

**Highlights Of WCRI CompScope™  
Benchmarks Studies for Minnesota**

2015 Workers' Compensation Summit

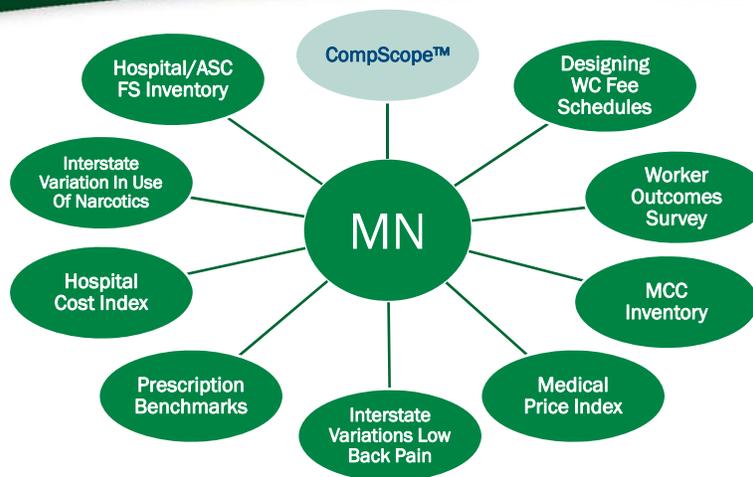


The logo for WCRI (Wisconsin Compensation Research Institute) features a stylized green graphic of three horizontal lines above the letters 'WCRI' in a bold, sans-serif font.

## About WCRI

- Independent, not-for-profit research organization
- Diverse membership support
- Focus on benefit delivery system, not insurance market and pricing issues
- Studies are peer-reviewed
- WCRI does not make recommendations or take positions on issues
- Resource for public officials and stakeholders
  - Content-rich website: [www.wcrinet.org](http://www.wcrinet.org)
  - Over 400 studies published

## WCRI Provides Broad Scope Of Studies That Include Minnesota



## Key Findings For MN From WCRI CompScope™ Benchmark Studies

- Overall medical payments per claim typical; lower nonhospital payments offset hospital payments
- Medical payments increased from 2012 to 2013, after 3 years of little change (trend typical of study states)
- Several factors contributed to the little change in overall medical payments per claim during 2009 to 2012
  - Slower growth in hospital outpatient payments/service, consistent with slower growth in hospital charges
  - Nonhospital prices and utilization stable
- Very rapid growth in inpatient payments; may reflect change in claim mix and shift to outpatient care

## Minnesota Medical Payments Per Claim Typical Of 16 Study States



2012/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## Nonhospital Medical Payments Per Claim Lower; Typical For Hospitals

Payments Per Claim By Provider	MN	Median State	% Diff.	Diff.
Nonhospital	\$5,656	\$6,577	-14%	Lower
Hospital	\$8,569	\$8,617	-1%	Typical
Hospital Outpatient	\$5,192	\$5,068	2%	Typical
Hospital Payment Per Inpatient Episode (2011/13)	\$31,049	\$31,859	-3%	Typical

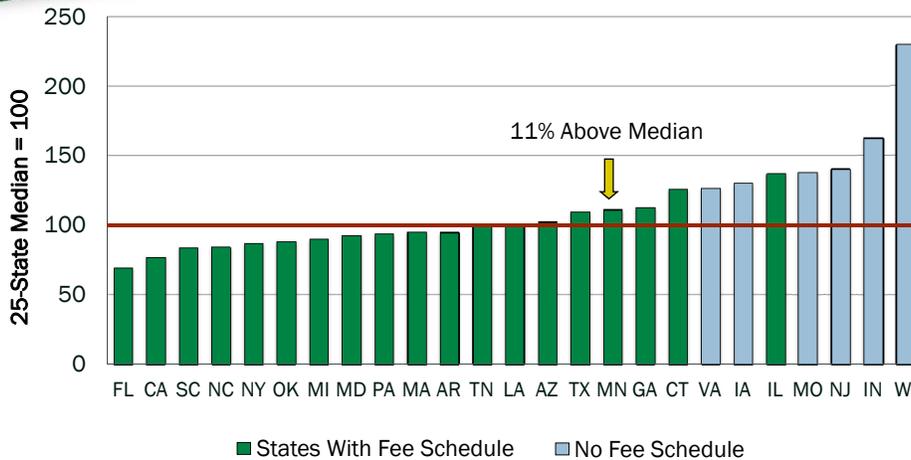
2012/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## Nonhospital Prices Paid In Minnesota Slightly Higher Than Typical



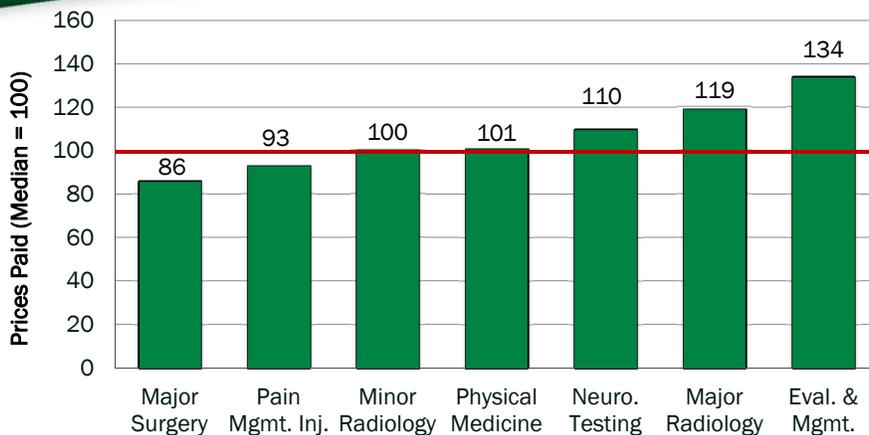
Prices Paid For Nonhospital Services Rendered In 2013 (January Through June)  
Source: WCRI Medical Price Index For Workers' Compensation, Sixth Edition (2014)

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## Prices Paid Typical To Higher For Many Nonhospital Services, Esp. Office Visits



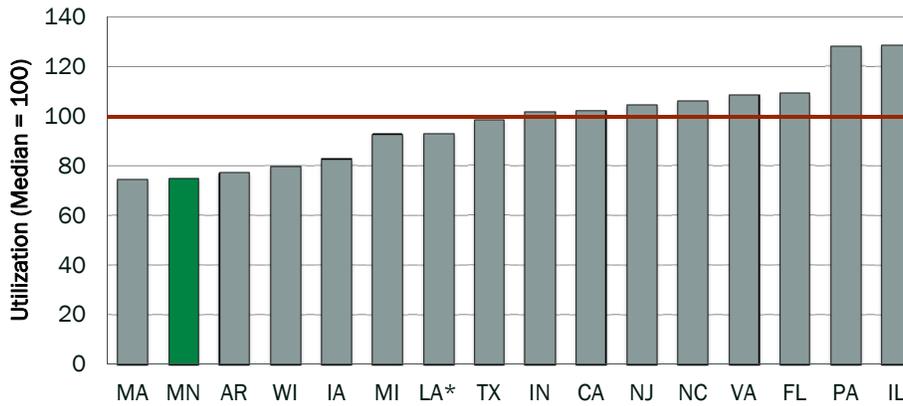
Price Indices For Selected Nonhospital Services Rendered In 2012  
Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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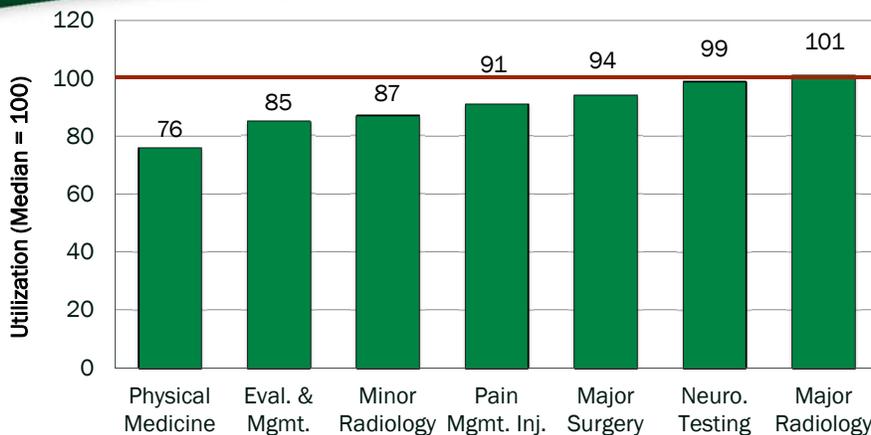
## Nonhospital Utilization In Minnesota Lower Than Typical



Utilization Indices For Nonhospital Services  
2012/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix  
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## MN Utilization Lower For Physical Medicine, Office Visits, And Minor Radiology



Utilization Indices For Selected Nonhospital Services  
2012/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix  
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## Fewer Services Per Visit Key Reason For Lower Utilization Of Nonhospital PM

Minnesota Compared With The Median State	Visits Per Claim	Services Per Visit
Physical Medicine	-10%	-21%
Evaluation & Management	-7%	-1%
Minor Radiology	-12%	-1%
Neurological Testing	-7%	3%
Major Surgery	-2%	-5%
Pain Management Injections	-9%	-8%
Major Radiology	-2%	5%

2012/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## Vast Majority Of Minnesota Workers Were Satisfied With Medical Care

% Of Minnesota Workers Surveyed	2013 Interviews
<b>Satisfaction With Care</b>	
Overall Care (% somewhat or very satisfied)	80%
Primary Provider (% somewhat or very satisfied)	88%
<b>Change Of Provider Due To Dissatisfaction</b>	
Wanted To Change Initial Provider	19%
Wanted To Change Primary Provider	14%
Wanted To Change Primary (non-initial provider)	14%

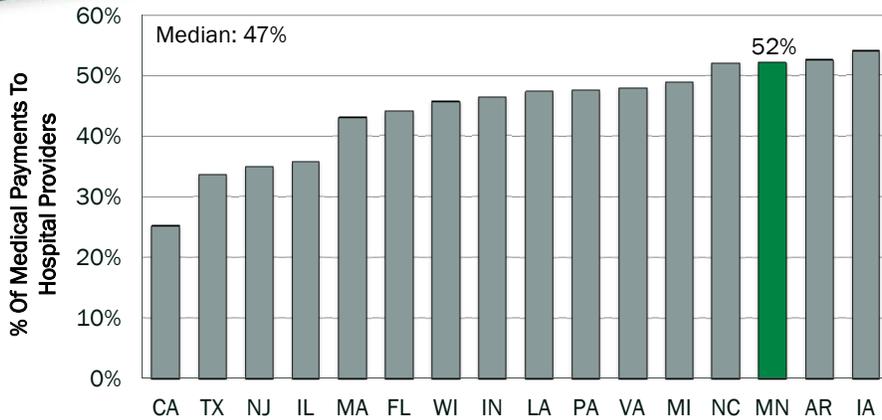
Source: Predictors Of Worker Outcomes In Minnesota (2014)

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## Larger-Than-Typical Share Of Medical Payments To Hospital Providers



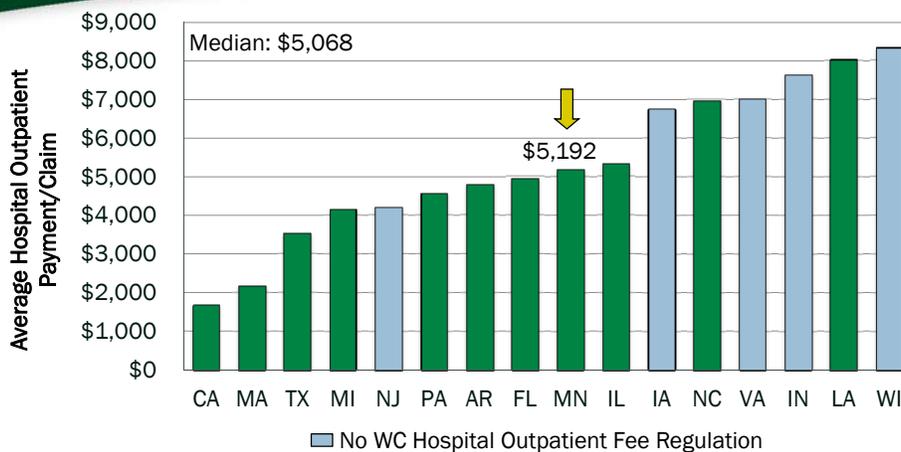
2012/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## MN Hospital Outpatient Payments Per Claim Typical Of 16 Study States



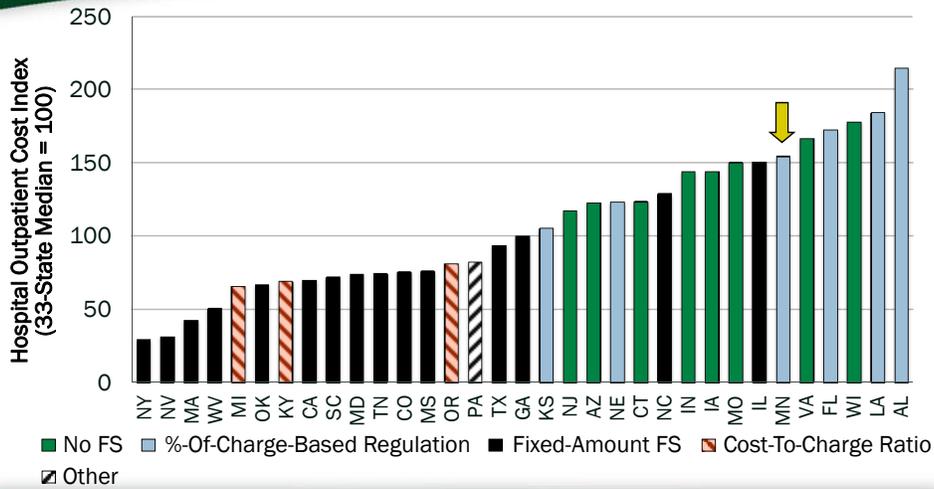
2012/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## Generally Higher Outpatient Surgical Costs In States With No FS Or % Of Charges (Like MN)



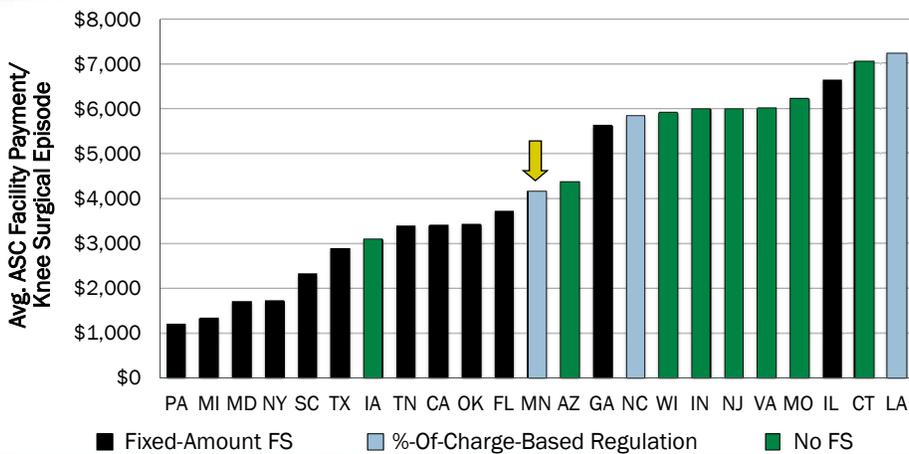
Hospital Outpatient Surgical Episodes In Calendar Year 2013  
 Source: Hospital Outpatient Cost Index For Workers' Compensation, 4th Edition (2015)

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## ASC Payment For Knee Surgery Higher In States With No FS Or % Charges (Like MN)



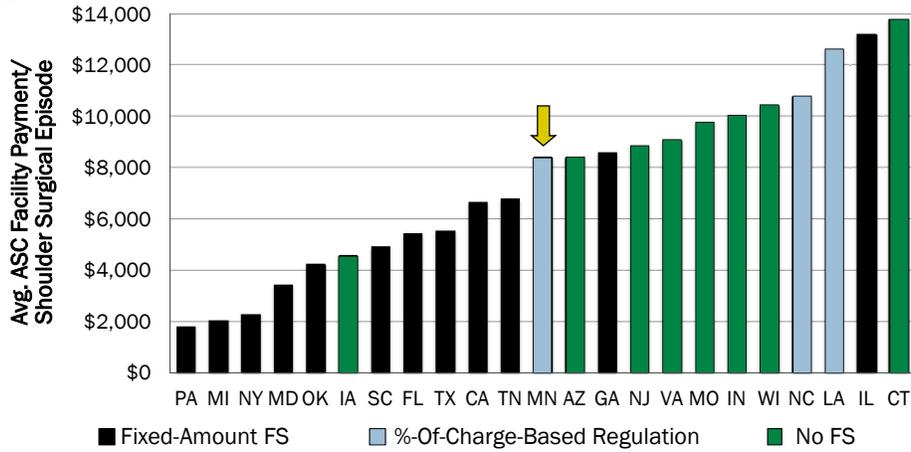
Average ASC Facility Payment For Surgical Episodes With CPT 29881 (Knee Arthroscopy) As A Primary Procedure In 2011; Source: Payments To Ambulatory Surgery Centers (2014)

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## ASC Payment For Shoulder Surgery Higher In States With No FS Or % Charges (Like MN)



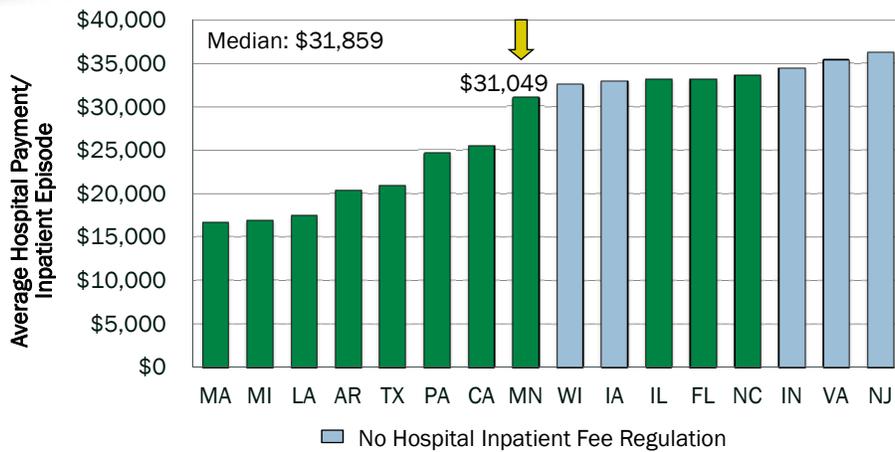
Average Facility Payment For Surgical Episodes With CPT 29826 (Shoulder Arthroscopy) As A Primary Procedure In 2011; Source: *Payments To Ambulatory Surgery Centers (2014)*

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## MN Hospital Payments Per Inpatient Episode Typical Of 16 Study States



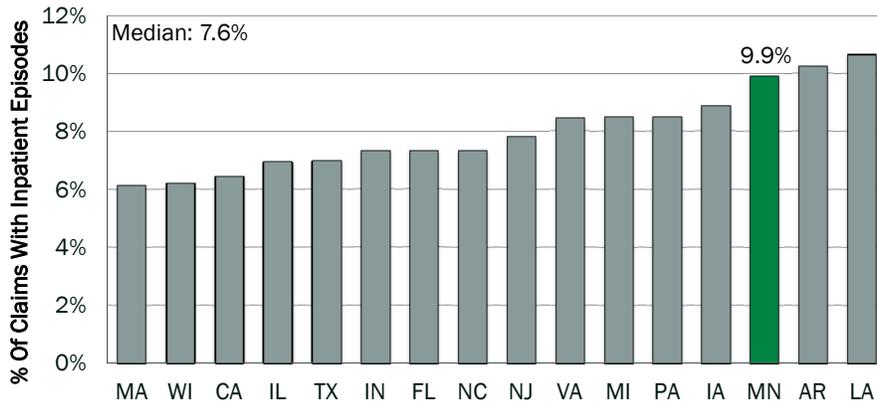
2011/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## Minnesota Had A Higher Percentage Of Claims With Inpatient Episodes



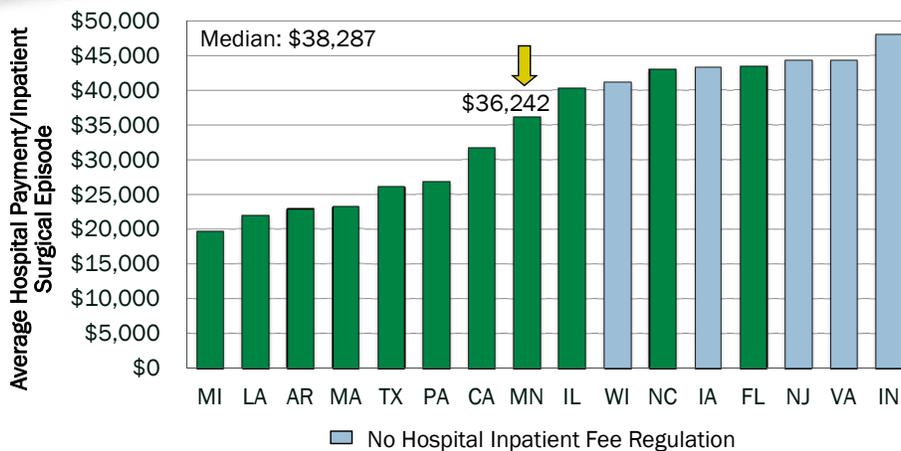
2011/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## MN Hospital Payments Per Inpatient Surgical Episode Typical



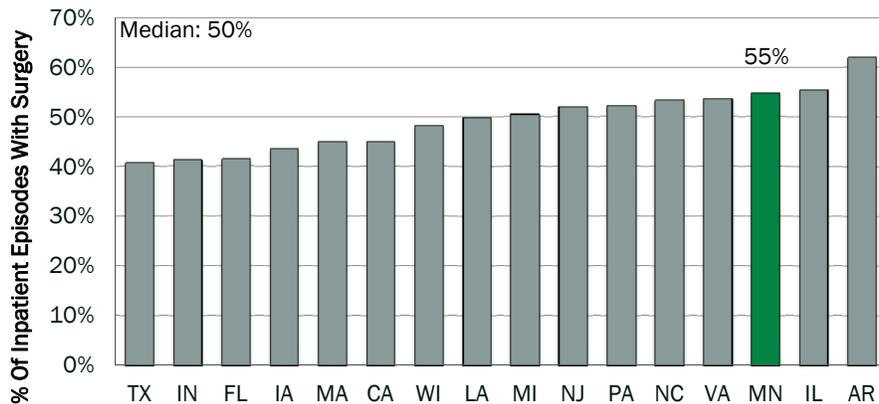
2011/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## Minnesota Among States With Higher % Of Inpatient Episodes With Surgery



2011/13 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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## Key Findings For MN From WCRI CompScope™ Benchmark Studies

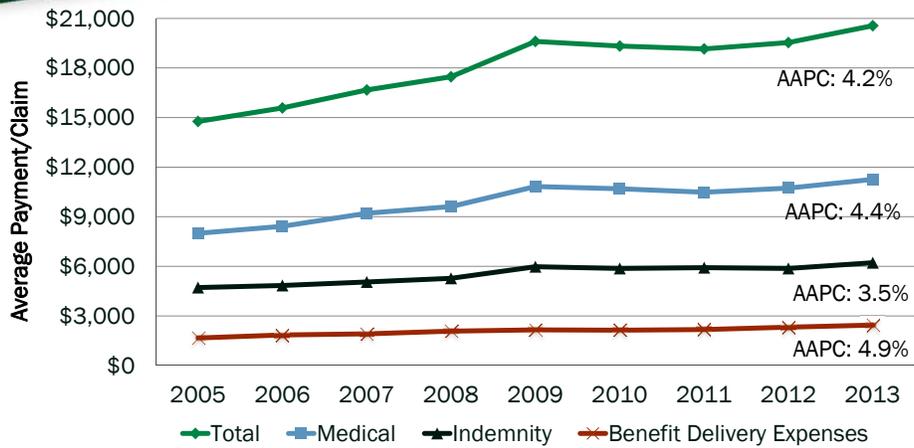
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## Key Minnesota Cost Measures Have Grown Moderately For Nearly A Decade...



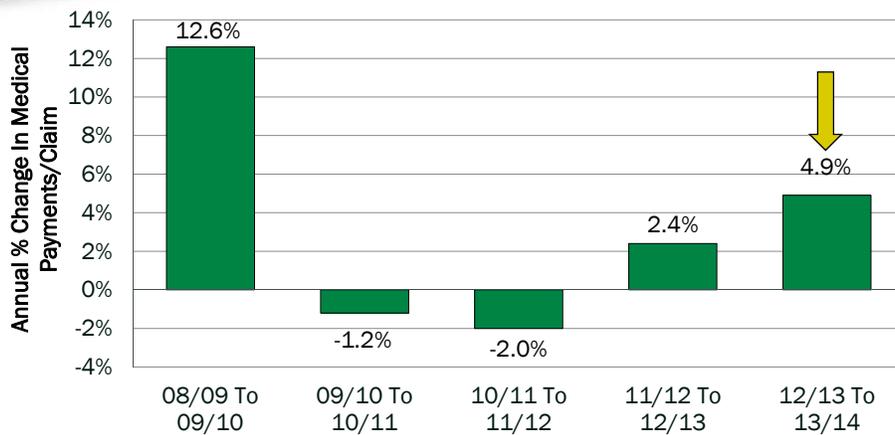
Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## Minnesota Medical Payments Increased 4.9% From 2012 To 2013



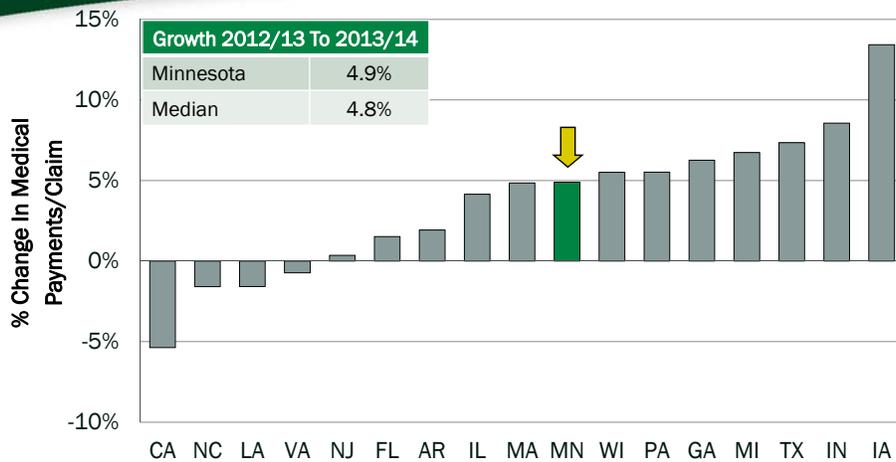
Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## Recent Moderate Growth In MN Medical Payments Consistent With Study States



% Change 2012/13 To 2013/14, Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## Key Findings For MN From WCRI CompScope™ Benchmark Studies

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## Payments/Service: One Driver Of Slower Growth In Hosp. Outpatient Payments

Hospital Outpatient Services	Payments/Service (AAPC)		Services/Claim (AAPC)	
	07/08 To 09/10	09/10 To 12/13	07/08 To 09/10	09/10 To 12/13
Treat./Oper./Recovery	19.3%	4.3%	1.6%	-0.1%
Minor Radiology	7.5%	-2.5%	4.6%	-2.7%
Clinic/Eval. & Mgmt.	3.0%	6.8%	0.9%	3.3%
Physical Medicine	2.8%	1.5%	4.2%	0.3%
Major Radiology	1.1%	3.1%	2.0%	-0.9%

Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## MN Reimbursement Approach: Changes In Payments Per Service Tied To Charges

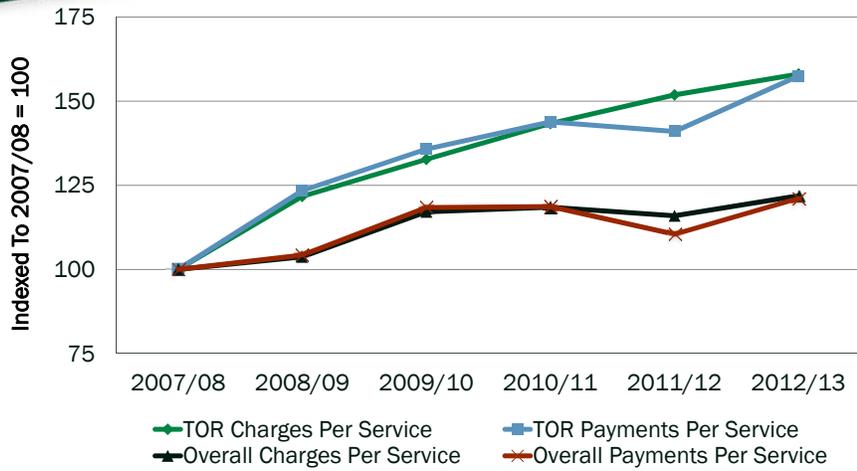
- If more than 100 beds, reimbursement is limited to the lowest of:
  - Maximum fee that applies to any service included in relative value fee schedule (typically labs, X rays, physical/occupational therapy)
  - 85% of usual and customary charge
  - 85% of the prevailing charge
  - The facility's actual charge
- If fewer than 100 beds, reimbursed at 100% of usual and customary unless judge decides fee is excessive

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## Hospital Outpatient Payments/Service Generally Tracked Growth In Charges



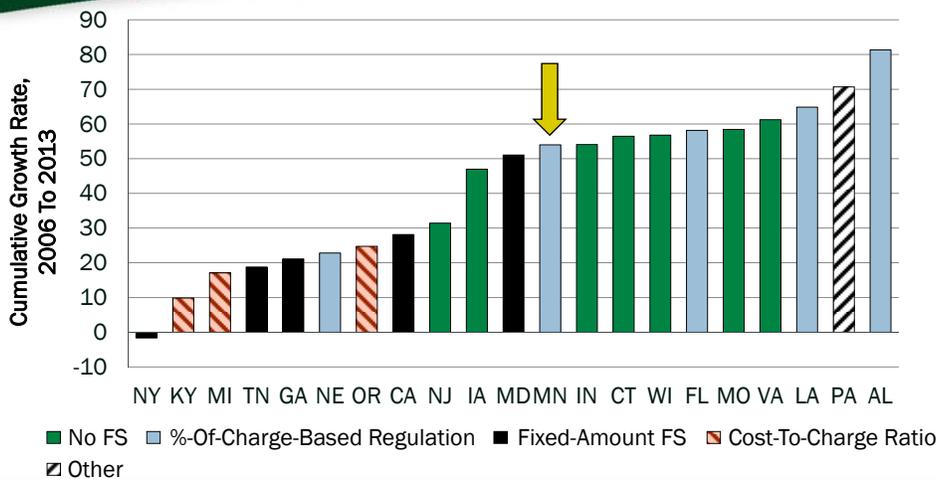
Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## Faster Outpatient Cost Growth In States With No FS Or % Of Charges (Like MN)



Hospital Payments For Outpatient Surgical Episodes For Study States Without Material Fee Schedule Changes, 2006 To 2013; Source: *Hospital Outpatient Cost Index For Workers' Compensation, 4th Edition (2015)*

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## Fewer Services/Visit For Hospital Outpatient TOR And Minor Radiology

Hospital Outpatient Services	Visits/Claim		Services/Visit	
	2007/08 - 2009/10 (AAPC)	2009/10 - 2012/13 (AAPC)	2007/08 - 2009/10 (AAPC)	2009/10 - 2012/13 (AAPC)
TOR	-1.5%	0.8%	2.5%	-1.7%
Minor Radiology	-0.3%	0.7%	3.4%	-3.1%
Clinic/E&M	-0.2%	0.9%	0.3%	0.3%
Physical Medicine	1.5%	-0.5%	2.7%	2.6%
Major Radiology	0.0%	0.7%	1.2%	-1.2%

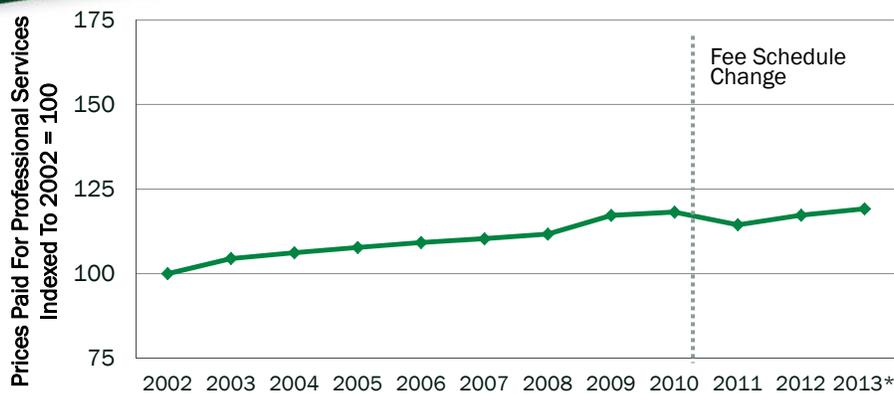
Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## Overall Nonhospital Prices Stable After 2010 Fee Schedule Changes



\* Data shown for 2013 are based on data through June 2013.

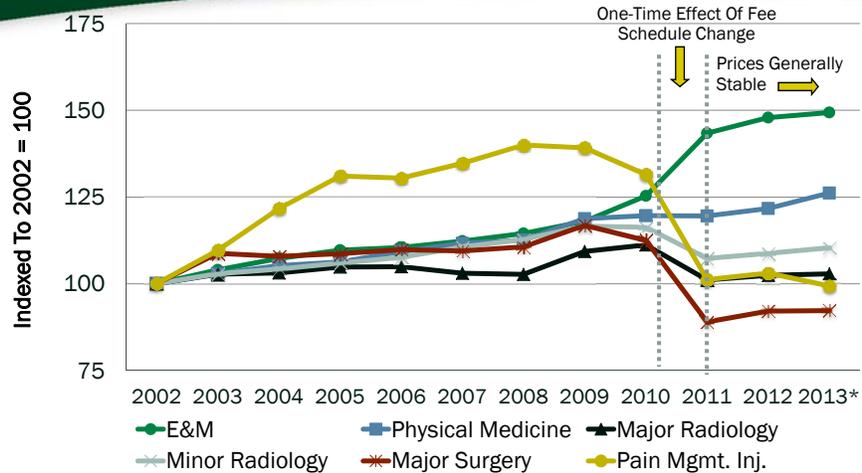
MN 2010 Fee Schedule Change Effective 10/1/10; Use 2009 Medicare RVUs To Replace 1998 RVUs; Decrease Conversion Factors To Hold Total Payments Constant; Source: WCRI Medical Price Index For WC, Sixth Edition (2014)

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## Prices For Specific Services Stable After One-Time Fee Schedule Adjustments



\* Data shown for 2013 are based on data through June 2013.

MN 2010 Fee Schedule Change: Use 2009 Medicare RVUs To Replace 1998 RVUs; Decrease Conversion Factors To Hold Total Payments Constant; Source: WCRI Medical Price Index For WC, Sixth Edition (2014)

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## Nonhospital Utilization In Minnesota Generally Stable, Especially Since 2009

Change In Nonhospital Utilization	2007/08 To 2009/10 (AAPC)	2009/10 To 2012/13 (AAPC)
Overall	2.1%	-0.7%
Evaluation & Mgmt.	1.7%	-1.3%
Major Radiology	-1.8%	-0.4%
Minor Radiology	1.3%	-0.5%
Neuro. Testing	-2.8%	0.6%
Pain Mgmt. Inj.	5.1%	-7.4%
Physical Medicine	4.0%	-0.6%
Major Surgery	-0.5%	2.4%

Claims With > 7 Days Of Lost Time, Not Adjusted For Injury/Industry Mix

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## Key Findings For MN From WCRI CompScope™ Benchmark Studies

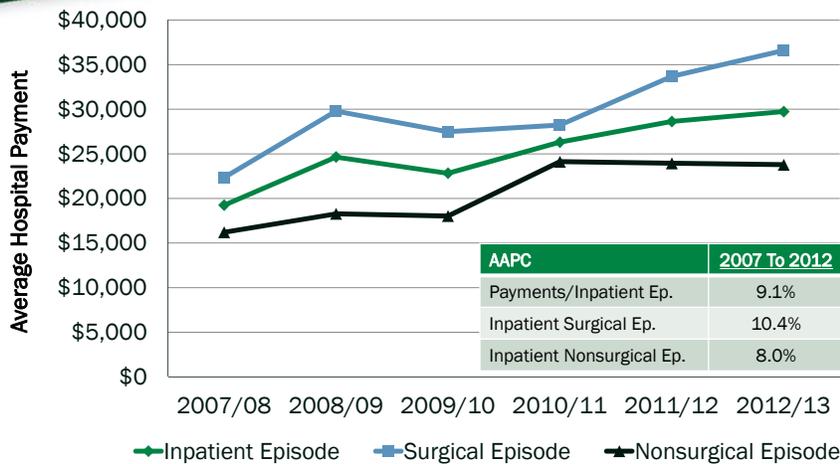
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## Hosp. Inpatient Payments Growing Rapidly, Especially For Surgical Episodes



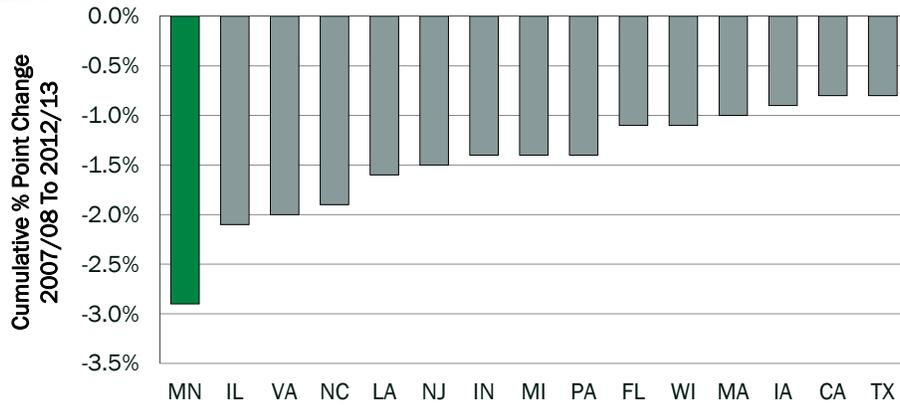
Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## Minnesota Experienced Largest Decrease In % Claims With Inpatient Care



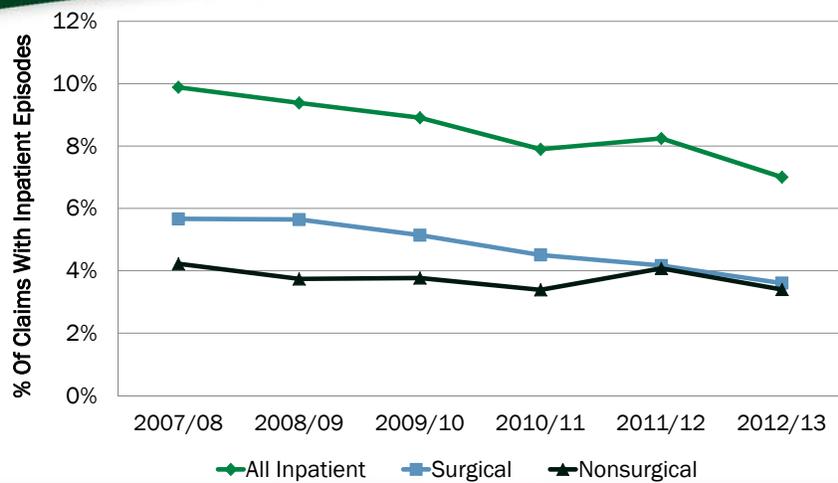
Cumulative % Point Change 2007/08 To 2012/13 In % Claims With Inpatient Hospital Care; Claims With > 7 Days Of Lost Time, Not Adjusted For Injury/Industry Mix

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## Decrease In % Of All MN Claims With Inpatient Episodes, Especially Surgical



Claims With > 7 Days Of Lost Time At 12 Months Of Experience, Not Adjusted For Injury/Industry Mix

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## Inpatient Increases: May Reflect Claim Mix Changes And Shift To Outpatient Care

Medical Cost Components	2007/08	2012/13	Overall Change (ppt)
% All Claims With Inpatient Episodes	9.9%	7.0%	-2.9 ppt
% All Claims With Inpatient Surgical Episodes	5.7%	3.6%	-2.1 ppt
% All Claims With Surgery	32.1%	30.2%	-1.9 ppt
% Inpatient Episodes With Surgery	49.5%	46.5%	-3.0 ppt
% Of Payments For Hospital Inpatient Services	23.7%	21.9%	-1.8 ppt
% Of All Claims With Hospital Outpatient Care	63.5%	66.2%	+2.7 ppt
% Of Payments For Hospital Outpatient Care	26.3%	29.9%	+3.6 ppt

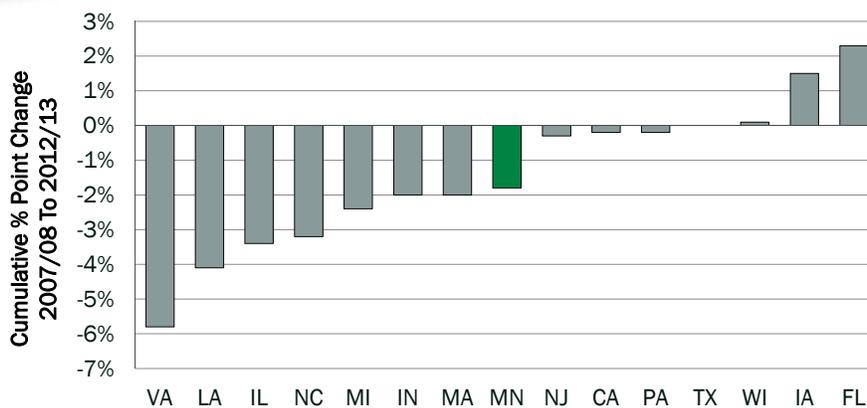
Claims With > 7 Days Of Lost Time, Not Adjusted For Injury/Industry Mix

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## MN Experienced A 1.8 Point Decrease In % Medical Payments For Inpatient Care



Cumulative % Point Change 2007/08 To 2012/13 In % Claims With Inpatient Hospital Care; Claims With > 7 Days Of Lost Time, Not Adjusted For Injury/Industry Mix

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## Thank you! Please Direct Questions And Comments About WCRI Findings To:

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President and Counsel  
[rtanabe@wcrinet.org](mailto:rtanabe@wcrinet.org)  
617-661-9274

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## Other WCRI Studies Of Interest For Minnesota

- CompScope™ Benchmarks for Minnesota, 15th Edition (2015)
- CompScope™ Medical Benchmarks for Minnesota, 15th Edition (2014)
- Predictors of Worker Outcomes in Minnesota (2014)
- Payments to Ambulatory Surgery Centers (2014)
- Comparing Payments to Ambulatory Surgery Centers and Hospital Outpatient Departments (2014)
- WCRI Medical Price Index for Workers' Compensation, Sixth Edition (2014)
- Hospital Outpatient Cost Index for Workers' Compensation (2015)
- The Prevalence and Costs of Physician-Dispensed Drugs (2013)
- Workers' Compensation MCC: National Inventory, 2015 (2015)
- Longer-Term Use of Opioids, 2nd Edition (2014)
- Interstate Variations in Use of Narcotics, 2nd Edition (2014)
- National Inventory of WC Fee Schedules for Hospitals and Ambulatory Surgical Centers (2010)