

**STATE OF CALIFORNIA  
DEPARTMENT OF INDUSTRIAL RELATIONS  
DIVISION OF WORKERS' COMPENSATION**

**INITIAL STATEMENT OF REASONS**

**Subject Matter of Regulations:  
Qualified Medical Evaluators  
Disability Evaluation Unit**

**CALIFORNIA CODE OF REGULATIONS,  
TITLE 8, ARTICLES 1, 2, 2.6, 3 AND 10.5 OF CHAPTER 1  
AND SUBCHAPTER 1.6 OF CHAPTER 4.5**

Section 10159	Time Period for Issuing a Summary Rating Determination Pursuant to Labor Code section 4061(e)
Section 10160	Summary Rating Determinations, Comprehensive Medical Evaluation of Unrepresented Employee
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Section 117	Qualified Medical Evaluator Form

## **BACKGROUND TO REGULATORY PROCEEDING**

This Initial Statement of Reasons (“ISOR”) describes the purposes, rationales, and necessity of the Division of Workers’ Compensation’s (DWC) proposed amendments to the existing Qualified Medical Evaluator Regulations that became effective as emergency regulations on January 1, 2013 and revisions to existing regulations. This ISOR fulfills the requirements of California’s Administrative Procedure Act. (See Government Code § 11340 et seq.)

By implementing Senate Bill 863 (Chapter 363), the Legislature has amended Labor Code sections 139.2, 4061, 4062, 4062.2, 4062.3, 4063, 4064, and 5502 and repealed Labor Code section 4066, changing the procedure for resolving medical treatment disputes of injured workers. On January 1, 2013, Qualified Medical Evaluators (hereinafter “QME”) will no longer be asked to resolve medical treatment disputes for dates of injury on and after January 1, 2013 and for all dates of injury where the request for treatment determination is communicated to the requesting medical provider by the employer on and after July 1, 2013. QME’s will resolve treatment disputes between January 1, 2013 and June 30, 2013, for dates of injury prior to January 1, 2013, where the request for treatment determination is communicated to the requesting medical provider by the employer on or before after June 30, 2013. After QME’s are removed from the process of resolving medical treatment disputes, an independent medical review (hereinafter “IBR”) process will be the sole process for resolving medical treatment disputes. The regulations also implement the 10 QME office cap on locations for QMEs to conduct medical-legal evaluations. The regulation also includes provisions for a QME to change office locations. Statutory changes have also changed the requirements for chiropractors to become QMEs. The legislature also changed the procedures for represented parties to request a panel of QME’s which necessitated a change in the regulations.

The regulations are mandated by Labor Code sections 133, 139.2, 4061, 4062, 4062.2, 4062.3, 4063, 4064, and 5502. Labor Code section 133 provides that “The Division of Workers’ Compensation, including the administrative director and the appeals board, shall have power and jurisdiction to do all things necessary or convenient in the exercise of any power or jurisdiction conferred upon it under this code. Labor Code section 4062.2(c) provides that “[t]he administrative director may prescribe the form, the manner, or both, by which the parties shall conduct the selection [of panel Qualified Medical Evaluators].”

## SUMMARY OF PROPOSED CHANGES

### **Section 10159. Time Period for Issuing a Summary Rating Determination Pursuant to Labor Code section 4061(e).**

#### Specific Purpose of Section 10159:

This section delays start of the time period in Labor Code section 4061(e) for the Disability Evaluation Unit (DEU) to issue a summary rating determination to allow for a request for factual correction to be requested from a QME.

#### Necessity:

Labor Code section 4061(d) (1) mandates that parties be allowed to request from a QME the factual correction of a comprehensive medical-legal report within 30 days of the receipt of the report by the DEU. Labor Code section 4061(e) provides that the DEU issue a disability rating within 20 days of the receipt of the comprehensive medical legal report from a QME finding an unrepresented injured worker permanent and stationary from their injuries. Section 4061(d) (2) states that where a factual correction is requested by either party the summary rating procedure “shall not be invoked” by either party when a factual correction request is pending. This regulation is necessary to ensure the DEU does not issue a summary rating of a comprehensive medical-legal report before the time frame for requesting a factual correction has been exhausted.

### **Section 10160. Summary Rating Determination Pursuant to Labor Code section 4061(e).**

#### Specific Purpose of Section 10160:

This section sets forth the DEU’s procedure for considering the QME’s response to a request for factual correction in its rating.

#### Necessity:

This regulatory change is necessary to allow the DEU to rate a factually corrected comprehensive medical-legal report within 30 days of the receipt of the comprehensive medical-legal report. This regulatory change is necessary because section 10160(f) originally allowed the DEU to rate a supplemental report requested no later than 20 days after the receipt of a comprehensive medical-legal report.

### **Section 1. Definitions.**

#### Specific Purpose of Section 1:

This section provides definitions for key terms regarding QMEs. “Request for factual correction” and “future medical care” are added to ensure that the meaning as used in the regulations will be clear to the regulated public. Outdated terms have been deleted.

#### Necessity:

This regulatory change is necessary to ensure that that the meanings of key terms as used in these

regulations will be clear to the regulated public.

### **Section 11. Eligibility Requirements for Initial Appointment as a QME.**

#### Specific Purpose of section 11:

This section was amended to reflect amendments to Labor Code section 139.2(b)(4)(a) concerning the requirements for chiropractors to become QMEs. The option to complete a chiropractic postgraduate specialty program as a pathway to appointment as a QME has been eliminated.

#### Necessity:

This regulatory change is necessary to conform to statutory change.

### **Section 11.5. Disability Evaluation Reporting Writing Course.**

#### Specific Purpose of Section 11.5:

This section sets forth the requirements for the accreditation of education providers and the course curriculum expectations for the disability writing course that all QMEs must take and pass prior to appointment, as required by Labor Code section 139.2(b)(1). References in subdivision (i)(1) to “ACOEM Practice Guidelines”, “vocational rehabilitation”, and to “future” medical treatment are deleted.

#### Necessity:

This amendment is proposed to reflect SB 863’s mandate that QMEs no longer comment on future medical treatment disputes for injuries occurring on or after January 1, 2013 and the course curriculum requirements are changed in accordance with this mandate. Vocational rehabilitation has ceased to be an awardable benefit; therefore, QME’s no longer have to learn about rehabilitation issues. (See Beverly Hilton Hotel v. Workers' Comp. Appeals Bd., (2009) 176 Cal. App. 4th)

### **Section 14. Doctors of Chiropractic: Certification of Workers’ Compensation Evaluation.**

#### Specific Purpose of Section 14:

This section outlines the required course content for doctors of chiropractic who seek appointment as a QME on the basis of completion of an approved course in disability evaluation report writing, as permitted by Labor Code section 139.2(b)(4)(B). The curriculum concerning “ACOEM Practice Guidelines”, “vocational rehabilitation” and “continued medical treatment” are eliminated.

#### Necessity:

This amendment is proposed to reflect SB 863’s mandate that QMEs no longer comment on future medical treatment disputes for injuries occurring on or after January 1, 2013. The course curriculum requirements are changed in accordance with this mandate. Vocational rehabilitation

is no longer provided.

### **Section 17. Fee Schedule for QME.**

#### Specific Purpose of Section 17:

This section describes the manner in which QME fees are calculated based on the number of comprehensive medical-legal evaluations performed in the prior year and in relation to the number of office locations listed as a QME. Subdivision (b) is deleted from this section and moved to Section 26.

#### Necessity:

This section is amended and subdivision (b) moved to Section 26 to provide clarity and consistency regarding QME office locations.

## **ARTICLE 2.6. QME OFFICE LOCATIONS**

### **Section 26. QME Office Locations and Changes of Office Locations**

#### Specific Purpose of Section 26:

This section sets forth the fees associated with the number of office locations listed as a QME and sets forth how long the QME must maintain the office location once the Medical Unit lists the office as being available for a comprehensive medical-legal evaluation. This section also sets forth limitations for changing office locations with and without good cause.

#### Necessity:

This section is adopted to reflect Senate Bill 863's mandate that QMEs maintain only 10 offices and to establish a new rule concerning the establishment and change of offices. Regulations about QME office locations and changes of location are combined and under one article. The rule requiring an office to be open for at least 180 days after the location is listed by the Medical Unit is necessary to reduce the number of replacement panels issued due to offices that have moved or offices that have been abandoned. Offices may be changed for "good cause" before the expiration of 180 days. The term "good cause" is defined to provide guidance to QMEs concerning when a change of location will be allowed. The adoption of this article and section are necessary for clarity and consistency about changes in offices.

### **Section 30. QME Panel Requests**

#### Specific Purpose of Section 30:

The purpose of this section is to describe how parties apply to the Medical Unit to request the issuance of a panel of QMEs, in order to select one QME to do a comprehensive medical-legal evaluation and report. The section also implements Labor Code sections 4061 and 4062 which require an objection to a medical determination made by a primary treating physician or where a request for a QME is made to the opposing party to resolve compensability disputes arising under Labor Code section 4060.

This section is amended to state that the party requesting a QME panel shall “attach a written objection indicating the identity of the primary treating physician, the date of the primary treating physician’s report that is the subject of the objection and a description of the medical dispute that requires a comprehensive medical-legal report to resolve” instead of “identify the disputed issue.” Subdivisions (d) (3) and (d)(4) have been deleted because of the Workers’ Compensation Appeals Board’s decision in Mendoza v Huntington Hospital,(2010) 75 Cal. Comp. Cases 634. Subdivision (e) is amended to clarify the parameters for issuing a panel list when an employee does not reside in California.

Necessity:

Amendments are proposed to this section to implement changes made in the QME panel process by SB 863 and to clarify the requirement that a real dispute about a medical determination is required for the issuance of a QME panel.

**Section 31.2. QME Office Locations.**

Specific Purpose of Section 31.2:

This section describes how and when QMEs are to inform the Administrative Director of the 10 or fewer office locations where the QME will conduct qualified medical evaluations between January 1, 2013 and July 1, 2013 and provided that an office location maintained by a QME cannot be substituted for or exchanged for a different location, except upon a showing of good cause to the Medical Director.

This section has been deleted and subdivision (b) has been incorporated into Section 26.

Necessity:

This repeal is required because the regulations dealing with QME office locations issues will all be in Article 2.6.

**Section 31.3. Scheduling Appointment with Panel QME.**

Specific Purpose of Section 31.3:

This section sets forth the procedure for scheduling an appointment with the panel QME. “Conferring” is deleted in subdivision (d). This section is also amended to include subdivision (e) which is former Section 33(c) concerning the scheduling of QME appointments.

Necessity:

This amendment is necessary to conform to Labor Code section 4062.2 which no longer requires parties to confer and attempt to agree upon an agreed medical evaluator. Adding subdivision (e) in this section is necessary to provide clarity and consistency in the regulations.

## **Section 31.5. QME Replacement Requests**

### Specific Purpose of Section 31.5:

This section provides the reasons for requesting replacement QMEs and the procedures to be followed when making the request. A form is now being promulgated to facilitate replacement requests.

### Necessity:

To make the process easier to administer, a mandatory form is necessary.

## **Section 31.7. Obtaining Additional QME Panel in a Different Specialty**

### Specific Purpose of Section 31.7:

This section sets for the procedure for obtaining an additional QME in a different specialty. Subdivision (2) is deleted to reflect that in represented cases, parties no longer need to attempt to agree upon an AME to obtain a subsequent panel. The parties can either obtain an order from a Workers' Compensation Judge, request a subsequent panel by written agreement request, or by referral by an acupuncturist QME.

### Necessity:

Amendments are proposed to this section to implement changes made in the QME panel process by SB 863.

## **Section 32. Acupuncture Referrals**

### Specific Purpose of Section 32:

This section specifies the conditions under which a consulting report may be obtained by a QME from another physician. The title of this section is changed from "Consultations" to "Acupuncture Referrals" and subdivisions (c) through (g) are deleted.

### Necessity:

This amendment is necessary to eliminate confusion that exists concerning the process used to obtain medical evaluations in additional specialties. Section 31.7 provides a method for obtaining additional specialties needed by the parties to resolve their disputes. This provision allowed for a QME to get consultations from other doctors without regard to the original dispute raised by the parties and without the involvement of the injured worker's primary treating physician. In addition, many of the requests for consultation involve disputes over treatment, which, after July 1, 2013, in most cases, will not be within the authority of a QME to resolve. Limiting the scope of the rule to only acupuncture QMEs will allow those physicians to resolve disputes arising under Labor Code sections 4060 and 4062 and to inform the parties that a disability issue has arisen in the examination and the parties should request the assignment of an additional QME under section 31.7 of the QME rules.

### **Section 33. Unavailability of QME.**

#### Specific Purpose of Section 33:

This section describes the circumstances in which a QME may request and obtain a change of status from 'active' to 'unavailable' for a period of up to 90 days. It also describes the rights and procedures of a party to obtain a replacement QME when he or she finds that the selected QME is not available to schedule an appointment within at least 60 days of the request for an appointment.

Subdivision (e) is deleted and moved to section 31.3(e).

Subdivision (h) is deleted which states that the Medical Director shall designate a QME to be unavailable if on or after January 1, 2013 the QME has not notified the Medical Director of the 10 or fewer office locations where qualified medical evaluations will be conducted.

A mandatory form has been added to ease the review of unavailability requests.

#### Necessity:

This amendment is necessary to provide clarity and consistency in the regulations. Subdivision (e) is properly moved to Section 31.3 dealing with scheduling of appointments with a panel QME.

### **Section 34. Appointment Notification and Cancellation.**

#### Specific Purpose of Section 34:

This section describes the manner by which a QME selected from a panel must notify the parties of the date of the physical examination by use of QME Form 110 and where the initial and subsequent examinations must take place. Subdivision (b) is amended so that the first examination can no longer be changed at the written request by the injured worker, while subsequent evaluations can take place at another office within a reasonable geographic location from the injured worker's residence.

#### Necessity:

This amendment is necessary to provide location stability to injured workers and to provide consistency with respect to subsequent medical evaluations consistent with Labor Code sections 4062.3 (k) and 4067.

### **Section 35. Exchange of Information and Ex Parte Communications.**

#### Specific Purpose of Section 35:

This section regulates communication between the parties and the QME selected from a QME panel. Subdivision (a)(4) is amended to address evaluations conducted on or before June 30, 2013, for dates of injury prior to January 1, 2013. Subdivision (b) clarifies that Labor Code

section 4062.3(f) allows oral or written communications with an AME physician or the physician's staff relative to non-substantive matters such as the scheduling of appointments, missed appointments, the furnishing of records and reports, and the availability of the report, unless the appeals board has made a specific finding of an impermissible ex parte communication.

Necessity:

This section was amended to conform to amendments to Labor Code section 4062.3.

**Section 35.5. Compliance by AMEs and QMEs with Administrative Director Evaluation and Reporting Guidelines.**

Specific Purpose of Section 35.5:

This section describes general guidelines for AMEs and QMEs to use in evaluating and reporting on disputed issues in a workers' compensation claim.

Subdivision (c)(2) is added to provide that if the evaluator declares the injured worker permanent and stationary for all conditions and that the injury has caused permanent partial disability, the evaluator shall complete the Physician's Return-to-Work & Voucher Report (DWC-AD Form 10133.36) [this new form is part of the Supplemental Job Displacement Voucher emergency regulations] and serve it on the claims administrator together with the medical report. Subdivision (g)(1) is amended to address evaluations for dates of injury prior to January 1, 2013 concerning a treatment dispute that is communicated to the physician before June 30, 2013. Subdivision (g)(2) is added to state for any evaluation performed on or after July 1, 2013, pursuant to Labor Code Section 4061, and regardless of the date of injury, an Agreed Medical Evaluator or Qualified Medical Evaluator shall not provide an opinion on any disputed medical treatment issue, but shall provide an opinion about whether the injured worker will need future medical care to cure or relieve the effects of an industrial injury.

Necessity:

This section was amended to conform to statutory changes mandated by SB 863 which requires the QME to fill out Form 10133.36 if the injured worker is permanent and stationary for all conditions. Amendment to subdivision (g)(1) is necessary to allow QMEs to address medical treatment dispute issues for this narrow time frame while (g)(2) ensures that after July 1, 2013, regardless of the date of injury, QMEs will not comment on medical treatment disputes in accordance with SB 863.

**Section 36. Service of Comprehensive Medical-Legal Evaluation Reports by Medical Evaluators Including Reports under Labor Code section 4061.**

Specific Purpose of Section 36:

This section directs the evaluator to complete a summary form of his or her findings and serve it, attached to the comprehensive medical-legal report, on the parties, and in unrepresented cases, on the Disability Evaluation Unit. This section is divided into subdivisions (a)(1), (a)(2), (b)(1), (b)(2), (c)(1), and (c)(2) for the sake of clarity. This section is amended to require service and filing of documents with a separator sheet and simultaneous service on all parties.

Necessity:

This section is amended to provide clarity and consistency. Administrative procedures are updated to allow for factual corrections.

**Section 37. Request for Factual Correction of a Comprehensive Medical Report From a Panel QME.**

Specific Purpose of Section 37:

This section is added to provide a procedure to request a factual correction of a comprehensive medical-legal report from a panel QME. An unrepresented employee or the claims administrator may request the factual correction of a comprehensive medical-legal report within 30 days of the receipt of a comprehensive medical report from a panel Qualified Medical Evaluator.

A request for factual correction using the form in section 37(g) of title 8 of the California Code of Regulations shall be served on the panel Qualified Medical Evaluator who examined the injured worker, the party who did not file the request and the Disability Evaluation Unit office where the comprehensive medical-legal report was served. If the request for factual correction is served by the claims administrator, the injured worker shall have five (5) days after the service of the request for factual correction to respond to the corrections mentioned in the request. The injured workers' response shall be served on the panel Qualified Medical Evaluator and the claims administrator. The statute specifies that either party may request a supplemental report within 30 days.

If the request for factual correction is filed by the injured worker the panel Qualified Medical Evaluator shall have ten days after service of the request to review the corrections requested in the form and determine if factual corrections are necessary to ensure the factual accuracy of the comprehensive medical-legal report. If the request for factual correction is filed by the claims administrator or by both parties, the time to review the request for correction shall be extended to 15 days after the service of the request for correction.

At the end of the period for the panel QME to review the request for factual correction, the panel QME shall file a supplemental report with the DEU office where the original comprehensive medical-legal report was filed indicating whether the factual correction of the comprehensive medical-legal report is necessary to ensure the factual accuracy of the report and, where factual corrections are necessary, if the factual changes change the opinions of the panel QME stated in the report.

The form is also provided in the section.

Necessity:

This section is added to conform to changes mandated by amended Labor Code section 4061(d) allowing for a supplemental report seeking correction of factual errors. The filing of the form with the DEU is necessary to stop the DEU from issuing a rating where a factual correction has been requested.

**Section 38. Medical Evaluation Time Frames; Extensions for QMEs and AMEs.**

Specific Purpose of Section 38:

This section describes the time limits for an evaluator to issue a comprehensive medical-legal report and the conditions and procedures for obtaining an extension of time to complete the report. This section is amended to include request for factual correction in the time frames.

Necessity:

This regulation is necessary to conform to changes made by Labor Code section 4061(d).

**Section 100. The Application for Appointment as Qualified Medical Evaluator Form.**

Specific Purpose of Section 100:

This section is the form to apply for appointment as a QME. The chiropractic postgraduate specialty program pathway to appointment was eliminated. The form's formatting was changed to make the form user-friendly. Changes are made to the affirmation section to clarify what a physician agreeing to disclose. Some minor changes were made to the grammar.

Necessity:

This regulation is necessary to comply with the change in Labor Code section 139.2(b)(4)(a) and to clarify the disclosure requirements for applicants.

**Section 104. The Reappointment Application as Qualified Medical Evaluator Form.**

Specific Purpose of Section 100:

This section is the form to apply for reappointment as a QME. The form's formatting was changed to make the form user-friendly. Changes are made to the affirmation section to clarify what a physician agreeing to disclose and to make the changes consistent with Form 100.

Necessity:

This regulation is necessary to comply with the QME reappointment requirements in Labor Code section 139.2 and to clarify the disclosure requirements for QME's seeking reappointment.

**Section 105.           The Request for Qualified Medical Evaluator Panel - Unrepresented Form and Attachment to Form 105 (How to Request a QME If You Do Not Have an Attorney).**

Specific Purpose of Section 105:

This section is the form to request a QME Panel for unrepresented injured workers. Form 105 is deleted for injuries on or after January 1, 2013 as it was only needed for a six month interim period. The current Form 105a will now become Form 105. The purpose of the form is to meet the requirements of SB 863 which prohibits QMEs from resolving medical treatment disputes after July 1, 2013. A proof of service has also been attached to the form to indicate service on the opposing party.

Necessity:

Form 105 is necessary to implement SB 863.

**Section 106.           The Request for Qualified Medical Evaluator Panel – Represented Form and Attachment to Form 106 (How to Request a QME in a Represented Case).**

Specific Purpose of Section 106:

This section is the form to request a QME Panel for represented injured workers. Form 106 is deleted for injuries on or after January 1, 2013 as it was only needed for a six month interim period. The current Form 106a will now become Form 106. A proof of service has also been attached to the form to indicate service on the opposing party.

Necessity:

Form 106 is necessary to implement SB 863.

**Section 109.           The Qualified Medical Evaluator Notice of Unavailability Form.**

Specific Purpose of Section 109

This section is necessary to provide a form for QMEs to request unavailability to perform

medical evaluations. Instructions were moved to the top of the form. The form has been modified to provide space to indicate offices that may be closed because of partial unavailability and to list appointments that are affected by the requested period of unavailability.

Necessity:

Form 109 is necessary implement the unavailability provisions of section 33 of these rules and to make it easier for QME's to meet their regulatory disclosure requirements.

**Section 110. The Appointment Notification Form.**

Specific Purpose of Section 110

This form is provided by a QME to the parties indicating information concerning an appointment that was made with the QME. A proof of service has also been attached to the form to indicate service on the parties. A section has been added to allow for medical records to be sent to a location different than where the examination will take place. Reference to section 32 of the regulations has been eliminated and instructions were moved to the top of the form.

Necessity:

Form 110 is necessary to inform the parties of the location of the exam, where to send medical records and addition identifying information about the appointment.

**Section 112. The QME/AME Time Frame Extension Request Form.**

Specific Purpose of Section 112

This form is sent to the Medical Unit to request an extension of time to serve the medical report. Instructions were moved to the top of the form and extension for supplemental reports is eliminated because if does not conform to the section 38.

Necessity:

Form 112 is necessary to request a time frame extension from the Medical Unit.

**Section 117. Qualified Medical Evaluator Course Evaluation Form.**

Specific Purpose of Section 117

This form is used by QMEs to evaluate QME courses approved by the Administrative Director to ensure that courses for QMEs offer valuable information on California Workers' Compensation-related medical evaluation issues. This form is amended to require that proper postage is applied when it is mailed back to the Administrative Director.

Necessity:

This amendment is necessary to ensure proper postage is applied when mailing.

## **PROBLEM ADDRESSED WITH THIS RULEMAKING**

This rulemaking is designed to amend the QME regulations to align them with the Labor Code as amended a result of SB 863. In addition, regulations that were not directly affected by SB 863 are changed to clarify the regulations.

## **TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS**

The Division of Workers' Compensation relied on the Workers' Compensation Insurance Rating Bureau (WCIRB) Updated Preliminary Estimate of Cost Impact of SB 863 as Amended August 27, 2012. In addition, the Division relied upon "Evaluating the QME Process: Is it Equitable and Efficient? September 2010" and "A Review of Disability Evaluation Delays and Supplemental QME Reports issued June 2010" by the Commission on Health and Safety and Workers' Compensation.

## **SPECIFIC TECHNOLOGIES OR EQUIPEMENT**

None.

## **ECONOMIC IMPACT ASSESSMENT/ANALYSIS**

### Creation or Elimination of Jobs within the State of California

The Acting Administrative Director has determined that the proposed regulations will not have a significant adverse impact on jobs within the State of California. Only a small percentage of examining physicians conduct evaluations at numerous office locations and will likely see a decline in workloads and revenues. The physicians using ten or fewer locations will experience a corresponding increase in workloads and revenues. The market distribution is mandated by Senate Bill 863. The limit on the number of QME offices should encourage more physicians to become QMEs as the limitation should make the panel selection process more equitable. There will be no net gain or loss in revenues and no expected creation or elimination of jobs within the State of California. QMEs will continue to evaluate and issue reports to address causation and an injured worker's level of permanent disability.

### Creation of New or Elimination of Existing Business within the State of California

Businesses will not be created or eliminated. Only a small percentage of examining physicians conduct evaluations at numerous office locations and will likely see a decline in workloads and revenues. The physicians using ten or fewer locations will experience a corresponding increase in workloads and revenues. The market distribution is mandated by Senate Bill 863. The limit on the number of QME offices should encourage more physicians to become QMEs as the limitation should make the panel selection process more equitable. There will be no net gain or loss in revenues and no expected creation or elimination of jobs within the State of California. QMEs will continue to evaluate and issue reports to address causation and an injured worker's level of permanent disability.

### Expansion of Business or Existing Businesses within the State of California

Businesses will not be expanded or eliminated. Only a small percentage of examining physicians conduct evaluations at numerous office locations and will likely see a decline in workloads and revenues. The physicians using ten or fewer locations will experience a corresponding increase in workloads and revenues. The market distribution is mandated by Senate Bill 863. The limit on the number of QME offices should encourage more physicians to become QMEs as the limitation should make the panel selection process more equitable. There will be no net gain or loss in revenues and no expected creation or elimination of jobs within the State of California. QMEs will continue to evaluate and issue reports to address causation and an injured worker's level of permanent disability.

### Benefits of the Regulations

The benefits anticipated from the regulations is an improved quality of medical evaluations when a broader cross-section of practicing physicians is engaged in the evaluation process and to improve the procedure to address medical treatment disputes.

### **EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESSES**

The regulations will affect small businesses. However, the Acting Administrative Director has determined that the proposed regulations not have a significant statewide adverse economic impact directly on small businesses. The statute prohibits a few physicians from gaining a disproportionate market share of medical evaluators by conducting evaluations at numerous locations. The regulation enforces that statute and requires those who currently have more than ten locations to pick the locations they intent to keep as of July 1, 2013, for all dates of injury. All disagreements regarding the necessity or appropriateness of a particular treatment request will be addressed through the independent medical review (IMR) process.

### **REASONABLE ALTERNATIVES TO THE REGULATION AND THE DIVISION'S REASONS FOR REJECTING THOSE ALTERNATIVES**

The Administrative Director has not identified any effective alternative, or any equally effective and less burdensome alternative to the regulation at this time. The public is invited to submit such alternatives during the public comment process.

### **DUPLICATION OR CONFLICTS WITH FEDERAL REGULATIONS (Gov. Code section 11346.2(b)(7))**

The proposed regulations do not duplicate or conflict with any federal regulations. There are no federal regulations that prescribe rules for QMEs.

