

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By Chairman Gene Thayer, on February 16,
1989, at 10:00 a.m.

ROLL CALL

Members Present: Chairman Thayer, Vice Chairman Meyer,
Senator Boylan, Senator Noble, Senator Williams,
Senator Hager, Senator McLane, Senator Weeding, Senator
Lynch.

Members Excused: None

Members Absent: None

Staff Present: Mary McCue, Legislative Council

Announcements/Discussion: None

HEARING ON SENATE BILL 438

Opening Statement by Sponsor: Senator Eck, Senate District
40, testified the purpose of the bill was to provide
realtors with the authority to provide their own
retirement and health plan. She said most
professionals were able to do this, and she felt all
individuals should be able to have this kind of
protection. She stated the bill changed the licensing
laws to apply to the licensee. She said a number of
people had looked the bill over, felt it was
appropriate and believed it would do the job. She
urged the committee's support for SB 438.

List of Testifying Proponents and What Group They Represent:

Sharon Cleary - Montana Association of Realtors
Steve Mandeville - Broker Associate, Helena, Montana

List of Testifying Opponents and What Group They Represent:

None

Testimony: Sharon Cleary stated this was a very small
change that would permit broker associates and sales
people to be incorporated and take advantage of
retirement programs and health programs which they

cannot currently participate in. She said the change would extend the section of the license law. She stated she had spoken to the attorney for the Board of Reality Regulation and he had seen no problem with making this change.

Steve Mandeville asked the committee to pass the bill. He stated he had no tax advantages, and the best he could do was put away an IRA annually. He said, for that reason, they needed more opportunities to do estate planning and to reach further into the professional environment that this bill would afford.

Question from the Committee: Chairman Thayer asked why they hadn't done this previously?

Sharon Cleary explained that the license laws now restricted their ability to engage in license activities as a corporation, only to real estate brokers. She that law probably affected 75% of the licensees. She said they did not have the opportunity now.

Senator Boylan asked if this would come under the Sunrise Law?

Mary McCue explained it was not for providing licensure of new persons and did not increase the duties of any board, so that law did not apply. She said they were already licensed under this title.

Senator Williams asked if different industries could be expected to follow suit?

Mary McCue said this industry was different, in that it had two different categories of people. She stated that in other professions you just licenced one profession or occupation. She stated she was not aware of any other groups who had two categories, so she did not think there were others needing this change.

Senator Meyer asked if this would be available to both brokers and salespeople?

Mary McCue told him yes.

Closing By Sponsor: Senator Eck stated this was a very simple change and allowed those in real estate business to assume a new kind of responsibility. She said it was a responsibility change they had asked for, and encouraged passage of this bill.

DISPOSITION OF SENATE BILL 438

Recommendation and Vote: Senator McLane made a motion SB 438 DO PASS. Senator Noble seconded the motion. The motion Carried Unanimously.

HEARING ON SENATE BILL 418

Opening Statement By Sponsor: Senator Noble, Senate District 21, stated HB 418 was designed to help get control over one of the states largest problems, the benefit section of Workers' Compensation. He handed the committee some suggested amendments. (See Exhibit #1) He explained the amendments, as they applied to the bill. He stated he had one more amendment need, on Page 1, line 17, strike the word "reasonable" and insert "medically necessary". He explained amendment #5 as, dealing with furniture household expense, vehicles and whirlpool devices, and said it was time we stopped buying these except for permanently totally disabled, or with physician surgeon prescriptions.

He stated Page 2, subsection (b) on line 7, said we need not pay for over the counter supplies or prescriptions, that are generally available over the counter. He said Page 2, subsection (c), line 10, dealt with brand name and generic medicine, and stated we did not have to pay for a name brand if there was a generic substitute available, unless the attending physician specified a name brand. He cited subsection (d) on line 16 as dealing with the payment for services without a physician or surgeons written prescription.

List of Testifying Proponents and What Group They Represent:

Mike Welsh - Independent Licensed Claims Adjustor,
Helena, Montana
Charles R. Brook - self

List of Testifying Opponents and What Group They Represent:

Dr. Michael Pardis - Chiropractor, Helena, Montana
Dr. Gary Blom - Montana Chiropractic Association
Gene Fenderson - Montana AFL-CIO, and The Montana
State Construction Workers

Testimony: Mike Welsh said he fully supported HB 418 as amended.

Chairman Thayer read written testimony Charles R. Brook had asked to have presented. (See Exhibit #2)

Dr. Michael Pardis said he didn't believe this bill would reduce costs, and felt it would make constituents very unhappy. He stated the subject of chiropractic practice and the role it played was often misunderstood. He said the practice was recognized by legislatures in all the states, and Federal and State Workers' Compensation, Medicaid and Medicare and most major medical insurance companies covered chiropractic claims. He cited a New Zealand government study commission report released in 1979, and related background information as to the value of chiropractic treatment. (See Exhibit #3) He said that if the intent of SB 418 was to reduce workers' compensation they agreed, however he didn't feel it was.

Dr. Blom said he didn't understand the reason for line seventeen, and the inclusion of chiropractic treatment, as the for the insurer not having to pay for these services. He stated it went against freedom of choice. He presented a major study on back and back related injuries, which he said showed chiropractic was more cost effective than medicine. (See Exhibit #4)

Gene Fenderson said they were in total disagreement with SB 418, and the benefits being taken away from their members and other workers across the state. He said they had been told the Worker's Compensation fund was now turned around, and on the right track. He said to take needed furniture, whirlpools, and that type of thing, from people that are permanently and totally disabled was in total disagreement with their beliefs.

Questions from the Committee: Senator Williams asked how they had differentiated between Osteopath and Chiropractic, and why only one was cited in the bill?

Mike Welsh said osteopathic surgeons were licenced by states, and osteopaths went through a study similar to medical physician and surgeons.

Senator Williams asked if chiropractors were licensed?

Dr. Pardis said they were licensed in all fifty states, and their educational standards were on par with the medical profession. He said that if someone had an injury they could come to a chiropractor, and if they need medical care they referred them out.

Senator Williams asked how long chiropractors went to school to obtain a license, compared to the osteopath?

Dr. Pardis said the time was the same, the difference was during their final years when they studied chiropractic approaches to health problems, while osteopaths studied pharmacology and surgery.

Senator Weeding asked a line was drawn between a permanently totally disabled person, and where the term paraplegic come into effect?

Mr. Welsh said a quadriplegic or a paraplegic person would be defined as permanently and totally disabled. He said the definition referred to whether or not that person could work, whether or not they had sustained injuries that would not allow them to go back to any work, and was based on age, experience, and nature of injuries. He said that any disabled or paraplegic individual could work, an adjustor could arrange for partial benefits.

Senator McLane asked if the bill completely eliminated chiropractic?

Mike Welsh said chiropractic was allowed in section 704 and it also had chiropractic service rules in 24-29-001. He said those were rules and he did not view it as eliminating chiropractic, and it would not eliminate of necessity the Chiropractic performing the services as the first treating doctor. He said that contract intervention could take place for thirty days as it does now, but after that period of time a prescription was necessary from a physician.

Senator McLane asked for a response from one of the chiropractors.

Dr. Pardis said the bill sounded like it was the same, but believe me it is not. Dr. Pardis said that now the chiropractor can be the primary portal of entry, but as he understood the bill, a physician would have to refer to a chiropractor. He said you could no longer go to a chiropractor first.

Senator McLane asked if chiropractic care was a big ticket item which would save a considerable amount of money?

Mike Welsh said the bill did not cut out chiropractic treatment during the first thirty days whatsoever. He said what it did tend to do was have the treating physician, medical doctor or orthopedist say if you

wanted to get chiropractic care, in addition to the medical care you were receiving, you would need a prescription.

Senator Williams asked if he could go straight to a chiropractor for the first thirty days treatment without seeing a physician, then he would need a physicians prescription for further chiropractor treatment?

Mike Welsh said that was correct.

Chairman Thayer stated he was sure Senator Noble had not intended to cut chiropractic treatment, but save money. He asked if the bill could be held to further clarify that question?

Senator Noble said the intent of the bill was not to leave out chiropractics. He said he had been told chiropractic treatment was covered under another section of law, and this only picked up after that phase of the law.

Dr. Blom told Chairman Thayer the whole idea of saving money, the way worker's compensation was set up, was to have one primary care doctor attending to that injured workers problem. He stated that from shifting from doctor to doctor was costing money, and took more time. He said they would feel much happier if chiropractics was eliminated from an inefficient program, in view of the viable statistics our industry has shown. He asked why involve another health care for the same injuries?

Mike Welsh told Senator Williams he adjusted for the industry and provided consultation on worker's compensation analysis cases for clients. He said he was an independent adjustor for private carriers.

Closing By Sponsor: Senator Noble said he would like to suggest amending the bill to strike chiropractic. He said he would like to remind everyone that workers' compensation topped most voters concern, and stated our liberal interpretations of the law had created an extreme legal situation. He said this bill would help the situation, and asked the committee for a do pass.

DISPOSITION OF SENATE BILL 418

Discussion: Senator Noble asked to hold the bill for study on the needed amendments.

Amendments and Votes: None

Recommendation and Votes: None

Announcement: Chairman Thayer asked Vice-Chairman Meyer to chair the meeting while he presented the next bill.

HEARING ON SENATE BILL 430

Opening Statement by Sponsor: Senator Gene Thayer, Senate District 19, stated he had served on the Governor's Advisory Council, and one of the items considered and accepted by the council, was a five hundred week limit of personal benefits for three hundred twenty five weeks. He said partial benefits were now paid for interment and wage supplements. He said the council found a significant savings could be realized by reducing the number of weeks a person would be entitled to draw wage loss benefits. He stated that at that time, the actuaries calculated the reduction would decrease the premium cost approximately nine percent.

Chairman Thayer said SB 430 would limit the amount of payments to four hundred week maximum, and actuaries estimate the cost savings would be three percent of the premium costs. He stated Montana's benefit structure is currently ranked as one of the better packages in the fifty states. He said seventeen states presently use the five hundred week limitation on partial benefits, while thirteen use four hundred or less weeks, and twenty states limit the number of weeks to the duration of the disability or pay in proportion of the schedule of injuries. He stated the cost of medical services had increased significantly in recent years, and medical costs in workers' compensation cases now comprised nearly one-third of total benefits paid. He said recent indications were that we will see the cost of medical benefits exceed fifty percent of total workers' compensation benefits in the next ten years.

Senator Thayer said Montana had adopted the recommendation for lifetime medical benefits for work related injuries in 1973. He stated that with today's economic environment, employers no longer could afford this lucrative benefit. He said that was the reason SB 430 proposed a reasonable cap, on the duration of medical disability, at ten years. He stated cost savings, in terms of premium reduction for this limitation, is estimated at two tenths percent. He said the total premium cost reduction on this bill was approximately three point two percent of current

premiums. He stated that even with these proposed reductions Montana's benefits are still reasonable and equitable as compared to other states. He asked for the committees support on the bill.

List of Testifying Proponents and What Group They Represent:

Mike Welsh - Self, Helena, Montana

List of Testifying Opponents and What Groups They Represent:

Gene Fenderson - Montana State Construction Workers

Testimony: Mike Welsh said he supported SB 430.

Gene Fenderson said, there was no question that there would be a cost savings on the premiums, but he said he saw it as a twenty percent cut for the injured worker and that is substantial. He said the system may not be adequate at this time, but as the cuts were made two years ago, and they system is balancing out. He said they would have to oppose the bill because they didn't feel more cuts at the sakes of the workers.

Questions From Committee Members: Senator Williams asked how Mr. Fenderson had arrived at the twenty percent cut? He asked twenty percent of what percent of the injured workers?

Gene Fenderson said he was going from four hundred weeks to five hundred weeks and that was a twenty percent reduction.

Senator Williams asked what percentage of injured workers reached the limit?

Bill Palmer, of the Workers' Compensation Division, said he guessed a very few actually reached the five hundred week limit. He stated most cases were relatively short. He said they annually had around sixteen or seventeen thousand accidents in the state fund, and three or four thousand of those are wage loss claims, and eighty or ninety percent are temporary total cases.

Senator Williams asked if the permanently disabled would be affected?

Bill Palmer said they would not.

Closing by Sponsor: Senator Thayer said he hoped Mr. Fenderson was correct that the fund was turning around, but in 1987 the legislature passed a payroll tax that

put about twenty-two million dollars into the fund the past two years. He said that during the same time the unfunded liability grew from \$149,000,000 to \$157,300,000.

Senator Thayer said five hundred weeks was a long time, and his opinion was that the best system was one which got people back to work as quickly as possible. He stated we should take good care of them during the period of injury, help them start receiving benefit checks as quickly as possible, and try to get them back to work. He stated any system would have abuse, but SB 430 was an attempt to tighten up the benefits section of our law. He said he did not feel the bill was unreasonable and this was an opportunity to help the system. He urged passage of the bill.

DISPOSITION OF SENATE BILL 430

Discussion: Senator Williams said he felt that it was important to show the public the legislature was monitoring the workers' compensation system.

Chairman Thayer said SB 430 was a genuine effort to control costs in the system and not penalize the injured worker drastically.

Senator Williams said it also showed the division they were paying attention and monitoring what was going on.

Amendments and Votes: None

Recommendations and Votes: Senator Williams made a motion SB 430 DO PASS. Senator Noble seconded the motion. The Motion Carried, with Senator Lynch opposing.

ADJOURNMENT

Adjournment At: 11:50 a.m.


SENATOR GENE THAYER, Chairman

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

DATE 2/16

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
<u>SENATOR DARRYL MEYER</u>	✓		
<u>SENATOR PAUL BOYLAN</u>	✓		
<u>SENATOR JERRY NOBLE</u>	✓		
<u>SENATOR BOB WILLIAMS</u>	✓		
<u>SENATOR TOM HAGER</u>	✓		
<u>SENATOR HARRY MC LANE</u>	✓		
<u>SENATOR CECIL WEEDING</u>	✓		
<u>SENATOR JOHN "J.D." LYNCH</u>	✓		
<u>SENATOR GENE THAYER</u>	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

February 16, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration SB 438 (first reading copy -- white), respectfully report that SB 438 do pass.

DO PASS

Signed: _____

Gene Thayer
Gene Thayer, Chairman

*41.0
2/16/89
2:00
p.m.*

SENATE STANDING COMMITTEE REPORT

February 16, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration SB 430 (first reading copy -- white), respectfully report that SB 430 do pass.

DO PASS

Signed: 

Gene Thayer, Chairman

H.C.
2/16/89
2: PM

Amendments to Senate Bill No. 418
First Reading Copy

For the Committee on Business and Industry

Prepared by Lee Heiman
February 16, 1989

1. Page 1, line 17.
Following: "by a"
Insert: "claimant's treating"
2. Page 1, line 18.
Following: line 17
Insert: "attending"
Strike: "reasonable"
Insert: "medically necessary"
Following: "and"
Insert: "prescription"
3. Page 1, line 19.
Following: "other"
Insert: "medically prescribed"
4. Page 1, line 24.
Following: line 23
Insert: "direct and immediate"
5. Page 2, line 1.
Following: "insurer"
Insert: "must furnish medically prescribed orthopedic appliances
but"
6. Page 2, line 2.
Strike: "orthopedic"
7. Page 2, line 6.
Following: "surgeon"
Insert: "is licensed under chapter 3 of Title 37 and"
8. Page 2, line 14.
Following: "surgeon"
Insert: "is licensed under chapter 3 of Title 37 and"
9. Page 2, line 19.
Following: "surgeon"
Insert: "who must be licensed under chapter 3 of Title 37"

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 2/16/89

BILL NO. SB 418

BROOKS

TESTIMONY

SENATE BILL 418

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. HERE FOR THE RECORD, I AM CHARLES R. BROOKS, EXECUTIVE VICE PRESIDENT OF THE MONTANA RETAIL ASSOCIATION. WE WOULD LIKE TO GO ON RECORD IN SUPPORT OF SB 418. WE REPRESENT OVER 1200 RETAIL STORES THROUGHOUT THE STATE OF MONTANA, INCLUDING THE TIRE DEALERS, HARDWARE IMPLEMENT DEALERS AND MAIN STREET MERCHANTS. WE ASK THAT YOU GIVE THIS BILL A DO PASS.

THANK YOU.

CHARLES R. BROOKS

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 4

DATE 2/16/89

BILL NO. SB 418

**An Analysis of Florida Workers' Compensation
Medical Claims for Back-Related Injuries**

by

Steve Wolk, Ph.D.

Director of Research

The Foundation for Chiropractic Education and Research



February 17, 1988

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Publisher, Arlington, Virginia.

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ACKNOWLEDGEMENTS

The Foundation for Chiropractic Education and Research wishes to acknowledge the cooperation of the Office of Medical Services, Division of Workers' Compensation, Florida Department of Labor and Employment Security in compiling this report. Special thanks is extended to Mr. Pat Wilson Parmer, Acting Director of the Office of Medical Services, and Ms. Emily West, Program Analyst. Appreciation is also extended to the Florida Chiropractic Association for its contribution to help support the project.

INTRODUCTION

The following is the first of two reports based on the claims of on-the-job injuries and illnesses occurring to workers employed in establishments covered by the Florida Workers' Compensation Law. Patient claims are filed with the Florida Department of Labor and Employment Security, Division of Workers' Compensation, according to the rules and regulations established for administering the Florida Workers' Compensation Law. Florida law requires insurance coverage of employers with three or more employees. Excluded from coverage under the law are (1) domestic servants, (2) certain agricultural workers on farms, (3) professional athletes, (4) casual workers, and (5) independent contractors. However, employers in the above categories may voluntarily come under its provision. Other employees not included under the state law are maritime workers, federal employees, and railroad workers in interstate commerce. These workers are covered by federal programs.¹

This first report is primarily concerned with the overall costs of physician and hospital procedures and services. The report's data were extracted from claims for injuries and illnesses occurring from July 1, 1985 through June 30, 1986. This time frame represents the 1985-1986 fiscal year of the Division of Workers' Compensation. The data reflect the history of a patient's claim only within this period. For example, cost of treatment for a patient after June 30, 1986 would not be

included in the analyses. This type of claim occurs when a patient has suffered an injury which has progressed through the more severe levels of disability over a significant period of time and the case is not yet closed.

Two broad classes of injury and illness are covered by the analyses. The first, compensable injury, is an injury disabling an individual for more than seven days. In the state of Florida, renumeration for the loss of regular wages begins on the eighth day. If the period of disability exceeds 14 days, compensation benefits are paid retroactively from the beginning of disability. The second, noncompensable injury, is an injury which results in medical benefits but no weekly compensation benefits since the disability period is less than eight days.

The primary analyses of this report concern only the medical payments incurred by insurance companies and third-party payers, or the self-insured, for both compensable and noncompensable injuries. Although the report does not contain statistical data on the cost of work compensation benefits, it does present information concerning the percentages of patients who incur compensable injuries and the percentages of compensable patients who are hospitalized. A second report, to be issued later in 1988, will focus on all medical and wage compensation costs for patients with medical back injuries who incur compensable injuries.

BACKGROUND

A continuing issue within the health-care profession is the relative cost-effectiveness of alternative treatment modalities for major health conditions. Special focus has been given to cost-effectiveness and treatment efficacy for injuries in the workplace. A worker's response to treatment and return to work have major economic impact on society.

In studies of workers' compensation claims, particular attention has been paid to back-related injuries, since this type of injury is often one of the most disabling. Frymoyer estimated the total costs of back injury each year to be between 20 and 30 billion dollars.² Anderson reviewed a number of studies related to back pain and occupation which support the general conclusion that a back-related injury is one of the most costly to employers.³

Back injury and related symptomatology account for significant medical care and wage loss compensation payments. Haddad found that in 1982, the Workers' Compensation Board of New York State authorized payment of \$42,084,999 for closed cases of spinal injuries.⁴ Data on 30 additional states indicated combined payments of \$1.9 billion for medical treatment and/or compensation for back injuries. Analysis of 2,932 spinal injury cases evaluated for disability in a seven-year period showed a

mean of 23.4 months of medical treatment in 1,706 cases with no permanent disability. Haddad concluded that back injury sustained at work appears to result in an inordinately long period of treatment and absence from work.

Because of the medically significant nature of back injury and its costliness to industry and society, continual monitoring of the efficacy and cost-effectiveness of alternative treatment modalities is essential. Some literature exists, for example, which has analyzed the relative costs of care and time lost from work for patients treated by chiropractors compared to medical doctors. Johnson, Ferguson, and Swank reviewed this literature which generally tends to show a higher level of treatment effectiveness (i.e., fewer lost days of work) and a lower cost of care for chiropractic.⁵ However, much of this literature is composed of relatively dated studies or studies representing significant differences in methods of selecting cases for analysis. In addition, a more recent study published by the West Virginia Workers' Compensation Fund questioned the effectiveness of chiropractic care for work-related back and neck injuries.⁶

Many states have made great strides in the past 10-15 years in developing more comprehensive and analytical systems for tracking and compiling workers' compensation claim reports. This is exemplified by Florida's Division of Workers' Compensation, which has provided the data for the present report; a

sophisticated, computer-based record management system has been implemented to manage workers' compensation claim reports.

Clearly, there exists significant disparity in reporting methods and categories of medical care and compensation benefits from state to state. A need exists to retrieve and analyze current data from statistically sound workers' compensation databases in order to validly and reliably assess the therapeutic and economic effectiveness of alternative health care approaches, including chiropractic, for work-related injury. The current report represents an initial effort in this direction.

PURPOSE

The purpose of this report is to summarize the cost of treatment, frequency of compensable injuries, and frequency of hospitalization for workers' compensation claim patients who are treated for back-related injuries by chiropractic, medical, and osteopathic doctors.

METHOD

The analyses summarized in this report were conducted by the staff of the Office of Medical Services of the Florida Division of Workers' Compensation. The analyses were completed during the period June-December, 1987, at the request of the Foundation for Chiropractic Education and Research (FCER).

In order to retrieve all relevant data, two databases were used. The first, the general medical database, was developed from information reported on Florida's "BCL-9" form, a health insurance claim form. The form collects information on the patient and insured and the physician or supplier of services. The latter includes dates of service, diagnostic codes, procedure codes, and physician charges for each procedure. The Division of Workers' Compensation uses the American Medical Association's Physician's Current Procedural Terminology: Fourth Edition (CPT-4) to code procedures.⁷

The second database was developed from Florida's "BCL-13" form, an injury progress report. This report is completed by the insurance carrier or self-insured on every compensable workers' compensation case, i.e., an injury or illness resulting in a disability for more than seven days. This database identifies patients from the general medical database who developed a compensable injury and those who were hospitalized for treatment and the associated hospitalization costs.

Only patients classified as having a medical back diagnosis were selected for analysis and their corresponding data were extracted from both databases. The state of Florida employs the second revision of the Diagnosis Related Groups Definitions Manual published by Health Systems International.⁸ The DRG code #243 ("Medical Back Problems") was used as the selection code criterion which incorporates 165 principal diagnoses related to the spine.

In summary, statistical analyses were conducted for all workers' compensation patients who met the criteria of specified date of accident and DRG code. Costs of all services and procedures, including hospitalization costs for compensable injury patients, were retrieved and classified by three service provider types: chiropractic doctors, medical doctors, and osteopathic doctors. The only major costs not included in the analyses were those for drugs prescribed by the physician. The Division of Workers' Compensation does not collect information on the costs of prescriptions for noncompensable injury patients, who make up approximately 76% of all claimants. However, a future report will include a more in-depth analysis of all medical costs, including the costs of prescribed drugs for compensable injury patients. Costs of all other procedures subsumed under the five major CPT categories ("Medicine"; "Anesthesia"; "Surgery"; "Radiology, Nuclear Medicine, and Diagnostic Ultrasound"; and "Pathology and Laboratory") are included in this report.

RESULTS

A total of 347,936 total workers' compensation cases were reported in the period 07/01/85 - 06/30/86. Of these, 60,935 were medical back cases, which accounted for 17.5% of the total workers' compensation cases. The frequency of back injury-related workers' compensation cases in Florida is similar to that

found in other recent studies.⁹ The Quebec Task Force on Spinal Disorders found in a validation study on a representative sample of compensated claims in the Quebec Workers' Compensation Board database that the frequency of spinal disorders may be significantly underestimated. It is clear that medical back cases generally account for a substantial percentage of workers' compensation claims.

To obtain an interpretable comparison of the relative cost of treatment by type of service provider, only patients who had seen one of the three types of service providers were selected for analysis. Patients who were treated by more than one type of doctor were excluded from the analyses, resulting in study groups of 52,091 (patients requiring surgery included) and 50,396 (patients requiring surgery excluded). All tables and figures referenced in this section are contained in Appendix A of the report.

The first set of analyses were conducted on the claimant group which included patients who required surgery. The second set of analyses excludes patients who underwent surgery. In a recent study by Florida's Office of Medical Services for the fiscal year 1984-1985, surgery represented 6.2% of the number of medical procedures rendered by medical providers but accounted for 30.1% of total payments. Therefore, it is important to analyze the cost of treating medical back cases with and without surgery as a cost factor.

Table 1 presents a breakdown of the total number of patients with medical back diagnoses (N=52,091) who were treated by a medical, chiropractic, or osteopathic doctor; medical doctors treated 79.4% of the patients, chiropractors 17.9%, and osteopaths 2.7%.

Of the patients with back-related injuries, 17,198 or 33% had compensable injuries. In its most recent statistical report, the Division of Workers' Compensation reports that compensable injuries, across all types of injury and illness, account for approximately 24% of all workers' compensation injury reports. The higher frequency of compensable cases for back-related injuries suggests that back injury in the workplace is one of the more debilitating types of injury, increasing the likelihood that the injured worker in Florida will miss more than seven days of work.

The percentage of patients who incurred a compensable injury varied significantly by service provider: 36.1% (14,915 of 41,362) for medical doctors' patients; 26.2% (371 of 1,414) for osteopaths' patients; and 20.5% (1,912 of 9,315) for chiropractors' patients. Figure 1 graphically summarizes these differences. An interpretation of the finding that service providers are treating differing frequencies of compensable injury patients is offered later in the report.

The findings related to the frequency of hospitalized compensable injury patients were similar. Of the patients with

compensable injuries, 53.6% (9,226 of 17,198) were hospitalized. However, the rate of hospitalization varies significantly across the three doctor groups: 57.7% for medical doctors; 49.3% for osteopaths; and, 23.2% for chiropractors. Figure 2 portrays these differences.

Table 1 indicates that the relative percentages of patients with compensable injuries, and the percentages of these patients who were hospitalized for treatment, vary significantly by doctor group.

Table 2 presents information concerning the number of nonhospital services (procedures) and cost of services for all patients and by doctor group. The cost data represent payments by insurance carriers or the self-insured. Actual charges for services are not shown. However, the Division of Workers' Compensation provided these additional data: medical doctors charged a total of \$18,851,138 for all services and were paid a total of \$14,212,181, a payment rate of 75.4%; osteopaths charged a total of \$287,244 and were paid 76.7%, or \$220,350; chiropractors charged \$5,458,744 and received payment of \$4,531,868, or 83.0% of the total charges. This differential rate of payment for services across the three doctor groups suggests that chiropractors, compared to osteopaths and medical doctors, may more often charge fees that fall below the maximum amount allowed by insurance carriers and, therefore, receive, on the average, a larger percentage of the amount charged.

Table 2 indicates that chiropractors received the highest average (mean) payment per patient (\$486.51) compared to osteopaths (\$155.83) and medical doctors (\$343.60). However, chiropractors provided a much greater average number of services per patient (29) than osteopaths (8) or medical doctors (14). Furthermore, the average paid per service is lowest for chiropractors (\$16.31) compared to osteopaths (\$18.40) or medical doctors (\$23.87). These data suggest that chiropractors tend to provide a more intensive treatment plan to patients with back-related injuries at the outset of the injury. The typical chiropractic treatment regime is composed of more services, with a lower charge per service, compared to medical doctors or osteopaths. Chiropractors provide more than twice the number of services on the average than medical doctors (29 vs. 14) but at an average cost difference of only \$142.91 (\$486.51 vs. \$343.60). Chiropractors' patients, compared to those of medical doctors, received 107.1% more services at an additional total cost paid of only 41.6% more. The relative numbers of services rendered and the total costs paid are more similar between chiropractors and osteopaths, however, chiropractors again provide a slightly higher rate of services relative to costs paid.

Table 3 presents total hospital costs and average cost of hospitalization for patients initially treated by medical, chiropractic, and osteopathic doctors. These services include costs paid for surgical procedures. Two salient points can be made. First, a much lower percentage of patients treated by

chiropractors were hospitalized (444 of 9,315 or 4.8%) than osteopaths (183 of 1,414 or 12.9%) or medical doctors (8,599 of 41,362 or 20.9%). Second, the average cost per patient hospitalized varies significantly by provider type. The average cost of hospital services for patients of medical doctors (\$3,640) was 142.2% greater than that for patients of chiropractors (\$1,503). The average cost of hospitalization for patients of osteopaths (\$1,973) was 31.3% greater than that for patients of chiropractors. Figure 3 summarizes the average cost of nonhospital and hospital services for patients treated by each doctor group.

Table 4 presents an estimate of the total costs of services, for both nonhospital and hospital services, for patients treated by medical doctors, chiropractors, and osteopaths, as well as the average cost of all services per patient. These data were obtained by adding the cost of both types of services across the 52,091 medical back patients and across the patients treated by each doctor group. Of the \$51,296,238 paid for all services, patients of medical doctors accounted for 88.7% or \$45,515,306 at an average cost per patient of \$1,100.41. Chiropractors' patients accounted for 10.1% or \$5,199,505 at an average cost per patient of \$558.19; and, osteopaths' patients 1.1% or \$581,426 at an average cost per patient of \$411.19.

These aggregated data reflect two important points. First, patients treated by medical doctors accounted for a higher

percentage of the total cost of care (88.7%) than their numbers represent among all patients with a medical back diagnosis (79.4% or 41,362 of 52,091). For osteopaths these percentages are more in line: 1.1% of the total cost of care vs. 2.7% of the patients. On the other hand, chiropractors' patients accounted for only 10.1% of the total cost of care, yet chiropractors treated 17.9% of all medical back patients. Figure 4 graphically summarizes this relationship between the percentages of patients served and the costs of all services.

Secondly, when both nonhospital and hospital care payments are combined, the average cost of all services per patient is 97.1% higher for patients of medical doctors compared to patients of chiropractors and 167.6% when compared to patients of osteopaths. On the other hand, the average cost of all services for patients of chiropractors is only 35.7% higher than that of osteopaths. It should again be noted that chiropractors provide more than three times the number of nonhospital services to their patients than do osteopaths.

Tables 5-8 present complementary data for all medical back patients excluding those who required surgery. The total number of patients in this claimant group is 50,396.

It is apparent from these tables that the differences in rates of compensable injury and hospitalization, and costs of both nonhospital and hospital services, among the three doctor

groups, are quite similar to the data presented in Tables 1-4. For example, as shown in Table 5 patients of chiropractic doctors again reflect the lowest rate of compensable injury and the lowest relative frequency of being hospitalized. Patients of medical doctors reflect the highest percentages.

Table 6 presents information concerning the costs of nonhospital services. Excluding patients requiring surgery, the average paid per patient to medical doctors is somewhat lower compared to chiropractors (\$276.58 vs. \$485.79). However, chiropractors provided more than twice the number of services than medical doctors at a lower average cost per service (\$16.30 vs. \$20.46). A similar difference in the relative number of services per patient, the average cost per patient, and the average cost per service exists between chiropractors and osteopaths.

The data contained in Table 7 show the total numbers of patients hospitalized, total hospital costs, and the average cost of hospital services per patient. Two points are important, particularly since patients requiring surgery have been excluded from the analysis. First, patients of medical doctors are more likely to be hospitalized (7,758 of 39,703 or 19.5%) than are patients of osteopaths (179 of 1,395 or 12.8%) and patients of chiropractors (444 of 9,298 or 4.8%). These relative differences are quite similar to those shown in Table 3. Second, the average cost of hospital services for patients of chiropractors (\$1,503)

is significantly lower than that for medical doctors (\$2,751) and osteopaths (\$1,952). In summary, with the exclusion of patients who required surgery, patients treated by chiropractors again display the lowest rate of hospitalization and the lowest cost of hospitalization among the three groups.

Finally, Table 8 presents the calculated total costs of all services and average cost of services per patient for each of the three doctor groups. Even with the costs of surgical procedures eliminated from the analysis, the average cost of all services per patient remains highest for patients treated by medical doctors (\$814.28), 46.0% higher when compared to chiropractors (\$557.59) and 103.9% higher when compared to osteopaths (\$399.25).

Patients of medical doctors account for a higher percentage of the total cost of care (84.9%) compared to their numbers among all medical back patients (78.8%); osteopaths' patients account for a percentage of the total cost of care (1.5%) more in line with their numbers (2.8%). The patients of chiropractors account for a significantly lower percentage of the total cost of care (13.6%) than their numbers represent in the total group of patients with back-related injuries (18.4%).

CONCLUSIONS

The analyses summarized in this report raise several important issues regarding the relative cost of care for back-related injuries found in workers' compensation claims. However, some consideration must first be given to the inherent limitations of the type of analytical approach used in this report.

A comprehensive and unequivocal analysis of the cost-effectiveness of chiropractic vs. medical care for work-related injury should control for the type and severity of injury under consideration. An evaluation of the type of treatment which is most therapeutically and economically effective must ensure that patients with similar disorders and symptomatology are compared. The present report does not purport to be able to do this. It is anticipated that the follow-up to this report, which will examine the levels disability for claimants who incurred compensable injuries, will improve on the methodology. The total cost of care and time lost from work will be more completely examined for patients treated by chiropractic, medical, and osteopathic doctors. Additionally, it is hoped that these retrospective analytical reports issued by FCER motivate researchers to conduct better controlled, prospective analyses of well defined and complete workers' compensation databases. Society must know which health-care approaches minimize the human and economic cost of work injury, particularly for back-related disorders.

Nonetheless, the central findings of the present report do support several tentative conclusions which suggest reasonable hypotheses for future research. These findings are based on the analyses of a complete year's compensation claims in a state that has developed a fairly accurate and standardized system for managing claims.

The following findings and related conclusions warrant attention:

1. Patients treated by chiropractors, compared to those treated by osteopaths or medical doctors, showed the lowest rate of incurring a compensable injury. Whether patients with injuries more disabling are less likely to consult a chiropractor cannot be answered from the reported analyses. However, Phillips has recently shown that the severity of back disorders is not significantly different between general patient populations seen by chiropractors and orthopedists.¹⁰ A reasonable conclusion, which should be subjected to future study, is that chiropractic treatment, in providing more services to the patient at the outset of injury, may produce more immediate therapeutic results. These results may reduce the amount of time lost from work. The greater number of procedures used by chiropractors, relative to osteopaths and medical doctors, is consistent with the general chiropractic health-care philosophy that treatment can be not only curative or palliative but preventive.

2. Of the patients who incurred compensable injuries, those treated by chiropractors were less likely to be hospitalized for treatment. This finding held for claimant groups that did and did not include patients who underwent surgery. A similar qualification to the interpretation of this finding must be raised: the present analyses cannot determine whether the compensable injury patients treated by chiropractors experienced less severe back injuries than those treated by osteopaths or medical doctors. However, the decision to admit a patient to a hospital, particularly for the large number of patients in the present study who did not require surgery (N=8,381), may indicate as much about the philosophy of health care and preferred treatment procedures as the actual severity of injury to the patient.

This last point is supported by the finding that the comparative frequency with which patients of medical doctors and osteopaths were hospitalized did not differ that much between the claimant group including surgery (medical doctors, 57.7%; osteopaths, 49.3%) and the group excluding surgery (medical doctors, 56.0%; osteopaths, 48.9%).

Considering the general cost of hospitalization, further study must be made of the reasons for differential rates of hospitalization across health-care provider groups for the same type of injury. It might be noted that for the claimant group which excluded surgery patients, patients of chiropractors who were hospitalized incurred average hospital costs that were 29.9%

less than those of osteopaths' patients and 83.0% less than those of medical doctors' patients. This finding suggests that chiropractic care may reduce the costliness of hospitalization for patients whose back injuries result in eventual hospitalization. Chiropractic care may be particularly effective in minimizing the cost of extended care. Further analyses of Florida's workers' compensation claims, and future studies of other states' databases, should attempt to confirm this most important hypothesis.

3. Finally, and most importantly, considering the average number of services (procedures) and the average cost per service, chiropractic care for back injury represents a relatively cost-effective approach to the management of work-related injuries. Although the average payment per patient for nonhospital services was highest for chiropractors, several additional factors must be considered. As noted earlier in the report, chiropractors received the highest rate of payment by insurance carriers for their charges. This may suggest that chiropractors' fees are more in line with payment schedules established by the health insurance industry. Also, the costs of nonhospital services did not include the charges incurred by patients for prescription drugs, a factor that would significantly increase the estimated cost of care provided by medical and osteopathic doctors.

A criticism of chiropractors is that they may indulge in an over-utilization of diagnostic and treatment procedures in order

to increase their total charge per patient. However, as suggested earlier, the greater number of services provided by chiropractors may ultimately result in less overall cost to the health-care system by reducing the frequency of disabling back injuries and the necessity for more expensive hospital treatment. Compared to osteopaths and medical doctors, chiropractors' patients account for proportionately less of the total medical care payments to treat back injury than their percentage in the entire population of patients (see Figure 4). Rather than indulging in over-utilization, chiropractors may be employing a reasonably cost-effective treatment approach when consideration is given to the long-term costs of a prolonged, disabling back injury.

The present report supports the general conclusion that chiropractic doctors, in comparison to medical and osteopathic doctors, offer an acceptable cost-effective treatment approach for work-related back injuries. The hypotheses extracted from the present findings, if supported in future workers' compensation studies, would demonstrate that chiropractic care may be the most effective health-care system for minimizing the personal, social, and economic costs of back injury in the workplace.

A later report, to be issued by FCER, will examine in more detail the total costs of medical care and compensation benefits for the compensable patients included in these first analyses.

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The issues regarding the effectiveness of chiropractic care for back-related injuries will be addressed in this future study.

APPENDIX A

DATA ANALYSIS TABLES AND FIGURES

Table 1. Medical Back Patients, Compensable Patients, and Hospitalized Compensable Patients, Including Patients Requiring Surgery, by Service Provider

Total Patients with Medical Back Diagnoses:	Total Patients with Compensable Injuries:	Total Hospitalized Compensable Patients:
52,091	17,198(33.0%)	9,226(53.6%)
Medical Doctors	41,362(79.4%)	8,599(57.7%)
Chiropractic Doctors	9,315(17.9%)	444(23.2%)
Osteopathic Doctors	1,414 (2.7%)	183(49.3%)

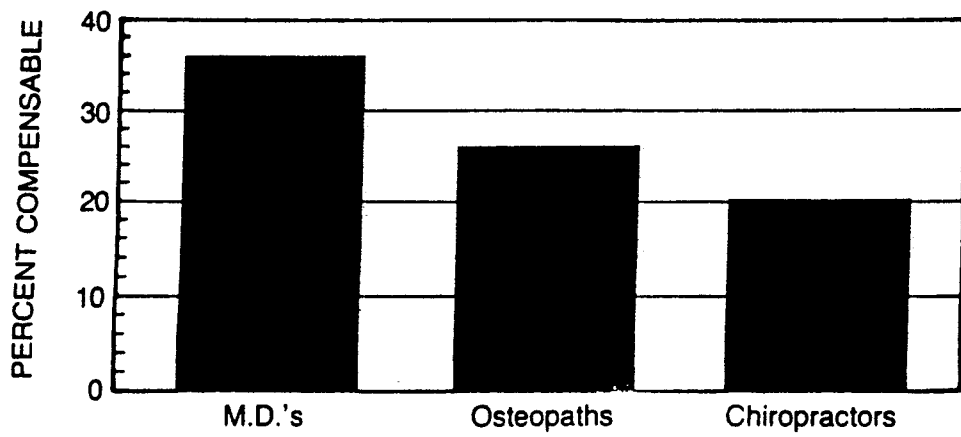


Fig 1. Percentage of compensable injury patients for each doctor group.

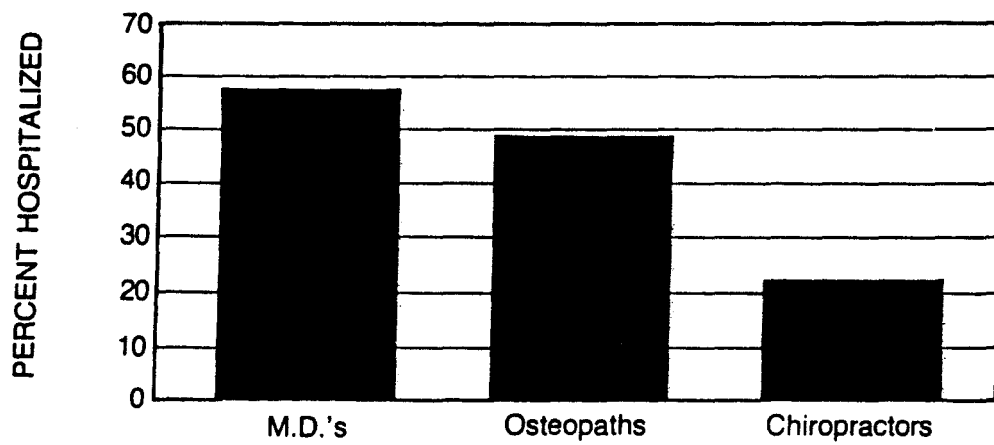


Fig 2. Percentage of hospitalized compensable injury patients for each doctor group.

Table 2. Physician Services for Patients with Medical Back Diagnoses - Nonhospital Services

	Total Patients	Total Physicians	Total Services	Avg. Services Per Patient	Total Paid	Avg. Paid Per Patient	Avg. Paid Per Service
All Services	52,091	9,702	885,177	17	\$18,964,400	\$364.06	\$21.42
Services from Medical Doctors	41,362	7,455	595,301	14	\$14,212,181	\$343.60	\$23.87
Services from Chiropractic Doctors	9,315	1,855	277,901	29	\$ 4,531,868	\$486.51	\$16.31
Services from Osteopathic Doctors	1,414	392	11,975	8	\$ 220,350	\$155.83	\$18.40

Table 3. Physician Services for Patients with Medical Back Diagnoses - Hospital Services*

	Total Patients	Total Hospital Costs	Avg. Cost Per Patient
All Services	9,926	\$32,331,838	\$3,504
Services from Medical Doctors	8,599	\$31,303,125	\$3,640
Services from Chiropractic Doctors	444	\$ 667,637	\$1,503
Services from Osteopathic Doctors	183	\$ 361,076	\$1,973

* Hospital services include the costs for surgical procedures.

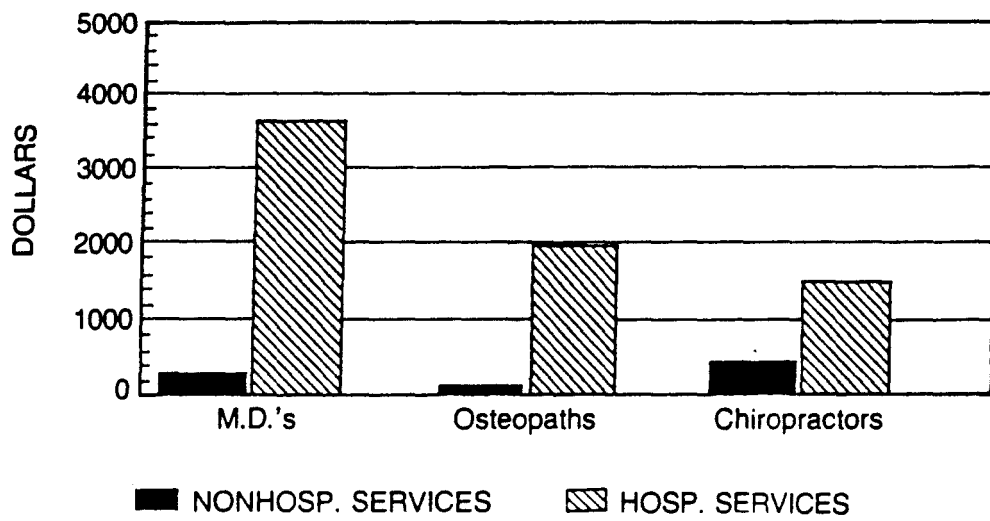


Fig 3. Average (mean) cost of nonhospital and hospital services per patient for each doctor group.

Table 4. Physician Services for Patients with Medical Back Diagnoses - All Services

	Total Patients	Total Costs For Services	Avg. Cost Of Services Per Patient
All Services	52,091	\$51,296,238	\$ 984.74
Services from Medical Doctors	41,362	\$45,515,306	\$1,100.41
Services from Chiropractic Doctors	9,315	\$ 5,199,505	\$ 558.19
Services from Osteopathic Doctors	1,414	\$ 581,426	\$ 411.19

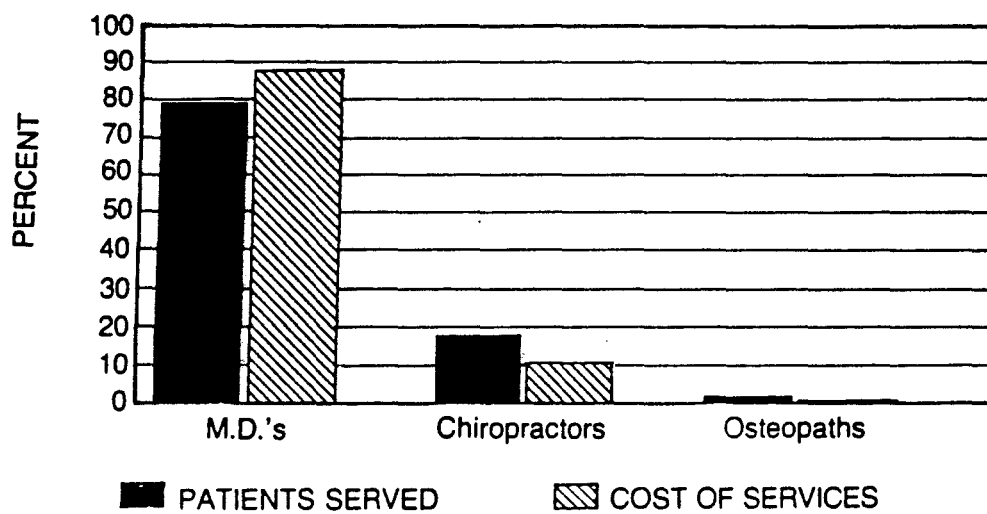


Fig 4. Comparison of patients served to cost of services for each doctor group.

Table 5. Medical Back Patients, Compensable Patients, and Hospitalized Compensable Patients,
Excluding Patients Requiring Surgery, by Service Provider

Total Patients with Medical Back Diagnoses:	Total Patients with Compensable Injuries:	Total Compensable Patients Requiring Hospitalization:
50,396	16,127 (32.0%)	8,381 (52.0%)
Medical Doctors	39,703 (78.8%)	13,851 (34.9%)
Chiropractic Doctors	9,298 (18.4%)	1,910 (20.5%)
Osteopathic Doctors	1,395 (2.8%)	366 (26.2%)
		7,758 (56.0%)
		444 (23.2%)
		179 (48.9%)

Table 6. Physician Services for Patients with Medical Back Diagnoses - Nonhospital Services

	Total Patients	Total Physicians	Total Services	Avg. Services Per Patient	Total Paid	Avg. Paid Per Patient	Avg. Paid Per Service
All Services	50,396	9,245	825,081	16	\$15,705,594	\$311.64	\$19.04
Services from Medical Doctors	39,703	7,008	536,628	13	\$10,981,181	\$276.58	\$20.46
Services from Chiropractic Doctors	9,298	1,854	277,076	29	\$ 4,516,873	\$485.79	\$16.30
Services from Osteopathic Doctors	1,395	383	11,377	8	\$ 207,538	\$148.77	\$18.24

Table 7. Physician Services for Patients with Medical Back Diagnoses - Hospital Services*

	Total Patients	Total Hospital Costs	Avg. Cost Per Patient
All Services	8,381	\$22,365,290	\$2,668
Services from Medical Doctors	7,758	\$21,348,235	\$2,751
Services from Chiropractic Doctors	444	\$ 667,637	\$1,503
Services from Osteopathic Doctors	179	\$ 349,418	\$1,952

* Hospital services exclude the costs for surgical procedures.

Table 8. Physician Services for Patients with Medical Back Diagnoses - All Services

	Total Patients	Total Costs for Services	Avg. Cost Of Services Per Patient
All Services	50,396	\$38,070,884	\$775.43
Services from Medical Doctors	39,703	\$32,329,416	\$814.28
Services from Chiropractic Doctors	9,298	\$ 5,184,510	\$557.59
Services from Osteopathic Doctors	1,395	\$ 556,956	\$399.25

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