

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

March 9, 2016

2. Department

Industrial Relations

3. Organizational Placement (Division/Branch/Office Name)

Workers' Compensation

4. CEA Position Title

Chief of Medical Services Administration

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

This position will oversee the variety of medical services related to delivery of medical benefits in the workers' compensation system. It directly relates to the program's mission to minimize the adverse impact of work-related injuries on California employees and employers.

6. Reports to: (Class Title/Level)

Acting Administrative Director/Attorney V

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): Workers' compensation legislative bills often impact the various programs within the Medical Unit. The affect of these changes require policy discussion and analysis with Executive Management Team.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The CEA will manage the operations of the Medical Unit which includes Qualified Medical Evaluator (QME), Independent Medical Review (IMR), Independent Bill Review (IBR), Medical Provider Network (MPN), Health Care Organization (HCO), and Utilization Review (UR) with responsibility for oversight of programs including regularly auditing compliance with all policies and procedures and assessing penalties for the UR and IMR programs. The Manager is also responsible for establishing goals and objectives for the Medical Unit in order to effectively accomplish the mission. The incumbent will represent the division, and the Director of the Department of Industrial Relations upon occasion, in relation to the Medical Unit, and the internal management of the departmental workers' compensation program. This includes:

Management, oversight and audit of the operations of the Medical Unit staff ensuring injured workers are provided with timely and accurate workers' compensation benefits by way of QME panel issuance, IMR decisions, and compliance of QMEs, MPN and UR organizations. Ensures staff works collaboratively with the DWC Legal Unit and workers' compensation community including injured workers, attorneys, claims administrators, and providers.

Plans, organizes and directs the work of all Medical Unit programs. Establishes policies and procedures, conducts training and evaluates the work of supervisors and staff.

Responsible for Independent Medical Review Organization (IMRO) and Independent Bill Review Organization (IBRO) contract compliance, oversight of audit process to ensure compliance, ongoing analysis of IMRO and IBRO programs and recommendations for improvement. Performs regular audit of operations to ensure procedures are followed according to the statute, rules and department policy. Propose policy and procedures that may increase the amount of penalties assessed.

Oversees the investigation of advertising and billing fraud as well as other violations of the Labor Code as it relates to the QMEs, UR and IMR. Provides technical expertise in highly complex medical necessity and medical billing review disputes flagged by the IMRO and IBRO for technical review and determination.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The Department of Industrial Relations (DIR) mission is to improve working conditions for California's wage earners and to advance opportunities for profitable employment in California. DIR administers and enforces laws governing wages, hours and breaks, overtime, retaliation, workplace safety and health, apprenticeship training programs, and medical care and other benefits for injured workers. The Division of Workers' Compensation (DWC) Medical Unit strongly aligns with the DIR's mission as it relates to DWC's mission to minimize the adverse impact of work-related injuries on California employees and employers. Specifically the Medical Unit performs a variety of services related to delivery of medical benefits in the workers' compensation system. It establishes policy and guidelines for the treatment and evaluation of injured workers. The unit also examines and appoints physicians to be qualified medical evaluators (QMEs), who in turn examine injured workers to help determine the level of benefits they receive. It certifies and oversees groups -- medical provider networks (MPNs) and health care organizations (HCOs) -- that provide care to injured workers. The unit reviews utilization review (UR) plans and handles UR complaints and investigations jointly with the Audit Unit. In addition, as part of SB 863, California's workers' compensation system uses a process called independent medical review (IMR) to resolve disputes about the medical treatment of injured employees. Also part of SB 863, medical treatment and medical-legal billing disputes are resolved through an independent bill review (IBR) process. The DWC Medical Unit also assists the DWC administrative director with other issues affecting providers in the workers' compensation system, such as setting medical fee schedules, and undertakes medical care studies.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The Department of Industrial Relations (DIR) proposes to establish a new CEA, Chief of Medical Services, Division of Workers' Compensation. The incumbent will report directly to the Administrative Director and has a key role in the development of policy relating directly to SB 863 and any future reform enactments. Specifically, the position is responsible for the management, oversight and audit of the operations of the Medical Unit staff ensuring injured workers are provided with timely and accurate workers' compensation benefits by way of QME panel issuance, IMR and IBR decisions, and compliance of QMEs, MPN and UR organizations. Ensures staff works collaboratively with the DWC Legal Unit and workers' compensation community including injured workers, attorneys, claims administrators, and providers to develop regulations and monitor regulatory compliance.

Section 4 of Article XIV of the California Constitution authorizes the creation of a workers' compensation system that includes adequate provision for the administration of workers' compensation claims, and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits.

New Mandate:

Senate Bill 863, Chapter 363, Statute of 2012, significantly changed the California Workers' Compensation system. The bill took effect on January 1, 2013, although not all of its provisions were effective immediately. The implementation dates of each regulation are set forth by statutory mandate amending Sections 11435.30 and 11435.35 of the Government Code, and Sections 62.5, 139.2, 3201.5, 3201.7, 3700.1, 3701, 3701.3, 3701.5, 3701.7, 3701.8, 3702, 3702.2, 3702.5, 3702.8, 3702.10, 3742, 3744, 3745, 3746, 4061, 4062, 4062.2, 4062.3, 4063, 4064, 4453, 4600, 4603.2, 4603.4, 4604, 4604.5, 4605, 4610, 4610.1, 4616, 4616.1, 4616.2, 4616.3, 4616.7, 4620, 4622, 4650, 4658, 4658.5, 4658.6, 4660, 4701, 4903, 4903.1, 4903.4, 4903.5, 4903.6, 4904, 4905, 4907, 5307.1, 5307.7, 5402, 5502, 5703, 5710, and 5811 of, to add Sections 139.32, 139.48, 139.5, 3701.9, 4603.3, 4603.6, 4610.5, 4610.6, 4658.7, 4660.1, 4903.05, 4903.06, 4903.07, 4903.8, 5307.8, and 5307.9 to, to add and repeal Section 3702.4 of, and to repeal Sections 4066 and 5318 of, the Labor Code, relating to workers' compensation, and making an appropriation therefor.

Urgency Statement:

The provisions set forth by SB 863 took effect on January 1, 2013 and outlined a series of reforms intended to reduce litigation costs for employers and increase permanent disability benefits paid to injured workers to compensate for the lasting effects of workplace injuries and improve the efficiency of the California workers' compensation system by reducing the costs and time it takes to deliver benefits to injured workers and resolve disputes.

*Additional information added below

{AB 1124 amended various sections of the current Labor Code relating to Workers' Compensation. Specifically, the bill requires the Division of Workers' Compensation to adopt a prescription drug formulary for workers' compensation benefits, and requires the Administrative Director to convene an advisory committee to assist in the development of the formulary (a formulary is an official list giving details of medicines that may be prescribed).

The provisions of SB 863 have been followed in various ways as the bill affected many different areas of workers' compensation. SB 863 made the following changes:

1. Changes in permanent disability
2. Changes to supplemental job displacement vouchers
3. Creation of "Return to Work Fund"
4. Introduction of independent medical review
5. Improving medical provider networks
6. Introduction of independent bill review
7. Changes regarding liens
8. Fee schedules
9. Changes for qualified and agreed medical evaluators
10. Changes for self-insured employers

DIR established a new CEA to manage and oversee the changes to the supplemental job displacement vouchers and the creation of the "Return to Work Fund".

The changes in permanent disability required internal training of staff. The changes regarding liens required a new system build to allow for the filing fee collection in which DWC worked closely with DIR's IT team. The DWC Legal Unit has been working to create the regulations for the fee schedules outlined in SB 863.

The DIR established the IMR and IBR units within the Medical Unit. Improvements to the MPN unit are ongoing. The CEA will be involved in the continued development of this unit and the expansion of its investigative and enforcement function. The changes for qualified and agreed medical evaluators limited the number of locations to 10 for QMEs. Internal computer systems have been updated to reflect this change. The CEA will manage and oversee these units along with the other units within the Medical Unit to ensure continued compliance.

Changes for self-insured employers falls under the Office of Self-Insurance Plans division.

AB 1124 is recent legislation (2015) therefore the policies regarding its provisions are still under development. AB 1124 requires the Division of Workers' Compensation to create a prescription drug formulary. The CEA will work closely with the DIR Executive Team and be vitally involved in the discussion, proposal, development and implementation of new policies.}

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The CEA's policy making role will provide:

1. Improved medical treatment benefits;
2. Oversight of benefits to injured workers;
3. Direction for addressing inefficiencies within the California Workers' Compensation System as it relates to the Medical Unit span of control;
4. Direction for the newly established IMR and IBR programs;
5. Statewide goals and objectives for the QME, IMR, IBR, UR, MPN, and HCO programs and measures and verifies the effectiveness in order to amend or propose new policies;
6. Advise and train upper level managers in the above programs;
7. Guidance as the policy maker for the Division's Medical Unit.

Under the DWC Administrative Director the Chief, Medical Services will serve as the principle policy maker, specifically in the areas of:

1. Qualified Medical Evaluators - Qualified medical evaluators (QMEs) are qualified physicians who are certified by the Division of Workers' Compensation - Medical Unit to examine injured workers to evaluate disability and write medical-legal reports. The reports are used to determine an injured worker's eligibility for workers' compensation benefits. QMEs include medical doctors, doctors of osteopathy, doctors of chiropractic, dentists, optometrists, podiatrists, psychologists and acupuncturists.
2. Independent Medical Review - IMR is a quick, non-judicial way to resolve disputes about the medical treatment of injured employees. If a request by a treating physician for a specific course of medical treatment is denied or modified by a claims administrator for the reason that the treatment is not medically necessary, the injured employee can ask for a review of that decision by physician-conducted IMR.
3. Independent Bill Review - IBR is an efficient, non-judicial process for resolving medical treatment and medical-legal billing disputes where the medical provider disagrees with the amount paid by a claims administrator on a properly documented bill after a second review.
4. Utilization Review - UR is the process used by employers or claims administrators to review treatment to determine if it is medically necessary. All employers or their workers' compensation claims administrators are required by law to have a UR program. This program is used to decide whether or not to approve medical treatment recommended by a physician which must be based on the medical treatment guidelines.
5. Medical Provider Networks - A medical provider network (MPN) is an entity or group of health care providers set up by an insurer or self-insured employer and approved by DWC's administrative director to treat workers injured on the job. Under state regulations, each MPN must include a mix of doctors specializing in work-related injuries and doctors with expertise in general areas of medicine.
6. Healthcare Organizations - The Medical Unit reviews applications from health care organizations (HCOs) and certifies them for the delivery of medical treatment under California workers' compensation law. Certification requirements for HCOs are contained in Title 8 of the California Code of Regulations, sections 9770 through 9779.8 and Labor Code sections 4600.3 and through 4600.6. The regulations were revised in 2010 to reduce HCO fees.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The CEA will be a key member of the DWC executive team that directs the Division's Medical Unit programs and policies. Their input into the programs and policies needed to improve results will be critical. They will be expected to manage and assess core business functions, annual metric development and implementation, as well as assist the Administrative Director in providing necessary oversight and management support.

The incumbent is responsible for program results, reporting industry trends, amending and proposing statewide policies that will improve the efficiency of the California Workers' Compensation System as it relates to the Medical Unit's span of control.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

As the Division of Worker's Compensation has been impacted by numerous reforms over the years of which the Medical Unit is typically directly affected. As a result of recent legislation AB 1124, the Chief, Medical Services Administration will be involved in the development and implementation of new policies. AB 1124 requires the Division of Workers' Compensation to create a prescription drug formulary. Furthermore, the CEA will be interpreting and implementing existing policies largely connected to SB 863 in relation to the IMR, IBR, MPN, and QME programs.