

California Workers' Compensation Aggregate Medical Payment Trends

Updated through Calendar Year 2021

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Report Summary: California Workers' Compensation Aggregate Medical Payment Trends in Calendar Year (CY) 2021

General Trends in the Medical Payments and Transactions in CY2021

- Overall medical payments per claim increased significantly, mostly driven by increases in payments per transaction.
- The increase in payments per transaction was largely because of the 2021 fee schedule updates to Medical-Legal and Evaluation and Management services.
- Utilization of telehealth services continued to decline in 2021 but still remained at a much higher level than during pre-pandemic periods.

Fastest Growing Physician Services Procedures and Therapeutic Group

- Office or other outpatient service procedures continued to grow and are the fastest growing physician service in 2021.
- Use of Analgesics Anti-Inflammatory increased more significantly than that of any other therapeutic group.

Impacts of Fee Schedule Updates to Medical-Legal and Evaluation and Management Services

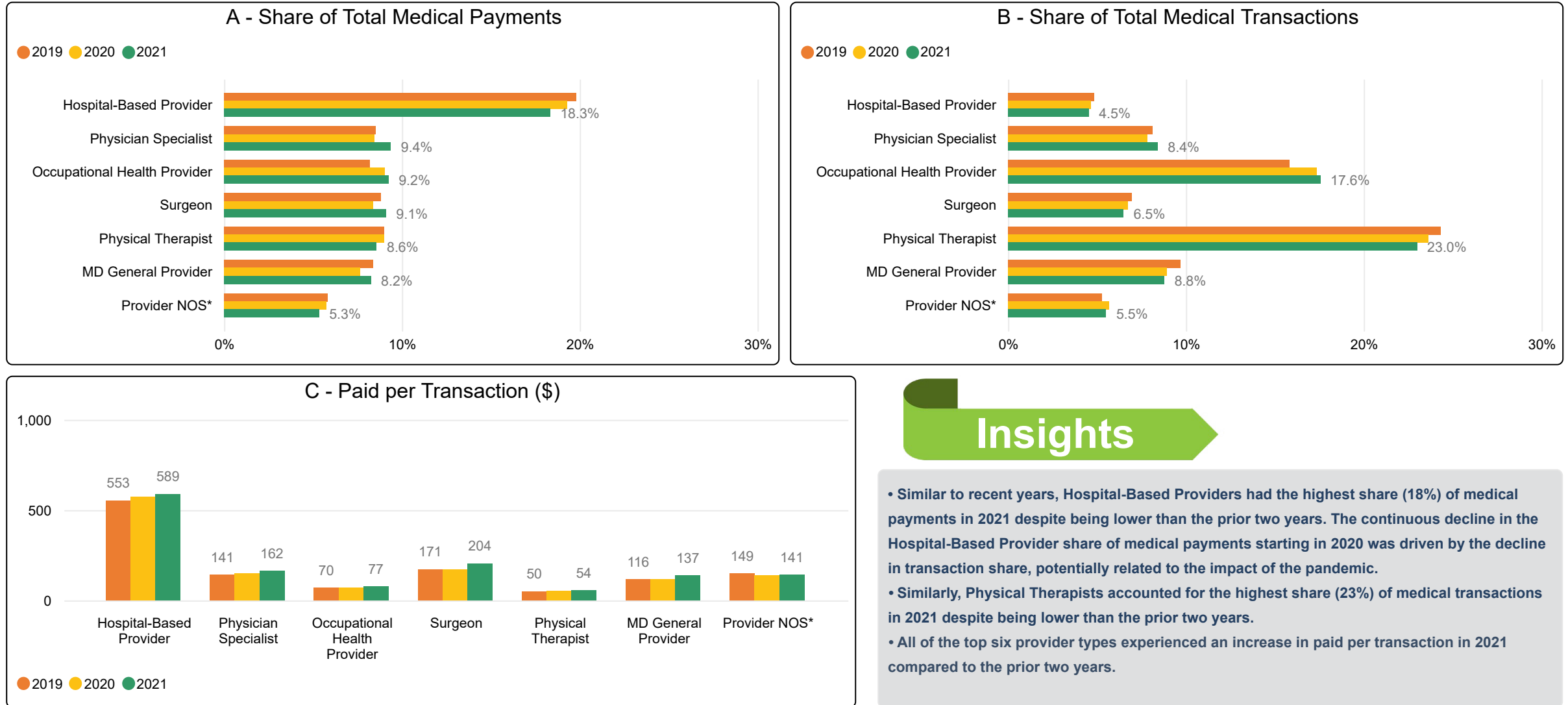
- The 2021 Medical-Legal Fee Schedule drove up average payments per Medical-Legal service as well as medical payment share for Medical-Legal services in 2021 compared to the prior two years.
- Similarly, the 2021 update to the reimbursement allowance for Evaluation and Management services led to a large increase in the payments per transaction and payment share for Evaluation and Management services in 2021 compared to the prior two years.

Note: COVID-19 claims are excluded.

Summary Data

CY2021	% Change CY2020 - CY2021
\$1.9B Medical Payments	5.5%
559K Number of Claims	-0.2%
13M Paid Medical Transactions	-0.1%
\$146 Paid per Transaction	5.6%
\$3,374 Paid per Claim	5.7%
23 Transactions per Claim	0.1%

Report 1 – Medical Payments and Transactions by Leading Provider Types



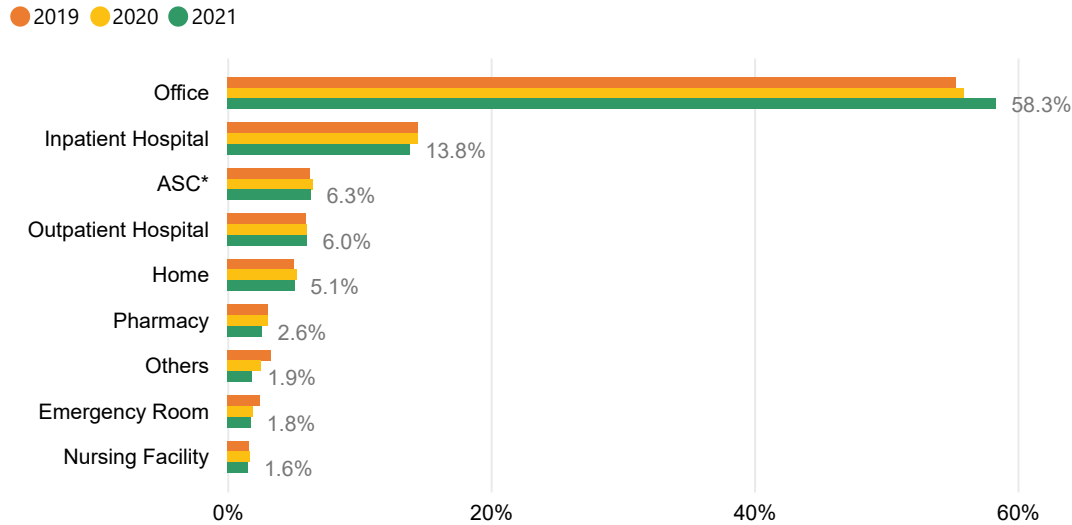
Insights

- Similar to recent years, Hospital-Based Providers had the highest share (18%) of medical payments in 2021 despite being lower than the prior two years. The continuous decline in the Hospital-Based Provider share of medical payments starting in 2020 was driven by the decline in transaction share, potentially related to the impact of the pandemic.
- Similarly, Physical Therapists accounted for the highest share (23%) of medical transactions in 2021 despite being lower than the prior two years.
- All of the top six provider types experienced an increase in paid per transaction in 2021 compared to the prior two years.

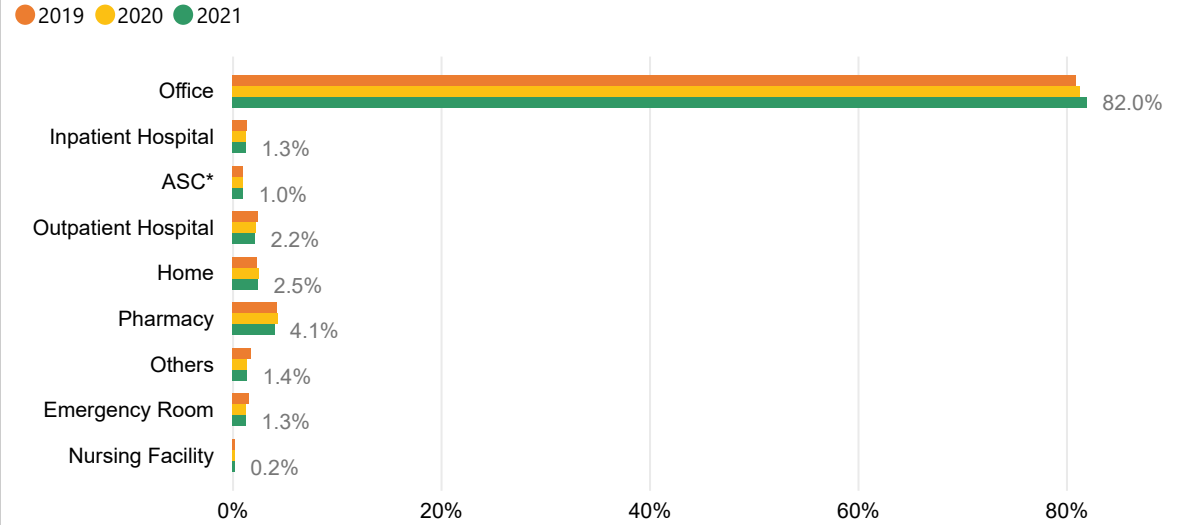
* NOS - Not Otherwise Specified. Taxonomy Code Reported as 174400000X.

Report 2 – Medical Payments and Transactions by Leading Place of Service

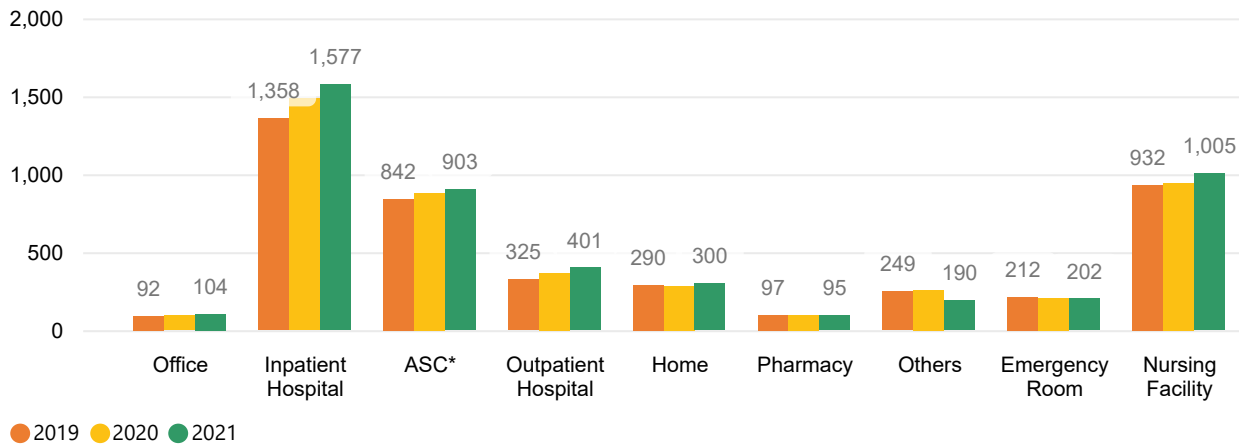
A - Share of Total Medical Payments



B - Share of Total Medical Transactions



C - Paid per Transaction (\$)

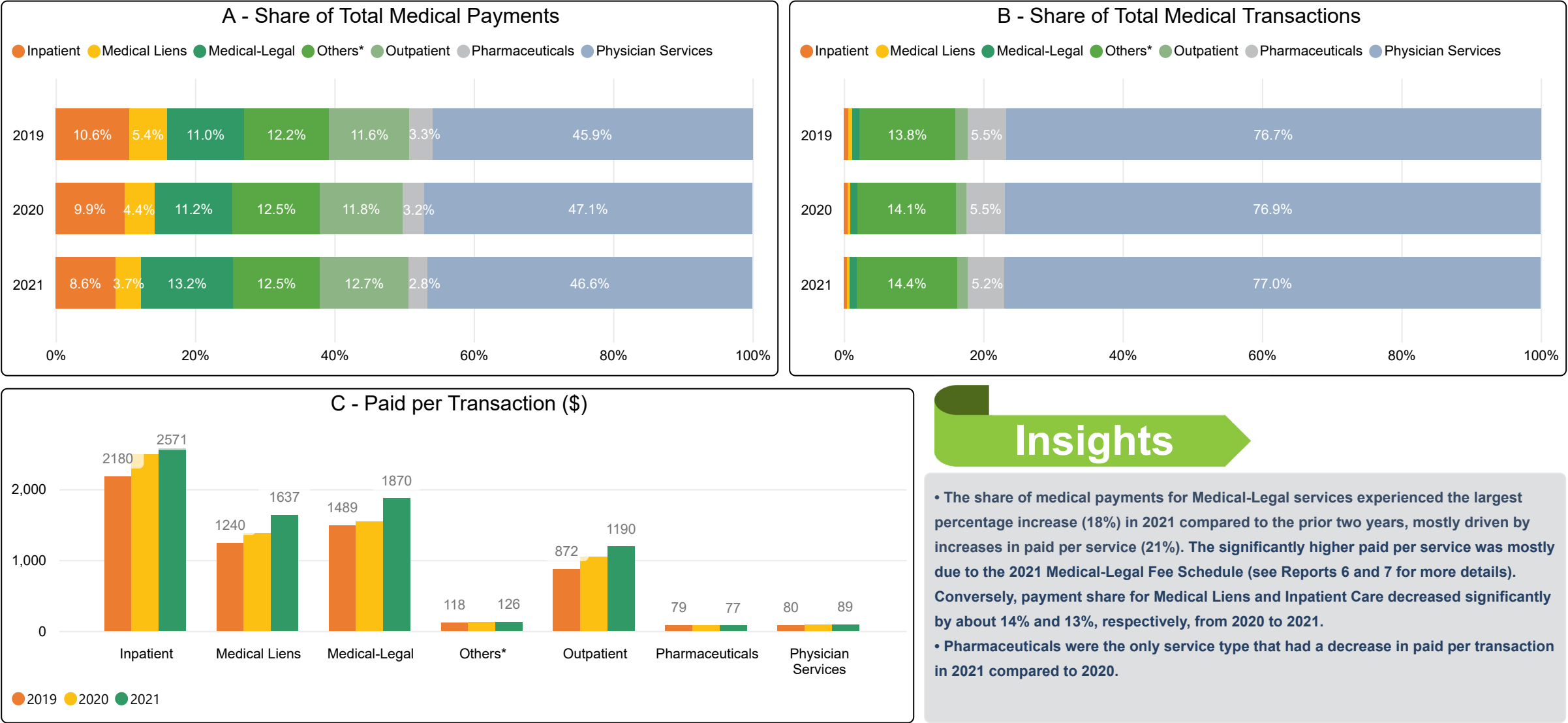


* ASC - Ambulatory Surgery Center

Insights

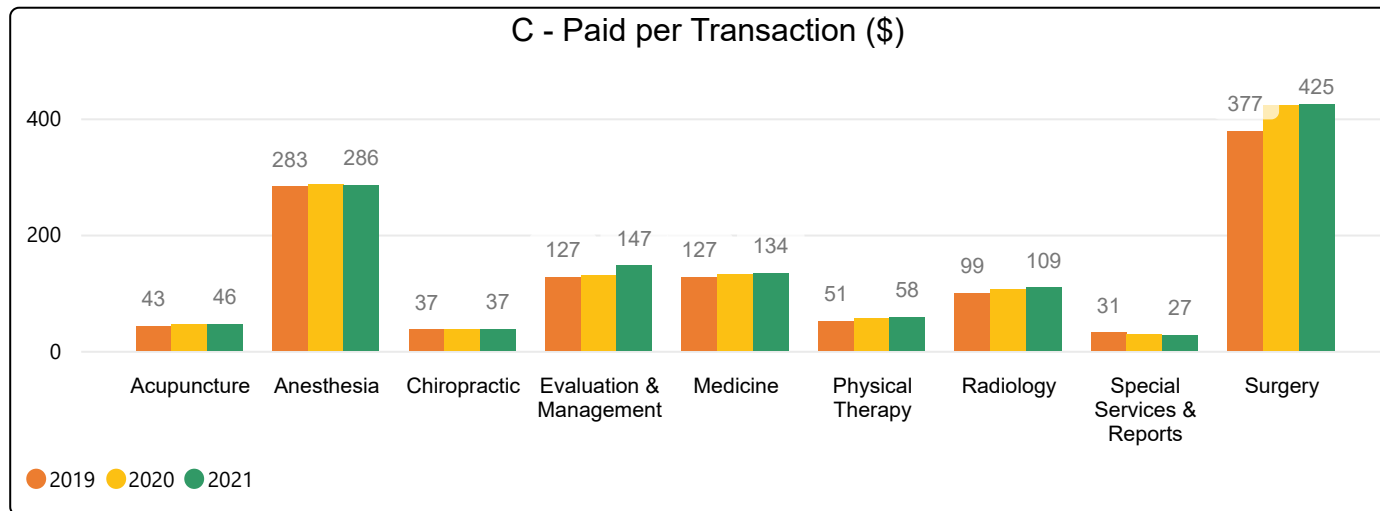
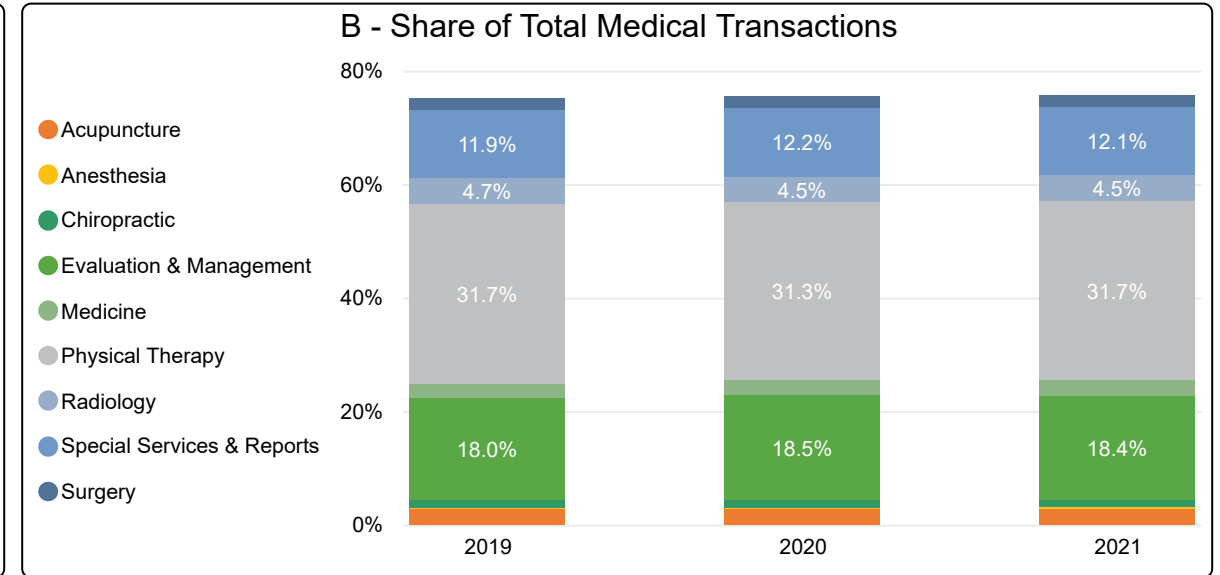
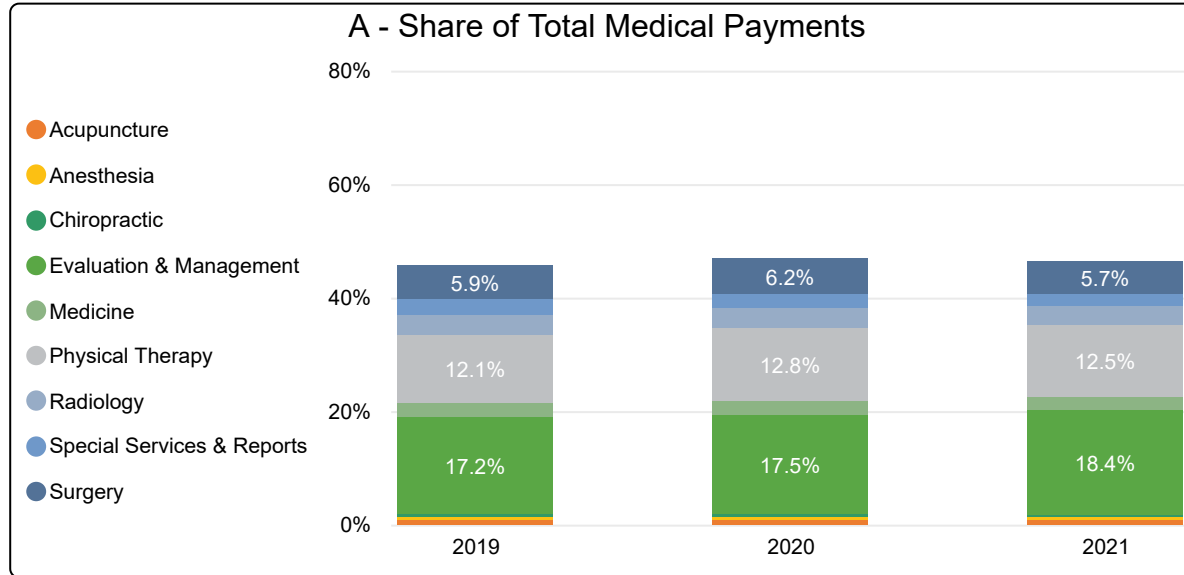
- Physician Office remained the leading Place of Service, accounting for both the highest share (58%) of medical payments and the highest share (82%) of medical transactions in 2021, partly related to higher levels of utilization of telemedicine services.
- Pharmacy had the largest percentage decrease (7%) in the share of medical transactions from 2020 to 2021, which contributed to its significant decrease in the medical payment share for 2021.
- Both Outpatient Hospital and Physician Office had the highest percentage increase (9%) in average paid per transaction in 2021 compared to the prior year. The increases were partly driven by the 2021 updates to the reimbursement allowance for office and other outpatient visits in the Evaluation and Management section of the Official Medical Fee Schedule.

Report 3 – Medical Payments and Transactions by Procedure Type



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

Report 4 – Medical Payments and Transactions for Physician Services

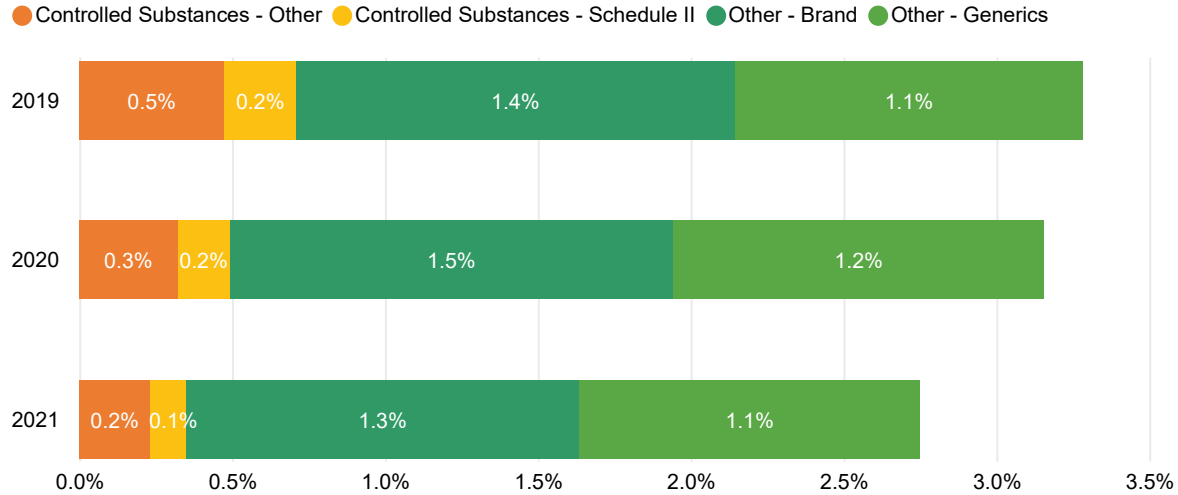


Insights

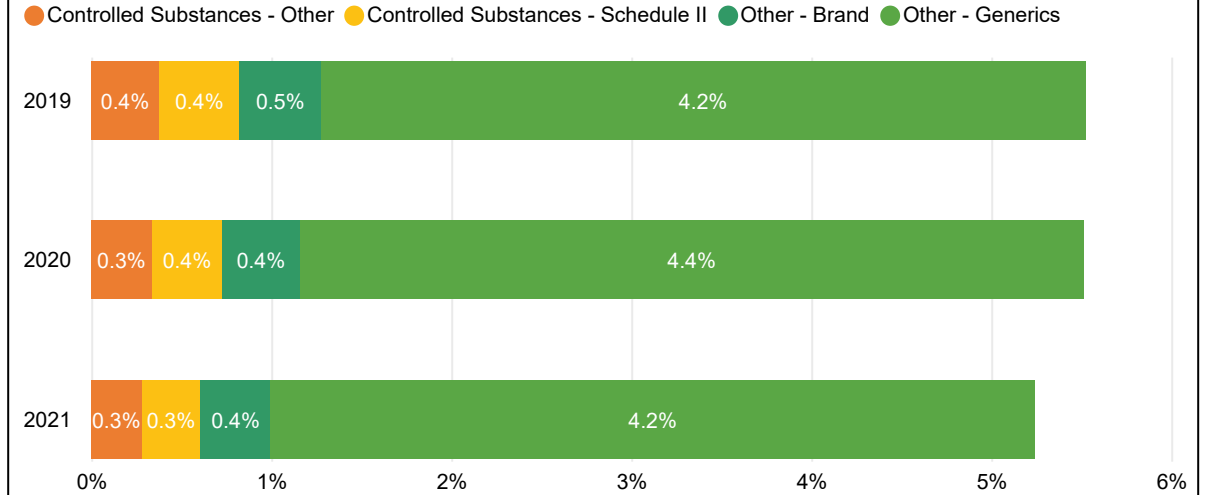
- Evaluation and Management services experienced the largest percentage increase (5%) in share of medical payments in 2021 compared to 2020, which was mostly driven by increases (13%) in paid per transaction. The higher paid per Evaluation and Management transaction was mostly due to the 2021 updates to the reimbursement allowance for Evaluation and Management services.
- The paid per transaction for other types of physician services remained flat in 2021 compared to 2020.

Report 5 – Medical Payments and Transactions for Pharmaceuticals

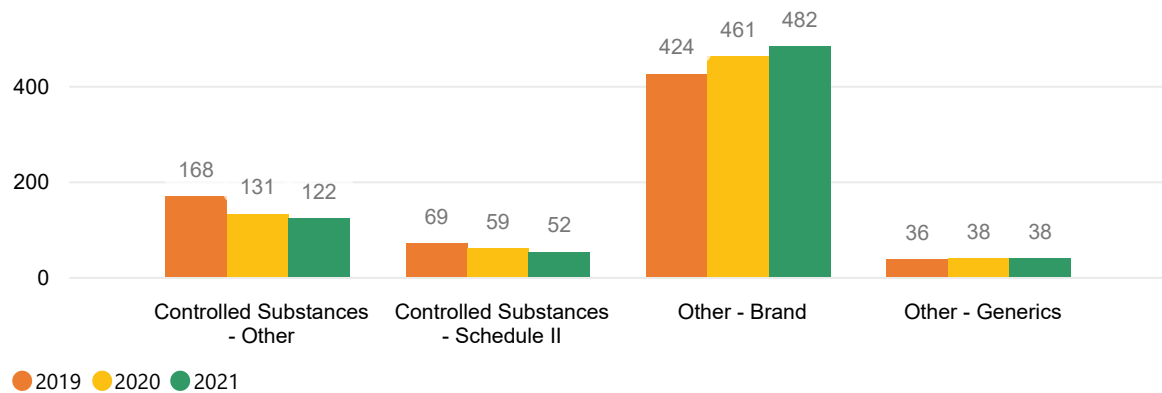
A - Share of Total Medical Payments



B - Share of Total Medical Transactions



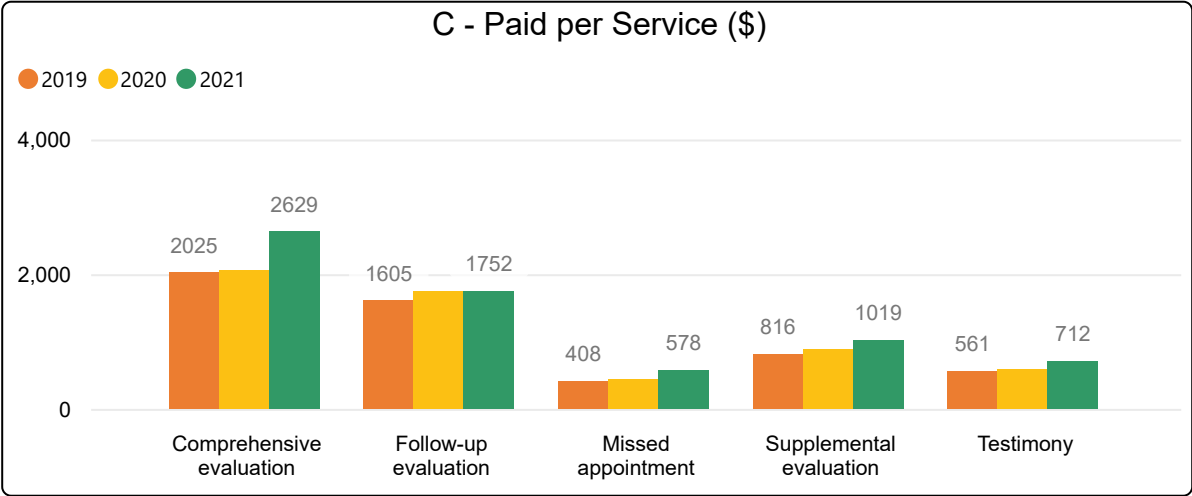
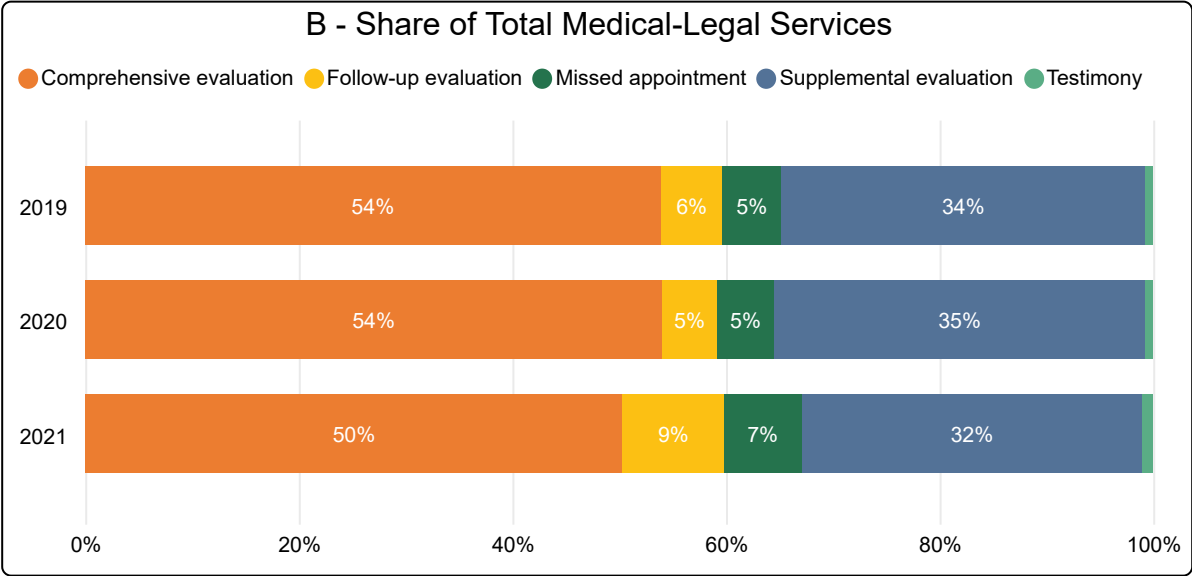
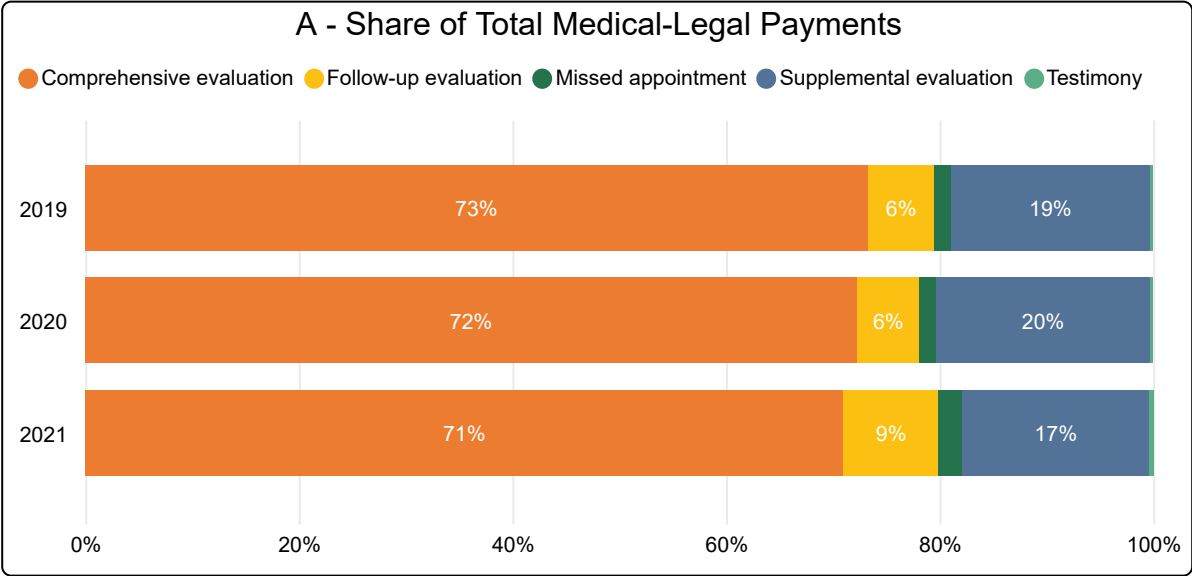
C - Paid per Transaction (\$)



Insights

- The share of medical payments for Pharmaceuticals continued to decline in 2021. Controlled Substances had a significant decrease (approximately 30%) from 2020 to 2021.
- Paid per transaction for brand name drugs continued to increase (4%) in 2021 compared to 2020. However, the share of brand name drug prescriptions continued to decline (10%), contributing to a smaller share of medical payments for brand name drugs.
- The decreases in both Pharmaceutical transactions and overall paid per transaction were due to: (1) reduction in opioid prescribing (see Report 9 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 Services for Medical-Legal

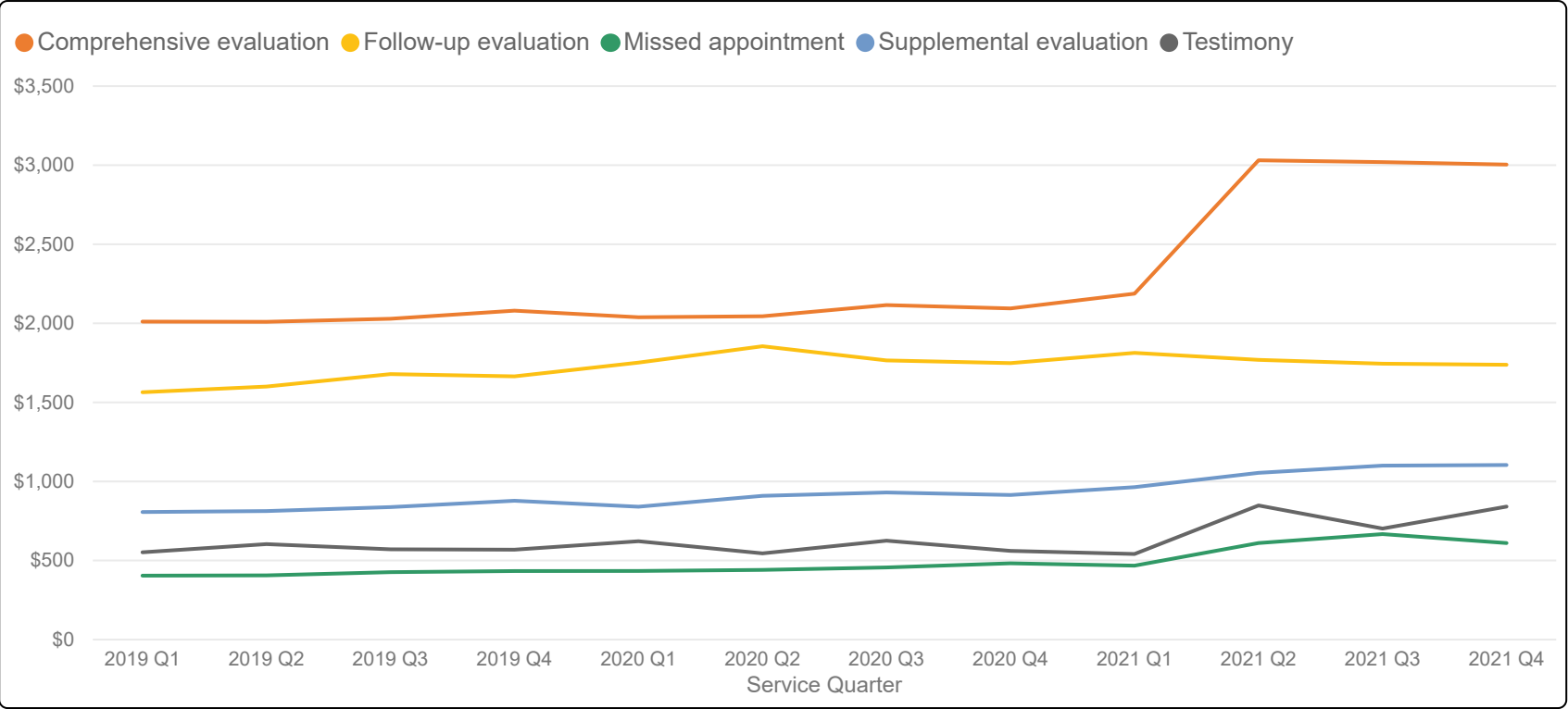


Insights

- The share of Medical-Legal payments for follow-up evaluations increased significantly in 2021 compared to the prior two years, mostly driven by increases in the share of Medical-Legal services. On the other hand, both comprehensive evaluations and supplemental evaluations had a modest decline in payment share, mostly driven by decreases in service shares.
- Paid per service for all Medical-Legal service types increased in 2021 compared to the prior two years, especially for comprehensive evaluations (see Report 7 for more details). The payment increase was mostly driven by the 2021 Medical-Legal Fee Schedule, which increases the reimbursement allowance for most Medical-Legal services and created a separate add-on charge for additional record review.

Note: See Appendix for the corresponding Medical-Legal procedure codes.

Report 7 – Quarterly Trends of Average Payments per Medical-Legal Service



Insights

- Comprehensive, follow-up and supplemental Medical-Legal evaluations are the leading Medical-Legal services, accounting for a majority of the Medical-Legal payments (97%) and services (92%) in 2021.
- Of the top three Medical-Legal services, comprehensive evaluations had the largest percentage increase (39%) in paid per service from the first quarter of 2021 to the second quarter of 2021 when the new Medical-Legal Fee Schedule took effect. The higher paid per service was mostly driven by the separate add-on charge for additional record review established by the new fee schedule. Increases in the paid per service persisted for the rest of 2021.
- The average paid per supplemental evaluation also increased (9%) in the second quarter of 2021, while the average paid for follow-up evaluations declined slightly (2%).

Service Quarter	Comprehensive evaluation	Follow-up evaluation	Missed appointment	Supplemental evaluation	Testimony
2021 Q1	\$2,182	\$1,807	\$462	\$958	\$535
2021 Q2	\$3,025	\$1,763	\$605	\$1,049	\$842
2021 Q3	\$3,014	\$1,739	\$661	\$1,094	\$696
2021 Q4	\$2,998	\$1,732	\$605	\$1,098	\$835

Report 8 – Fastest Growing Procedure Code Sets and Therapeutic Groups

A - Fastest Growing Procedure Code Sets, CY2021 vs. CY2020

Growth Rank	Procedure Code Set	Procedure Code Range	Percentage Point Change in Medical Payment Share	Medical Payment Share (CY2021)	Medical Transaction Share (CY2021)	Paid per Transaction (\$)(CY2021)
1	Office or Other Outpatient Services	99201-99215	1.85	32.96%	21.16%	\$138
2	Preventive Medicine Services	99381-99429	1.08	1.97%	0.21%	\$841
3	Non-Face-to-Face Services	99441-99452	0.16	0.56%	0.49%	\$101
4	Other Evaluation & Management Services*	99217-99499	0.12	1.78%	0.78%	\$202
5	Psychiatry	90785-90899	0.05	1.18%	0.70%	\$149
6	Other Radiological Procedures	76506-79999	-0.02	0.30%	0.25%	\$106
7	Acupuncture	97810-97814	-0.02	1.86%	3.61%	\$46
8	Surgical Procedures on the Nervous System	61000-64999	-0.03	2.09%	0.44%	\$418
9	Home Health Services and Medication Therapy Management	99500-99607	-0.03	0.09%	0.04%	\$194
10	Neurology and Neuromuscular Procedures	95782-96020	-0.04	2.02%	0.84%	\$214
Total				44.81%	28.51%	

Insights

• The procedure code set related to Office or other Outpatient Services became the greatest gainer in payment share between 2020 and 2021, mostly driven by a large percentage increase (11%) in paid per transaction. The large increase was related to the 2021 updates to the Evaluation and Management section of the Official Medical Fee Schedule, which significantly increased the reimbursement allowance for office and other outpatient visits.

B - Fastest Growing Therapeutic Groups, CY2021 vs. CY2020

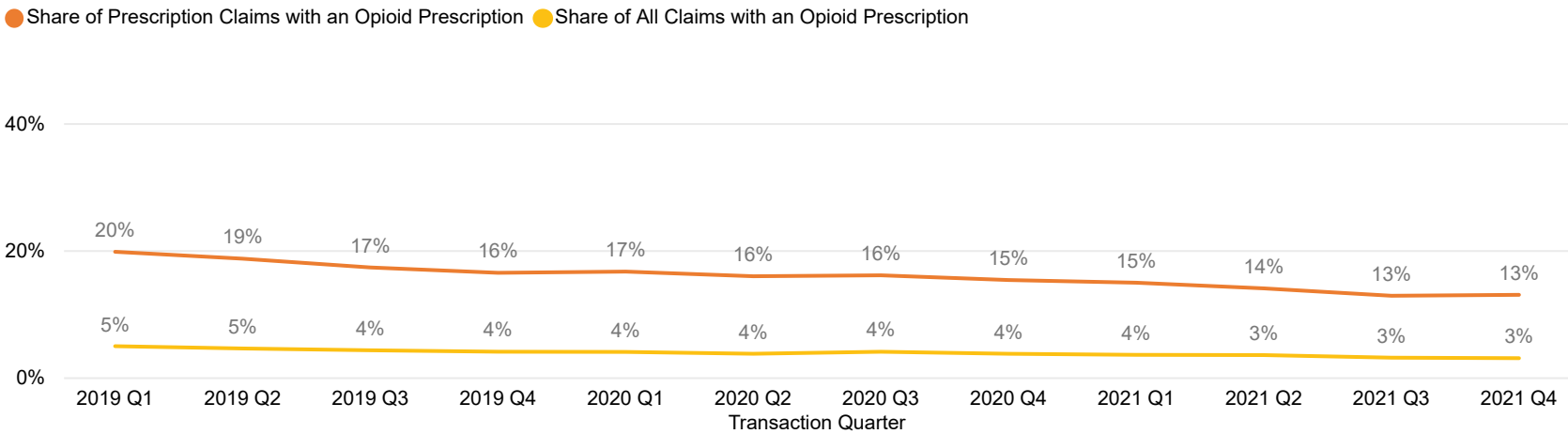
Growth Rank	Therapeutic Group	Therapeutic Group Code	Percentage Point Change in Medical Payment Share	Pharmaceutical Payment Share (CY2021)	Pharmaceutical Transaction Share (CY2021)	Paid per Transaction (\$)(CY2021)
1	Analgesics - Anti-Inflammatory	66	3.36	23.33%	31.38%	\$57
2	Dermatologicals	90	1.30	15.01%	7.48%	\$154
3	Ophthalmic Agents	86	0.46	1.03%	0.84%	\$94
4	Ulcer Drugs	49	0.38	6.26%	3.74%	\$128
5	Anti-Infective Agents - Misc.	16	0.23	0.51%	0.50%	\$79
6	Antineoplastics And Adjunctive Therapies	21	0.21	0.26%	0.01%	\$1,733
7	Migraine Products	67	0.16	0.89%	0.25%	\$272
8	Medical Devices	97	0.14	0.24%	0.07%	\$262
9	Multivitamins	78	0.13	0.13%	0.05%	\$216
10	Antidepressants	58	0.13	2.21%	5.32%	\$32
Total				49.87%	49.64%	

• Analgesics Anti-Inflammatory were the fastest growing therapeutic group in both 2020 and 2021. This therapeutic group received the largest share of all pharmaceutical payments (23%) and prescriptions (31%) in 2021.

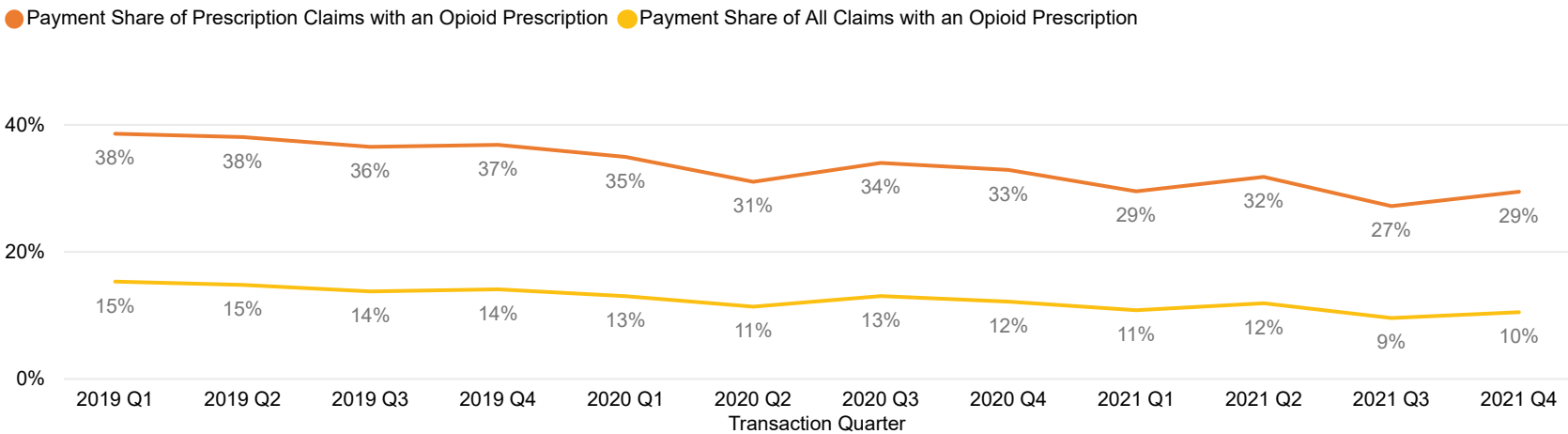
* Other Evaluation & Management Services exclude procedure codes 99281-99288, 99354-99360, 99415-99416 and 99381-99452.

Report 9 – Prescriptions and Payments for Opioids (2019 - 2021)

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 continued to decline steadily by 39% from early 2019 to late 2021. Even among claims with any prescriptions, those with any opioid prescription declined by 34% during the same period.
- Similarly, the share of medical payments for all claims involving opioid prescriptions decreased steadily by 32% from 2019 through 2021.

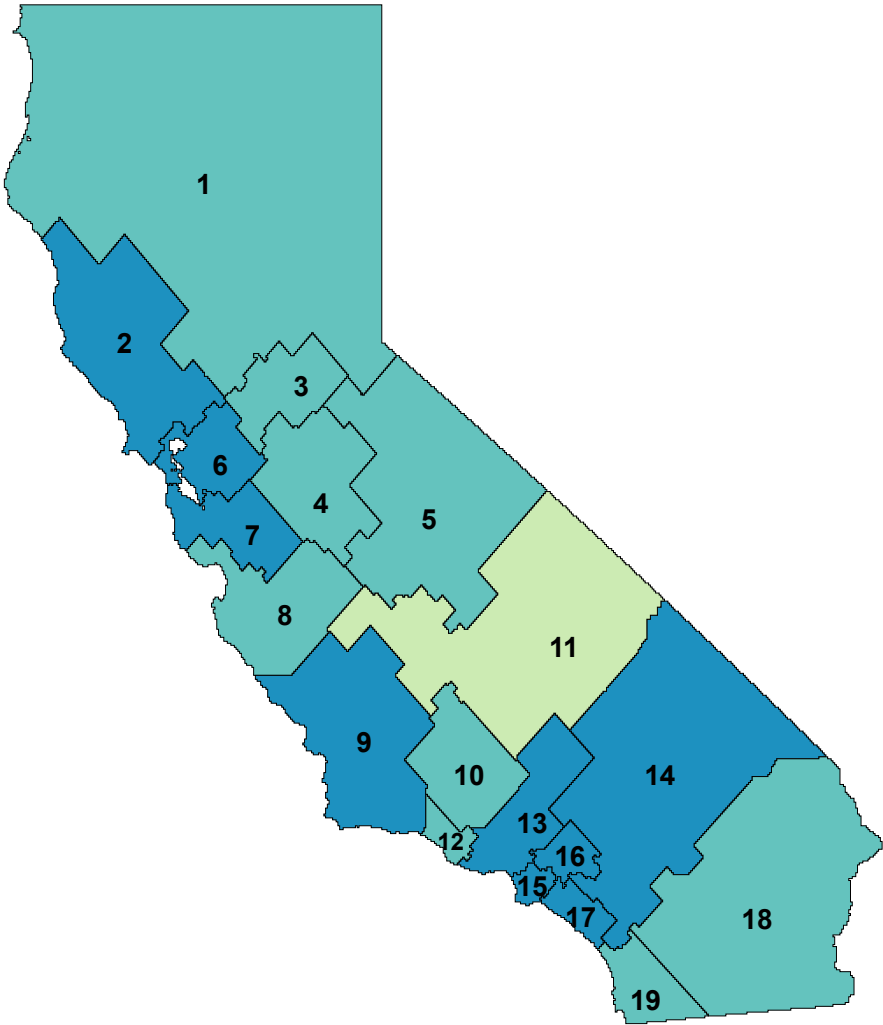
Report 10 – Regional Variations in the Share of Claims Involving Opioid Prescriptions (2019*)

Share of Claims Involving Opioid Prescriptions

- 5.0% and below
- 5.0% - 7.5%
- 7.5% - 10.0%

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

- Overall, the share of claims involving opioid prescriptions continued to decline across all regions of California in 2019 compared to 2018. More regions had less than 5% of claims involving opioid prescriptions in 2019 than 2018.
- Rural and suburban areas tend to have a higher share of claims involving opioid use, while urban areas have lower shares, which contrasts with the distribution of share of physical medicine claims by region in Report 11.

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

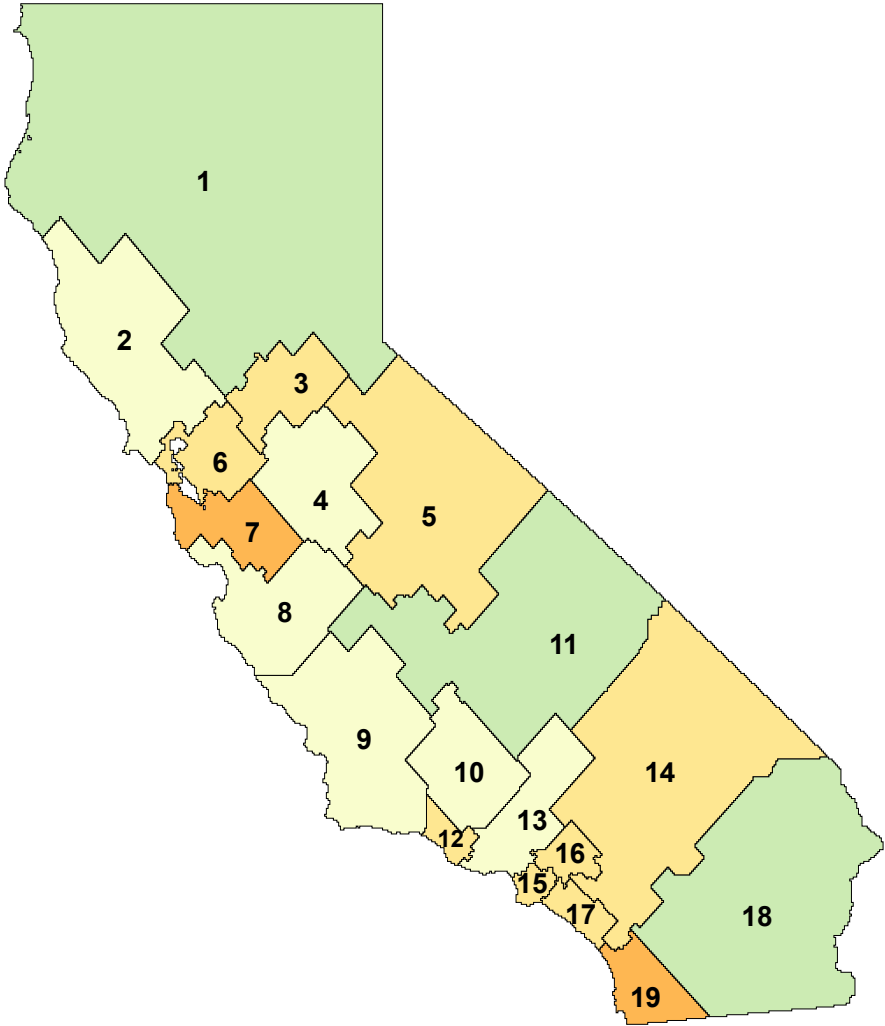
Report 11 – Regional Variations in the Share of Claims Involving Physical Medicine Services (2019*)

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

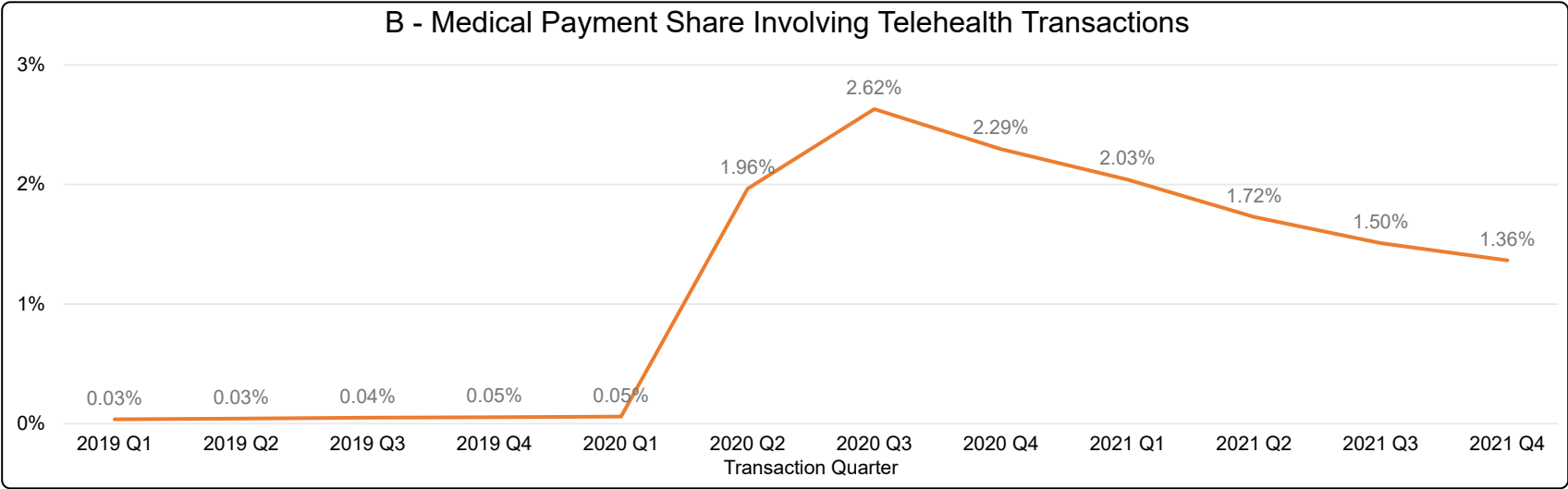
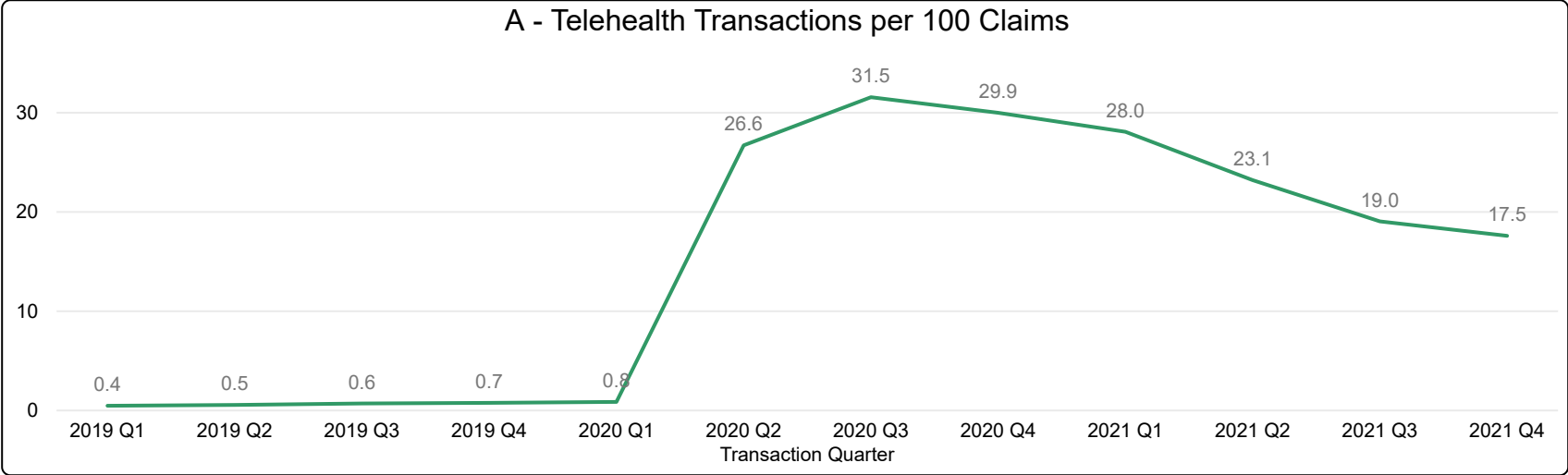


Insights

- Urban areas of California, such as Peninsula / Silicon Valley and San Diego areas, had a higher share of claims involving physical medicine services in 2019, while more suburban and rural areas had lower shares. This is in contrast to the distribution of claims involving opioid prescriptions by region in Report 10.
- The Ventura and San Bernardino / West Riverside region had the largest increase (5%) in the share of physical medicine claims from 2018, while Sonoma / Napa had the largest decrease (4%).

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

Report 12 – Transactions and Payments for Telehealth Services (2019 - 2021)



Insights

- Since the beginning of the pandemic, use of telehealth services per 100 claims and medical payment shares involving telehealth services increased by more than 30-fold through the second of quarter of 2020.
- Starting in the fourth quarter of 2020, the level of telehealth service utilization and payment share dropped moderately, potentially due to fewer restrictions in receiving in-person medical services after the early months of the pandemic. However, both utilization and payment share for telehealth services through 2021 were much higher than during pre-pandemic levels.

Note: See appendix for more information on the definition of Telemedicine.

Appendix

All reports:

- Based on the reported WCIRB medical transaction data with transaction dates from January 1, 2019 through December 31, 2021. 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. COVID-19 claims are excluded.

Report 1:

Provider Types are based on taxonomy codes derived from the provider identification number reported to the WCIRB medical transaction data.

Report 2:

Place of Services are based on the two-digit place of service codes defined by the Centers for Medicare & Medicaid Services (CMS).

Report 3:

Procedure Types are based on the primary procedure code reported in each medical transaction:

- Physician Services are reported with Current Procedural Terminology (CPT) Codes or Health Care Procedure Code System (HCPCS) Codes.
- Pharmaceuticals are reported with National Drug Codes (NDC).
- Outpatient Services are reported with Revenue Codes.
- Inpatient Services are reported with Diagnosis Related Group (DRG) Codes.
- Medical-Legal services are reported with ML- codes. To make Medical-Legal service patterns comparable across the three years, record review and sub rosa recording review transactions (created by the 2021 Medical-Legal Fee Schedule) were included in the corresponding Medical-Legal services and not double counted. Similarly, the costs associated with record review and sub rosa recording review were counted toward corresponding Medical-Legal services.
- Medical Liens are reported with MDO-/MDS- codes.

Reports 4-5:

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

Reports 6-7:

- The 2021 Medical-Legal Fee Schedule (effective April 1, 2021) added new procedure codes for Medical-Legal services. Categories for the Medical-Legal services were developed as follows:
 - ML100/ML200 - Missed appointment for a comprehensive or follow-up Medical-Legal evaluation
 - ML102-104/ML201 - Comprehensive Medical-Legal evaluation
 - ML101/ML202 - Follow-up Medical-Legal evaluation
 - ML106/ML203 - Supplemental Medical-Legal evaluation
 - ML105/ML204 - Medical-Legal testimony
- Similar to Report 3, record review and sub rosa recording review transactions (created by the 2021 Medical-Legal Fee Schedule) were included in the corresponding Medical-Legal services and not double counted. The payments for record review (MLPRR) and sub rosa recording review (ML205) were counted toward corresponding Medical-Legal services.
- Report 7 includes Medical-Legal payments by service quarter.

Report 8:

- Procedure code sets are the aggregated grouping of similar medical procedures based on the (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.

Report 9:

- 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.

Appendix (cont.)

Report 10:

- Claims involving opioid prescriptions were mapped to an employer's location based on the [2021 WCIRB Geo Study](#). The study located approximately 78% of all claims.
- Numerators used for the claim share are located claims with any paid opioid prescription for each region in 2019. Denominators are located claims with any paid medical service for each region in 2019.

Report 11:

- Similar to Report 10, claims involving physical medicine services were mapped to an employer's location based on the [2021 WCIRB Geo Study](#). Numerators used for the claim share are located claims with any paid physical medicine service for each region in 2019. Denominators are located claims with any paid medical service for each region in 2019.

Report 12:

- Pre-pandemic telehealth services are defined as any procedures with Place of Service 02 or modifier 95 (excluding Special Services & Reports, Medical-Legal, Medical Liens, Copy Services and Interpreter Services). For telehealth services on or after March 1, 2020, services from the CMS list of telehealth services are included pursuant to the Division of Workers' Compensation (DWC) rules, as well as Revenue Code 0780 and Medical-Legal services with Place of Service 02.

Conditions and Limitations

The WCIRB completed this study using medical transaction data, which reflects approximately 95% 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. This study is based solely on the experience of insured employers. No self-insured employer experience is reflected in the study.

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