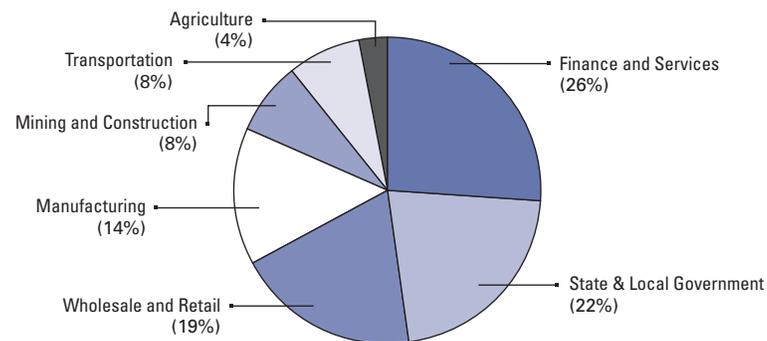




# Workers' Compensation Medical Care in California: System Overview

APPROXIMATELY THREE-QUARTERS OF A MILLION WORK-RELATED INJURIES AND illnesses are reported in California every year. Injury rates per 100 workers are highest in the following industry sectors: construction, transportation and public utilities, agriculture, and state and local government.<sup>1</sup> Common types of work injuries include sprains and strains (representing 39 percent of days-away-from-work cases), contusions, fractures, and cuts. The back is the most frequently injured body part. Common causes of injury include overexertion and contact with objects and equipment.<sup>2</sup> Approximately 92 percent of reported cases are injuries and 8 percent are illness, although evidence suggests that many work-related illnesses go unreported.<sup>3</sup>

**Figure 1: Distribution of Occupational Injuries and Illnesses by Sector, 2001 (total = 748,200)**



Source: California Division of Labor Statistics & Research

California's workers' compensation (WC) law is intended to ensure that prompt and appropriate medical care is provided to workers suffering occupational injuries and illnesses. Payment for the medical care is provided through WC insurance (required for all California employers), without deductibles, copayments, or premium payments by the injured worker. Workers' compensation medical care covers all diagnostic and therapeutic services reasonably required as a result of a work-related injury or illness, which can include specialist care, hospital services, surgery, physical therapy, laboratory tests, x-rays, and pharmaceuticals.

1. California Division of Labor Statistics and Research, Department of Industrial Relations. *Occupational Injuries and Illnesses, 2001 Data*. 2003. Available at [www.dir.ca.gov/dlsr](http://www.dir.ca.gov/dlsr).
2. California Commission on Health and Safety and Workers' Compensation (CHSWC). *2001–2002 Annual Report*. San Francisco: CCHSWC.
3. Lashuay N, et al.. *We Spend our Days Working in Pain: A Report on Workplace Injuries in the Garment Industry*. San Francisco, CA: Asian Immigrant Women Advocates and University of California, San Francisco. 2002.

WC benefits are also available to provide vocational rehabilitation services, as well as cash payments to cover a portion of lost wages.

While there are many similarities between WC medical care and the care provided by general (non-WC) health insurance, there are some notable differences. Besides providing the patient with treatment to alleviate symptoms and restore health, optimal WC medical care involves assessing the patient’s work capabilities, determining if the patient’s condition was caused occupationally, suggesting measures that can be taken to prevent reinjury, and providing recommendations to enable the injured worker to return to work safely and productively. This requires that the treating clinician understand the worker’s job requirements and particular hazards that may be present in the workplace. Communication among the medical provider, the injured worker, the employer, and the WC insurer about the patient’s condition and readiness for return to work is often needed.

In California, the employer or the employer’s WC insurer generally can select the injured worker’s treating clinician during the first 30 days after an injury is reported (unless the worker has predesignated his or her own physician instead). After 30 days, the worker may switch to a provider of his or her choice. The new provider may be a medical doctor, osteopath, psychologist, acupuncturist, optometrist, dentist, podiatrist, or chiropractor. Employers can arrange for care to be obtained within a WC health care organization (HCO), so long as the worker agrees. Most California HCOs are managed care plans in which care is restricted to a designated group of participating providers.

## Issues Affecting Workers’ Compensation Medical Care in California

Recently, concerns have been raised about the rapid rise in WC medical care expenditures, workers’ ability to access services easily, and the quality of care provided to injured workers. Between 1995 and 2002, the average medical cost per WC claim in California more than doubled, and statistics indicate that the utilization of medical services is especially high in some categories, such as chiropractic care and physical therapy, compared to other states.<sup>4</sup> At the same time, surveys of injured workers have revealed widespread dissatisfaction with care and barriers in obtaining appropriate care promptly.<sup>5</sup>

**Table 1. Average Cost (Medical and Indemnity) per California WC Claim, by Type of Injury**

INJURY TYPE	2001 Average Cost	2002 Average Cost
Back Injuries	\$43,739	\$47,938
Carpal Tunnel Syndrome	\$34,627	\$37,552
Psychiatric and Mental Stress	\$23,505	\$26,278
Slips and Falls	\$47,316	\$53,576
Other Cumulative Injuries	\$38,721	\$38,494

Source: WCIRB.

Some of the key factors affecting WC medical care are:

- **Costs of Care.** Workers’ compensation medical care costs have risen from \$2.6 billion in 1995 to \$5.3 billion in 2002. Although many factors have contributed to the rise in costs, some of the major determinants of costs in WC medical care are: substantial increases in services per claim, growth of unregulated outpatient surgery charges and payments, increases in the number of medical

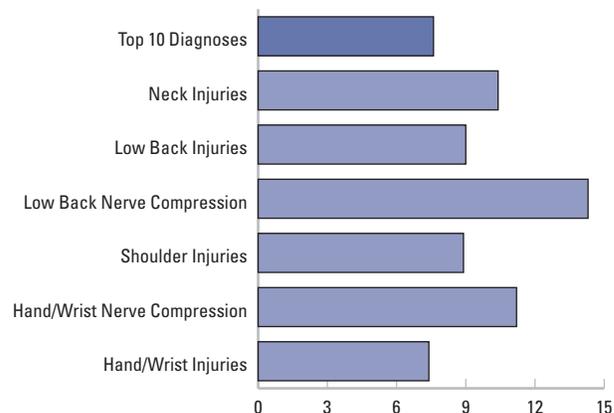
4. Harris, J., et al. *Striking the Balance: An Analysis of the Cost and Quality of Medical Care in the Texas Workers’ Compensation System: A Report to the 77th Texas Legislature*. Austin, Texas: Texas Research and Oversight Council on Workers’ Compensation (TROCWC) and Med-FX, LLC. 2001.

5. Rudolph L, et al. “What do injured workers think about their medical care and outcomes after work injury?” *Journal of Occupational and Environmental Medicine*. 2002. 44: 425–434.

visits per claim in California compared to other states, and growth in the use of pharmaceuticals and associated prices for those medications.

- **Access to Care.** For an injured worker to receive appropriate medical services for a work-related injury or illness, the worker must file a claim for WC benefits; the claim must be processed by the employer and accepted by the WC insurer; and a clinician must be found who is willing and capable of rendering care in the WC system. Numerous obstacles can arise during each of these stages, including barriers to reporting injuries, filing claims, and processing claims; delays in accepting claims or authorizing payment for care; and inability to locate a capable physician who is willing to provide WC care.
- **Quality of Care.** Patient satisfaction, long-term health outcomes, and return to sustained employment are important indicators of the quality of medical care in the WC system. Several studies have provided indications of possible deficiencies in the quality of care provided to injured California workers.<sup>6</sup> Potential problems include physicians who are unfamiliar with work-related conditions; poor communication and coordination of care; over- or under-utilization of medical services; and lack of accepted standards for assessing quality of care in the California WC system.

**Figure 2. Average Office Visits per WC Claim in CA**



Source: Harris et al., 2001

### Improving Workers' Compensation Medical Care in California

A comprehensive, multifaceted effort will be needed to improve workers' compensation medical care in California and to ensure appropriate access to high quality care, while containing costs. The major challenge is how best to balance these competing concerns. Reliable data and credible research evidence are needed to provide the basis for developing effective strategies. Potential areas for investigation and consideration by policymakers include:

- **Impact of Cost Control Strategies.** How do strategies to control costs affect access to medical care, injured workers' recovery, long term health, productivity, and ability to remain employed?
- **Ensuring Delivery of Appropriate Care.** What are the best ways for controlling costs and delivering high quality care? What is the optimal role for market mechanisms, government regulation, and self-regulation (e.g., accreditation of health plans, establishment of treatment guidelines)?

6. Sum J. *Navigating the California Workers' Compensation System: The Injured Worker's Experience*. San Francisco: California Commission on Health and Safety. 1996.

- *Education and Outreach About Workers' Compensation Medical Care.* What can be done to increase workers' and employers' knowledge about WC procedures, ability to locate appropriate medical providers, and techniques for achieving optimal outcomes?
- *Initial Access to Workers' Compensation Medical Care.* How best to overcome barriers to prompt and appropriate care? How can accurate claims reporting be achieved, and delays in the processing of claims and authorization of care be avoided?
- *Monitoring and Evaluation.* How can the efforts to control costs and ensure access to high quality care best be measured and assessed? Are current data systems sufficient, or are additional sources of information needed? What are the respective roles of employers, insurers, medical care providers, health plans, and state agencies in providing and analyzing this information?
- *Coordination with General Health Care.* What is the optimal relationship between workers' compensation medical care and general health care? Should these two types of care be coordinated or merged? What would be the relative advantages and disadvantages?

Obtaining medical care in the California workers' compensation system is a complex process, with significant questions about access to services, quality of care, and costs. This series of fact sheets draws on existing knowledge and current research to help California policymakers better understand the issues and gain perspective on how medical care of injured and ill workers can best be provided.

Additional fact sheets on cost, access, and quality of care are available at [www.chcf.org](http://www.chcf.org) and [www.dir.ca.gov/chswc](http://www.dir.ca.gov/chswc).

#### Internet Resources on Workers' Compensation Medical Care

California Commission on Health and Safety and Workers' Compensation	<a href="http://www.dir.ca.gov/chswc">www.dir.ca.gov/chswc</a>
California Division of Labor Statistics & Research	<a href="http://www.dir.ca.gov/dlsr">www.dir.ca.gov/dlsr</a>
California Division of Workers' Compensation	<a href="http://www.dir.ca.gov/dwc">www.dir.ca.gov/dwc</a>
California Industrial Medical Council	<a href="http://www.dir.ca.gov/imc">www.dir.ca.gov/imc</a>
California Workers' Compensation Institute	<a href="http://www.cwci.org">www.cwci.org</a>
Labor Occupational Health Program	<a href="http://www.lohp.org">www.lohp.org</a>
Occupational Health Branch, California Department of Health Services	<a href="http://www.dhs.ca.gov/ohb">www.dhs.ca.gov/ohb</a>
Workers' Compensation Health Initiative	<a href="http://www.umassmed.edu/workerscomp">www.umassmed.edu/workerscomp</a>
Workers' Compensation Insurance Rating Bureau of California	<a href="http://www.wcirbonline.org">www.wcirbonline.org</a>
Workers' Compensation Research Institute	<a href="http://www.wcrinet.org">www.wcrinet.org</a>

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