

Highlights Of WCRI CompScope™ Benchmark Studies Of Minnesota

Minnesota Workers' Compensation Summit
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WCRI Approach

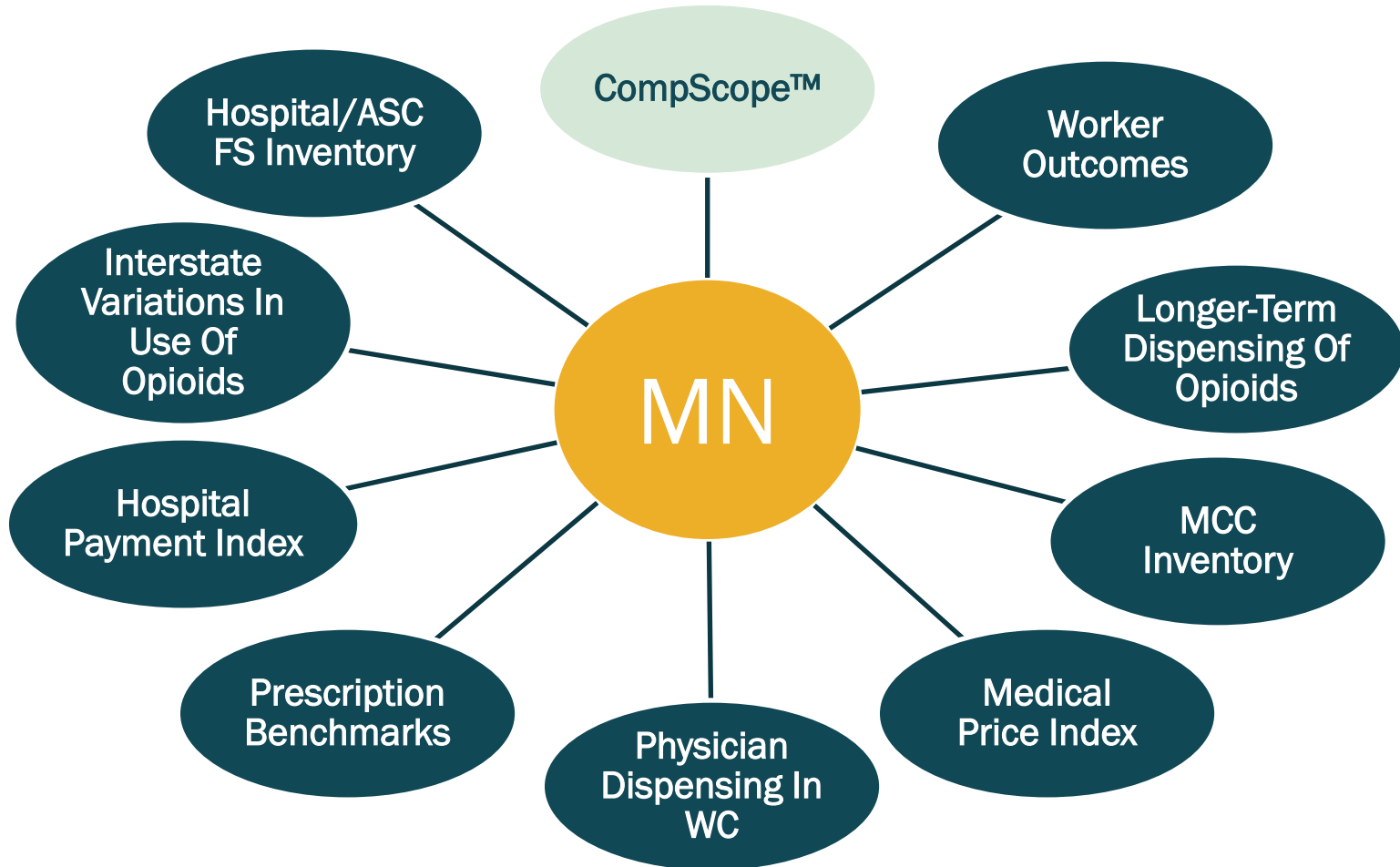
- Mission

“Be a catalyst for significant improvements in WC systems, providing the public with objective, credible, high-quality research on important public policy issues.”

- Studies focus on benefit delivery system

- Do not make recommendations or take positions on issues

WCRI Provides Broad Scope Of Studies That Include Minnesota



ASC: Ambulatory Surgery Center. FS: Fee Schedule. MCC: Medical Cost Containment

Scope Of CompScope™ Multistate Benchmarks

CompScope™

- Benefit amounts
- Timeliness
- Medical costs
- Disability duration
- Defense attorney involvement
- Vocational rehabilitation use
- Benefit delivery expenses

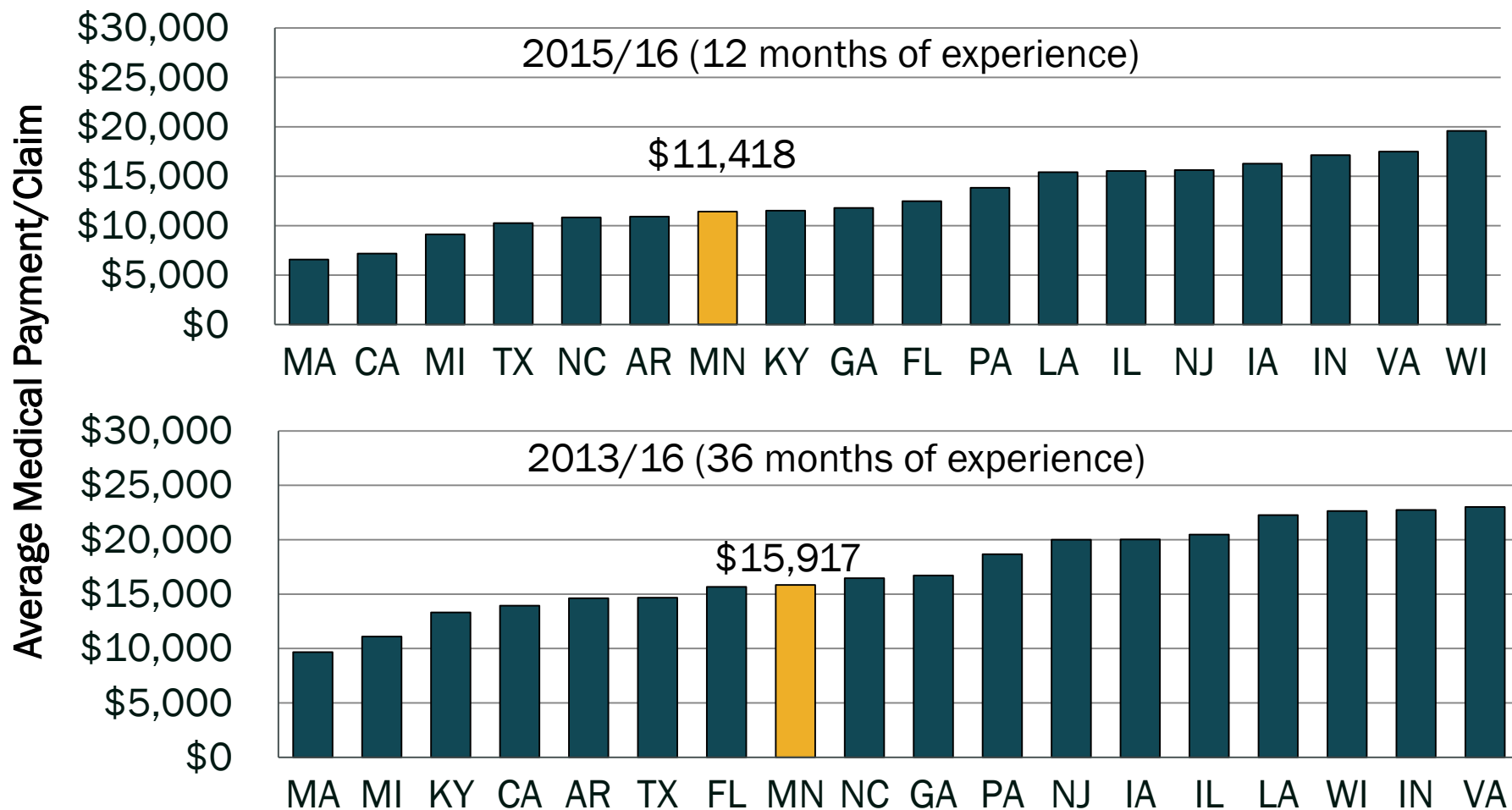
CompScope™ Medical

- Medical costs
- Medical prices
- Utilization of services
- By provider type
- By service type

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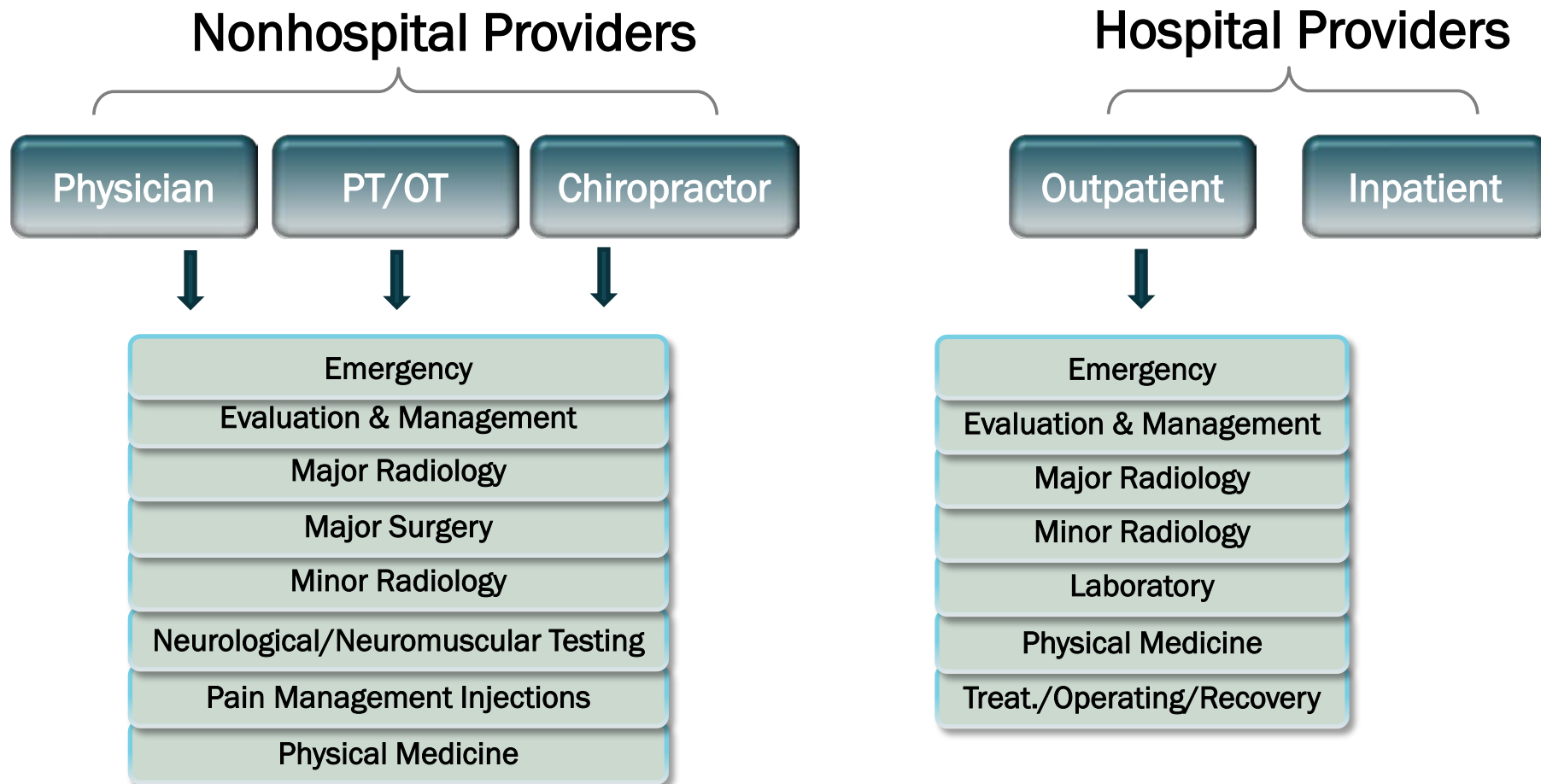
- Medical and indemnity payments typical; offsetting factors in the underlying cost components
- Lower medical cost containment expenses offset higher payments for litigation
- More frequent use and higher costs of vocational rehabilitation
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- Minnesota costs per all paid claims lower than typical
- Lower percentage of injured workers received opioids on a longer-term basis; decrease since 2010

Minnesota Medical Payments Per Claim Typical Of Study States



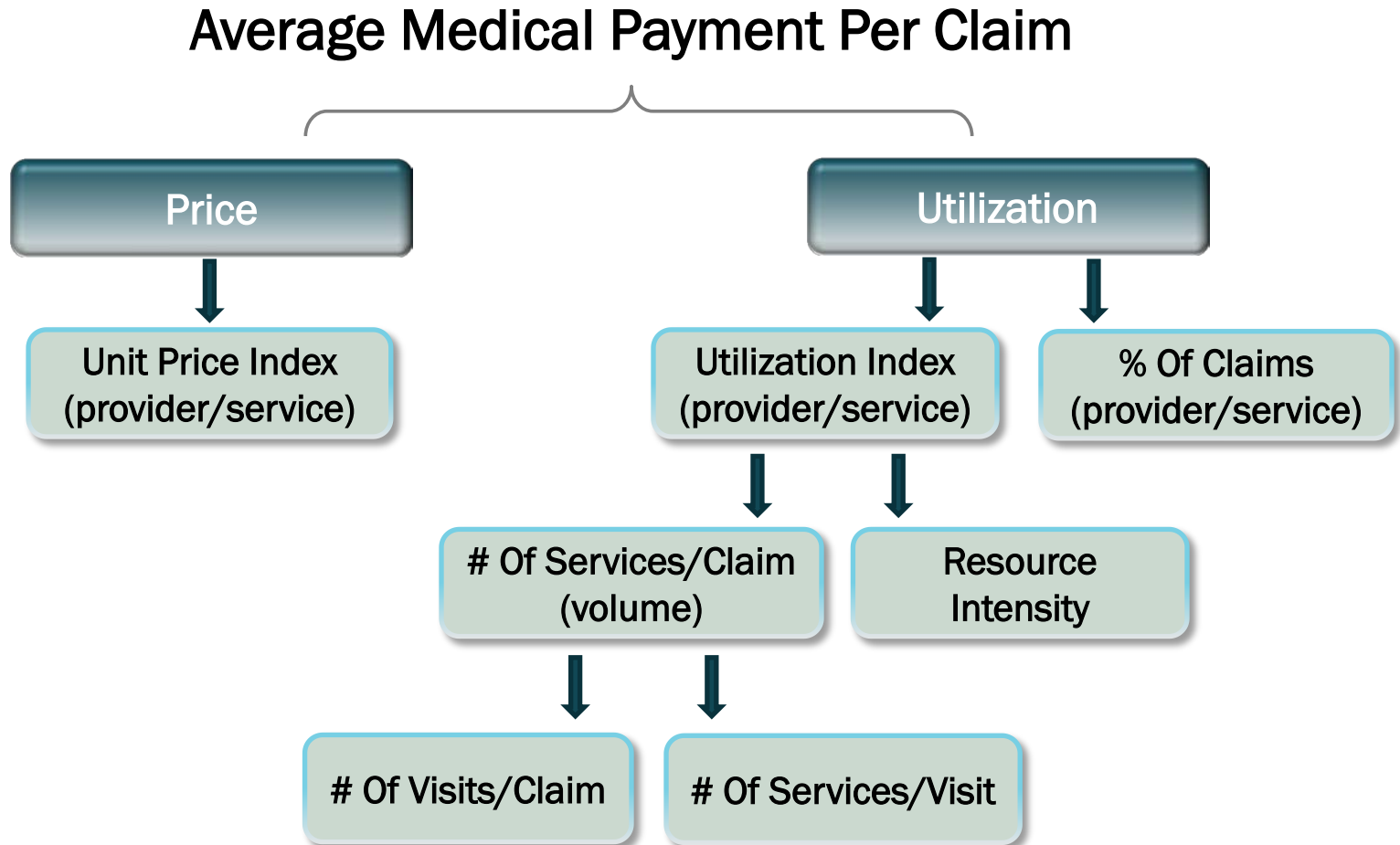
Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
 Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

Reporting Of Major Types Of Medical Providers And Services

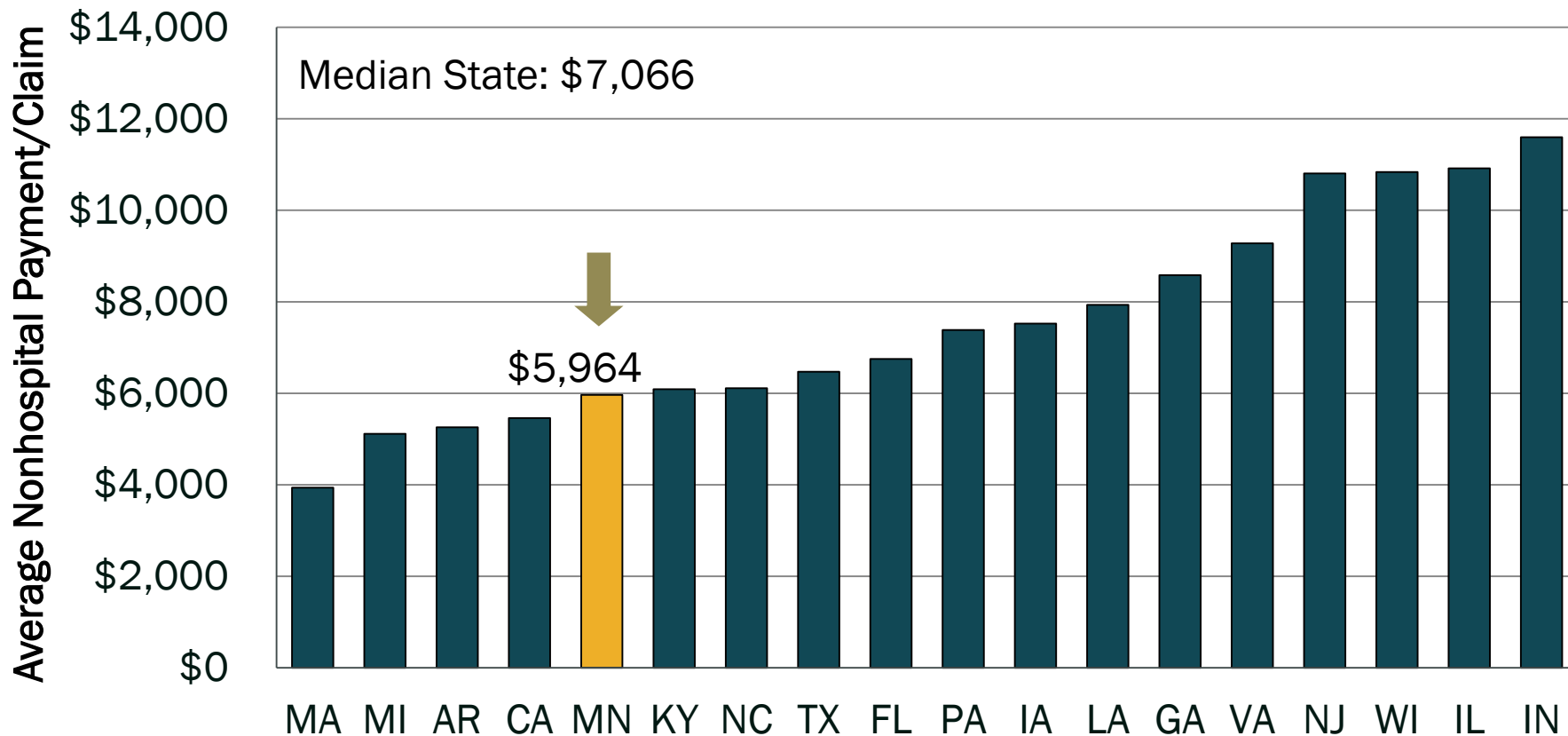


Facility payments to freestanding ambulatory surgery centers are reported under the physician category.
PT/OT: Physical/Occupational Therapist

Average Medical Payment Per Claim: A Function Of Price And Utilization



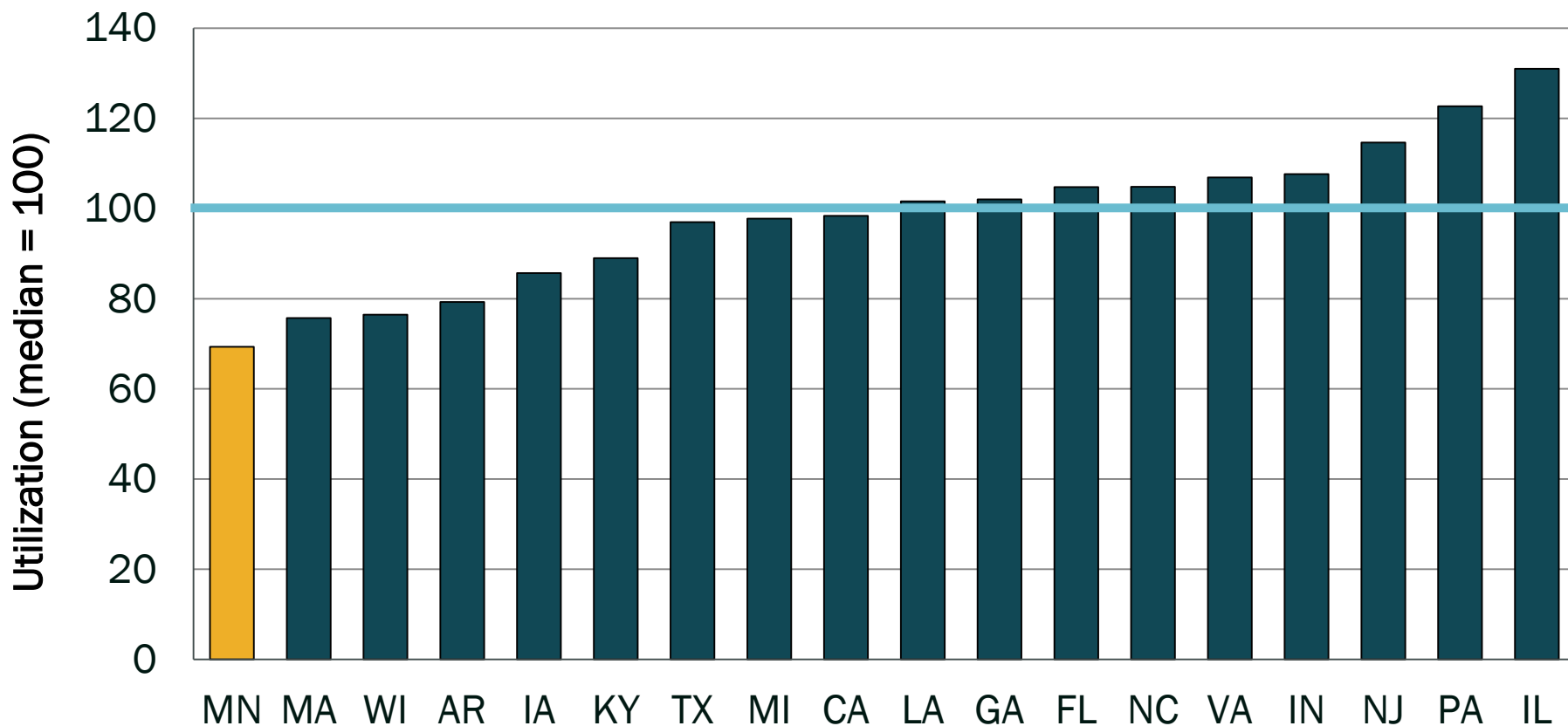
Nonhospital Payments In Minnesota 16% Lower Than Typical Study State



2015/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

Nonhospital Utilization In Minnesota Lowest Of The Study States

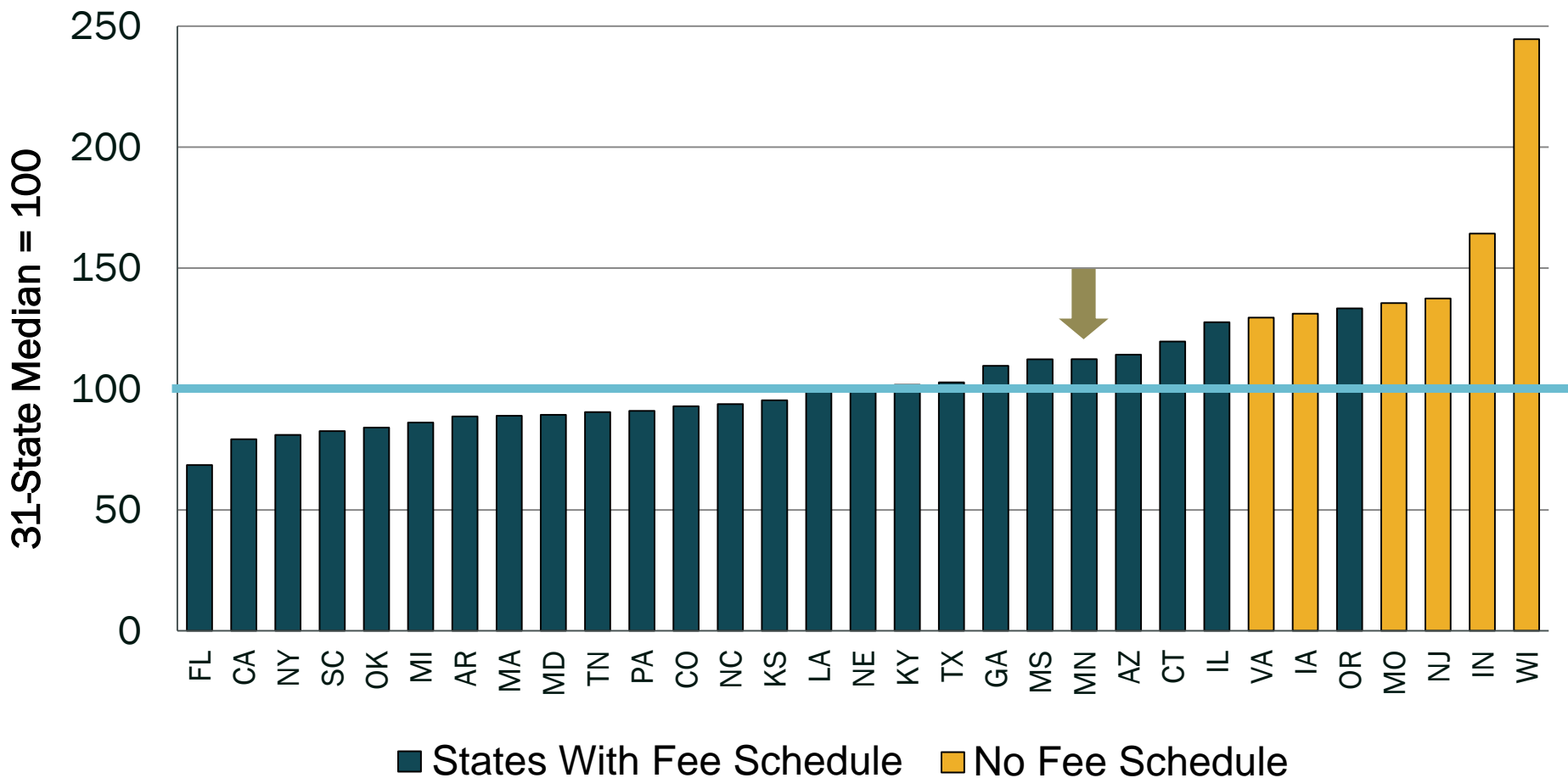


Utilization Indices For Nonhospital Services

2015/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

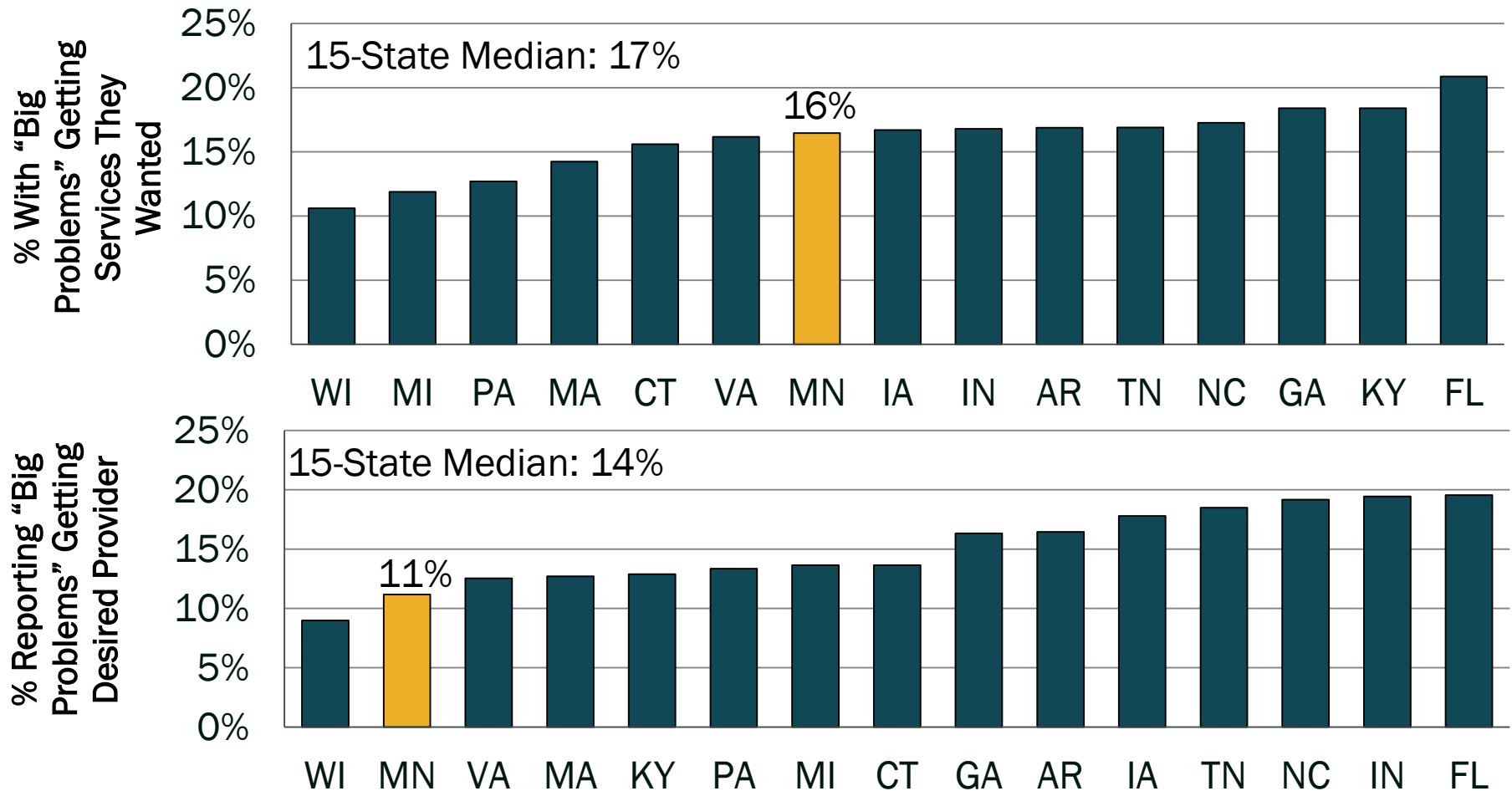
Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

Minnesota 2016 Nonhospital Prices Paid Were 12% Higher Than Typical



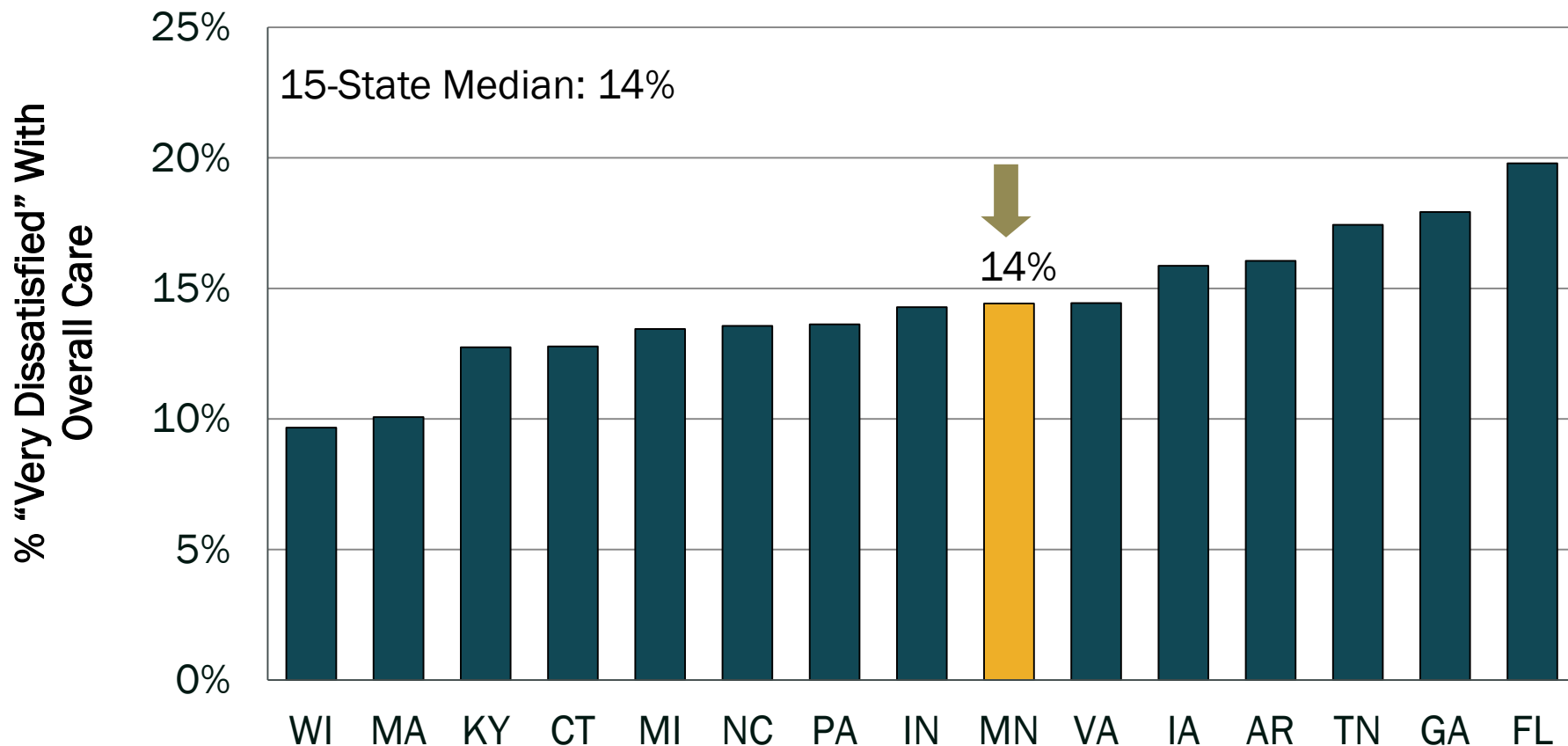
Price Index For Nonhospital Services Rendered In 2016 (with services through June)
 Source: WCRI Medical Price Index For Workers' Compensation, Ninth Edition (2017)

Lower To Typical % Reported “Big Problems” Getting Services And Providers



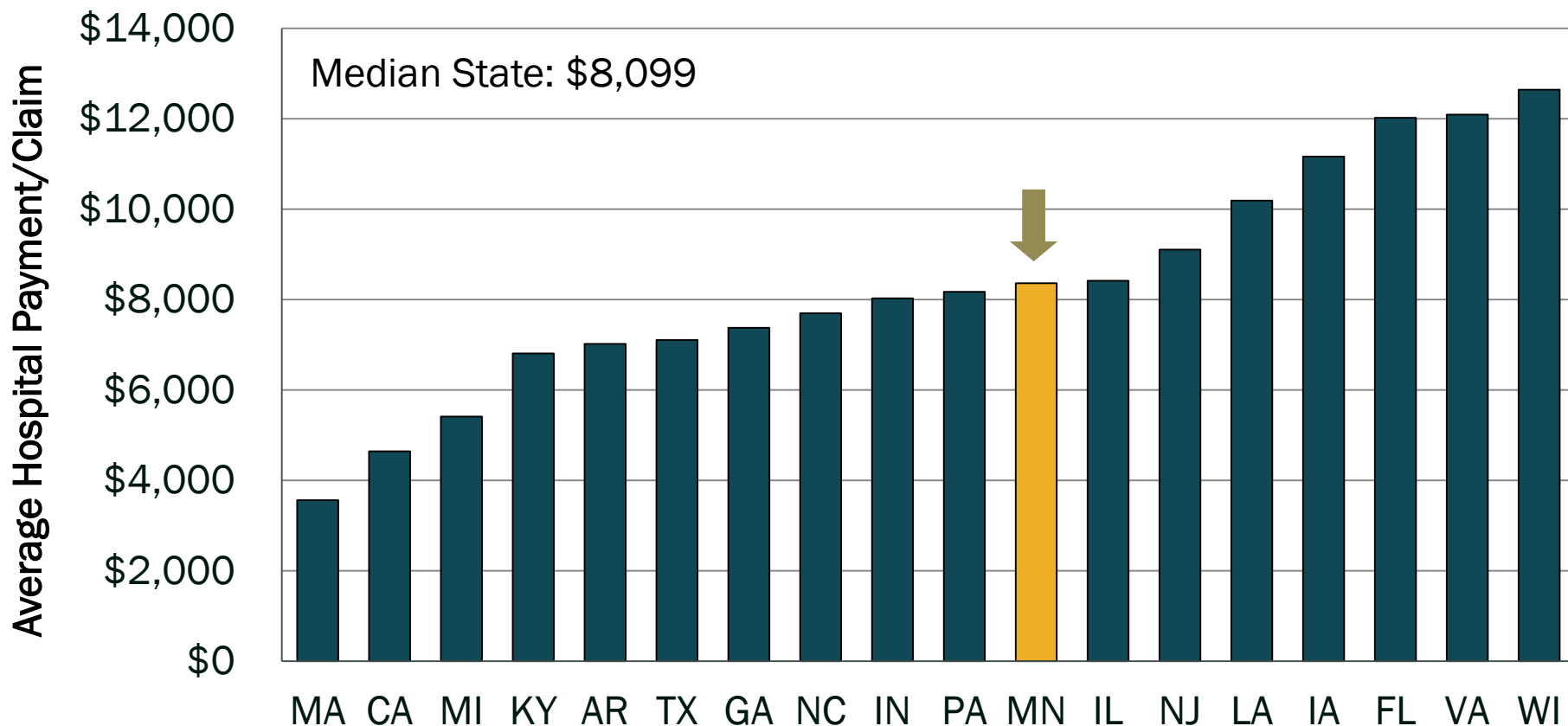
Case-Mix Adjusted. Workers With > 7 Days Of Lost Time
 Source: *Comparing Outcomes For Injured Workers In Minnesota (2016)*

14% Were “Very Dissatisfied” With Overall Care In MN: Typical Of The Study States



Percentage Reporting Being “Very Dissatisfied” With Overall Care. Case-Mix Adjusted. Workers With > 7 Days Of Lost Time. Source: *Comparing Outcomes For Injured Workers In Minnesota* (2016)

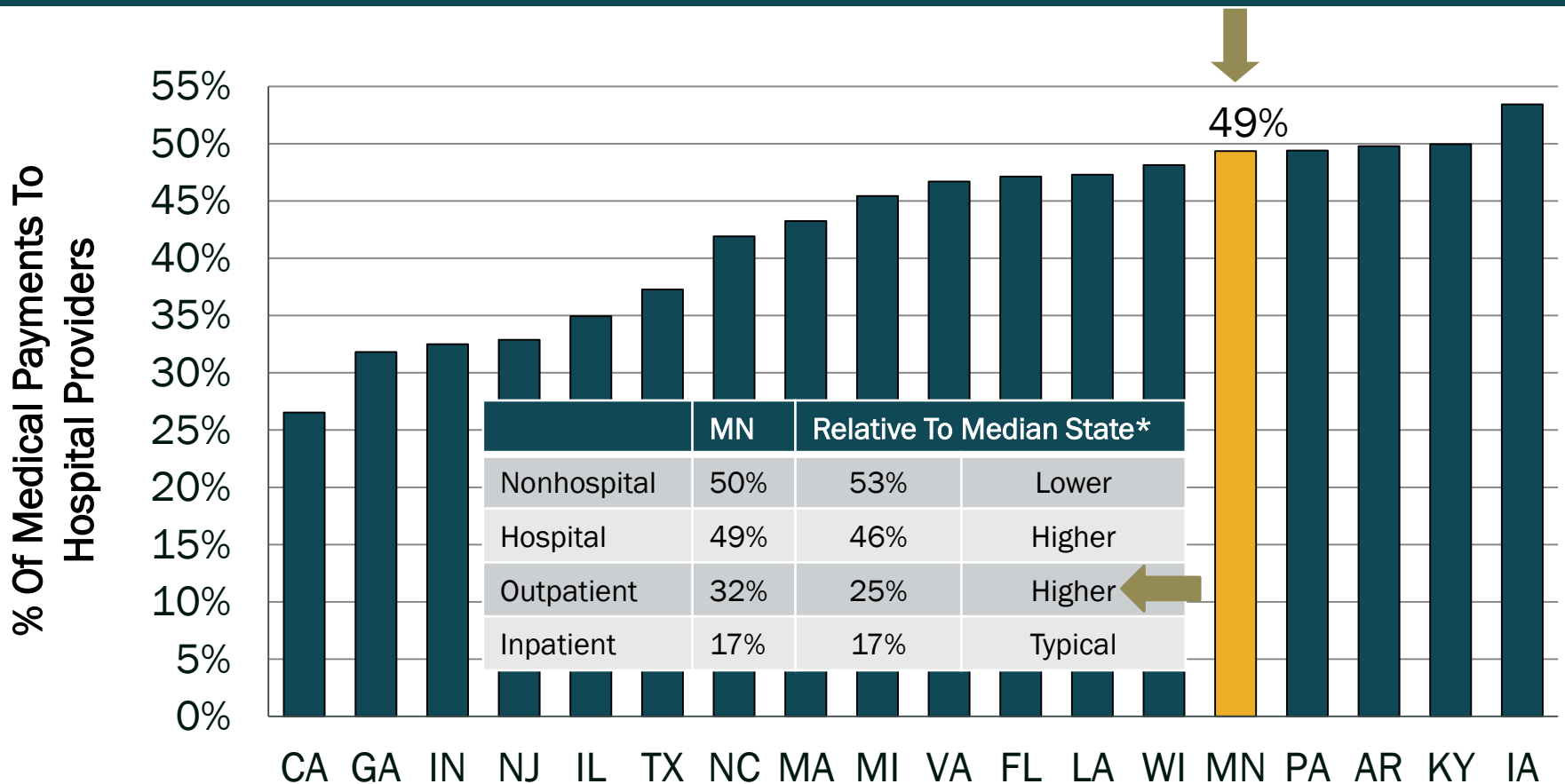
Minnesota Hospital Payments Typical Of The 18 Study States



2015/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

Larger Share Of MN Medical Payments To Hospital Providers, Especially Outpatient

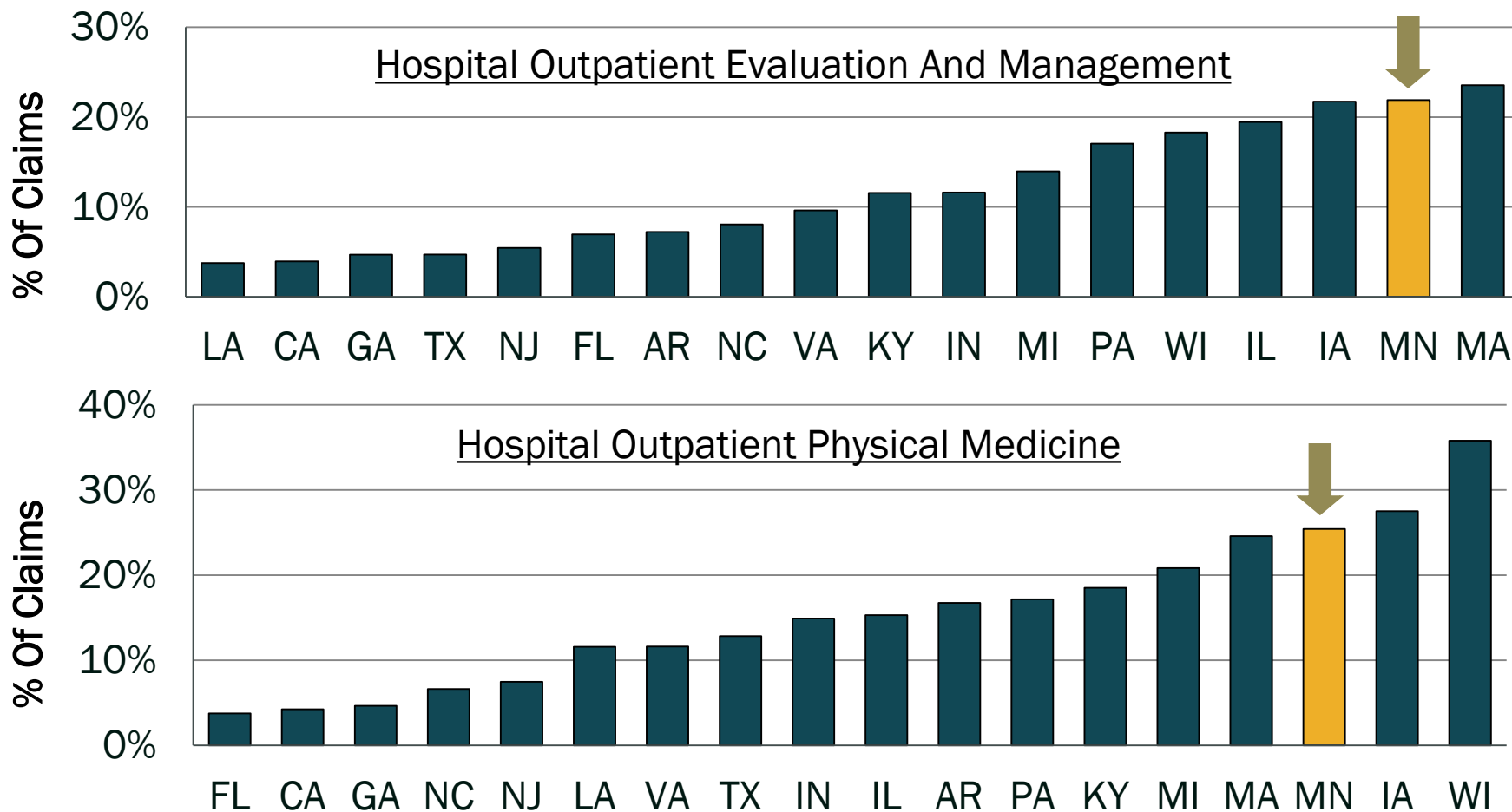


* The “median state” column does not add up to 100% because the median state may vary depending on the distribution of states’ values for each of four measures shown in the table.

2015/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

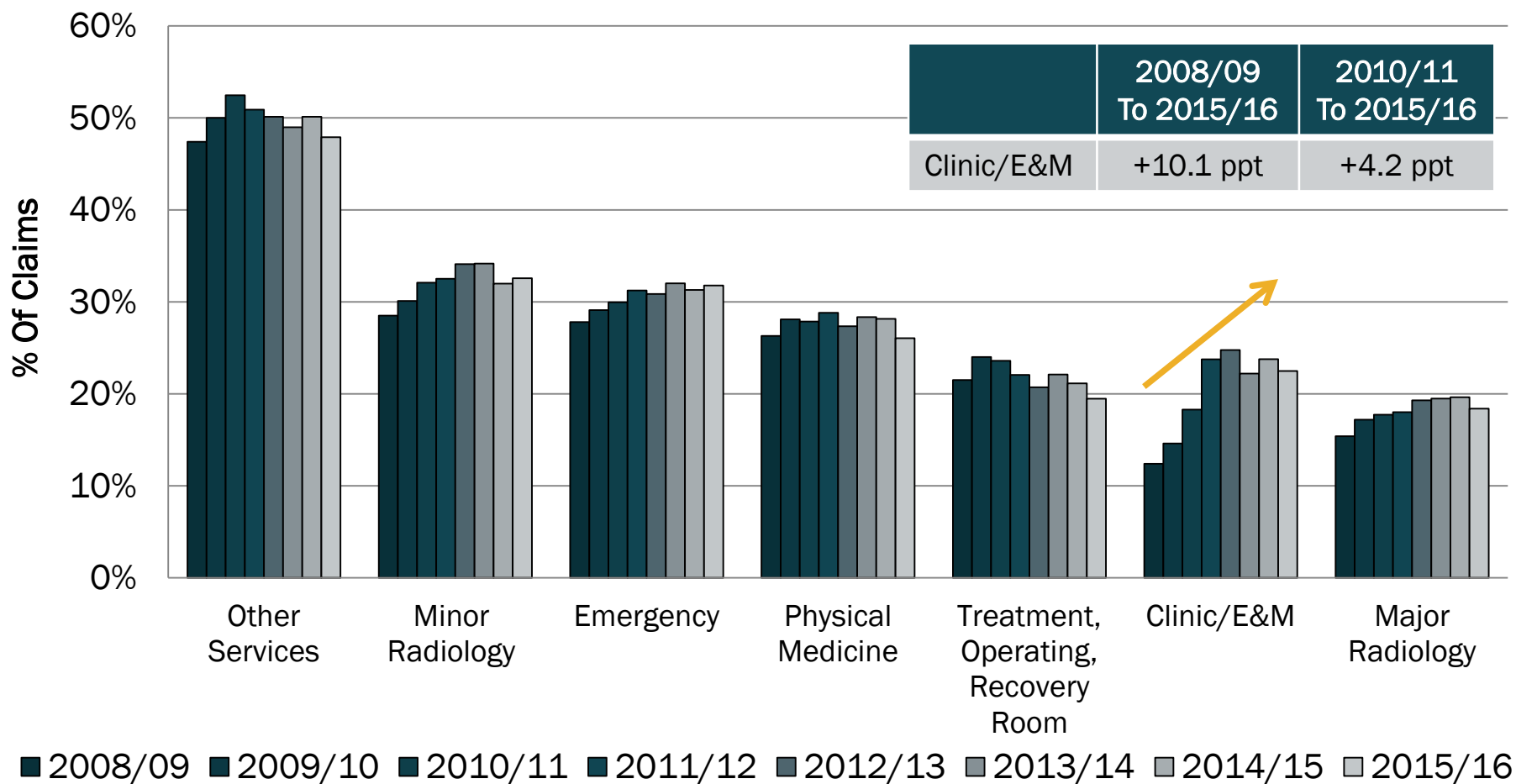
Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

Higher % Of Claims With Hospital Outpatient Office Visits And Physical Medicine In MN



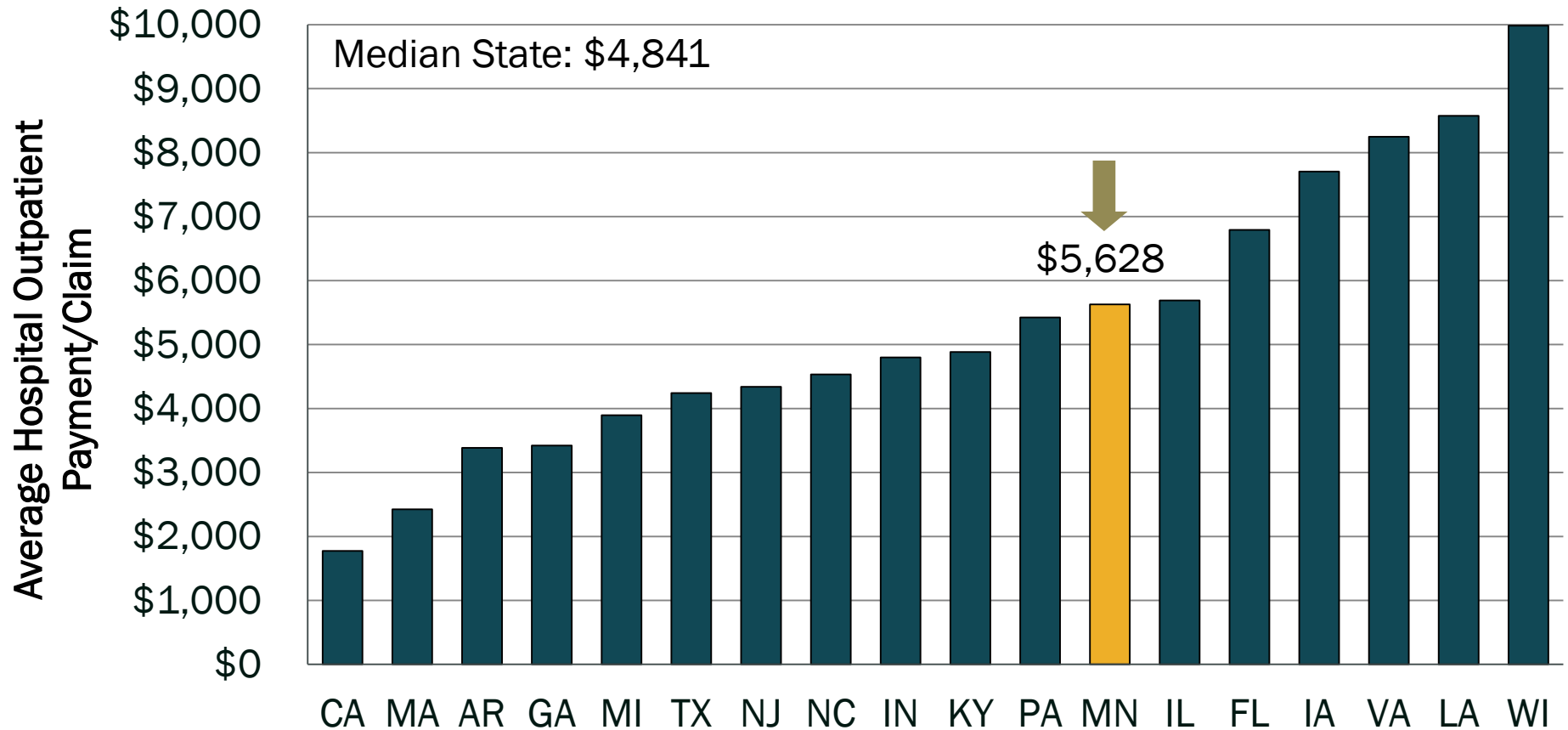
2015/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
 Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

Increase In % Of Claims With Hospital Outpatient Office Visits In Minnesota



Claims With Hospital Outpatient Services As A Percentage Of Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix. E&M: Evaluation & Management. ppt: Percentage Points
 Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

MN Hospital Outpatient Payments Per Claim 16 Percent Higher Than Median State



2015/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

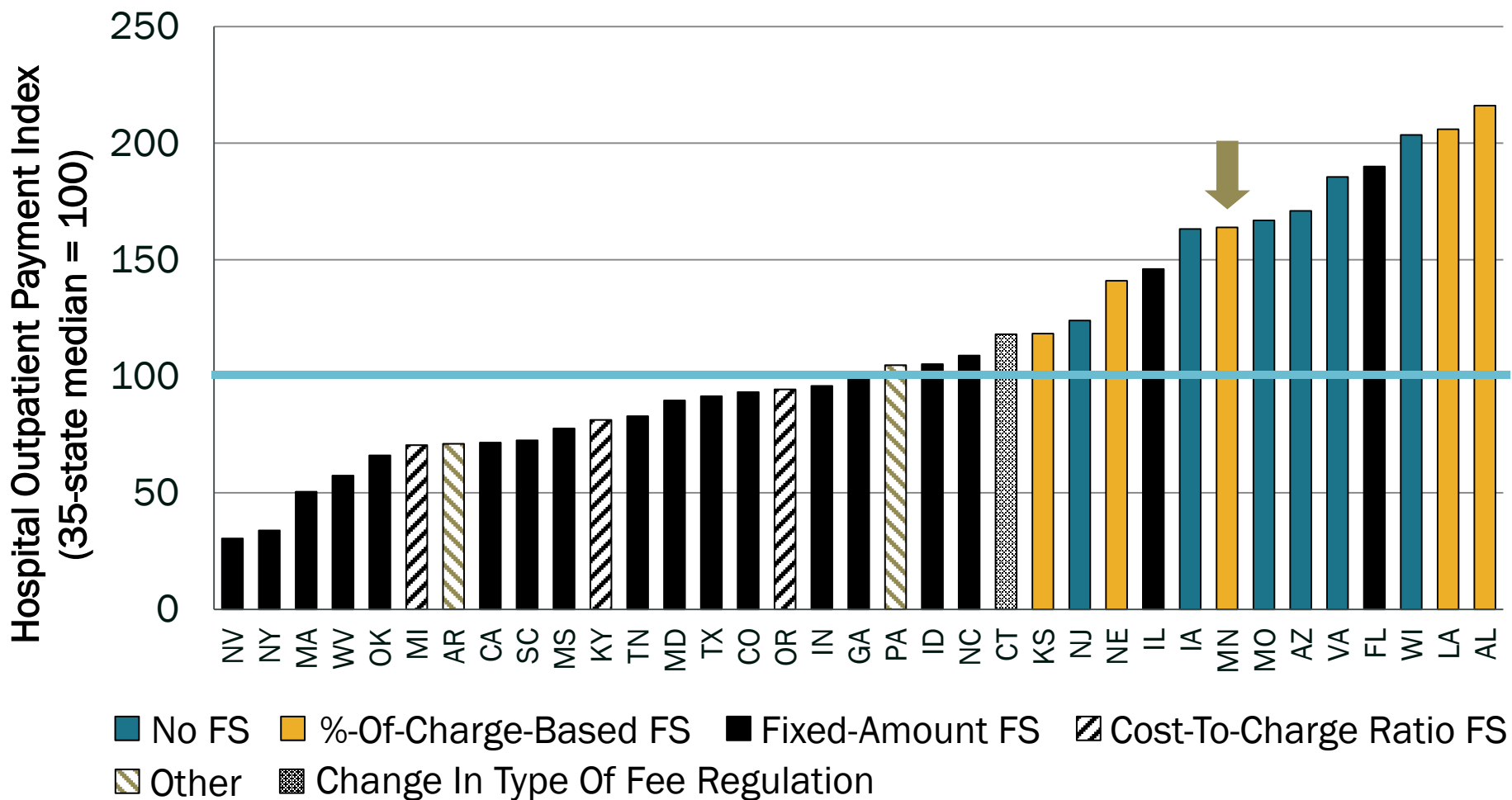
Summary Of Minnesota Medical Fee Regulations By Provider Type

Provider	Approach To Fee Regulation
Nonhospital	Medicare resource-based relative value scale (RBRVS) based fee schedule; multiple conversion factors updated October 1 (does not cover anesthesia, home health care, ambulatory care, or medical equipment)
Hospital Outpatient	100+ beds: lower of the maximum fee that applies to any service included in the relative value fee schedule, 85% of usual and customary charge, 85% of prevailing charge, or facility's actual charge < 100 beds: usual and customary charge, unless commissioner or judge deems charge is unreasonably excessive
ASCs	Lower of the maximum fee that applies to any service included in the relative value fee schedule, 85% of usual and customary charge, 85% of prevailing charge, or the facility's actual charge
Hospital Inpatient*	100+ beds: 85% of usual and customary charge, 85% of prevailing charge, or facility's actual charge < 100 beds: usual and customary charge, unless commissioner or judge deems charge is unreasonably excessive

* A new Medicare diagnosis-related group (DRG) based approach became effective in MN on January 1, 2016.

Sources: *National Inventory Of Workers' Compensation Fee Schedules For Hospitals And Ambulatory Surgical Centers (2010)*; *Workers' Compensation Medical Cost Containment Inventory (2015)*

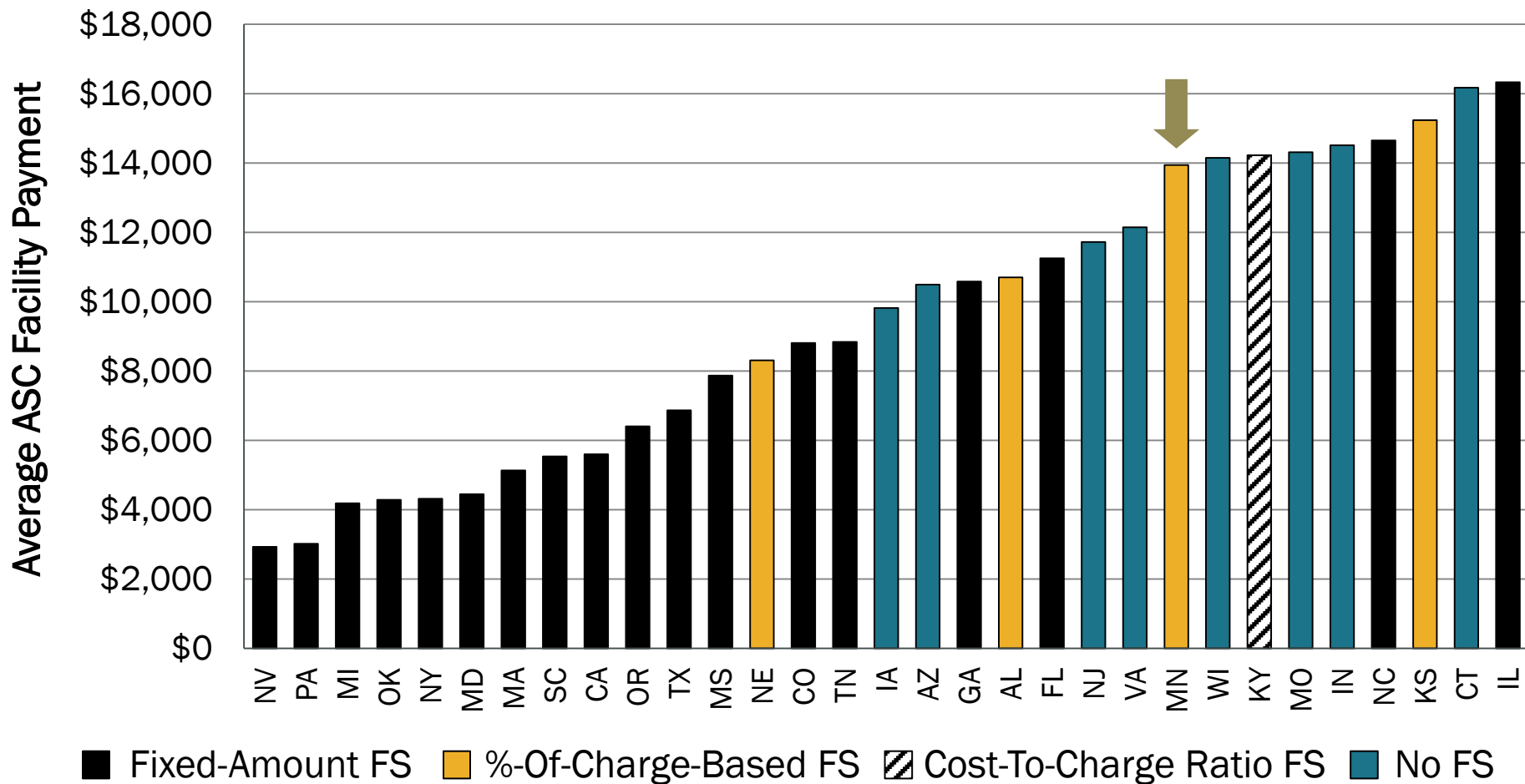
Hospital Outpatient Facility Payments Higher In States With No FS Or % Of Charges (Like MN)



Hospital Outpatient Surgical Episodes In Calendar Year 2015

Source: *Hospital Outpatient Payment Index: Interstate Variations And Policy Analysis, 6th Edition (2017)*

Generally Higher ASC Payments For Shoulder Surgery With No FS Or % Of Charges (Like MN)



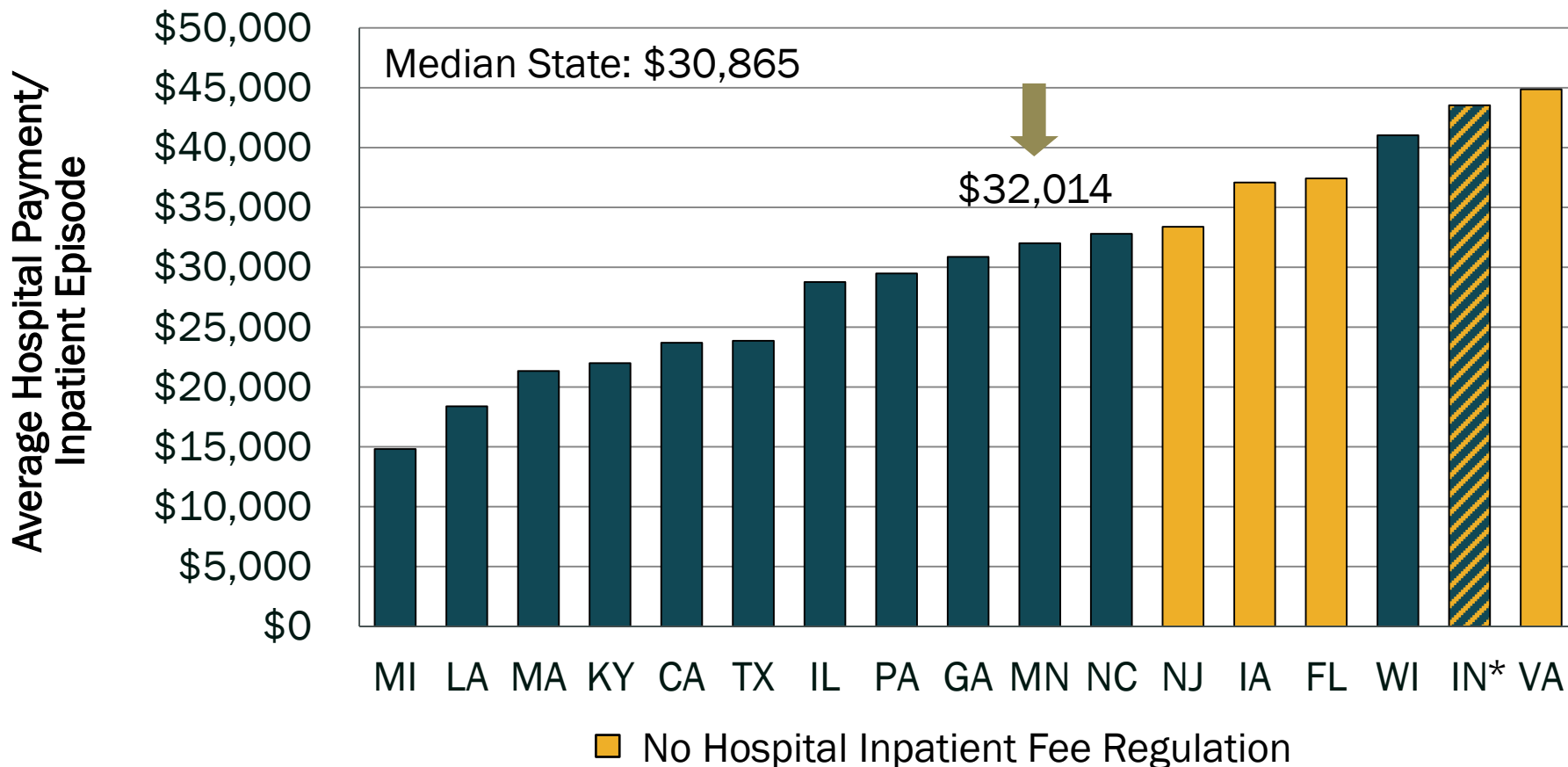
Average ASC Facility Payment Per Surgical Episode In 2013 For Shoulder Episodes With APC 41 And 42 As Main Procedures. Source: *Payments To Ambulatory Surgery Centers, 2nd Edition (2016)*

New MN Inpatient Fee Regulation (For Discharges On Or After 1/1/16)

- Maximum payment = 200% of Medicare DRG
 - If charge exceeds \$175,000*, payment will be 75% of the usual and customary
 - Critical access hospitals (79) = 100% of usual and customary
- When hospital submits an electronic bill, and a DRG applies, it must be paid in full or denied within 30 days
 - Payors may not request additional information
 - Line-item adjustments are not allowed
 - Post-payment audits allowed if initiated within 6 months

* Threshold Updated Annually

MN Hospital Payments/Inpatient Episode Were 4% Higher Than Median State

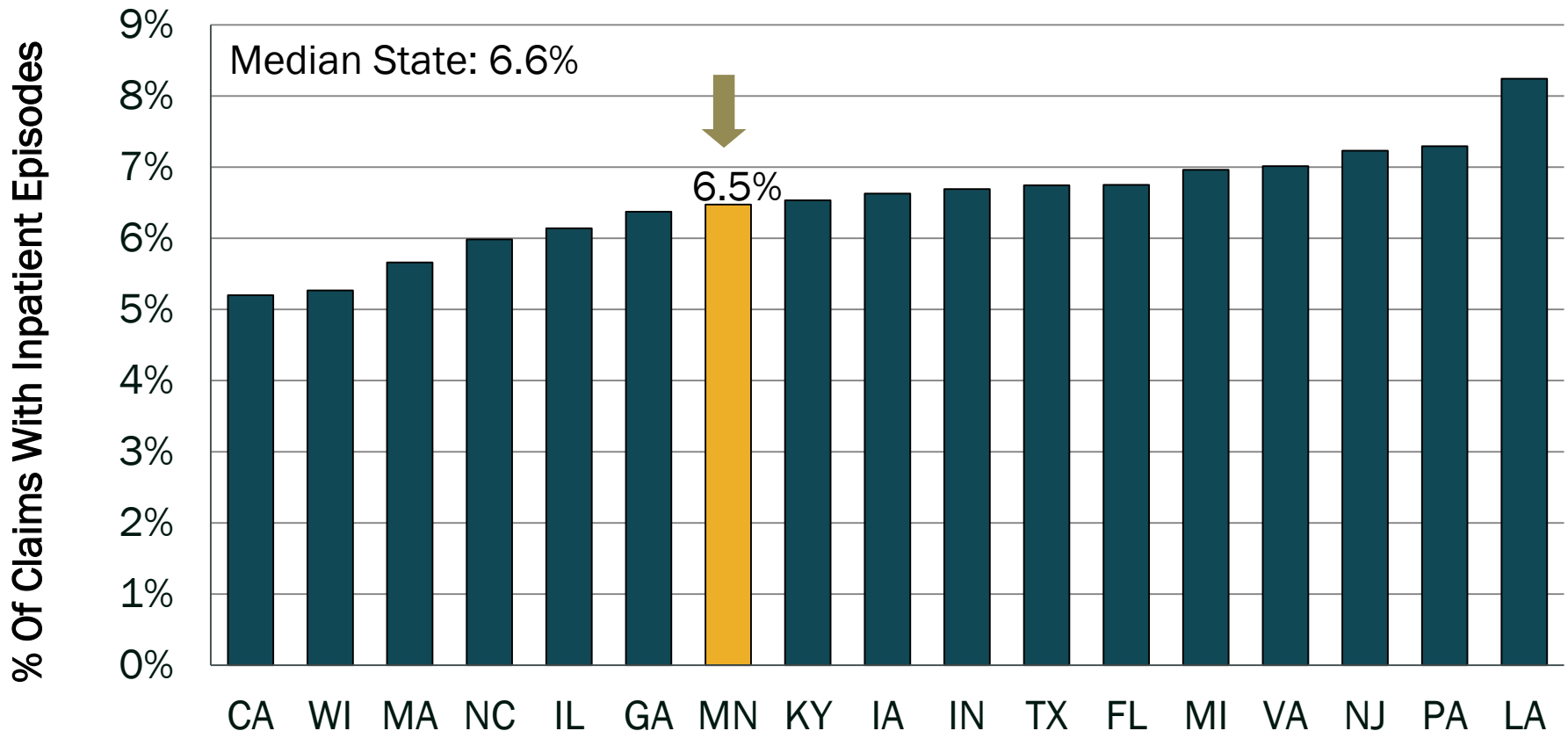


* Indiana enacted a hospital fee schedule effective July 1, 2014.

2014/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

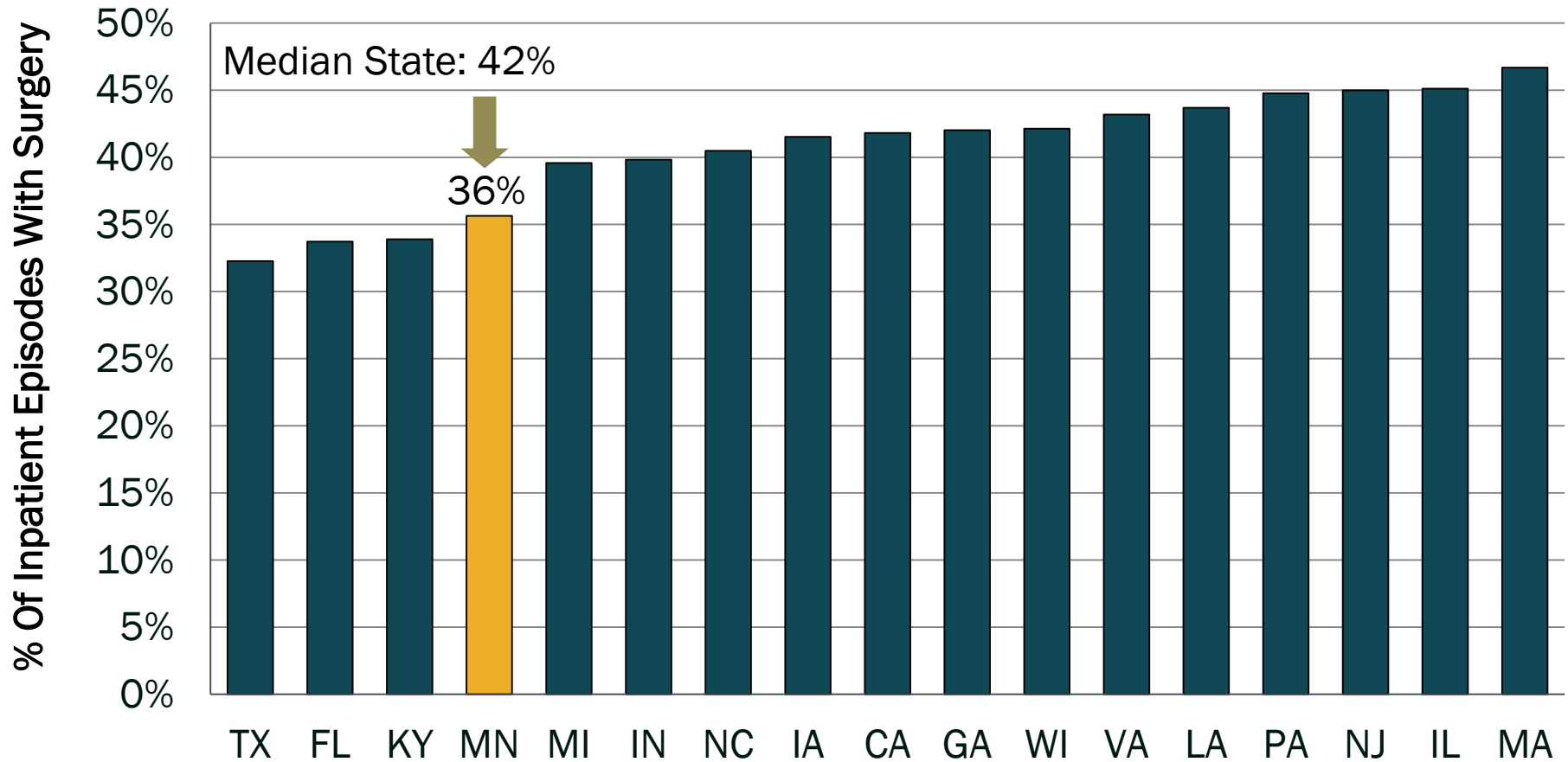
Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

MN Had A Typical Percentage Of Claims With Inpatient Episodes



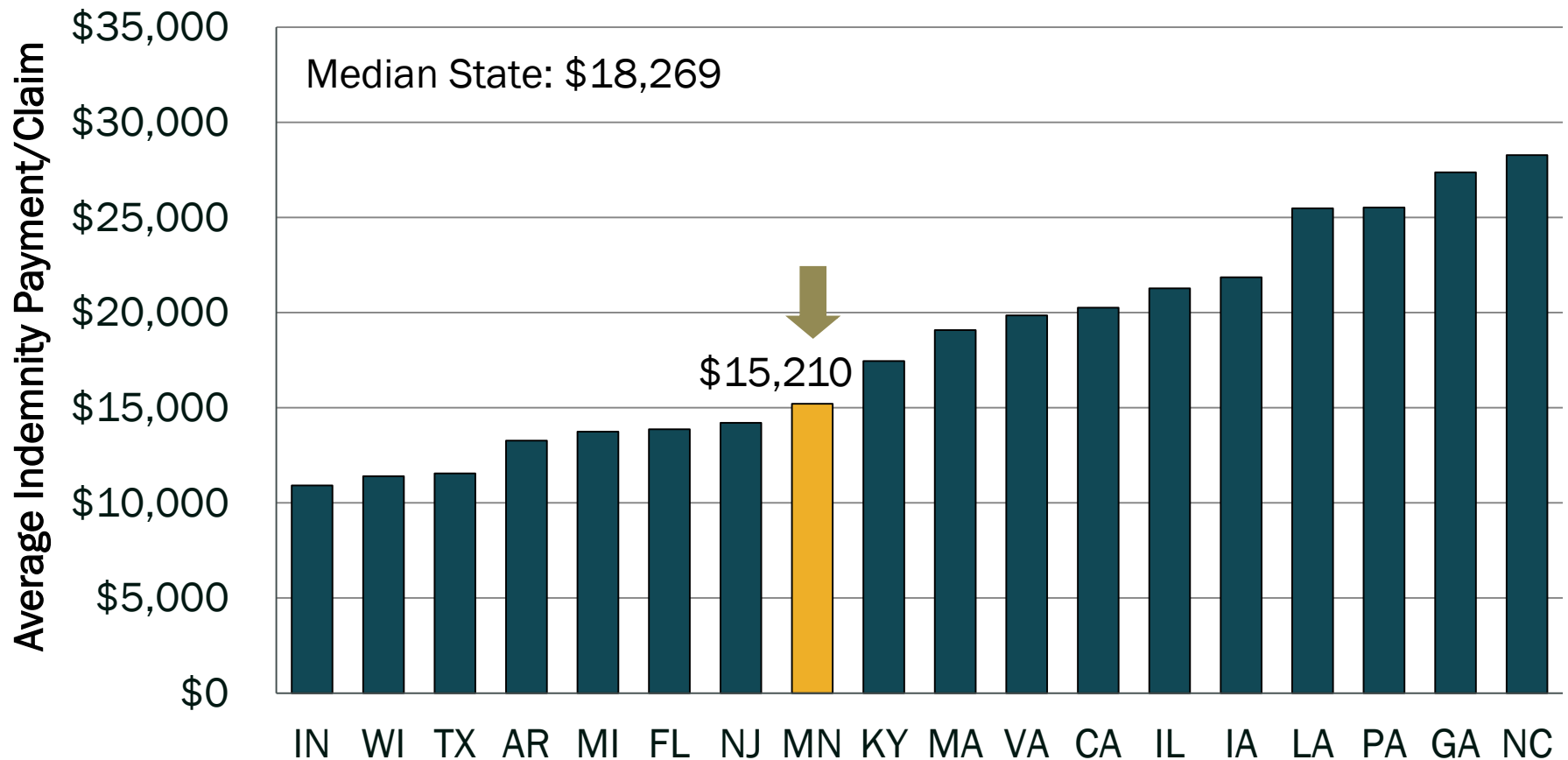
2014/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

Minnesota: Lower % Of Inpatient Episodes With Surgery



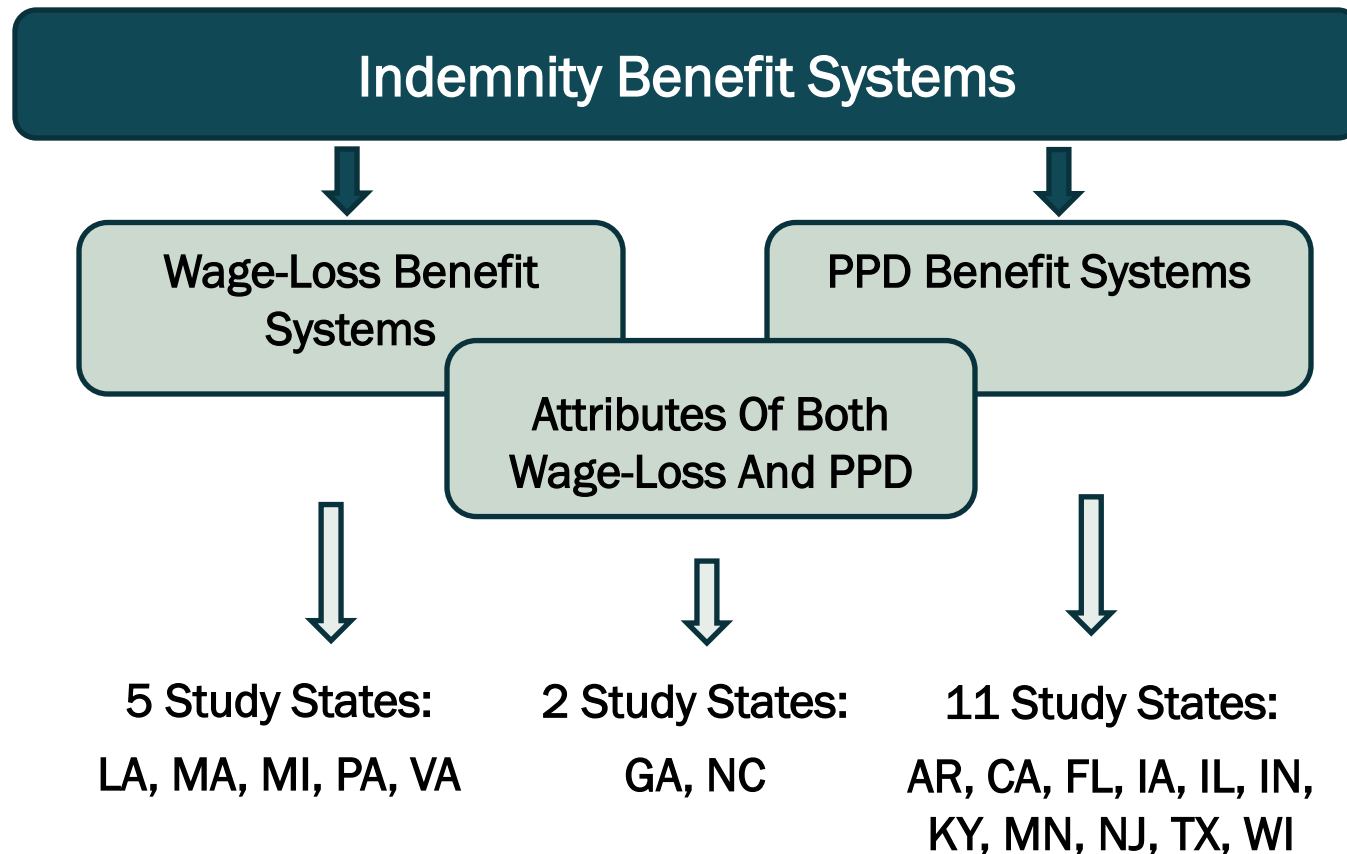
2014/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
Source: *CompScope™ Medical Benchmarks For Minnesota, 18th Edition* (forthcoming)

Lower Indemnity Payments In Minnesota Compared With All Other Study States



2013/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages
Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

General Classification Of Indemnity Benefit Systems: Wage-Loss Vs. PPD States

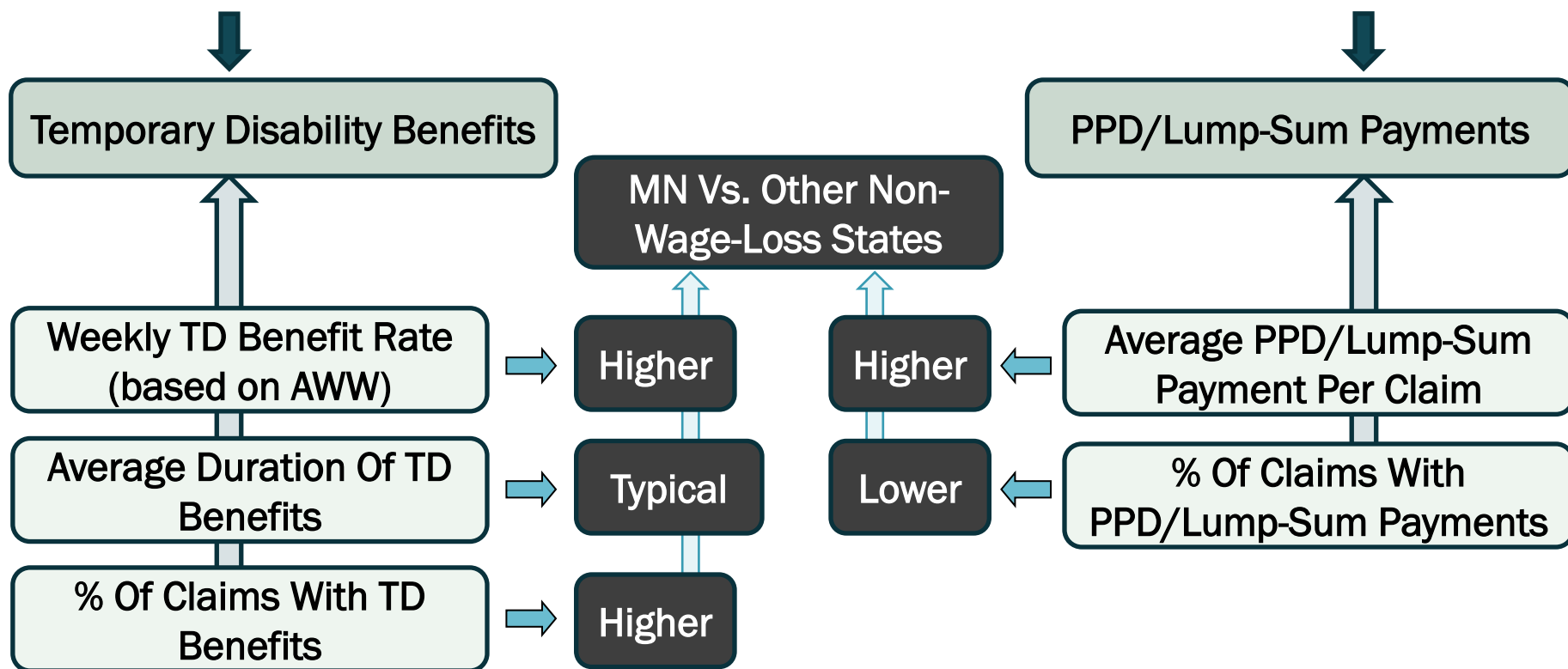


PPD: Permanent Partial Disability

Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

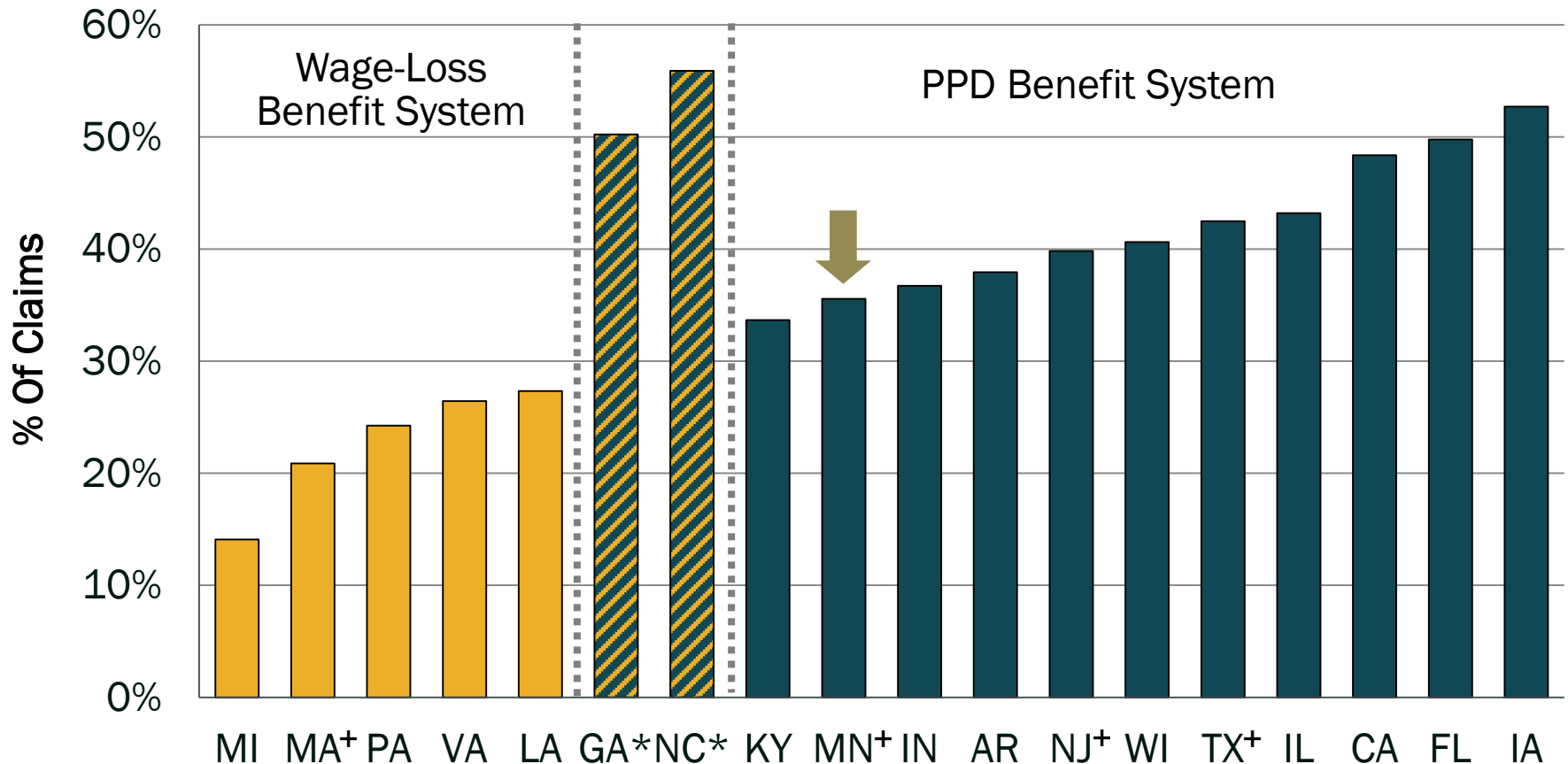
Offsetting Components Contributed To Indemnity Payments In Minnesota

Average Indemnity Benefit Per Claim



2013/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages. AWW: Average Weekly Wage. TD: Temporary Disability. Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

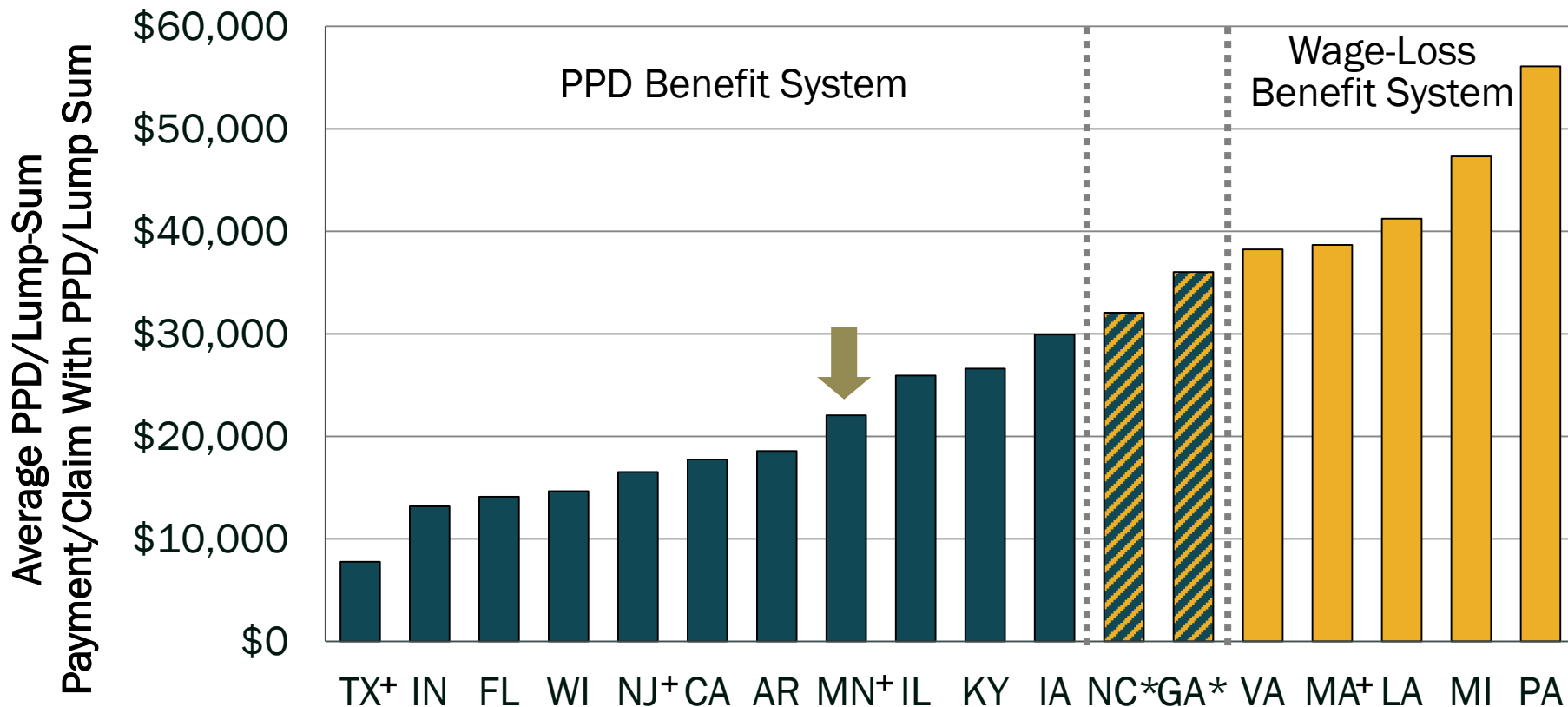
MN % PPD/Lump Sum Lower Than Typical Compared With Other PPD-Based States



* Wage-Loss And PPD + No/Little Lump Sum Of Future Medical

2013/16 Claims With PPD/Lump-Sum Payments As % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages. Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

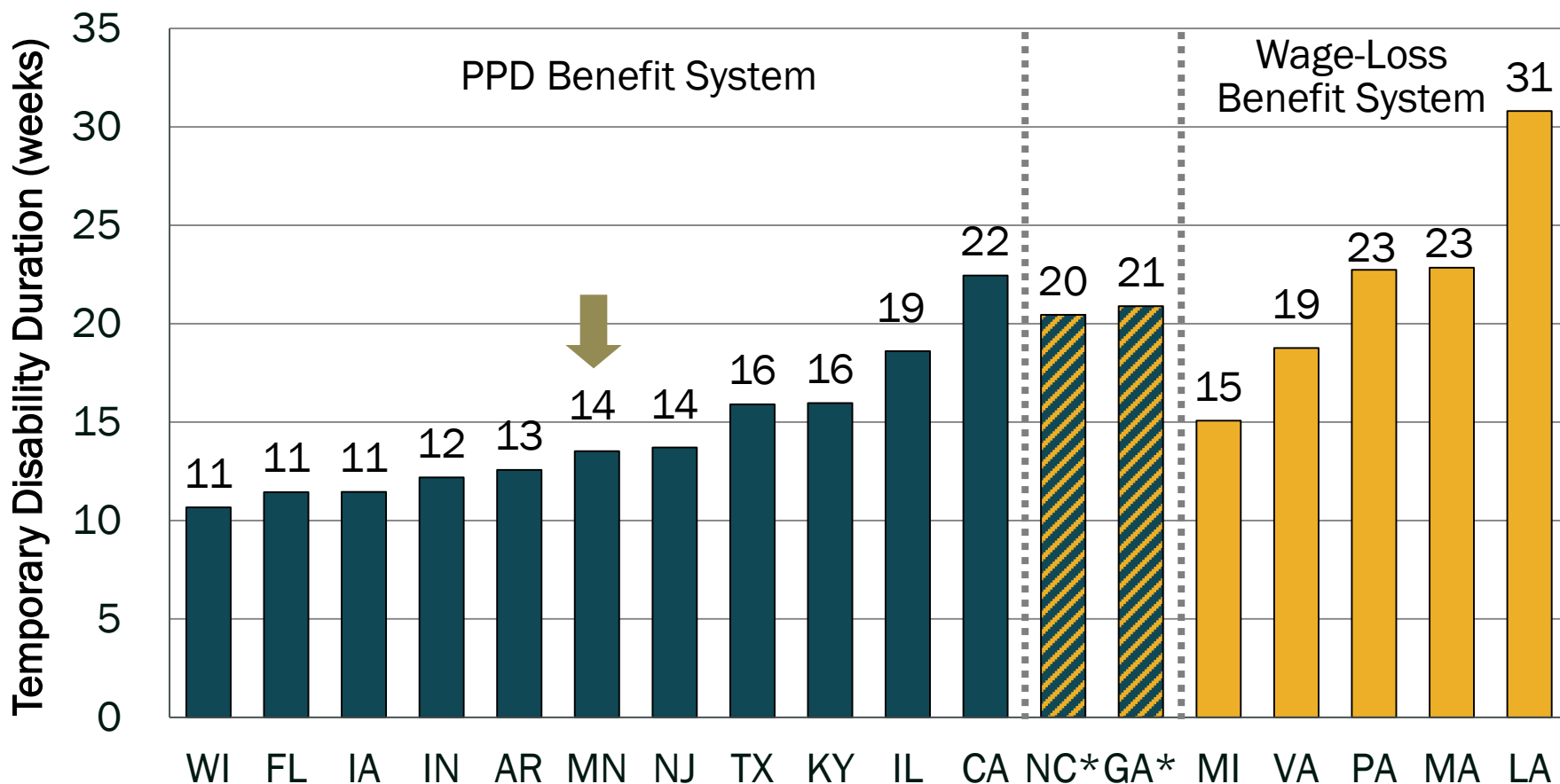
When Paid, PPD/Lump-Sum Payments Per Claim Higher In MN Among PPD States



* Wage-Loss And PPD + No/Little Lump Sum Of Future Medical

2013/16 Claims With > 7 Days Of Lost Time With PPD/Lump-Sum Payments, Adjusted For Injury/Industry Mix And Wages. Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

Duration Of Temporary Disability In Minnesota Was Typical



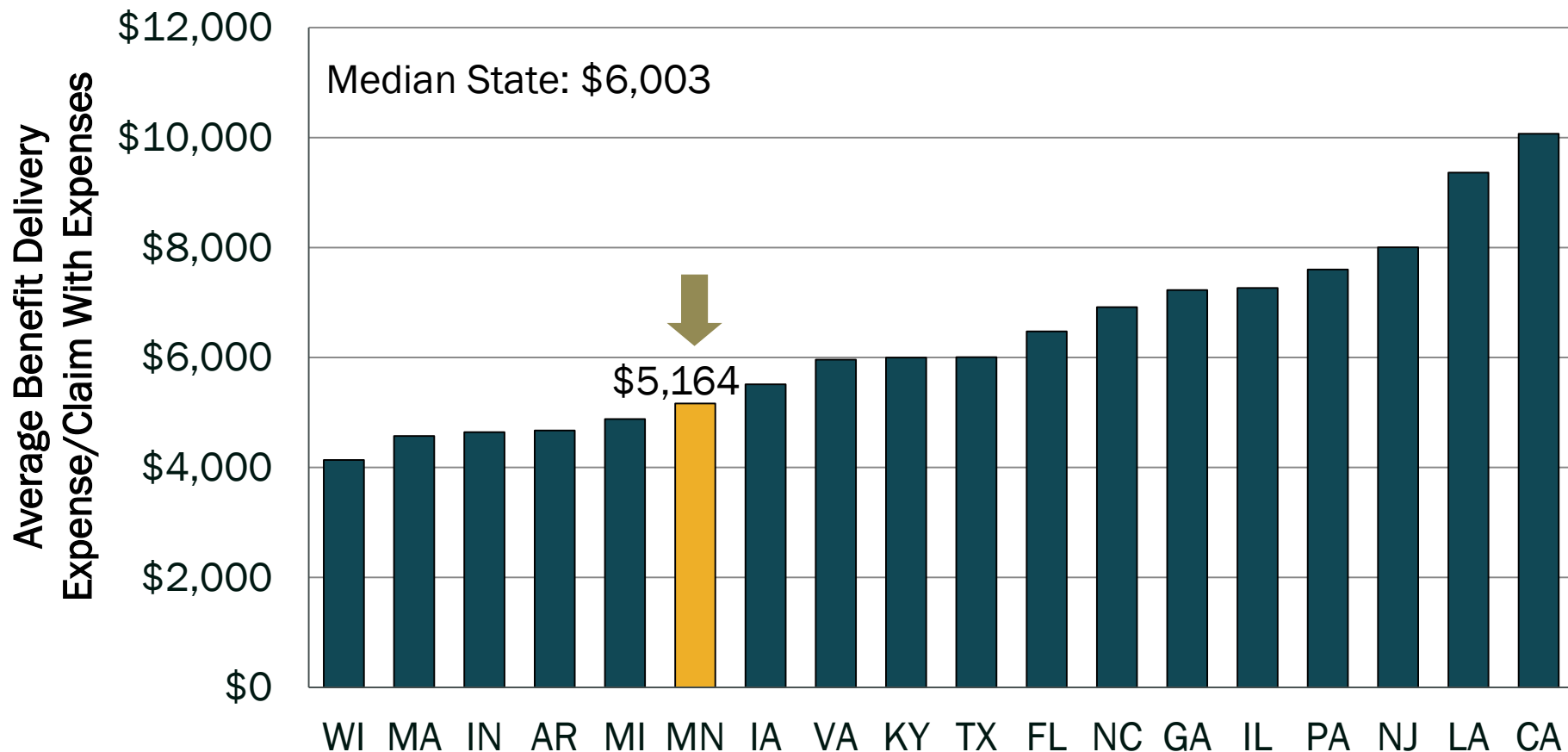
* Wage-Loss And PPD

2013/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages
 Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

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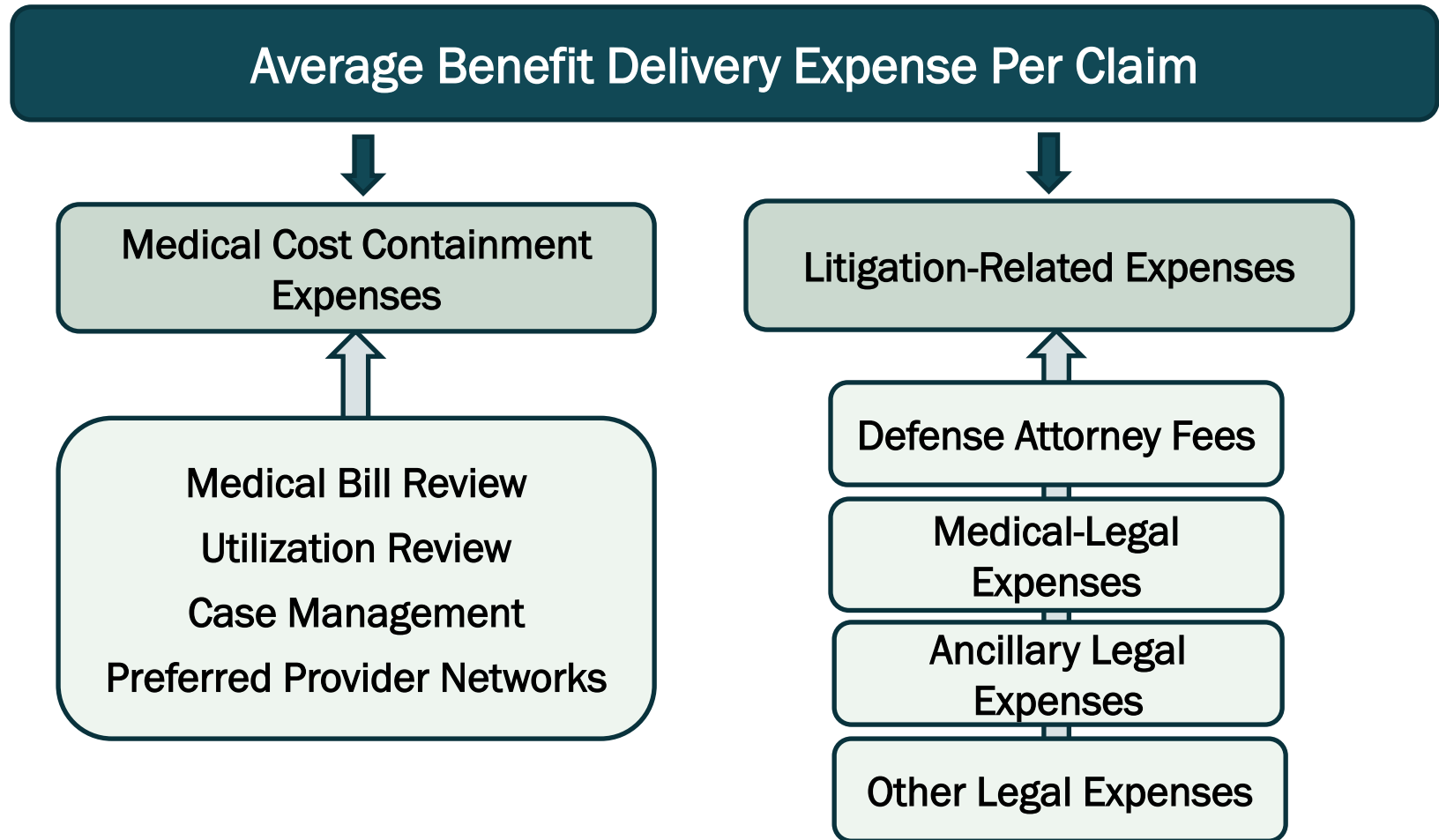
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Minnesota Benefit Delivery Expenses Per Claim 14% Lower Than Typical



2013/16 Claims With > 7 Days Of Lost Time And Benefit Delivery Expenses, Adjusted For Injury/Industry Mix
Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

Breakdown Of Benefit Delivery Expenses Per Claim: Key Components



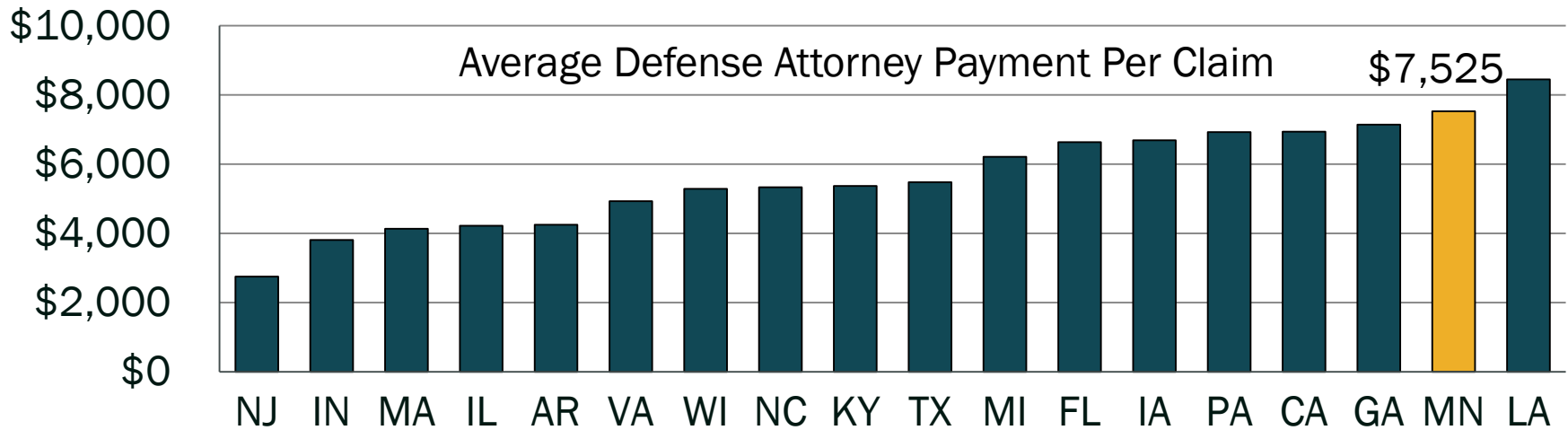
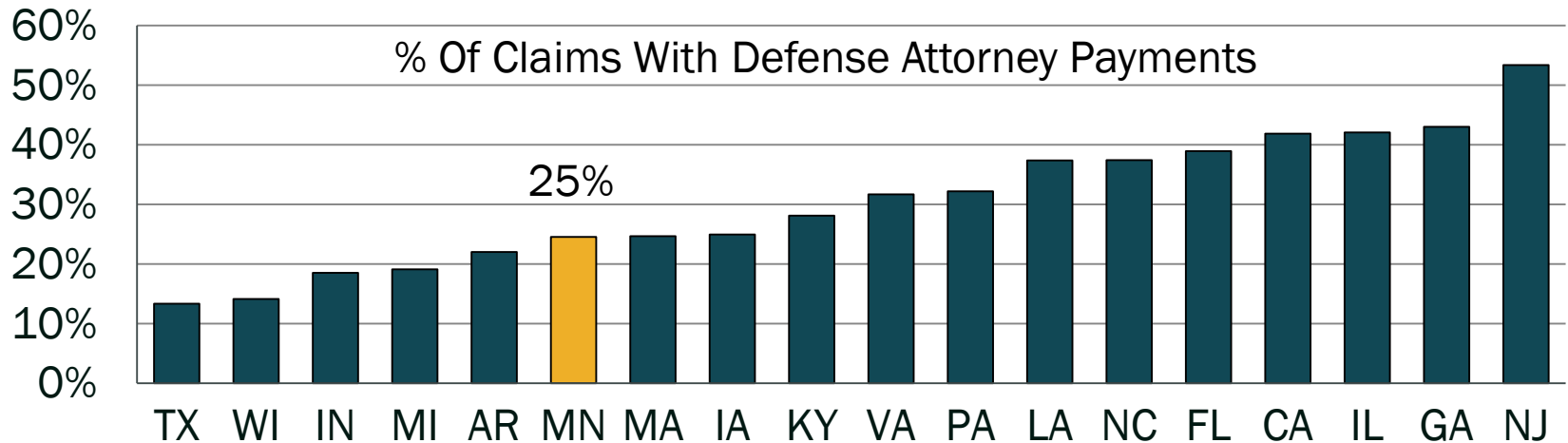
Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

Lower Medical Cost Containment Expenses In MN Offset Higher Payments For Litigation

Performance Measure	MN	18-State Median	Difference	Multistate Ranking
Benefit Delivery Expenses/Claim With Expenses	\$5,164	\$6,003	-14%	Lowest
Medical Cost Containment Expenses/Claim	\$2,168	\$3,432	-37%	➔ Lower
% Of Claims With Defense Attorneys (payments > \$500)	25%	30%	-5 ppt	Slightly Lower
Defense Attorney Payments Per Claim (payments > \$500)	\$7,525	\$5,420	39%	➔ Higher
% Of Claims With Medical-Legal Expenses	22%	25%	-3 ppt	Typical
Medical-Legal Expenses/Claim	\$2,952	\$1,946	52%	➔ Higher

2013/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
 Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

Slightly Lower % Defense Attorney Involvement, But Higher Payments



2013/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
 Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

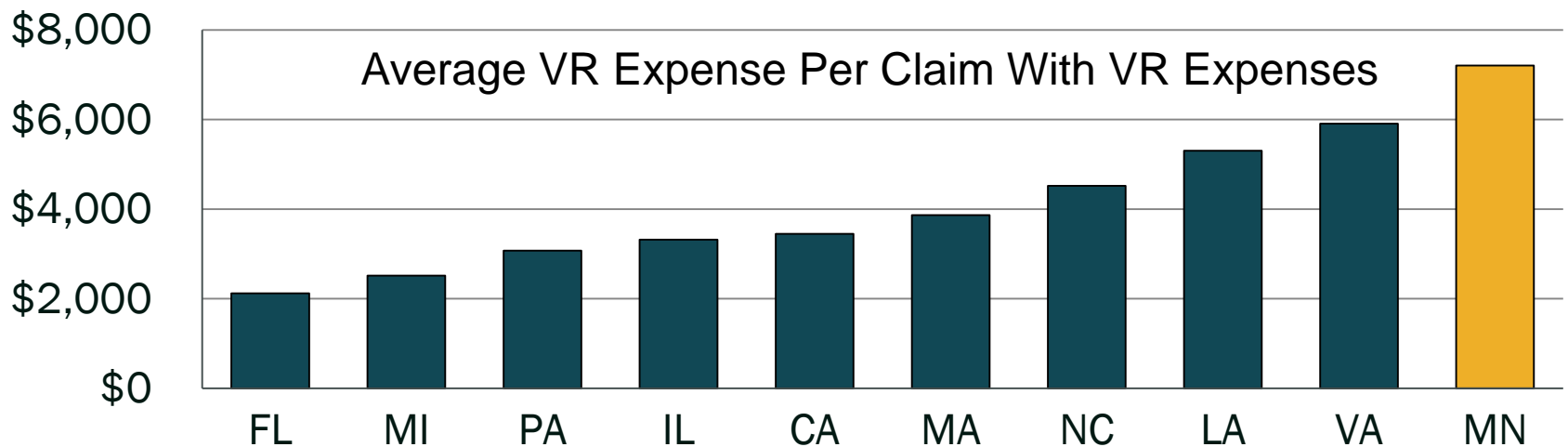
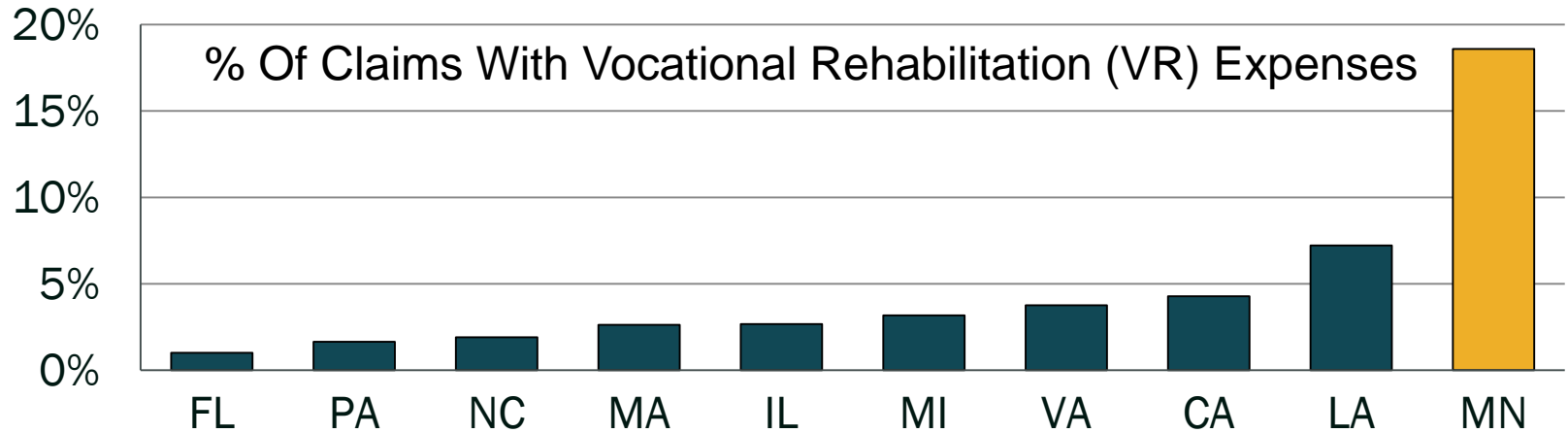
MN DR Process: Lower Litigation Rate; But Cases Requiring Attorney May Be More Complex

- Extensive use of informal dispute resolution (DR)
 - Informal assistance and alternative DR forums may resolve issues without attorneys; contributes to lower percentage with defense attorneys
 - Ombudsman program implemented in September 2011
- Cases that go to formal hearings may be more complex, requiring more work hours
 - May be more meetings under multi-level, multi-agency dispute resolution process; contributes to higher payments per claim for defense attorneys

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Higher Use And Cost Of Vocational Rehabilitation Services In Minnesota

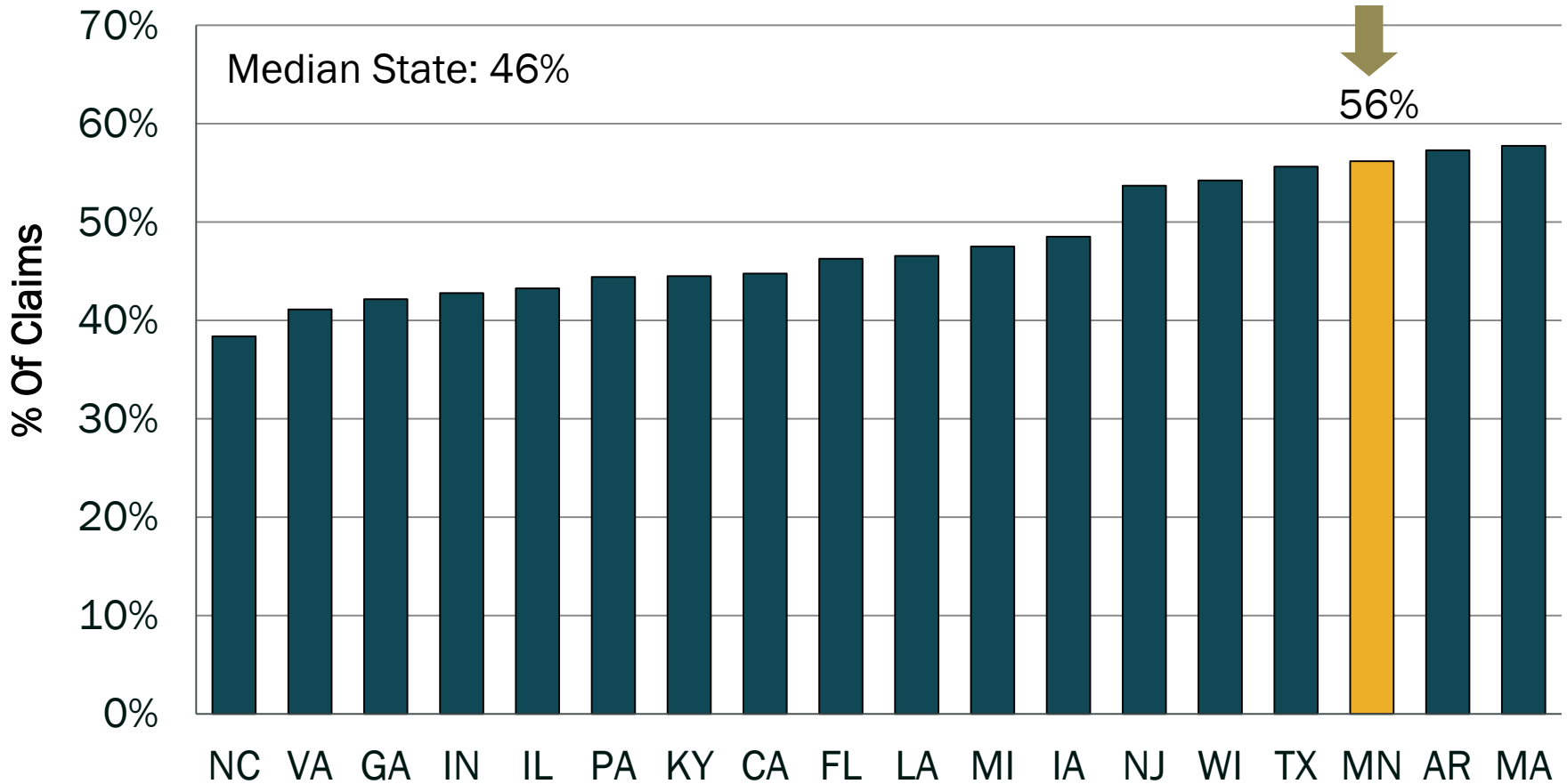


2013/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
 AR, GA, IA, IN, KY, NJ, TX, and WI are excluded from the above charts due to small cell sizes.
 Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

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Faster First Indemnity Payment To Injured Workers In Minnesota



2015/16 Claims With 1st Indemnity Payment Within 21 Days Of Injury As A % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix. Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

Faster Payment Upon Notice Drove Faster 1st Indemnity Payment In Minnesota

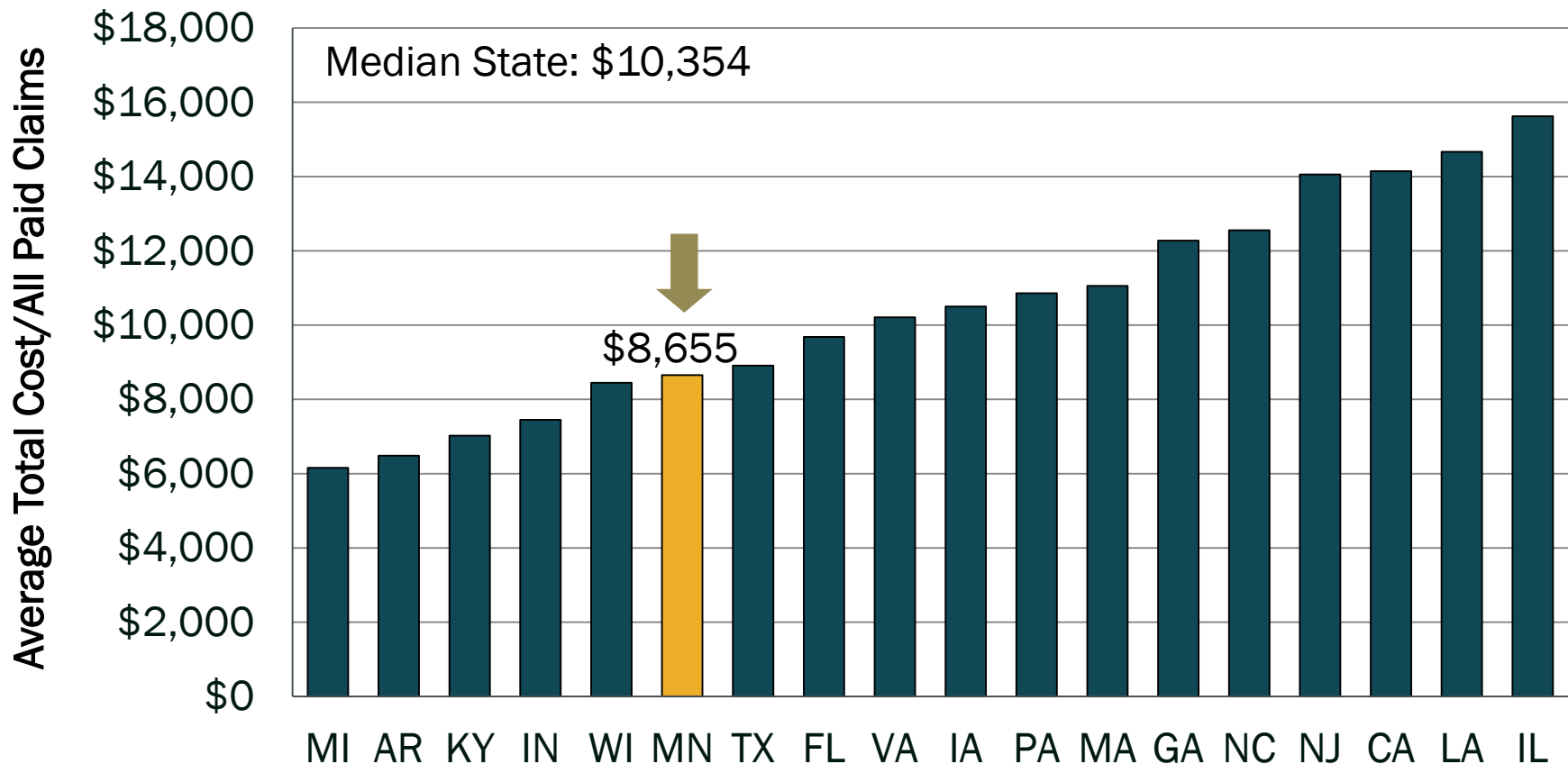
	Minnesota	18-State Median
% Of Claims With 1st Indemnity Payment Within 21 Days Of Injury	56%	46%
% Of Claims Reported To Payor Within 3 Days Of Injury	58%	60%
% Of Claims With 1st Indemnity Payment Within 14 Days Of Payor Notice	56%	43%

2015/16 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix
Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

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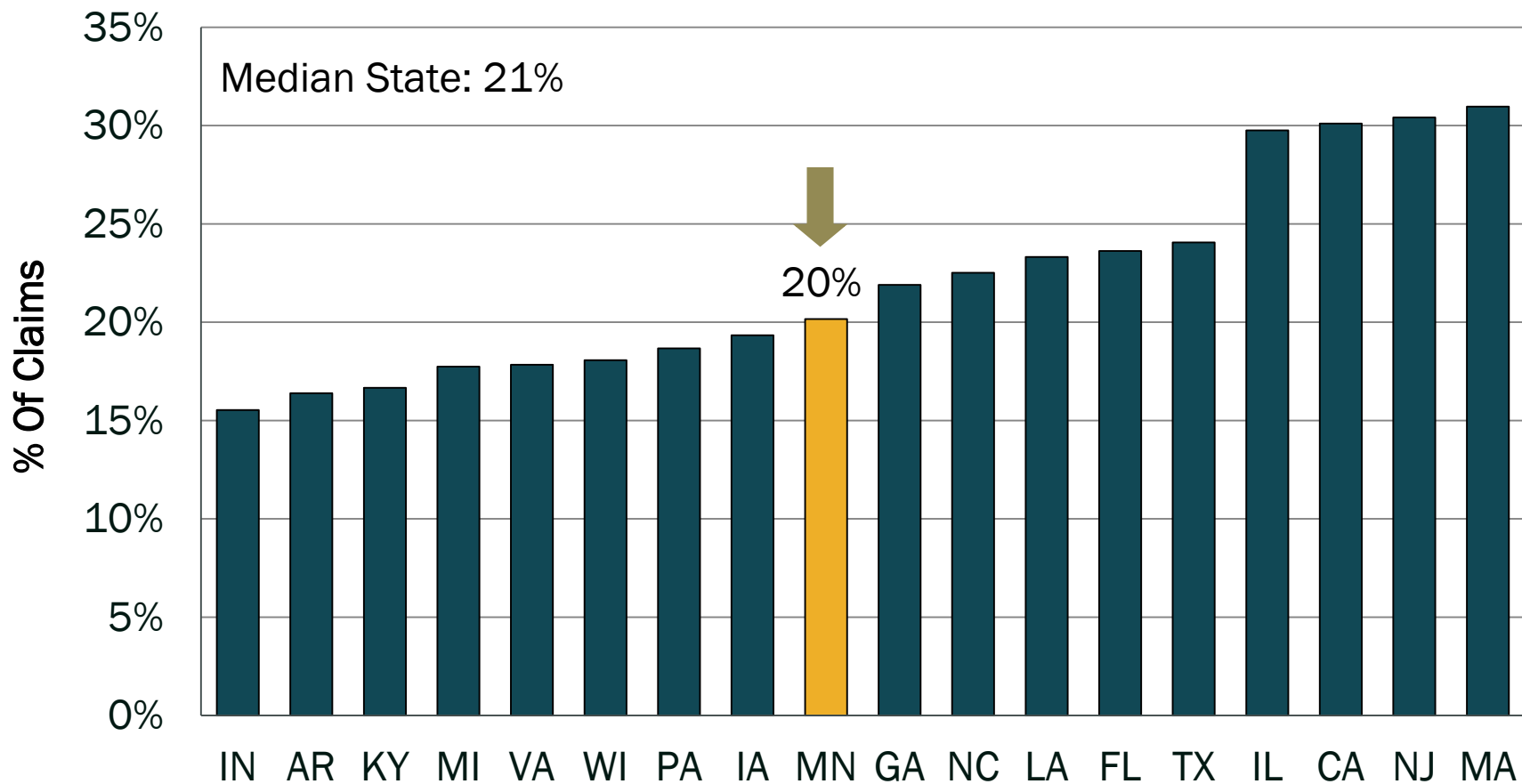
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MN Costs Per All Paid Claims 16% Lower Than Typical Compared With Study States



2013/16 All Paid Claims, Adjusted For Injury/Industry Mix And Wages
Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

Typical % Of MN Workers Had More Than Seven Days Of Lost Time After Injury



2013/16 Claims With > 7 Days Of Lost Time As A % Of All Paid Claims, Adjusted For Injury/Industry Mix And Wages. Source: *CompScope™ Benchmarks For Minnesota, 17th Edition (2017)*

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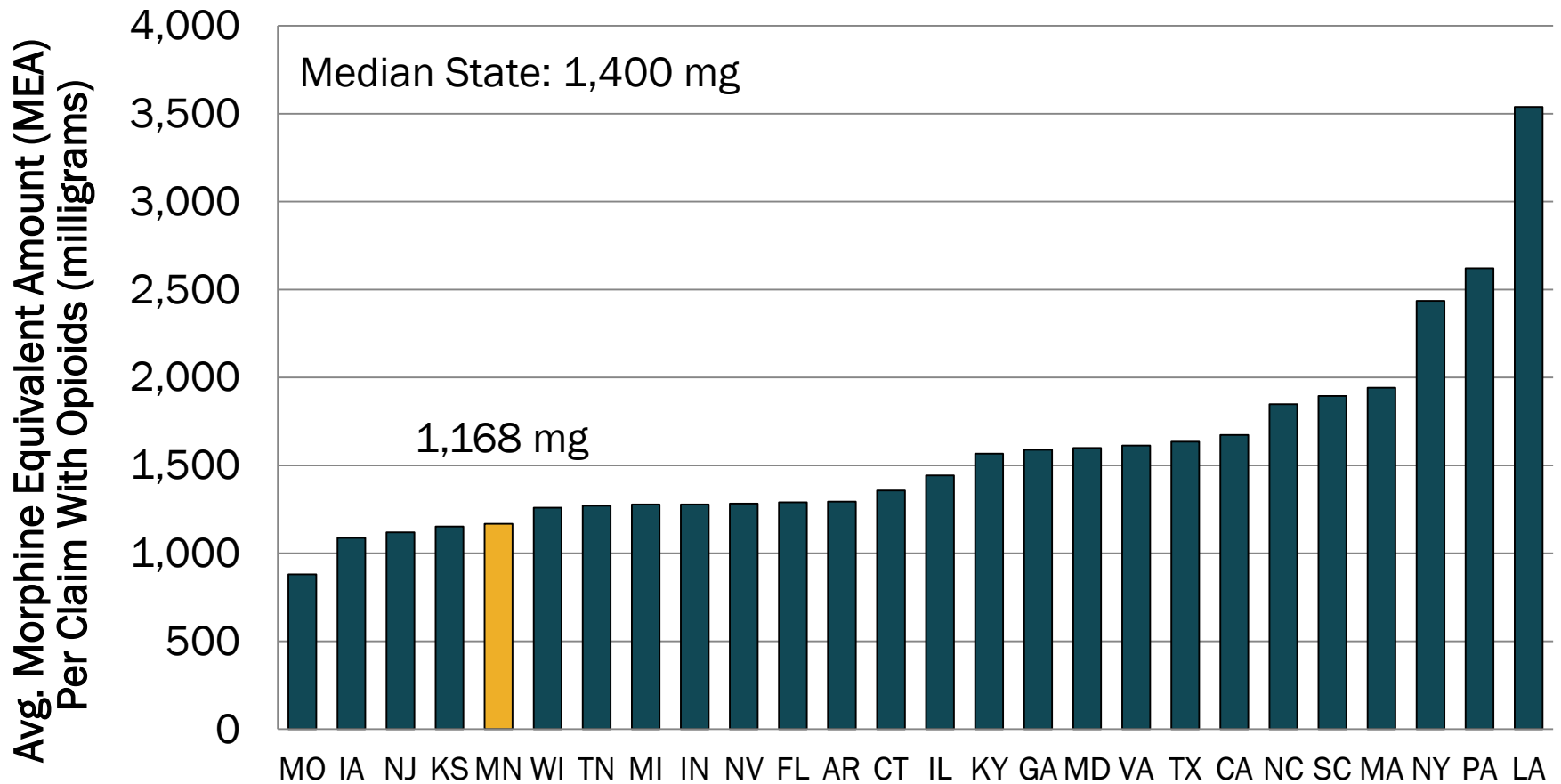
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Minnesota Lower Or Typical Of 26 States On Most Metrics Of Opioid Use

Metrics Of Opioid Use	MN	26-State Median	WI Compared With Median State
% Of Claims With Pain Medications That Had Opioids	78%	73%	Fairly Typical
% Of Claims With Pain Medications That Had Two Or More Opioid Rx	44%	41%	Typical
Avg. MEA Per Claim With Opioids (milligrams)	1,168	1,400	Lower
Avg. Number Of Opioid Rx/Claim With Opioids	3.3	3.5	Typical
Avg. Number Of Opioid Pills/Claim With Opioids	154	176	Lower
Avg. MEA Per Pill (milligrams)	7.6	8.2	Typical

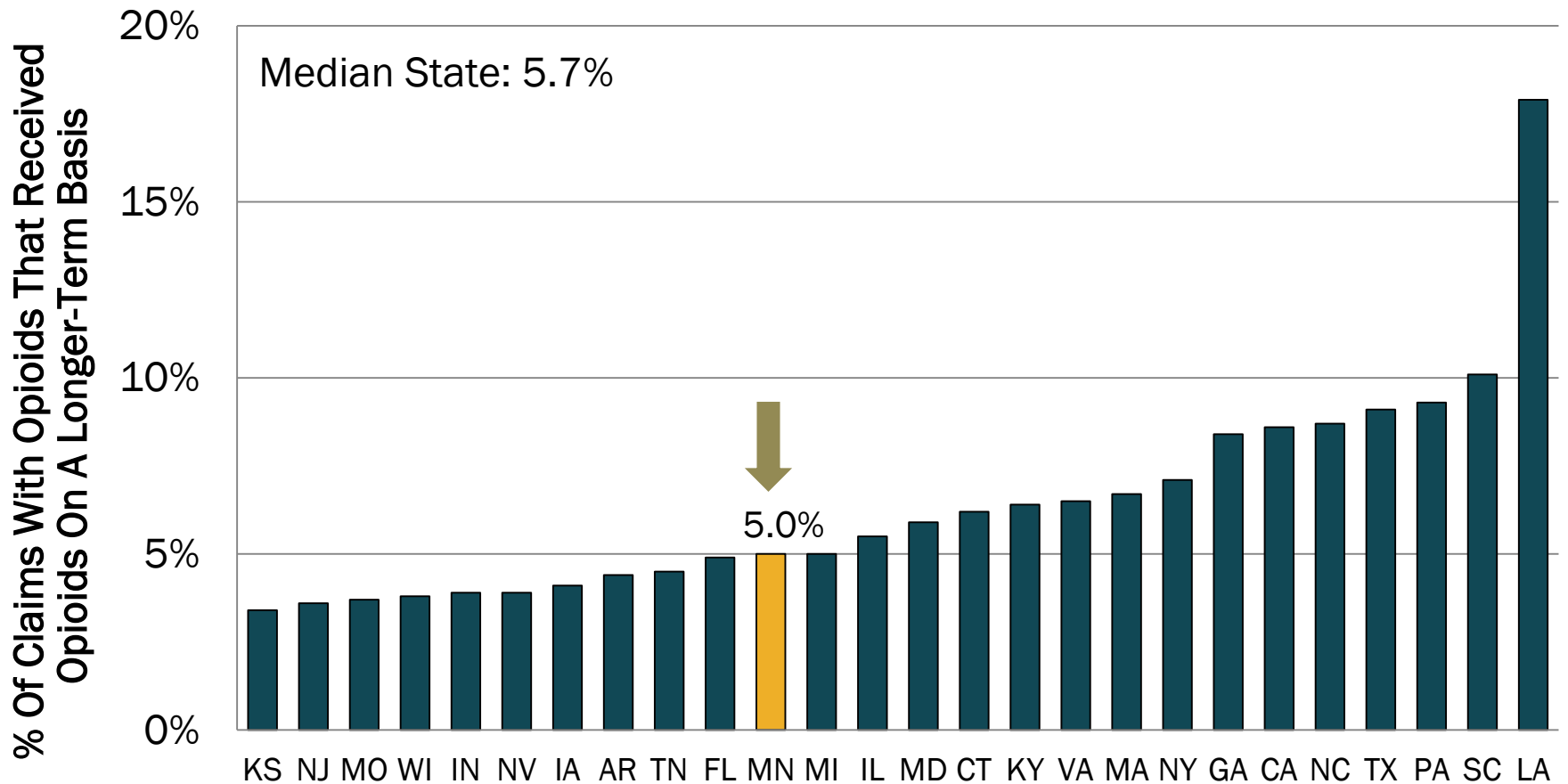
Nonsurgical Claims With > 7 Days Of Lost Time, Injuries From October 2012 To September 2013, Rx Filled Through March 2015. Source: *Interstate Variations In Use Of Opioids, 4th Edition* (2017)

Average MEA Per Claim With Opioids In MN Lower Than Median State



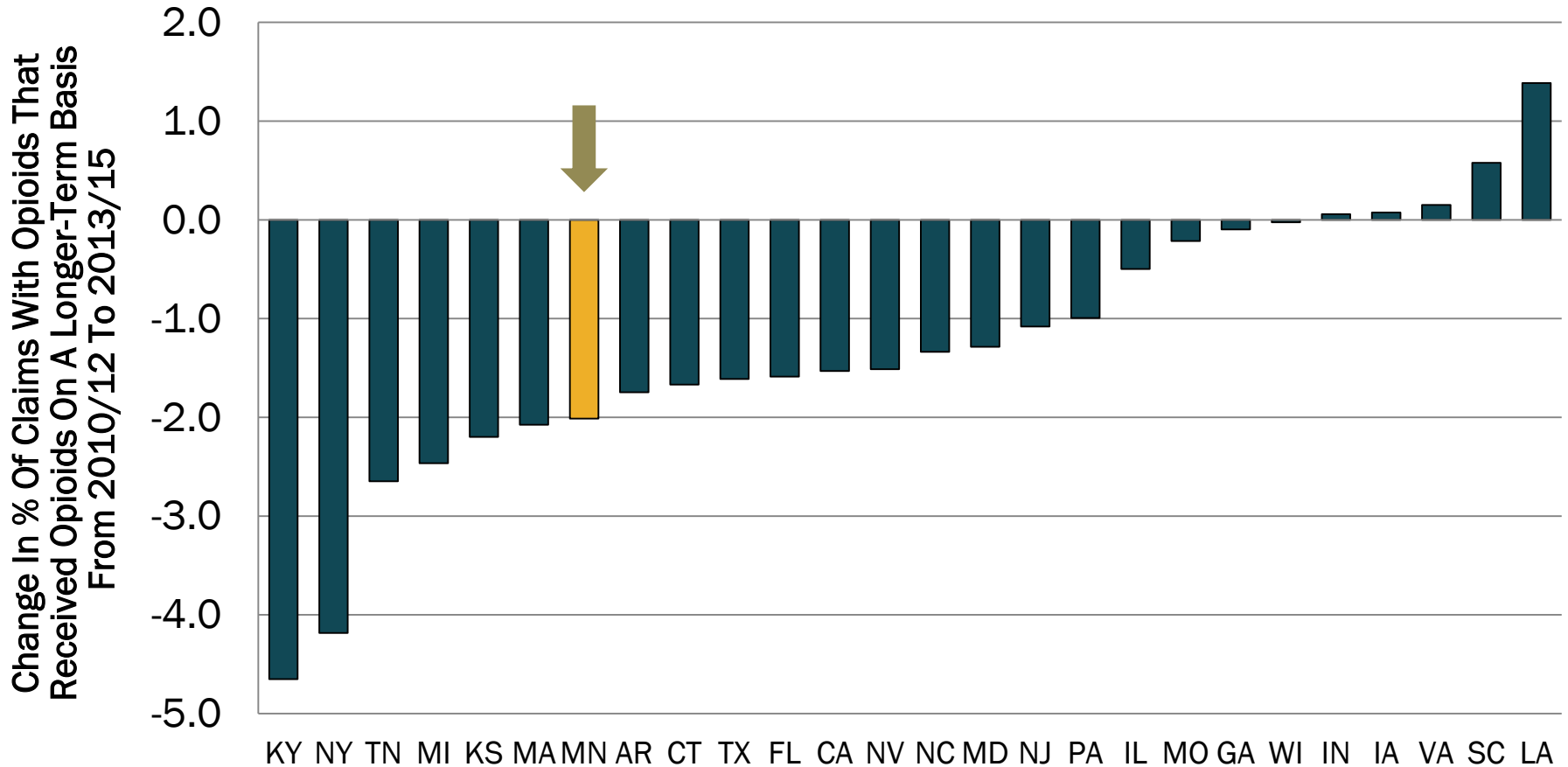
Nonsurgical Claims With > 7 Days Of Lost Time, Injuries From October 2012 To September 2013, Rx Filled Through March 2015. Source: *Interstate Variations In Use Of Opioids, 4th Edition (2017)*

Longer-Term Dispensing Of Opioids In MN: About 5% Injured Workers (Typical)



Nonsurgical Claims With > 7 Days Of Lost Time, Injuries From October 2012 Through September 2013, Prescriptions Filled Through March 2015. Source: *Longer-Term Dispensing Of Opioids, 4th Edition (2017)*

Decrease In % Of Longer-Term Opioid Dispensing In Minnesota



Nonsurgical Claims With > 7 Days Of Lost Time, Injuries From October 2012 To September 2013, Rx Filled Through March 2015 Compared With Injuries From October 2009 To September 2010 With Rx Filled Through March 2012. Source: *Longer-Term Dispensing Of Opioids, 4th Edition (2017)*

Thank You For Your Attention!

- For comments/questions about the findings:

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Other WCRI Studies Of Interest For Minnesota

- CompScope™ Medical Benchmarks for Minnesota, 18th Edition (forthcoming)
- CompScope™ Benchmarks for Minnesota, 17th Edition (2017)
- WCRI Medical Price Index for Workers' Compensation, Ninth Edition (2017)
- Hospital Outpatient Payment Index: Interstate Variations and Policy Analysis, 6th Edition (2017)
- Longer-Term Dispensing of Opioids, 4th Edition (2017)
- Interstate Variations in Use of Opioids, 4th Edition (2017)
- A Multistate Perspective on Physician Dispensing, 2011–2014 (2017)
- CompScope™ Medical Benchmarks for Minnesota, 17th Edition (2016)
- Comparing Outcomes for Injured Workers in Minnesota (2016)
- Payments to Ambulatory Surgery Centers, 2nd Edition (2016)
- Comparing Payments to Ambulatory Surgery Centers and Hospital Outpatient Departments, 2nd Edition (2016)
- Workers' Compensation MCC: National Inventory, 2015 (2015)
- National Inventory of WC Fee Schedules for Hospitals and Ambulatory Surgical Centers (2010)