



Medical Payments in the Oregon Workers' Compensation System, First Quarter 2004

The estimated medical payments for treating injured workers during the first calendar quarter of 2004 totaled \$66,215,300. This figure represents a 12 percent increase from the estimated \$59,090,500 in total medical payments reported during the first calendar quarter of 2002.¹

Medical payments by provider type

A breakdown of medical payments by provider type is shown in Figure 1.

Table 1 shows the distribution of medical payments and the percentage of medical payments for 19 types of medical providers during the first quarter of 2004. Medical doctor services represented 32.3 percent of total medical payments, followed by hospital outpatient services at 23

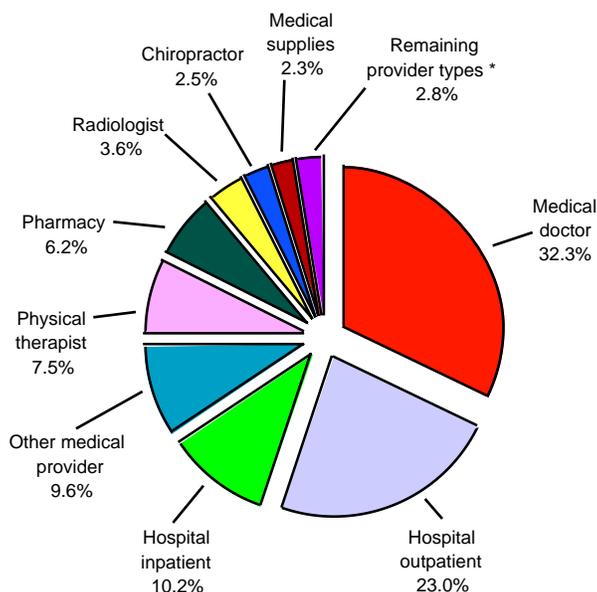
percent, and hospital inpatient services at 10.2 percent. "Other medical providers" ranked fourth (9.6%), representing nearly \$6.4 million in payments. Payments not readily classified under standard provider types are reported as "other medical providers." Substantial payments made to "other medical providers" were for insurer medical exams, home health care, ambulance services, and nursing-home care. The four provider types with the most medical payments, medical doctor, inpatient, outpatient, and "other medical provider," continue to account for over 75 percent of total medical payments to providers.

Table 1. Workers' compensation medical payments by provider type, first quarter 2004

Provider type	First quarter, 2004	
	Total payments	Pct. of total payments
Medical doctor	\$21,379,800	32.3%
Hospital outpatient	\$15,241,700	23.0%
Hospital inpatient	\$6,762,300	10.2%
Other medical provider	\$6,378,000	9.6%
Physical therapist	\$4,935,200	7.5%
Pharmacy	\$4,106,900	6.2%
Radiologist	\$2,355,700	3.6%
Chiropractor	\$1,672,300	2.5%
Medical supplies	\$1,524,400	2.3%
Osteopath	\$713,700	1.1%
Occupational therapist	\$546,900	0.8%
Dentist	\$182,800	0.3%
Physician assistant	\$143,300	0.2%
Laboratory	\$75,200	0.1%
Registered nurse practitioner	\$72,100	0.1%
Podiatrist	\$56,000	0.1%
Optometrist	\$50,900	0.1%
Acupuncturist	\$11,300	0.0%
Naturopath	\$6,800	0.0%
Total	\$66,215,300	100.0%

Note: Payment amounts are rounded to the nearest hundred; figures and percents may not add to totals, due to rounding.

Figure 1. Workers' compensation medical payments by provider type, first quarter 2004



*Includes osteopath, occupational therapist, dentist, physician assistant, laboratory, registered nurse practitioner, podiatrist, optometrist, acupuncturist, and naturopath.

Note: Percents may not total 100 percent, due to rounding.

¹See *Medical Payments in the Oregon Workers' Compensation System, First Quarter, 2002*, Department of Consumer & Business Services (October 2004)

Considerable portions of medical payments went to physical therapists and pharmacies. Physical therapists received 7.5 percent of the total payments, while payments to pharmacies accounted for 6.2 percent. Radiologists received 3.6 percent of total payments for MRI, CT, and X-ray services. Chiropractors received 2.5 percent of payments for providing chiropractic manipulative treatments and other therapeutic services. Payments for medical supplies represented 2.3 percent.

Methodology

Under Bulletin 220 (Oregon Administrative Rule 436-009-0030(9)), many insurers are required to report medical billing data to the Workers' Compensation Division. Prior to 2001, analysis of this data was difficult due to data inconsistencies. In 2001, the Department of Consumer and Business Services' Information Management Division developed a model for estimating total medical payments based upon reported insurer medical billing data. Extensive review of this data and application of this model have allowed for a more detailed study of Oregon's workers' compensation medical payments.

To develop an accurate estimate of total payments for medical services provided to injured workers, insurer medical billing data was reviewed. Insurers whose distribution of payments significantly deviated from the norm were removed from the analysis.

Insurers report medical billing data utilizing standard coding systems such as Current Procedural Terminology®

(CPT) codes, International Classification of Diseases (ICD-9-CM) codes, and National Uniform Billing Committee (NUBC) hospital revenue codes. Insurers that submitted unknown billing codes were asked to describe their unique codes. Procedure code data was reviewed and edited until at least 95 percent of the payments for each provider type had matching descriptions. Data describing paid losses for prior years was obtained from the National Council on Compensation Insurance, and the historical relationship between insurer medical billing data and total medical paid losses was analyzed. The analysis showed that reported payments represent about 80 percent of the total medical paid losses. Total medical payments for January-March 2004 were estimated by dividing total reported medical payments during this period by .80.

IMD analysts selected a subset of insurer medical billing data that showed evidence of a consistent distribution of payments as well as a substantial correlation between payments and services. This subset was used to estimate the distribution of services within each provider type shown in Table 1.

The "medical cost model" developed as a result of this research has resulted in a more thorough understanding of medical services provided to Oregon's injured workers. This model allows for detailed analysis of the distribution of payments among medical provider types. This analysis, the third in a series of reports that describe medical payments in Oregon's workers' compensation system, has the potential for being used for longitudinal analyses.

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