Workers' Comp

Functional Restoration Programs: What the Latest CWCI Study Reveals, and Why Oversight Matters

October 2, 2025
3 MIN READ
Author profile image

Susan Doering

Senior Director, Clinical Operations

The California Workers' Compensation Institute (CWCI) recently released a study examining the use of functional restoration programs (FRPs) across more than 635 indemnity claims. The results highlight both the potential and pitfalls of these intensive programs, and why utilization review (UR) plays such a critical role in ensuring they deliver value.

The Problem

FRPs are designed to help injured employees with chronic pain, delayed recovery despite exhausting multiple conservative care efforts, regain function and/or return to work. In practice, however, they are often delivered inconsistently, started too late, or approved for patients who may not fully meet guideline criteria. This creates higher costs, longer claim durations and questions about effectiveness. For payers, the takeaway is clear: FRPs can support recovery, but without strong oversight, they frequently become a source of cost escalation rather than a path to better outcomes.

Key Findings from the CWCI Study

- **Higher costs and longer durations**: FRP claims averaged more than $234,000, nearly 60% higher than comparable non-FRP claims. They also had longer temporary disability durations and overall claim life spans.
- **Guideline misalignment**: Although FRPs are intended for chronic pain cases, fewer than half of the FRP claims studied had documented chronic pain diagnoses.
- **Delays and inefficiencies**: On average, FRPs were not initiated until 792 days after the first medical service, following nearly 40 conventional physical medicine visits.
- **High denial rates**: UR reviewers denied or modified FRP requests at a rate of over 30%, compared to less than 8% for other services.

- **Billing practices driving cost increases**: A third of procedure codes used for FRP services were not listed in the Official Medical Fee Schedule, with these unlisted codes accounting for 84.3% of total FRP treatment costs. These bundled FRP services commanded significantly higher payments than conventional services, averaging $1,751 per code or an estimated $350 per hour of treatment.

The Importance of Clinical Oversight in Utilization Review Programs

Across the industry, payers are concerned about broad approvals of costly programs such as FRPs, inpatient rehab, and home health when guideline intent is not closely applied. This underscores the importance of a clinically backed UR program that emphasizes guideline alignment and clinical oversight to ensure that services are appropriate, defensible, and more likely to deliver measurable value. It is also essential to partner with a UR program vendor that maintains current knowledge of guideline developments and possesses the clinical expertise to interpret them effectively. This includes the recent CA MTUS updates to the Chronic Pain chapter addressing Tertiary Pain Programs (also known as Functional Restoration Programs), which took effect June 1, 2025. A knowledgeable UR partner ensures treatment decisions reflect the latest evidence-based standards while navigating the nuanced clinical criteria for these specialized rehabilitation programs.

The Bigger Picture

Functional restoration programs remain an important option for select injured employees, particularly those with chronic pain and psychosocial barriers to recovery. But as CWCI's study makes clear, you cannot assume that every FRP request is appropriate. Strong clinical review, adherence to evidence-based guidelines, and early intervention are essential to ensure these programs are used for the right patient, at the right time, and for the right duration.

For payers, the path forward is clear. FRPs can support recovery and return to work when applied correctly. Without careful oversight, however, they risk driving up costs and delaying outcomes. The difference lies in how you and your UR partner manage approvals and ensure alignment with clinical guidelines.

FRP Costs Climbing? Take Control Now ?



©2022 Enlyte Group, LLC.

mitchell | genex | coventry