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## An Exploratory Analysis of Senate Bill 863

Chapter V
California has passed several workers compensation reform bills in recent years, in both the assembly and senate of the state legislature. Each reform bill has addressed perceived problems in the California Workers Compensation (WC) system depending on the factors present that influenced political agenda setting at the time. Therefore, the research presented here created the following hypothesis. If the processes for injured workers were assessed based on the historical outcomes, a better strategy could be designed. In order to test the hypothesis, the goal of the research was to interpret the complexities of SB 899 and SB 863 in a straight forward manner that would offer a simplified version of the bills and their intent. Simplifying the complexities of the bills and evaluating their processes helped identify the measures that were advantageous to the workers and the measures that made their position as an injured worker more difficult. Therefore, attributes of a new system for worker’s compensation system could be recommended, because pitfalls of the earlier reforms could be reformed.

## The benefits and disadvantages of SB 899 and SB 863

The WC systems which developed after SB 899 and SB 863 were passed were diagrammed in order to better discern the similarities and the differences between the two systems. The WC process begins when a work-related injury has happened that requires medical care or a trip to the emergency room. The diagram demonstrated that SB 899 made the process easier for injured workers. Here are some of the examples that lead to this conclusion.
- SB 899 allowed doctors to enter a medical provider network (MPN) with a basic approval form and MPNs were required to take workers compensation patients. On the other hand, SB 863 requires preapproval and a four year review of physicians for another approval for entrance into the MPNs. SB 863 does not require any doctors to accept WC patients.
- In each process if the claim is accepted the worker is given treatment based on the American Medical Association (AMA) ratings under SB 899. Under SB 863 the AMA ratings have been refined, and treatment is based on the refined ratings.
- The processes are different for resolving issues surrounding the dismissal of a worker’s claim if the worker wants to pursue a course to disagree with the dismissal and have a claim approved. Under the conditions of SB 899, a dismissed claim was taken under consideration by the Utilization Review (UR). If the UR resolved the differences then the claim left the system, but if one of the two-parties was not satisfied with the decision the issue moved to a Workers Compensation judge. Under the conditions of SB 863, another layer of decision-making was added into a claim dispute. The UR still reviews the cases and then, based on that review the decisions arepassed to the Independent Medical Review Organization (IMRO). If the IMRO successfully resolves the medical, dispute the claim is taken out of the system. If the IMRO does not resolve the claim, then the claim is sent to a WC judge.
- The next major difference influences injured workers indirectly, because the direct impact is on the treating physician. Under SB 899 liens were paid by check or cash to the doctors for treatments, but that is no longer the case. Three years were allowed from time of treatment to reply. Under SB 863, the liens are only paid electronically to doctors for cost reimbursement. Doctors are required to pay a $150 fee payment and when appropriate a $100 activation fee is required. After the summer of 2013 liens could be filed within 18 months about treatments.
- Under SB 899 workers had been allowed compensation for psychological reasons, sexual dysfunction and sleep disorders, but under SB 863 these health problems were no longer allowed.
- Any losses considered disproportionate were addressed by making reimbursements for future earnings losses under 899. Under 863 the term ‘ disproportionate losses’ has not been defined but it is used to address issues in the return-to-work process. The amounts for reimbursement amounts are to be decided by the Department of the Industry Relations (DIR) and the California Commission on Health and Safety and Workers' Compensation (CHSWC).

## Positive effects of SB 899

The positive effects on injured workers under SB 899 were found to be numerous; some of the major advantages are discussed here. Injuries and treatments were rated by a California registered Qualified Medical Examiner. Second opinions were allowed in some instances; a spinal surgeon could be contacted for a second opinion on spinal cases. Older workers, ethnic minorities and women, were protected from being treated by bias. Consistent, permanent disabilities(PD) were developed so injured workers with the same or similar injuries would be given the same compensation. Three personal characteristics were used, and AMA guidelines were used to determine the disabilities from work related injuries. The three personal characteristics were the anticipated decrease in the injured worker’s future earning capacity, the individual’s occupation and their age.

## Positive effects of SB 863

Medical fees have been updated and are available so anyone can find them in the Official Medical Fee Schedule from the Division of Workers Compensation (DWC). The fee schedule has been developed for peripheral services that include vocational experts for training, copy services, and interpreters used for workers receiving in-home healthcare. Many of the changes made due to SB 863 may turn out to be advantages or disadvantages depending on how the system is applied.
Rules that may turn out to be advantages or disadvantagessince the passing of SB 863 include the following. The MPNs are better according to the DWC (2014). Independent qualified physicians are allowed to give treatment after a pre-designation has been approved. According to the DWC web site, SB 863 increases the disability amount that will be received and PD ratings have simplified.

## Major issues to face when develop a WC process that would benefit injured workers

Politically, the first step in designing a WC process with the goal of benefiting injured workers must be established as the overarching goal of all the stakeholders, not only the workers, labor unions and physicians. The two decade review of the WC’s reforms in California demonstrates that administration of a WC system is mainly challenged by having to pass through the political process before any changes can be made. Therefore, reforms at any given time can be seen by some of the stakeholders as benefits and others as disadvantages. This situation may sound like ‘ business as usual’ in a political system where compromise is essential to making progress. But, current levels of money and lobbyists involved in the state house decision-making process have made compromises less than satisfactory for most players and in this case dangerous.
The beneficiaries of WC reforms need to be the workers. Favoring any other group is dangerous on the individual level (those who have received an injury not receiving necessary care), the family level (the family of an injured worker is likely to be impacted negatively, and the state, because the economy of the state will feel negative repercussions. States that do not respect the importance of workers to the state’s economy create problems that would have been avoided. SB 899 has been shown to be better for the workers of California; therefore, SB 863 has been shown to be worse for workers. SB 863 is not only worse for workers than the early reforms, it is worse for physicians. In other political systems when a bill is developed to reform workers compensation, perhaps it would be safe to assume the workers would benefit from the reforms passed into law. California politics are far more complex, and nothing can be assumed, because a reform may reform the current status of the law in a way that facilitates the success of other stakeholders.

## Reasons for putting SB 863 on the legislative agenda

The WC CA SB 863 reform bill can be understood as a law that arrived at the level of legislative decision-making not with the intent of enhancing the WC system for injured workers but for other reasons.

## First reason

- The reasons for CA SB 863 were to firstly, make the system more efficient and accountable. This reason is ambiguous and who benefits depends on for whom the system is made more efficient and accountable. If the premise for a WC reform is that workers cannot be trusted and they will injury themselves or fake injuries in order gain money without working, then certainly the no reform bill will be written to favor injured workers.

## Second reason

- Secondly, save employers money in order to initiate an economic recovery in California. This second reason could be legitimate if the bill included rules and regulation on how the money saved by the employers was to be used to motivate a healthy economy for California workers. No such rules or regulation were included. Instead, more layers of bureaucracywereintegrated into the system, most obviously at the level of doctor’s admittance into the MPN system and by introducing a new organization, the IMRO, for dealing with medical disputes. (See table 4-2)

## Third reason

- Thirdly, the purpose of the bill was to benefit injured workers. Governor Brown’s office stated that SB 863 was necessary for two major reasons. 1) To save California’s employers hundreds of millions of dollars and 2) prevent catastrophic rise rates that would hurt injured workers and businesses.
Negotiating a reform bill in the legislature for general, sweeping political results between two historical opponents, workers and employers, can be expected to fail for a least one stakeholder. In this case, the stakeholder receiving the least benefits are injured workers, directly and, also indirectly because of new reforms pertaining to doctors.

## Recommendations

The first recommendation is for California to accept the fact that patching together reforms from one bill to another is not going to fix the problems inherent in the California WC system.
The second recommendation is to make sure that workers with permanent disabilities, the most vulnerable, are not hurt worse financially or in any other way. Society, the state and employers need to behave ethically and morally. Firstly, every reasonable effort must be made to ensure safe working conditions. Secondly, when workers are injured in a way that makes them permanently disabled, their needs should be a priority based on their vulnerability. If reasonable accommodations at the workplace can be made, so the disabled worker can return to work, that should be the first choice for action. Accommodations for permanently disable workers cannot always be made or an employer may be unwilling to take the proper steps. If an employer does not take appropriate steps then they should be fined and if they receive any state or federal funding those funds should be reduced. Finally, disability rights laws need to be integrated into the design of the workers compensation system. The workers with permanent disabilities have been shown to suffer the most under SB863. Therefore, a major problem with the new reform has been made obvious, one that needs correction as soon as possible.
The third recommendation is to design the state WC system so that it works well with and within the features of the federal WC plan. Having two systems dealing with workers compensation issues on the state and the federal level could be advantageous to all stakeholders. The federal government deals successfully with many issues facing the injured workers, so a realistic state system would address the needs that the federal system does not.
The fourth recommendation is to simplify the system, not add more bureaucracy. SB 863 added more bureaucracy not less; an example is the creation of the IMRO to resolve medical disputes. The IMRO has been placed between the UR and the WC judges. A better option would simply and make the system operate with easy to understand and transparent fees and schedules. More bureaucracy was formed because prior approval to reentrance of the MPNs every four years is required.
The fifth recommendation is to use the judicial system as a last resort. The judicial system has become integrated into the WC system because doctors rely on the judicial system over disputes motivated by the new fee schedules and treatment ratings. Injured workers need expert health care givers to heal, and return-to work. Punishing doctors for treating injured workers is counterproductive.

## Framework

Importantly a framework for WC performance measurement needs to be implemented so a new WC bill or another WC reform bill, would at the least be more realistic and workable than SB 863. The framework developed by Wynn, Timbie and Sorebero (2011) specifically addressed the positive and negative features of SB 863. The framework is divided into three major portions Provision of Care, System Cost and System Performance. The first part is the provision of primary care that starts when an employee is injured, and the first activity is immediate medical care if needed. Primary access to health care is a category the Framework addresses in order to remedy the problem of non-reporting of injuries, denying claims for work-related injuries, and developing an equitable way to establish the cause of the injury.
The next activity is submitting the file claim by the worker and the review by whatever system has been set into place. Here the Framework addresses the issues of secondary access for when the UR is the reason care cannot be accessed, the health care provider is not the choice of the injured, and the waiting times are not realistic based on types of injuries and other factors.
Continuing care for temporary disabilities or permanent disabilities are measured, under the Framework as to safety, equal access and the care is assessed positive if it is patient-centered. The dynamics of appropriate and effective continued medical care are measured in terms of underuse and overuse.
The assessment of system costs under the Framework has four major sections all on an equal level. Those are medical care costs, the amount of indemnity benefits, the administrative costs of the insurance and finally, and importantly, the regulatory oversight.
The system performance measurements are critical to the success of using the Framework. Five main performance units can be evaluated in order to rate the system’s performance. Primarily, recitation of health would be the most important and secondly, the ability to continue to work and be restored to the earning capacity held when the injury took place. Thirdly the ability to maintain and continue work coupled with the degree of work capabilities can be measured. Another piece of the system performance assessment is rating the administrative and insurance efficiencies and outcomes. And finally, include all four of the above factors with a fifth, the satisfaction of the stakeholder.
Each unit of the Framework requires careful research and collecting of data. The flow of the framework through the three categories is straightforward, and the main units that can effect a knowledgeable assessment have been included. The most time consuming activities are predicted to be the time spent gathering the data and categorization of the data into a well-designed database. After these steps, the data can be evaluated, and the most important information from the data can be prioritized in order to set an agenda for fulfilling an assessment for each unit under the three categories for the provision of care system cost and system performance.
For example, assuming an injured workers point of view, SB 863 could be realistically simplified in the following way. Personal physicians could be allowed to treat their patients if injured at their workplace. A second opinion could be allowed if the injured worker felt it necessary. The treatments could be based on the American Medical Association (AMA) descriptions. The determination of the treatment would be based upon the expert opinion of the primary doctor, the doctor giving a second opinion, and the injured person. The fee schedules could be designed, so workers with similar injuries are compensated by similar amounts. Safety regulatory agencies could be required to investigate workplace sites more often. Return-to-work policies could be designed to allow employers to redesign workplace stations (for example) so that injured workers could remain in the labor force. The necessary issues surrounding the recommendations were addressed in Chapter II.

## Suggestions for Future Study

What strategies have been used in other countries that have made workers the main beneficiaries of WC laws?
Who benefits the most financially from the CA SB 863 law?
What needs of the California worker are not addressed by federal WC?
Concluding remarks
In conclusion, the research undertaken in order to better understand the WC system in California and compare CA SB 899 and SB 863 has demonstrated that SB 899 was a better reform bill for injured workers than the current SB 863. In terms of whom SB 863 benefits the most that would be a good subject for further research. It is very possible the employers could be the most benefited, or perhaps the insurance providers or even California lawyers. There is no doubt that piling reforms upon new reforms every few years is not an efficient process for any WC system. Therefore, the recommendations will hopefully add some new thoughts on how to improve California’s WC system without continuing to build a patched-up system with unnecessary complexities.

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