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Workers' Comp Changes Hurting Treatment, Medical Study Finds

Insurance carriers are interfering with cases by denying or underpaying claims, doctors contend.

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SACRAMENTO — Injured workers in California are being denied needed medical care and frustrated doctors are threatening to stop treating victims of on-the-job accidents, an influential physicians' group contends in a new report on the recent overhaul of the state's workers' compensation system.

Two years of changes in the \$23-billion-a-year program have substantially delivered on a promise to cut workers' comp insurance premiums for employers that endured rate hikes of as much as 300% between 2000 and 2003.

But insurers, armed with new powers to determine the level of treatment doctors prescribe, are interfering with the goal of healing injured workers and returning them to their jobs, according to the report released Monday by the California Medical Assn., which represents about one-third of the state's 90,000 physicians and based its findings on a survey of about 250 workers' comp doctors.

At a time when insurance companies are reaping big profits because of a drop in claims, the study says that they are underpaying or delaying claims payments to physicians and other healthcare providers.

Of the doctors surveyed, 63% said they expected to cut back on how many workers' comp patients they treat or get out of the business altogether.

"Doctors treating injured workers are locked in a system that is hostile to physicians and often harmful to the patients they serve," said Dr. Jack Lewin, the CMA's chief executive.

Doctors who participated in the study cited a slow and bureaucratic treatment-review process as the biggest obstacle. They said patients were being denied medical care ranging from \$20 canes to more extensive procedures for chronic back ailments and psychiatric therapy.

"People get depressed when they can't use a limb, can't get comfortable and can't get sleep," said Dr. W. Joel Paule, a Ventura physical medicine and rehabilitation specialist. Paule said some of his patients had become suicidal, but couldn't get approval for emergency psychiatric care.

"Doctors are already leaving the system and will continue to do so," Paule said.

The association, which concedes that changes were needed to reduce fraud in the workers' comp system and cut employers' premiums, asked the state Division of Workers' Compensation to increase auditing and punish insurers and self-insuring companies with stiff penalties for denying or delaying care.

Representatives of the insurance industry said they agreed with doctors that "regulators should step in and punish bad behavior" by insurance adjusters or medical reviewers — specialists hired by insurers to vet doctors' treatment recommendations.

But the medical association's report also reflects physicians' inability to cope with changes that could reduce the revenue they receive from workers' comp cases, said Nicole Mahrt, spokeswoman for the American Insurance Assn.

"I'm sure that money is a factor," she said.

Most doctors' complaints are in the process of being addressed by developing regulations dealing with penalties and treatment guidelines, said Carrie Nevans, acting administrator at the Division of Workers' Compensation.

She said her office also was conducting a study on whether injured employees were getting sufficient access to medical treatment.

The release of the report marks the medical association's first significant entry into the controversy over the fairness and effectiveness of the workers' compensation overhaul, which is seen as a signature achievement of Gov. Arnold Schwarzenegger. The doctors telegraphed their concern in September by complaining that out-of-state, nonspecialist physicians are reviewing and often denying patient treatment plans.

The move by the doctors could provide support for lawmakers, who have promised to reopen the workers' comp issue when the Democrat-controlled Legislature goes back into session in January.

"The intent of the workers' compensation reforms is being manipulated to deny the injured workers the medical care they need," said Assembly Speaker Fabian Nuñez (D-Los Angeles).

Labor unions, who supported Schwarzenegger's overhaul when it passed in the spring of 2004, now contend that the changes have benefited employers and insurance companies to the detriment of workers.

"We're going to try to swing the pendulum the other way on workers' compensation reform to bring permanent disability benefits to adequate levels and guarantee that injured workers get the care they need to get back to work," said Angie Wei, a spokeswoman for the California Labor Federation.

"The doctors' survey has confirmed all the stories heard from injured workers that the quality of care has been compromised," she said.

Dr. Glenn G. Hakanson, a Sacramento psychiatrist who has been treating workers' compensation patients for 25 years, said he's become frustrated by the need to fight with adjusters every time he approves a monthly renewal of a patient's prescription.

"I'm doing less and less treatment and stopped taking new cases in May," said Dr. Hakanson. "It's just become intolerable."

