ODG Guidelines & Formulary

State Adoption FAQs

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Regulator & Stakeholder FAQ's:

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What is ODG?

ODG is the most widely used (and most widely adopted) workers' compensation medical treatment, return-to-work (RTW), and drug formulary guideline in the world. ODG is accessible online with a subscription, and fully automatable using national and international medical coding.

ODG leverages a world-renown ongoing and systematic medical literature review, evidence-based medicine (EBM) editorial process, and innovative claims data analytics to deliver medical necessity and RTW guidelines with automation tools. Established in 1995, ODG is comprehensive, multidisciplinary, and evidence-based. ODG is published by MCG Health, the worldwide leader in evidence-based medical guidance, and is part of part of Hearst Corporation's Hearst Health Network.

Who is MCG Health?

MCG is the leading commercial publisher of evidence-based guidelines in the United States, used by both payers and providers across benefit plans, including workers' comp and general health. MCG helps healthcare organizations improve the effectiveness of case and claims management functions while supporting their efforts to optimize medical outcomes in healthcare systems.

Today, MCG guidelines drive effective care for more than 70% of commercially insured Americans, resulting in better outcomes and cost savings. Eight of the ten largest U.S. health plans, nine of the 10 largest workers' comp insurers, and more than 1,600 hospitals use MCG's clinical guideline solutions. Today, MCG informed care strategies affect over 208 million covered lives. Together with sister companies FDB (First Databank), Zynx Health, Homecare Homebase, MedHOK and ODG, medical guidance from the Hearst Health Network reaches 84% of discharged patients in the U.S., more than 177 million per year, 60 million home health visits, and 3.1 billion prescriptions.

What is the purpose of adopting ODG?

The purpose of adopting ODG as a provider, insurance carrier or regulatory body is to set health policy in workers' comp using evidence-based medicine to safeguard access to quality care while limiting excessive or inappropriate utilization of medical services, creating clarity for medical clinicians.

Why is this necessary?

Workers' comp is the only area of medicine where health encounters are not reasonably well scripted by health policy guidelines. General health insurance plans each have set health policy statements (i.e. treatment guidelines), and formularies. These guidelines manage the amount and conditions under which care is provided. Care is also limited by cost-sharing (deductibles, copays and coinsurance). Workers' compensation systems are unique in that insurers cannot set their own health policy, and patients shoulder no portion of the cost. Because of the "grand bargain", employers are

required to pay for 100% of all reasonable and necessary medical care. Traditionally, doctors were left to determine medical necessity, but with a fee-for-service medical model, they are financially incentivized only to perform and bill for reimbursement codes, preferably higher margin codes. Without policy limits, workers' comp attracts those who are most aggressive. This drives up costs to employers and is dangerous to injured workers (unnecessary surgery, i.e. spinal fusion, failed back syndrome, permanent disability, opioid overuse/abuse/addiction/overdose). Further, many good doctors are less likely to take workers' comp patients, where such excesses cause overinvestment in utilization review (UR) by payers, which can make it difficult to get approval for genuinely needed medical care.

Why ODG?

ODG is comprehensive, multidisciplinary, well-balanced, evidence-based, and updated on an ongoing basis. Most importantly, ODG is proven to deliver the best results in the industry.

ODG customers and partners benefit from several unique characteristics of ODG:

Evidence-based and data-driven, not consensus-based: The most thoroughly reviewed and consistently updated clinical evidence in the industry, our team of physicians, nurses, methodologists, clinical editors and external reviewers develop guidelines in strict accordance with the principles of evidence-based medicine. ODG claims analytics leverage the largest lost-time database on the planet.

The ODG Editorial Board consists of about 100 different physicians of all medical specialties active in workers' comp, brought together for the advancement of evidence-based medicine. The ODG Methodology is transparent, and ranked among the best in the world by Rand Corp, and others.

Track record, not theory: The ODG guidelines are by far the most widely used in the industry, with more successful adoptions/mandates than any other guideline by several multiples.

Success stories from ODG implementations are many (http://www.worklossdata.com/odg-in-the-news.html) including access to care up 42%, average and median disability duration down more than 30%, medical and drug costs down 30%, N (non-preferred) drugs down 81%, high MED claimants reduced 97%, and workers' comp premiums cut in half. Independent studies on ODG by the leading research organizations in workers' comp have supported real-world statistics:

- The Workers' Compensation Research Institute (WCRI) published a study showing how states can reduce unnecessary pharmacy costs up to 29% with implementation of the ODG Formulary, with the largest benefits expected in states with the most opioid use: (https://www.wcrinet.org/reports/impact-of-a-texas-like-formulary-in-other-states)
- Johns Hopkins University Medical School in conjunction with Accident Fund Insurance Company conducted a study published in the May 2016 Journal of Occupational and

Environmental Medicine demonstrating that ODG compliance results in improved outcomes by 13-18% (shorter claim duration) and 38% lower costs: (http://riskandinsurance.com/study-supports-benefits-of-evidence-based-medicine/).

- The National Council on Compensation Insurance (NCCI) published findings showing states can reduce unnecessary pharmacy costs more than 10% with the ODG Formulary: (www.ncci.com/Articles/Documents/II_ResearchBrief_WC_Prescription_Drugs.pdf).
- The Workers' Compensation Research and Evaluation Group found that following adoption of the ODG Formulary, the number of N-drug prescriptions in Texas decreased by 80+ percent in all drug groups, while costs fell by 70+ percent in all drug groups. Prescriptions and costs of other drugs decreased by between 5 percent and 25 percent. (https://www.tdi.texas.gov/reports/wcreg/documents/formulary16.pdf). Average and median disability duration fell by more than 30%, with access to care up.

Optimize length of disability: Reduce length of disability by sharing best practice guidance with actionable tools to facilitate quality care quickly and timely return-to-work, identifying and addressing patterns of avoidable variances from optimal care pathways in each guideline.

Maximize return on claims management expenditures: Fast-track approval for care that works, and triage claims management interventions with auto-authorization and risk assessment using turnkey analytical models, including automation of guideline tools with comprehensive medical and drug coding.

Drive quality and efficiency: Measure return-to-work and medical performance against evidence-based guidelines and industry data to drive better outcomes for patients, providers, and business.

What states have done this already, and what are the results?

Ohio, North Dakota, Texas and Kansas were the first states to adopt ODG in 2003, 2005, 2007 and 2009, respectively. Each are now among the best performing workers' comp systems in the country in industry studies. The National Academy of Social Insurance ranks Texas #1, while the other widely followed study, the Workers' Comp Premium Rate Ranking published by the State of Oregon, puts North Dakota at #1. Texas, like the other big population centers New York, California and Illinois, was one of the worst systems until adopting ODG in May 2007. It is now one of the best. Below are the results-

- Workers' comp premiums are down 51%
- Average lost-time per claim is down 34%
- Median disability duration is down 30%
- RTW rates are up in all stages, acute, sub-acute AND chronic cases
- Average medical costs are down 30%
- N (non-preferred) pharmacy costs are down 81%
- Total pharmacy costs are down 30%

- High MED (daily morphine equivalent dose) cases have been reduced 97%
- Opioid costs down 18%
- Access to care is up 42%
- Medical denial rates have been cut in half, as providers are encouraged to practice EBM

North Dakota, unlike Texas, had one of the best performing workers' comp systems in the country when the state adopted ODG in 2005, and workers' comp premiums subsequently dropped another 40%, with $52M in premium returned to North Dakota employers.

Following ODG adoption in Ohio, average medical cost per claim was reduced by 60% and average lost time per claim was reduced 66% (123 days to 42 days). Treatment delay was reduced 77%. ODG approval by healthcare providers in Ohio was measured at 84% (4.18 out of five).

More US states have recently adopted ODG, including Oklahoma, New Mexico, Arizona, and Tennessee, along with several Canadian Provinces and major clients in the Australian states.

Since the ODG guideline and formulary reforms in Oklahoma in 2011, cumulative loss-cost rates have dropped 44%. Following the evidence-based guideline reforms adopting the ODG guidelines and formulary in Tennessee, average claim duration is down 70%, from 177 to 53 days.

Who benefits the most?

ODG is successful only by improving healthcare outcomes in workers' comp, thus generally all stakeholders benefit except those that profit from excessive treatment, unnecessary utilization review, inflated medical device or opioid sales, or permanent disability settlements.

Those who benefit most are (1) injured workers', authorized to receive quality medical care quickly while shielded from unwarranted, often dangerous medical procedures and/or opioid/drug therapy, and (2) employers and job seekers, that will benefit from lower workers' comp premiums. The ultimate measure of post-injury success in workers' comp is disability duration. Average disability duration in ODG states is down more than 30%, and RTW rates are up across the board.

Medical providers benefit from reduced uncertainty and timely approval and payment for services, if they practice evidence-based medicine. Medical denial rates in ODG states have been cut in half since adoption of the guidelines, and access to care is up, with more providers participating.

The publisher of ODG, MCG Health, generally sees a modest increase in sales from subscriptions to the ODG guidelines, though summaries are made available for free to health care providers, and most insurance and utilization review companies already subscribe to ODG. MCG Health is only successful if

ODG adoption improves workers' comp health and RTW outcomes, with cost-savings as a byproduct. The publisher's interest is well aligned with injured workers, employers, and policymakers.

What is the cost?

Passing legislation (or a regulatory rule) adopting ODG at the state level costs nothing. There is also no cost borne by the government or stakeholders, unless they voluntarily choose to subscribe to the ODG guidelines online because they determine the guidelines deliver enough value to their practice to justify the cost. ODG also provides a free PDF version of the ODG Formulary, with monthly updates, for posting by the state regulatory authority, and providers may simply prefer to use free summaries of the ODG guidelines and formulary made available there. During the monthly update process, ODG codes all medications released by manufacturers by National Drug Code (NDEC) into the ODG formulary database, which contains over 45,000 unique formulations.

For those that do wish to subscribe, the cost is $200-$599 for an annual subscription, depending on total quantity of users. This subscription fee supports ongoing research and product development, plus training, support, and administration. Use of the ODG Helpdesk is complimentary.

Where will likely opposition come from?

Initially, it may come from (1) medical associations, (2) labor and (3) claimant's attorneys, but medical providers and labor are easily won over with review of ODG, and education on track record in improving healthcare outcomes. They may suggest that adoption of treatment guidelines will cause an exodus of providers from the workers' comp system. This is not accurate. Access to medical care in ODG states improves dramatically; billing data shows 42% more doctors taking workers' comp patients. Doctors everywhere operate under treatment guidelines and formularies in group, government and individual health plans the form of policy statements from health insurers. Treatment guidelines and formularies reduce uncertainty, facilitate prior authorization and improve certification rates.

Too often guidelines are painted as tools to limit care. Once they have a chance to review ODG, they are more receptive because they see it as comprehensive, evidence-based and well balanced. Some doctors, however, may prefer no guidelines, or the illusion of guidelines created by advancing those without meaningful restrictions. There is a powerful contingent of spinal implant surgeons that oppose treatment guidelines in workers' comp, where approximately 30% of these procedures (spinal fusions, artificial disc replacements) are paid for, even though workers' comp represents just 1.5% of total medical costs. Outcomes from these procedures in patients that are not carefully selected are very poor, which is why these procedures are so limited in general healthcare policy statements.

Labor representatives can also be won over, once they see the favorable health and quality of life outcomes in ODG states, particularly a reduction in the abuse and dangerous prescribing of opioid

medications, and the reductions in average disability duration. Some labor reps, like many claimant's attorneys, feel they serve their clients best interest by maximizing permanent disability settlements. These groups may never be reached, because the objective of ODG is to help injured workers get better and return to the activities of daily living without permanent disability or impairment (ODG is not an impairment guide, however, so will not impact ratings for permanent disability cases).

Are there alternative guidelines in workers' comp to ODG?

Reed Group's ACOEM Guidelines

The Reed Group ACOEM Guidelines are less widely used, but have been mandated in California, and in part in New York, and Montana. These are among the costliest workers' compensation systems in the country, with poor health and RTW outcomes.

The Reed Guidelines are specialty guidelines of the American College of Occupational & Environmental Medicine. They are written by occupational doctors for occupational doctors, and are therefore limited in scope, promoting occupational medicine, not other specialties like orthopedic surgery, physical medicine, chiropractic, acupuncture, etc. The main objective of medical specialties is to promote the interest of their membership. They are neither comprehensive nor multidisciplinary, as is necessary in workers' comp, where many different specialties treat injured workers. The March 2011 Institute of Medicine (IOM) publication Clinical Practice Guidelines We Can Trust raises very serious concerns regarding the use of specialty guidelines like the Reed Guidelines-

- *"The authors concluded that despite evidence of moderate progress, the quality of practice guidelines developed by specialty societies remained unsatisfactory (Grilli et al., 2000)" (pg. 64).*

- *"The authors concluded that differences in group composition may lead to contrasting recommendations; more specifically, members of a clinical specialty are more likely to promote interventions in which their specialty plays a part" (pg. 84).*

Specialty guidelines are generally written by volunteer panels, and thus not generally comprehensive, up-to-date, nor do they have application and automation tools. The result has been significant delays, disputes, denials and friction in the delivery of multidisciplinary medical care.

The California Division of Workers' Comp (DWC) has been using the Reed Guidelines since 2003, and remains the highest cost workers' comp system in the country (OR Premium Rankings 2014-2016), with poor health and RTW outcomes, and considerable friction. They also found the new Reed Group Formulary was unworkable from a regulatory standpoint (Rand report page 31: "While the Reed Group markets its final product as a drug formulary, it is not a formulary in the traditional sense. A traditional formulary is a list of covered drugs with rules on how the drugs may be accessed and under which conditions"). Thus, DWC had to attempt to rework the Reed Formulary to drop the diagnosis and phase-

of-care requirements, putting it into a binary format more consistent with the ODG Formulary, but lacking the linkage into the treatment guidelines, where ODG includes patient selection criteria including appropriate diagnosis, duration, dose and/or contraindications. DWC has also not been successful in meeting the legislative deadline, having postponed implementation by another six months.

State-Specific Guidelines

Some states try to write their own guidelines, typically by asking a panel of in-state treating doctors to do so. Device manufacturers advocate this approach because they can stack the panels with "friendly" providers. This is akin to asking NASCAR drivers to set the speed limits. It codifies excessive treatment into the regulatory framework and renders UR mechanisms impotent. This approach is not evidence-based, which requires a comprehensive review of the literature and transparent, reproducible evidence-weighting process. It is a consensus-based process, without proven success.

Rather than starting from scratch, these volunteer panels will generally borrow from other state guidelines in the public domain – typically seeking the least restrictive guidelines they can find – most notably the Colorado Guidelines. Colorado, however, is unlike most state workers' comp systems. As an employer-choice of physician state, excessive utilization of medical services is not a problem, and thus the state's guidelines do not have meaningful limits (nor do they use medical coding or have automation and application tools). When applied in other states like has been done in Delaware or Louisiana, the results have not been good. Oklahoma was the first state to do this, adopting the Colorado Guidelines in 2005. The state quickly dropped from the 15th to the 4th most expensive state in the country, until replacing the Colorado Guidelines with ODG and the ODG Formulary in 2011. Since moving to ODG, workers' comp premiums have come down 44%, with improved RTW outcomes.

Is ODG included in the National Guideline Clearinghouse (NGC)?

ODG submitted and was accepted for inclusion in NGC for more than a decade, including a full two years following the change in inclusion criteria in June 2014. The Agency of Healthcare Research & Quality, which runs NGC, has been under tremendous budgetary pressures. As demands on NGC grew, the ODG guideline summaries were not kept current by NGC contractors responsible for posting updates following our submission. This was a problem for states that have mandated ODG, all of which require use of "the current version". Meanwhile, the ODG summaries posted on NGC fell several years behind, which meant that providers accessing the ODG guidelines on NGC were not only using incomplete summaries, but were also unknowingly noncompliant with statutory mandates. While ODG meets the NGC Criteria today, we have made a strategic decision to withdraw from NGC as of June 2016 (http://www.worklossdata.com/wldi-chooses-to-withdraw-odg-from-ngc.html).

This is consistent with all the leading commercial publishers. Most of the 1,674 guidelines in NGC today are published by academic institutions and medical specialty societies which are funded by

tuitions, grants, and membership dues. NGC is a free Web-based resource that exposes clinical guideline recommendations, compromising intellectual property and hurting subscription rates for commercial vendors, which rely on sales of guidelines to develop and publish them. Further, NGC uses internal resources and outside contractors to write summaries of the publisher's clinical guidelines, thus changing the way the publisher's content is displayed and delivered. This is not in the interest of the vendor, to cede editorial control and risk misrepresentation. Since our NGC withdrawal two years ago, the primary marketing strategy by Reed Group has been to attempt to link NGC with trustworthiness. However, it must be emphasized that most of the Reed Group guidelines are also not included in NGC, including the Medical Disability Advisor (MDA), the backbone of Reed's MDGuidelines product, and 18 of 20 chapters in the ACOEM Practice Guidelines (APG). Only two chapters in the ACOEM Practice Guidelines are listed as "in process" for inclusion in NGC.

NGC is a nice resource for combing the viewpoints of medical specialty societies. It is not intended to be an indicator of trustworthy clinical practice guidelines, nor does it claim such. There are 1,674 clinical practice guidelines in NGC; some of them are of at least moderate quality, many are not. None have implemented multi-state workers' comp drug formularies.

Why aren't there other multidisciplinary workers' comp guidelines?

ODG has done well keeping costs/prices down by focusing on the workers' compensation niche. The big guideline publishers in general healthcare all exited the workers' comp market years ago, because it is relatively small and could not command the license fees supported in group health.

Can we speak to references in ODG states?

Absolutely. Please contact ODG via 800-488-5548, 760-753-9992, or ODG@worklossdata.com, to be put in touch with stakeholders and clients in ODG states.

Where can we learn more?

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