

CALIFORNIA ADVOCATES, INC.



CONFIDENTIAL

September 13, 2011

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, California 95814

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**SUBJECT: AB 584 (FONG)—WORKERS' COMPENSATION:
UTILIZATION REVIEW: UNNECESSARY BOTTLENECK:
REQUEST FOR VETO**

Dear Governor Brown:

*Robert G. Walters
of Counsel*

The California Association of Joint Powers Authorities (CAJPA) respectfully requests a **VETO** of **AB 584 (Fong)**, which is currently upon your desk awaiting action, which creates a logjam of utilization review (UR) requests and increases the UR costs for both insured and self-insured employers.

AB 584 requires any physician who modifies, delays, or denies a request for treatment in a workers' compensation claim to be licensed in the State of California. CAJPA believes **AB 584** adds an unnecessary bottleneck to the UR process that sole intent is to benefit California medical providers at the expense of injured workers. No evidence has been provided by **AB 584** proponents demonstrating that a problem actually exists. Nor has any evidence been provided to show **AB 584** would improve care to injured workers in the future.

California workers' compensation law already contains strict requirements for physicians who make utilization review decisions. Labor Code §4610 sets forth very specific requirements for the utilization review process and the physicians who make decisions in that process. Additionally, the Division of Workers' Compensation has promulgated strict regulations that allow for significant penalties when the rules of utilization review are not followed. Current statute and regulations provide more than adequate assurances that physicians who make utilization review decisions are qualified to do so.

AB 584 seeks to add to current requirements that the physician performing UR services must also be licensed in California. CAJPA believes that this requirement is entirely unrelated to the effective execution of the duties entrusted to a utilization review physician. Utilization review is the only tool available to employers to hold physicians to evidence based medical treatment standards.

All decisions made by utilization review physicians are required to be based on the medical treatment utilization schedule that has been adopted by the Administrative Director for the Division of Workers' Compensation. This schedule incorporates evidence-based, peer-reviewed and **NATIONALLY RECOGNIZED** standards of care (Labor Code §5307.27). As a result, there should be no scenario in which a California licensed physician is better qualified to make a UR decision than a physician located in another state. The only difference is geography.

In fact, CAJPA believes that adding a requirement that physicians be licensed in California will create an unnecessary and avoidable bottleneck in the UR process. **AB 584** provisions limit the universe of doctors available to perform utilization review services—subsequently creating a

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logjam of cases waiting to be reviewed. The ultimate goal of UR should be to provide timely and appropriate medical treatment to injured workers. Significantly limiting the number of qualified physicians available to perform UR is contrary to this goal.

Last of all, CAJPA believes that the cost of utilization review services will increase because the demand for those services would increase relative to the number of providers who are legally able to perform them.

CAJPA is an organization of joint powers authorities established by a broad range of local government entities, including cities, counties, school districts, and other special districts. Many of these local government employers use the joint powers mechanism to manage their workers compensation, liability, property and other insurance and loss control-related obligations. The joint powers arrangement enables local government entities to band together to create sufficient economies of scale to effectively “self-insure” for these obligations. The benefits to local governments include better local control over their risk exposures, and efficiencies that enable a greater portion of local government dollars to be devoted to other important local programs.

For these reasons, CAJPA respectfully urges a **VETO** of **AB 584 (Fong)** when it comes before you for action.

Sincerely,



Julianne Broyles
On Behalf of California Association of Joint Powers Authorities