



March 30, 2021

The Honorable Eloise Reyes
California State Assembly
State Capitol, Room 319
Sacramento, CA 95814

The Honorable Lorena Gonzalez
California State Assembly
State Capitol, Room 2114
Sacramento, CA 95814

Subject: AB 1465 (Reyes & Gonzalez) – Workers’ Compensation: Medical Provider Networks - **OPPOSE**

Dear Assemblymembers Reyes and Gonzalez,

The undersigned organizations are all **OPPOSED** to your **AB 1465**, which would reduce the quality of medical care in California’s workers’ compensation system, increase costs on employers as they struggle to expand California’s economy as we come out of the COVID-19 pandemic, and wipe away important prior reforms that were the subject of negotiations between labor and management.

MEDICAL PROVIDER NETWORKS

A Medical Provider Network (MPN) is a network of medical service providers, the creation and maintenance of which is thoroughly [regulated](#) by the State of California, that is created to provide medical treatment to workers injured on the job in California. Every single MPN is individually evaluated for compliance with a litany of statutory and regulatory requirements before it can be implemented and is regularly reviewed once established. When a work-related injury or illness occurs treatment for the worker is provided by the doctors within the MPN. If there is a dispute about a physician’s medical opinion, the injured worker can obtain a second and even third opinion.

Employers in California establish and maintain MPNs for several reasons, but the most important is quality. Because the California’s workers’ compensation system is especially prone to friction and litigation, employers establish networks of providers that will provide timely and effective medical treatment, help return employees to gainful employment, and prepare the types of reports that are necessary to resolve all aspects of a workers’ compensation claim without delay.

While we can’t say enough about the great work being done by the majority of doctors serving workers in our system, there is and always has been a small population of doctors who seek to defraud or otherwise provide poor quality medical treatment to injured workers. If you question this assertion, we invite you to review the Division of Workers’ Compensation’s (DWC) [list of suspended providers to get an understanding of our concerns about quality](#). . Based on the criteria in the bill CAMPN would be required to include providers that are the targets of 207 investigations into abuse and fraud, related to \$1.45 billion of chargeable fraud, which is the tip of the iceberg when it comes to workers’ compensation abuse, according to data reported to the California Department of Insurance by local District Attorneys.

There are a host of other elements of the current MPN system that underpin the effective and efficient handling of workers’ compensation claims. For example, customized MPNs are designed to retain quality treating physicians to provide high quality care to injured workers so they can return to function as soon as possible and, are free to select physicians within the networks and can change providers if they choose.

Also, MPNs are tailored to the needs of WC patients, with the state imposing strict rules about the number and types of providers available to injured workers, the geographic area to be serviced by a network, and even ensuring that networks have enough of each type of provider to accommodate requests to change physicians and provide second and third opinions. And there are fail safes. Indeed, the current MPN system allows a worker to choose their own physician through predesignation – regardless of specialty - if they would feel more comfortable working with a provider they already see.

MPNS DELIVER BETTER QUALITY CARE AND OUTCOMES

Available data and studies show that the current MPN system is working. There are no widespread access issues nor required travel to access care as the proponents of AB 1465 assert. The state has developed a system of checks and balances to enforce appropriate quality standards – including access standards – and has the tools to address outliers or abuse by payers. This has led to better quality care and outcomes for patients in tailored MPNs compared to open networks, such as faster recovery and sustained return to work, increased patient satisfaction, expedited care, and fewer problems accessing care and choosing doctors.

AB 1465 UNDERMINES PROVIDER QUALITY

AB 1465 would establish the state-run California Medical Provider Network (CAMPN). The problem is that the network created under AB 1465 would essentially allow all but the absolute worst doctors into the network, and also allow any injured worker in the state to access care through that network. *The key objection to AB 1465 isn't that the state is establishing its own network for its own use, it is that AB 1465 eliminates the exclusivity of the networks already established by California employers and exposes them to substandard treatment from substandard providers.*

Few Controls on Provider Inclusion

AB 1465 contains only the most basic controls for which physicians will be allowed into the CAMPN. Subsection (d) contains six very basic requirements that must be met for a physician to be allowed into the network. Nowhere does this legislation anticipate the sort of qualifications that most employers apply to their networks. There is no focus on system familiarity, quality of medical reports, accountability for poor past performance, or any other type of consideration that would help to more quickly and effectively deliver quality treatment to workers hurt while working.

The result is that every physician known across the system for providing poor quality care, writing reports that create friction in legal proceedings, engaging in fraudulent billing practices, and other such behaviors will be allowed into this CAMPN. The CAMPN will be a low-quality network that is expensive to establish and maintain.

Overrides Existing Employer MPNs

AB 1465 eliminates the exclusivity of existing employer MPNs that have been carefully crafted over 15 years. Subsection (b) clearly allows any injured workers to circumvent the MPN already carefully established by their employer and instead select a physician in the lower-quality CAMPN. The impact of this change in policy is to completely undermine the work done by employers to establish and maintain networks of quality physicians capable of navigating California's complex workers' compensation system. Injured workers' will be exposed to physicians who would have been intentionally excluded from employer networks because of fraudulent practices, poor medical outcomes, or both.

AB 1465 will provide new tools to the small percentage of doctors, attorneys, and injured workers intent on defrauding the workers' compensation system for their own benefit. It will allow those injured workers who are so inclined to doctor shop for treatment, drugs, and disability status. And it will allow physicians with substandard practices a foothold in the system and make it impossible to get them out.

AB 1465 TAKES THE WRONG APPROACH TO WORKERS' COMPENSATION

Over the past 15 years California has largely avoided drastic swings in our workers' compensation system by functionally leaving it alone and letting it operate. When changes have been needed, labor and management have come together to negotiate reasonable changes and ensure systemic balance. AB 1465 departs significantly from that pattern and proposes to upend previously negotiated systems and processes with no input from management or basis in data showing a needed change. It is the type of legislation, respectfully, that has in past years helped destabilize the workers' compensation system and costs for employers to a crises level.

We would respectfully assert that any change as substantial as this should have buy-in from stakeholders across the system and should be based in data showing outcome impacts. There may be ways that employers and workers can agree to improve Medical Provider Networks for everyone, and we would not object to having that type of conversation. But the bottom line is that AB 1465 currently achieves only one thing – the effective destruction of employer-established MPNs, without improvement to quality of care and outcomes for the injured worker.

For the reasons outlined above, and more, we are respectfully **OPPOSED** to your **AB 1465** and would urge you to reconsider this policy proposal.

Sincerely,

Acclamation Insurance Management Services
Allied Managed Care
American Property Casualty Insurance Association
Association of California Egg Farmers
Association of California Healthcare Districts
Association of Claims Professionals
Auto Care Association
Brea Chamber
California Agricultural Irrigation Association
California Alfalfa & Forage Association
California Association of Health Facilities
California Association of Joint Power Authorities
California Association of Wheat Growers
California Bean Shippers Association
California Chamber of Commerce
California Coalition on Workers' Compensation
California Farm Bureau
California Farm Labor Contractor Association
California Food Producers
California Fresh Fruit Association
California Grain & Feed Association
California Grocers Association
California Hospital Association
California Joint Powers Insurance Authority
California Pool & Spa Association
California Pork Producers Association
California Rice Commission
California Seed Association
California Self Storage Association
California Self-Insurers Association
California Special Districts Association
California State Association of Counties
California State Beekeepers Association
California State Floral Association
California Trucking Association
California Warehouse Association
California Women for Agriculture
Carlsbad Chamber of Commerce
CAWA – Representing the Automotive Parts Industry
Concentra
County of Monterey
Downey Unified School District
EK Health Services, Inc.
Family Business Association of California
Garden Grove Chamber of Commerce
Greater High Desert Chamber of Commerce
Growing Coachella Valley
Housing Contractors of California
Huntington Beach Union High School District
Independent Insurance Agents & Brokers of California
Landscape Contractors Insurance Services, Inc.
League of California Cities

Liberty Mutual
MEDEX Healthcare
National Federation of Independent Businesses
North Bay Schools Insurance Authority
North Orange County Chamber
Pacific Egg & Poultry Association
Pesticide Applicators Professional Association
Plant California Alliance
Pleasanton Chamber of Commerce
Public Risk Innovation, Solutions, and Management
Rancho Cordova Chamber of Commerce
Redondo Beach Chamber of Commerce
Rural County Representatives of California
Santa Barbara South Coast Chamber of Commerce
Schools Insurance Authority
Signature Network PLUS, Inc.
South Bay Association of Chambers of Commerce
Southwest California Legislative Council
Special District Risk Management Authority
Sweetpotato Council of California
The Protected Insurance Program for Schools &
Community Colleges Joint Powers Authority
Tulare Chamber of Commerce
Ventura County Agricultural Association
Western Growers Association

- cc. Members, Assembly Insurance Committee
Office of Governor Gavin Newsom, Legislative Unit
Department of Industrial Relations
Division of Workers' Compensation