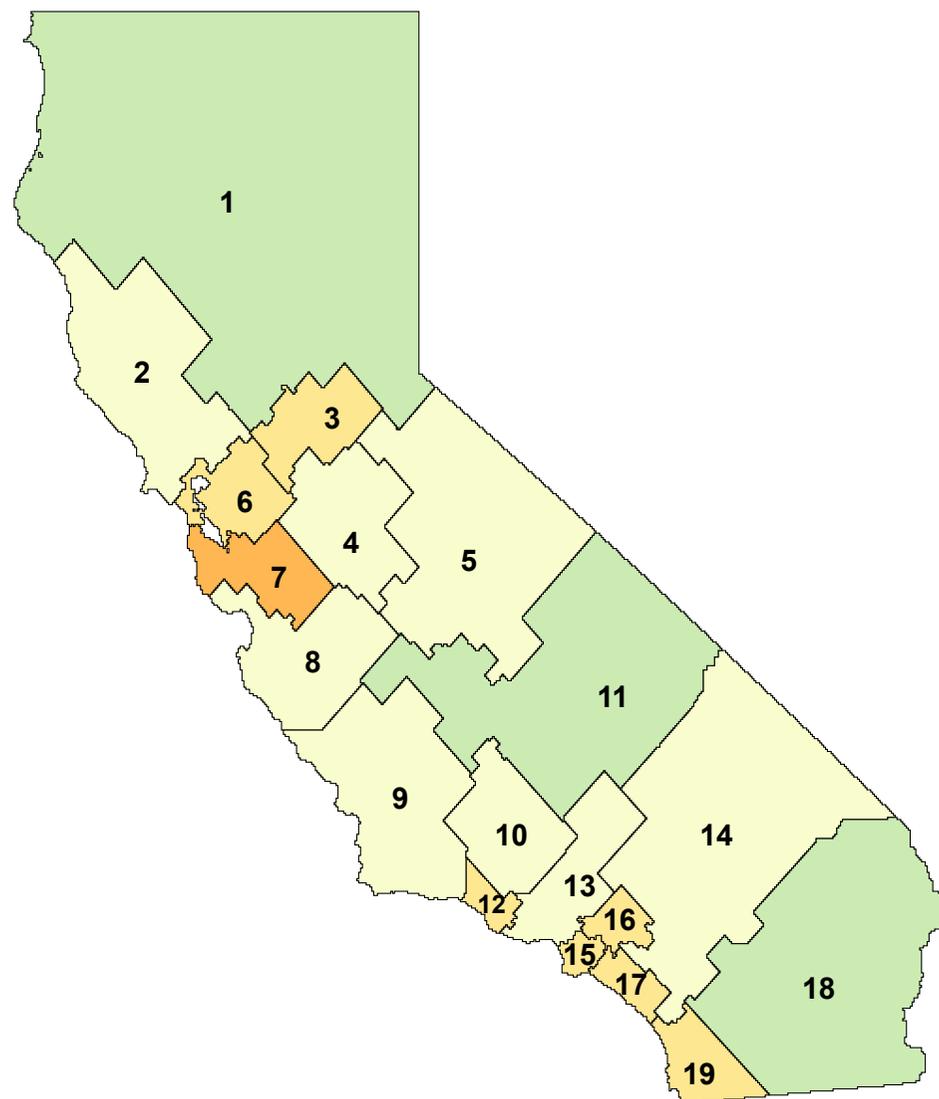
Report 11 – Regional Variations in the Share of Claims Involving Physical Medicine Services (2017*)

Share of Claims Involving Physical Medicine Services

- 25.0% - 30.0%
- 30.0% - 35.0%
- 35.0% - 40.0%
- 40.0% - 45.0%

Region

- 01 - Yuba City / Redding / Far North
- 02 - Sonoma / Napa
- 03 - Sacramento
- 04 - Stockton / Modesto / Merced
- 05 - Fresno / Madera
- 06 - Bay Area
- 07 - Peninsula / Silicon Valley
- 08 - Santa Cruz / Monterey / Salinas
- 09 - SLO / Santa Barbara
- 10 - Bakersfield
- 11 - Tulare / Inyo
- 12 - Ventura
- 13 - Santa Monica / San Fernando Valley
- 14 - San Bernardino / West Riverside
- 15 - LA / Long Beach
- 16 - San Gabriel Valley / Pasadena
- 17 - Orange County
- 18 - Imperial / Riverside
- 19 - San Diego



Insights

- Urban areas of California, such as Peninsula / Silicon Valley, had a higher share of claims involving physical medicine services in 2017, while more suburban and rural areas had lower shares.

* The latest calendar year that the WCIRB has the complete geo-located claims in the medical transaction data.

Appendix

All reports:

- Based on WCIRB medical transaction data with transaction dates from January 1, 2017 through December 31, 2019. The medical transaction data does not include: (a) medical payments made directly to injured workers or (b) payments made to any known third-party who may be assigned medical management.

Reports 4-5:

- Denominators for the medical payments share and transaction share are for all medical procedure codes.

Report 6:

- Categories for the Medical-Legal evaluations are as follows:
 - ML100 - Missed appointment for a comprehensive or follow-up medical-legal evaluation
 - ML101 - Follow-up medical-legal evaluation
 - ML102 - Basic comprehensive medical-legal evaluation
 - ML103 - Complex comprehensive medical-legal evaluation
 - ML104 - Complex comprehensive medical-legal evaluation involving extraordinary circumstances
 - ML105-106 - Fees for medical-legal testimony or supplementary medical-legal evaluation

Report 7:

- Procedure code sets are the aggregated grouping of similar medical procedures based on the Current Procedural Terminology (CPT) subsections.
- Therapeutic group codes are the higher level grouping of therapeutic classes. Denominators used for the payment and transaction shares are pharmaceutical payments and transactions. Patterns shown in this report were based on an updated methodology.

Report 8:

- Numerators used for the claim and payment shares are based on claims with any paid opioid prescription in each quarter. Denominators are based on claims with any paid medical service or drug prescription in each quarter. Methodology used in this report is different from that in the 2018 report.

Report 9:

- Numerators used for the claim and payment shares are based on claims with any paid physical medicine service in each quarter. Denominators are based on claims with any paid medical service in each quarter.
- Zhang, J., Yu, Y., and Sabiniano, E., [Physical Medicine Treatments and Their Impact on Opioid Use and Lost Time in California Workers' Compensation](#). WCIRB, 2020.

Report 10:

- Claims involving opioid prescriptions were mapped to an employer's location based on the [2018 WCIRB Geo Study](#). The study located approximately 71% of all claims.
- Numerators used for the claim share are located claims with any paid opioid prescription in each region in 2017. Denominators are located claims with any paid medical service in each region in 2017.

Report 11:

- Similarly to Report 10, claims involving physical medicine services were mapped to an employer's location based on the [2018 WCIRB Geo Study](#). Numerators used for the claim share are located claims with any paid physical medicine service in each region in 2017. Denominators are located claims with any paid medical service in each region in 2017.

Conditions and Limitations

The WCIRB completed this study using medical transaction data, which reflects approximately 92% of the experience of insured employers in California. The following should be noted:

1. This report reflects a compilation of individual insurer submissions of medical transaction data to the WCIRB. While an insurer's medical data submissions are regularly checked for consistency and comparability with other data submitted by the insurer as well as with other insurers' medical data submissions, the source information underlying each insurer's data submission is not verified by the WCIRB.
2. The study is based solely on the experience of insured employers. No self-insured employer experience is reflected in the study.

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