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## Impairment ratings drive billions of dollars in the work comp system

All licensed, medical doctors offer the same types of services, right? After all, they are all practicing MD's. And though a doctor's knowledge may differ from one area of practice to another, does the level of expertise affect worker's compensation? This question might be something you want to ponder. A recent [Impairment Resources](#) study shows the **expertise** of a health care professional can **determine** the accuracy of a work comp [Permanent Partial Impairment \(PPI\) rating](#). Doctor's calculate PPI based on the degree of an injury (with so many dollars per degree awarded to the injured worker). Essentially, these ratings equal out to an employer's costs.

[Impairment Resources](#), a California-based company specializing in impairment ratings, conducted a study in 2010 and found that American Medical Association (AMA) Guide experts discovered errors in **78 percent** of the sample impairment ratings. These errors produced rating averages that were twice what is appropriate. The study occurred in eight states with 6,200 non-random, PPI ratings, during a five-year period.

The study concluded, "Of the 5,082 Fifth Edition PPI ratings sampled, the average rating was 18.3 percent, and the revised rating averaged 8.3 percent." The original health care providers miscalculated drastically and cost employers additional money. This shows employers the importance of researching the rating physician on their expertise of AMA guidelines.

The study also found the following:

- Non-AMA approaches produced greater inaccuracies
- Bias, confusion and misapplication of the guides often increase inaccurate ratings
- The Sixth Edition is the best choice for rating. Both error rate and magnitudes of error may decrease with the Sixth Edition (according to the researchers).

AMA Guide experts reviewed the samples using the AMA Guide to the Evaluation of Permanent Impairment Fifth Edition. Impairment Resources stated that work comp systems nationwide use the AMA Guide most often to determine ratings, however states can choose to use the fourth, fifth or sixth edition, or not use any and follow their own specific guidelines. Using varying guides can produce substantial differences in PPI ratings.

Indiana uses AMA guidelines, as stated in the [Guide to Indiana Workers Compensation](#), "Physicians use the AMA Guide to the Evaluation of Permanent Impairment in evaluating the employee's impairment rating." It is recommended that Indiana employers review their health care professional's procedures for PPI ratings to judge accuracy.

Indiana, along with 14 other states, currently uses the Sixth Edition. Illinois uses state specific guides and schedules for certain cases, with no reference in statues or regulations to the AMA Guide, according to Impairment Resources. This may mean more savings for Indiana employers compared to Illinois. This is good, considering the [Indiana Worker's Compensation Board](#) reported in 2007, that 17,724 agreements to

compensation were reported and of those 7,864 were PPI agreements. Nearly half of all work comp agreements are PPIs, thus showing the importance of monitoring these work comp cases.

Indiana employers becoming proactive in PPI cases review physician credentials, define standards and supply relevant records to improve impairment ratings. Always choose physicians that are knowledgeable about AMA Guides and have a record of unbiased ratings. If in doubt about a rating, complete an [independent medical examination](#) (IME). An IME is a second opinion from a physician agreed upon preferably by both the employer and employee. The IME should reveal whether the employee is at maximum medical improvement (MMI) and whether the employee can return to any sort of work.

#### *References*

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