

State of California

Department of Industrial Relations

DIVISION OF WORKERS' COMPENSATION

2020 Independent Bill Review (IBR) Report  
Analysis of 2018-2019 Application  
Filings

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## Introduction

In September 2012, Governor Brown signed into legislation Senate Bill (SB) 863. This reform of the workers' compensation system in California included Independent Bill Review (IBR), which went into effect January 1, 2013. IBR is an efficient, non-judicial process for resolving medical treatment and medical-legal billing disputes in which the medical provider disagrees with the amount paid by a claims administrator on a properly documented bill after a second review.

In a Second Bill Review (SBR), the medical provider seeks reconsideration of the denial or adjustment of the billed charges for the medical services or goods, or medical-legal services, given to the injured worker. IBR cannot be requested until after the claims administrator issues a decision following a second review requested in a timely fashion, with which the medical provider disagrees.

Prior to SB 863, a medical provider engaged in a billing dispute with a claims administrator was limited to filing a lien with the Workers' Compensation Appeals Board in order to determine entitlement to the amount initially billed. SB 863 established SBR and IBR to decide billing disputes expediently, in which the only issue is the amount to be paid for the medical service provided. If the medical service is covered by a fee schedule adopted by the Division of Workers' Compensation (DWC), then SBR and IBR must be used to resolve the dispute.

A medical provider may request IBR within thirty days after service of the second review decision. Upon referral by the administrative director, the Independent Bill Review Organization (IBRO) notifies the parties of the assignment and provides them with an IBR case or identification number. The IBRO assigns an independent bill reviewer to examine all documents, apply the appropriate fee schedule, and issue a written declaration within sixty days of the assignment of IBR.

For the IBRO to consider the disputed billing, the medical service or goods (or medical-legal service) must be included in a fee schedule adopted by DWC. The [Official Medical Fee Schedule](#) (OMFS) sets forth rates for ambulance fees, durable medical equipment, inpatient and outpatient hospital services, surgical centers, laboratories, pharmaceuticals, and physician services. The Labor Code allows parties to contract for reimbursement rates that are different from those in the OMFS. The DWC's Medical-Legal Fee Schedule sets fees for medical-legal evaluation services.

The report that follows examines IBR program activity in 2018 and 2019, capturing all applicant filings in that period, including cases filed in 2019 and resolved in 2020.

## Methodology

Maximus Federal Services, the IBRO, provides the DWC with data extracted from its proprietary software. This data corresponds with information in the Final Determination Letters (FDLs) that are received by the filing parties. Anonymized copies of FDLs for cases decided in the current year are available on the DWC website within thirty days of their issuance ([IBR Decisions Search Tool](#)).

## Results

### IBR Applications Received

In 2018 and 2019, a similar number of IBR applications was received by the IBRO: 1,692 and 1,644, respectively. These are the first two years since the first year of the program in which application filings fell below 2,000. Each quarter in the two calendar years had a steady pace of IBR filings, ranging from 353 to 483 per quarter.

Table 1. IBR Applications by Calendar Year (CY), 2013 to 2019

Calendar Year	Applications Filed
2019	1,644
2018	1,692
2017	2,151
2016	2,385
2015	2,345
2014	2,009
2013	1,000
<b>TOTAL</b>	<b>13,226</b>

Table 2a. IBR Applications by Quarter, 2018

Quarter	Applications Filed
First Quarter 2018	353
Second Quarter 2018	423
Third Quarter 2018	483
Fourth Quarter 2018	433
<b>TOTAL</b>	<b>1,692</b>

Table 2b. IBR Applications by Quarter, 2019

Quarter	Applications Filed
First Quarter 2019	403
Second Quarter 2019	433
Third Quarter 2019	390
Fourth Quarter 2019	418
<b>TOTAL</b>	<b>1,644</b>

### Geographic Breakdown

In 2018, one in three applicants was a provider based in the San Francisco Bay Area (34.9%), and one in four (26.6%) practiced in Los Angeles County. In 2019, nearly half the applications (48.7%) were from Bay Area providers, and applications from Los Angeles fell 25% from the previous year.

Table 3. Geographic Breakdown

Geographic Region	Number of Applications Filed in 2018	Number of Applications Filed in 2019
Bay Area	591	800
Central Coast	98	61
Central Valley	117	102
Eastern Sierra Foothills	16	20
Inland Empire	274	163
Los Angeles	450	336
North State–Shasta	4	6
Sacramento Valley	76	50
Sacramento Valley North	0	1
San Diego	52	102
Unlisted/Not Available	14	3
<b>TOTAL</b>	<b>1,692</b>	<b>1,644</b>

### Fee Schedule

The disputed billing must be covered by a fee schedule adopted by the DWC: medical services in the OMFS, evaluations under the Medical-Legal Fee Schedule, or set forth in a contract for reimbursement. The IBR application lists ten categories from which the applicant selects the fee schedule(s) for the billed services provided. Some IBR cases contain multiple fee schedule review requests. Nearly half the IBR cases over the past two years include review requests for physician services.

Table 4. IBR Fee Schedule, 2018 and 2019

Fee Schedule	Total Filings CY 2018	Total Filings CY 2019
Ambulance Services	0	1
Contract for Reimbursement Rates	188	223
Durable Medical Equipment, Prosthetics, Orthotics, Supplies	37	19
Hospital Outpatient and Ambulatory Surgical Centers	361	199
Inpatient Hospital Services	105	69
Interpreter Services	23	2
Medical-Legal Fee Schedule	142	121
Pathology and Laboratory Services	138	110
Pharmaceuticals	18	47
Physician Services	833	962
<b>TOTAL</b>	<b>1,845</b>	<b>1,753</b>

### Procedure Codes

In addition to indicating the applicable fee schedule, IBR applicants must state the billing code of the services or goods whose payment is in dispute. Most often, this is a billing code using Current Procedural Terminology (CPT) published by the American Medical Association (AMA). Some codes represent non-physician services, such as durable medical equipment and certain pharmaceuticals (HCPCS)<sup>1</sup>; others are specific to the California Code of Regulations, including progress reports by treating physicians and medical-legal evaluations performed by Qualified Medical Evaluators.

Table 5 describes the ten billing codes and related descriptions for services and goods that were listed most often in the IBR application filings in 2018 and 2019.

Table 5. Top Procedure Codes, 2018 and 2019 (combined)

Code	Source	Description	Count
99358	CPT	Prolonged evaluation and management service before and/or after direct (face-to-face) patient care (first hour)	369
99070	CPT	Supplies and materials (except spectacles), provided by the physician or other health-care professional et al.	270
WC002	DWC	Treating physician's progress report (PR-2 or narrative in accordance with Section 9875)	259
99214	CPT	Office or other outpatient visit for the evaluation and management of an established patient et al.	219
97799	CPT	Unlisted physical medicine/rehabilitation service	173
99359	CPT	Prolonged evaluation and management service before and/or after direct (face-to-face) patient care et al.	167
ML104	Med-Legal	Comprehensive medical-legal evaluation with extraordinary circumstances	164
G0483	HCPCS	Drug test(s), definitive, using drug identification methods able to identify individual drugs et al.	142
64493	CPT	Injection(s), diagnostic or therapeutic agent, para-vertebral facet joint with image guidance et al.	110
J3490	HCPCS	Unclassified drugs	109

Note: CPT = Current Procedural Terminology; HCPCS = non-physician services, such as durable medical equipment and certain pharmaceuticals.

### Case Dispositions

Approximately one in four IBR applications is determined to be ineligible for review. Ineligibility factors include untimely requests, requests made prior to completion of a second review, and requests made without payment of the required fee.

Among the filings that received a review and a case determination in 2018, 69% were overturned, meaning the IBRO determined that additional reimbursement is warranted. The claims administrator's determination is reversed, so the provider is due

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<sup>1</sup> Healthcare Common Procedure Coding System, developed by the Centers for Medicare and Medicaid.

reimbursement for the filing fee, along with the amount due after the review of the billing and fee schedule. In 2019, 80% of the case determinations were overturned.

**Table 6. IBR Case Dispositions for Applications Filed in CY 2018 and CY 2019**

Case Disposition	Total for 2018 App Filings	Percentage of 2018 Total	Total for 2019 App Filings	Percentage of 2019 Total
Overtured	795	47.0%	972	59.1%
Upheld	350	20.7%	239	14.5%
Withdrawn	84	5.0%	83	5.0%
Ineligible	463	27.3%	350	21.4%
<b>Total</b>	<b>1,692</b>	<b>100.0%</b>	<b>1,644</b>	<b>100.0%</b>

### *Case Decisions Issued*

In 2018, the IBRO implemented additional quality control measures for the adjudication of case determinations. These additional levels of review added to the time between the assignment of a case and its determination. Of the 2,356 case determinations issued in the reporting period, all but 12 (99.5%) were issued in the sixty-day statutory timeframe.

**Table 7. IBR Case Decisions Issued per Quarter; Average Number of Days to Decision**

Quarter	Number of Decisions Issued for 2018 and/or 2019 Filings	Average Number of Days, Assignment to Decision
First Quarter 2018	115	26
Second Quarter 2018	270	18
Third Quarter 2018	279	19
Fourth Quarter 2018	241	40
First Quarter 2019	250	52
Second Quarter 2019	319	52
Third Quarter 2019	290	57
Fourth Quarter 2019	319	53
First Quarter 2020	250	55
Second Quarter 2020	23	49

### *Additional Reimbursement*

Overtured IBR case decisions for applications filed in 2018 and 2019 resulted in reimbursement to the providers totaling **\$3,823,402**. This amount includes the repayment of the filing fees for these cases, which remained at \$195 during this period.

For the 1,767 overturned cases in which additional payment was warranted, reimbursement amounts range from under \$200 to approximately \$112,000, depending on the fee schedules, services rendered, and coding complexities included in the billing disputes. (For example, the largest amounts are related to surgeries and other inpatient services.) The median reimbursement amount for the reporting period is \$420.

## Conclusion

Now in its eighth year, IBR continues to provide an effective process for resolving billing disputes over payments of medical and medical-legal services in the workers' compensation system. The IBRO received approximately 140 applications per month during the two-year period, and this average volume remains in 2020.

IBR case decisions must be issued within sixty days of their assignment to an IBRO reviewer. Cases during the two-year period were resolved in an average of 43 days. With very rare exceptions, all IBR cases issued met the statutory time requirement.

In 2018, additional payment was found to be owed in nearly seven in ten IBR cases that completed the determination process. In 2019, additional payment was found to be owed in eight in ten cases. Providers received \$3.82 million in reimbursement for services in 2018–19, including the filing fees. Billing for physician services is the most often submitted for review and most often overturned. The highest amounts for reimbursement are for inpatient hospital services and ambulatory surgical centers.

*Appendix: Geographic Regions*

Region	Counties
Bay Area	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma
Central Coast	Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz, and Ventura
Central Valley	Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare
Eastern Sierra Foothills	Alpine, Amador, Calaveras, El Dorado, Inyo, Mariposa, Mono, Nevada, Placer, and Tuolumne
Inland Empire	Imperial, Orange, Riverside, and San Bernardino
Los Angeles	Los Angeles
North State/Shasta	Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Shasta, Sierra, Siskiyou, and Trinity
Sacramento Valley–North	Butte, Colusa, Glenn, Sutter, Tehama, and Yuba
Sacramento Valley–South	Sacramento and Yolo
San Diego	San Diego