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New Study Finds Wide Variation in Utilization of Key Medical Services in Auto Injury Claims

MALVERN, PA— According to new research from the Insurance Research Council (IRC), the medical care and treatment an individual injured in an automobile accident receives may depend in large part on the state in which the accident occurred. Even when controlling for the type of injury involved, and when examining relatively common injuries where the proper course of treatment is well-established, IRC found substantial differences across states in the use of key diagnostic procedures and treatment services. These findings raise important questions about the appropriateness of the medical treatment received by many auto injury claimants in some states. They also point to opportunities for reducing the cost of auto injury claims by introducing effective controls on the use of key diagnostic procedures and treatment services in states where utilization may be well above the norm.

The IRC study, *Interstate Differences in Medical Utilization in Auto Injury Claims*, examined utilization rates for two key diagnostic procedures, MRIs and CT scans, and two key types of treating providers, chiropractors and physical therapists. Only claimants whose most serious reported injury was a strain or sprain of the back or neck were included in the study. With all examples, utilization rates varied significantly. For example, 40 percent or more of all personal injury protection (PIP) claimants studied in three states (Florida, New Jersey and New York) received at least one MRI, while less than 10 percent of PIP claimants with similar injuries in three other states (Kansas, Massachusetts and Utah) received an MRI. Similar differences were documented for the use of CT scans and for treatment provided by chiropractors and physical therapists.

“With MRIs costing well over \$1,000 apiece, states with high utilization rates should be considering methods used in other health insurance systems to control utilization, improve the quality of care, and reduce auto claim costs,” said Elizabeth Sprinkel, senior vice president of the IRC. “Unless aggressive steps are taken to control utilization, the situation is likely get worse as cost control efforts mount throughout the healthcare system and medical providers look to the smaller players in the system, such as property-casualty insurers, to help offset reduced revenues from bigger public and private health insurance programs.”

IRC examined several examples of high utilization in different states to illustrate the potential cost savings from controlling utilization. One example involved chiropractor treatment in bodily injury (BI) liability claims in California. The overall chiropractor utilization rate for BI claims closed in 2012 in California was more than 80 percent higher than Wisconsin's utilization rate, which was the median rate for all states with an auto injury system based on tort liability. IRC estimates that payments in California to chiropractors treating claimants, where a back or neck sprain or strain was the most serious reported injury, would have been \$82 million less in 2012 than what they actually were if the state's utilization rate had been the same as Wisconsin's.

The IRC study was based on an analysis of more than 30,000 claims closed with payment countrywide in 2012. For more detailed information on the study's methodology and findings, please contact David Corum, at (484) 831-9046, or by e-mail at irc@TheInstitutes.org. Copies of the study are available for \$300 for an electronic version, or \$400 for a printed copy. Visit IRC's website at www.insurance-research.org for more information.

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