MAXIMUS
Federal Services

Independent Medical Review and Independent Bill Review: Tools for Workers' Compensation Reform

December 12, 2014

Independent Benefit Review Services

- Independent Medical Review (IMR) and Independent Bill Review (IBR) have been an effective means of resolving medical benefit and payment disputes for 30 years.
- IMR and IBR have been implemented for numerous government sponsored as well as private health insurance programs
  - Centers for Medicare and Medicaid Services
  - Office of Personnel Management
  - Department of Defense
  - All 50 states have some form of IMR and/or IBR for commercial group health and/or Medicaid Managed Care
  - California (2013) and Texas (2001) implemented IMR for workers' compensation disputes involving medical necessity

California Senate Bill 863 Reforms: IMR

- Implementation of Independent Medical Review Program
  - Effective January 1, 2013 for injuries occurring on or after that date
  - Effective July 1, 2013 for all dates of injury
  - IMR must be used to decide disputes between physicians and claims administrators involving necessary medical treatment for injured workers
- MAXIMUS began working with DIR and DWC shortly after passage of Senate Bill 863 in the design and implementation of the IMR program.

California Workers' Compensation IMR: Objectives

- Objectives
  - To ensure medical treatment decisions in workers' compensation cases are made by a conflict-free medical expert
  - To ensure medical decisions are sound and based on a hierarchy of evidence-based medicine standards
  - Provide the highest quality, most cost effective **independent** medical reviews
  - Ensure injured workers' are provided timely, consistent, independent determinations regarding disputed medical services
  - Develop a program that, through the collaboration of all stakeholders, results in cultural change
  - Become a centralized repository leading to the development of the application of universal medical standards

California Workers' Compensation IMR: Operations

- Operations
  - More than 275,000 applications received since January 2013
  - Projected to receive 4,000 applications a month received 20,000 applications a month
  - Self-funded Program - Cost of completing IMR borne by Claims Administrator
    - Rate for completing IMRs after January 1, 2014 $390.00 a case ($345.00 for cases involving pharmacy disputes)
    - Cost for completing IMR has been reduced by 30% since January 1, 2013
  - Decisions made by independent physicians who have no affiliation with the parties to the dispute
  - Decisions based upon accepted clinical guidelines and best available clinical evidence

California Senate Bill 863 Reforms: IBR

- Implementation of Independent Bill Review Program
  - Effective January 1, 2013 for all dates of service on or after that date
  - Is limited to disputes involving services or goods covered by fee schedules adopted by DWC or contracted for reimbursement under Labor Code section 5307.11
  - Does not apply to billing disputes not covered under fee schedules, disputes regarding treatment authorization or cases where the injury itself is in dispute
  - MAXIMUS began working with State shortly after passage of Senate Bill 863 in the design and implementation of the IBR program.

California Workers' Compensation IBR: Objectives

- Objectives
  - To ensure billing disputes in workers' compensation cases are made by a conflict-free medical billing and payment expert
  - To ensure billing dispute decisions are sound and based on applicable fee schedules
  - Provide the highest quality, most cost effective **independent** billing reviews
  - Ensure providers are provided timely, consistent, independent determinations regarding disputed medical payments
  - Develop a program that, through the collaboration of all stakeholders, results in cultural change
  - Become a centralized repository leading to the development of the application of universal coding, billing, and payment standards

California Workers' Compensation IBR: Operations

- Operations
  - More than 3,000 applications received since January 2013
  - Self-funded Program - Cost of completing IBR borne by Provider
    - Rate for completing IBRs after January 1, 2014 is $195.00 a case
    - Cost for completing IBR has been reduced by 50% since January 1, 2013
  - Decisions made by independent coding and reimbursement experts who have no affiliation with any of the parties associated the dispute
  - Decisions based upon accepted fee schedules and correct coding rules

New Jersey IBR – Case Study

- Program implemented in July 2007 under the Health Claims Authorization and Processing and Payment Act with the purpose of addressing unstable non-contracted health care provider market
  - Program addresses all forms of managed care including Medicaid managed care
  - Participation is not voluntary - if a provider elects arbitration payer must agree
  - Results are binding – payers cannot balance consumers if arbitration results are not fully favorable for provider
  - Application process is fully electronic and efficient
  - Self-funded program - Payer and Provider each pay an Initial Review Fee ($65.00) and a Full Arbitration Fee ($145.00) for total arbitration cost of $420.00
  - Arbitrations completed in 60 calendar days or less.
  - Arbitrations completed by Certified Coding Specialists, Attorneys and Physicians
- Case volumes increased from 300 in 2007 to 15,000 in 2010
- In 2010 arbitrated an additional $30 million in provider payments
- Program has spurred payers to publish non-contracted rates and resulted in majority of providers contracting with payers resulting is much more stabilized market
- Payer and provider negotiation has resulted in reduction of arbitration volume to less than 2,000 in 2012 and less than 1,000 arbitrations in 2013 with expected volume of 500 arbitrations in 2014.

IMR and IBR Savings and Advantages

- Reduction in Administrative Hearings
- Significant reduction in time and cost associated with existing appeal process
- Stabilization of Reimbursement Rates
- Stabilization of Market
- Assist in preventing unnecessary and inappropriate services
- Ensure provision of appropriate and necessary services
- Provides consistent and uniform decisions made by subject matter experts
- Aids in the development of up-to-date medical policies
- Excellent fraud detection tool

Questions / Discussion