

# FLOOR ALERT – VOTE “NO” on AB 584

Date: August 26, 2011

To: Members, California State Senate

From: Jason Schmelzer, California Coalition on Workers’ Compensation

RE: **AB 584 (Fong) – Workers’ Compensation Utilization Review**  
**OPPOSE**

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The California Coalition on Workers’ Compensation respectfully opposes AB 584, which would require doctors who make utilization review decisions in California workers’ compensation claims to be licensed in California. CCWC is concerned that this would create a logjam of utilization review requests and increase the cost of utilization review for both insured and self-insured employers.

## **CA Licensing of UR Doctors**

AB 584 would require any physician who modifies, delays, or denies a request for treatment in a workers’ compensation claim to be licensed in the State of California. CCWC does not support the addition of this provision because there is no evidence that it would improve care to injured workers. California workers’ compensation law already contains strict requirements for physicians who make utilization review decisions. Specifically, the Labor Code requires the following:

1. Labor Code §4610(c) requires each employer who wishes to use utilization review to establish a utilization review process that is consistent with evidence based standards.
2. Labor Code §4610(d) requires every utilization review entity to hire a Medical Director that has an unrestricted license to practice medicine in California. That person is responsible for ensuring that the process of modifying, delaying, and denying treatment requests is consistent with the statutory requirements.
3. Labor Code §4610(e) requires any physician who makes a decision to modify, delay, or deny treatment to be acting within their scope of practice, and to be competent to evaluate the *specific clinical issues* involved in the medical treatment services.

Labor Code §4610 sets forth very specific requirements for the utilization review process and the physicians who make decisions in that process. Additionally, the Division of Workers’ Compensation has promulgated strict regulations that allow for significant penalties when the rules

of utilization review are not followed. Current statute and regulations provide more than adequate assurances that physicians who make utilization review decisions are qualified to do so.

AB 584 adds a requirement for physicians who perform utilization review services by requiring that they also be licensed in California. This requirement is entirely unrelated to the effective execution of the duties entrusted to a utilization review physician. All decisions made by utilization review physicians are required to be based on the medical treatment utilization schedule that has been adopted by the Administrative Director for the Division of Workers' Compensation. If treatment varies from that schedule it must be based on evidence-based, peer reviewed, nationally recognized standards. Because the utilization review standards are nationally based, there is no scenario in which a California physician would be more qualified to make a utilization review decision based solely on the fact that the physician is licensed in California.

California physicians do not have specific knowledge that would make this process any more fair or efficient. Conversely, a requirement that physicians be licensed in California would only limit the number of doctors available to perform utilization review services, thereby creating a logjam of cases that need to be reviewed. Additionally, the limitation to physicians licensed in California would likely drive up the cost of utilization review services because the demand for those services would increase relative to the number of providers who are legally able to perform them.

Utilization review is the only method by which employers can hold physicians to evidence based medical treatment standards. UR is the process that enables employers to ensure that employees received the best medical treatment possible while keeping costs under control. The State of California pays it's workers' compensation claims cost out of the general fund so any increase in the cost of performing utilization review, or the resulting increase in medical care costs, would impact the state budget.

For these reasons and more, CCWC respectfully **OPPOSES AB 584** and respectfully requests that you vote **"NO"** when the bill is heard on the Senate Floor.