

## N E W S   R E L E A S E

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### **Report on Workers' Comp Reforms Shows Benefit Increases for Injured Workers, Reduced Costs to Employers**

**Oakland**—The Department of Industrial Relations (DIR) and its Division of Workers' Compensation (DWC) have posted a new [report](#) on progress implementing Governor Brown's workers' compensation reforms. The report details increased payments to injured workers and significant cost-saving benefits for employers.

"This report confirms that the reforms are on track. Employer costs are under control and injured worker benefits are increasing," said Labor and Workforce Development Secretary David M. Lanier. "While there is ongoing work to reduce delays and improve the system – overall the progress is impressive."

Senate Bill 863 became law on January 1, 2013, and made wide-ranging changes to the state workers' compensation system. These changes include the use of evidence-based medicine to guide treatment decisions, treatment dispute settlements by independent medical reviewers, and improving workers' access to network physicians.

"The co-equal goals of Governor Brown's 2013 reforms were to improve benefits for injured workers while moderating skyrocketing costs for employers," said Lanier. "This required significant system changes to speed the delivery of medically appropriate care and to reduce litigation – changes which improve medical care for injured workers, fund benefit increases, and stabilize employer costs."

Workers' compensation costs for employers have dropped. In May 2015, the Department of Insurance adopted advisory pure premium rates for July 1, 2015, which on average are five percent less than the industry average for filed pure premium rates as of Jan. 1, 2015, and 10.2 percent less than the average of the approved Jan. 1, 2015 rates.

Benefits for injured workers have also increased. Prior to the reform legislation, the minimum weekly benefit payment for people with permanent disabilities was \$130, and the maximum was \$270. The new minimum weekly PD benefit is \$160, and the maximum is \$290. Also, the Return-to-Work-Supplement Program – which provides a

one-time \$5,000 supplement to eligible injured workers – became effective in April 2015. As of June 30th, DIR had issued 434 checks totaling over \$2 million.

SB 863 also created an Independent Medical Review (IMR) program, in which physicians use evidence to determine the necessity of requested treatments. This process eliminates treatments recommended on the basis of profit, habitual practice, misinformation or fraud. Examples of evidence-based recommendations include:

- Opioids (narcotics) should not be first-line medications for mild or chronic pain because they have serious side effects and risks. They should be reserved for severe, short-term pain experienced with cancer treatments, major surgeries or broken bones.
- Bed rest for lower-back pain should be limited to one or two days. Longer bed rest can actually lead to slower recoveries.
- X-rays are unnecessary for mild low-back pain. They result in radiation exposure and do not help managing most low-back issues.

“The progress made since the passage of SB 863, which allows medical—rather than legal—experts to make medical decisions, is very encouraging,” said DIR Director Christine Baker. “More appropriate treatment is now being provided more quickly, which reduces waste and improves the whole system.”

Additional key findings of the report include:

- IMR decisions are being issued well within the 30-day statutory time frame from receipt of medical records.
- Lien filings are a big factor in the reduction in overall costs. The report shows that lien filings have decreased by approximately 60 percent since the passage of SB 863. A retrospective evaluation report of SB 863 cost monitoring completed last November by the WCIRB estimated savings of \$690 million due to the reduction in lien filings.
- Commitment to evidence-based medicine is also demonstrated through recent adjustments to the Medical Treatment Utilization Schedule (MTUS). The MTUS is a set of guidelines for appropriate medical care based on high-quality, unbiased scientific studies. However, the system allows for exceptions when treatment can be based on guidance other than the MTUS.
- A Medical Provider Network (MPN) is a group of health care providers who treat injured workers. SB 863’s revisions to the MPN program went into effect on

August 27, 2014. More of these networks have been approved, and they are also now more accountable to DWC. Physician listings must be updated quarterly, and if a provider leaves the network, they are required to give 45 days' notice. Furthermore, the revised access standards require an MPN to have at least three available physicians from which injured workers can choose.

DIR and DWC are implementing the SB 863 reforms and have worked with stakeholders as provisions of the reforms moved through the rulemaking process.

[The Division of Workers' Compensation](#) (DWC) monitors the administration of workers' compensation claims, and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits.

DWC's [Information and Assistance Unit](#), often the first DWC contact for injured workers, also provides assistance in English and [Spanish](#) to employers, labor unions, insurance carriers, physicians, attorneys and other interested parties regarding rights, benefits and obligations under California's workers' compensation laws.

Members of the press may contact Erika Monterroza or Peter Melton at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases, DWC newswire updates, or other departmental notifications.

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The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.