



Workers' Compensation Medical Fee Schedule Recommendations

August 16, 2019

Medical Services Review Committee

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August 16, 2019

To: Dr. Tamika L. Ledbetter,
Commissioner, Department of Labor and Workforce Development

The Medical Services Review Committee (MSRC) is pleased to present the following report outlining workers' compensation medical fee schedule recommendations. The Committee is an advisory body established by the Alaska Legislature in 2005 to assist and advise the Department of Labor and Workforce Development and the Alaska Workers' Compensation Board (Board) in matters involving the appropriateness, necessity, and cost of medical and related services provided under the Alaska Workers' Compensation Act.

In this report, the committee presents its recommendations for your review. It is the committee's belief that these recommendations will maintain employee access to medical care while improving medical cost stability and predictability to the employers who are required by law to pay for workers' compensation medical benefits.

Sincerely,

A handwritten signature in blue ink, appearing to read "Grey Mitchell".

Grey Mitchell
Chair, Medical Services Review Committee
Director, Division of Workers' Compensation

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ACKNOWLEDGEMENTS

As Chair of the Medical Services Review Committee (MSRC), I would like to acknowledge the tremendous amount of time the committee members have dedicated to this task. In 2019, the MSRC held three meetings: June 21, 2019; July 26, 2019; and August 9, 2019. As full-time professionals, the time these committee members took away from their practices and professions is deeply appreciated.

At these meetings, the MSRC analyzed data, reviewed reports, listened to testimony, and learned the complex rules of medical billing and payment formulas. All of these meetings were open to the public, and public comment was taken at each meeting. Stakeholders were encouraged to provide insights and comments throughout the meeting process. The agenda and minutes of those meetings are posted online at <http://labor.alaska.gov/wc/med-serv-comm.htm>.

Carla Gee with Optum, provided valuable input and subject matter expertise to assist the committee's work.

EXECUTIVE SUMMARY

PURPOSE OF THIS REPORT

The purpose of this report is to convey the recommendations of the MSRC for the 2020 Workers' Compensation Medical Fee Schedule.

AS 23.30.095(j) establishes that the MSRC will "assist and advise the department and the board in matters involving the appropriateness, necessity, and cost of medical and related services provided under this chapter."

BACKGROUND

The MSRC is composed of

- one member who is a member of the Alaska State Medical Association;
- one member who is a member of the Alaska Chiropractic Society;
- one member who is a member of the Alaska State Hospital and Nursing Home Association;
- one member who is a health care provider, as defined in AS 09.55.560;
- four public members who are not within the definition of "health care provider" in AS 09.55.560; and
- one member who is the designee of the commissioner and who shall serve as chair.

The members are appointed by the Commissioner of Labor and Workforce Development. No terms for the members are set out in statute or regulation - they serve at the will of the Commissioner.

Seat	Last Name	First Name	Affiliation
Chairperson	Mitchell	Grey	Director, Division of Workers' Compensation
Alaska State Medical Association	Hall, MD	Robert J.	Orthopedic Physicians Anchorage, Inc.
Alaska Chiropractic Society	Kanady, DC	Timothy	Kanady Chiropractic Center, Inc.
Alaska State Hospital & Nursing Home Association	House	Jennifer	Foundation Health
Medical Care Provider	Foland, MD	Mary Ann	Primary Care Associates
Lay Member	Steed	Misty	PACBLU
Lay Member	Scott	Pam	Alaska Timber Insurance Exchange
Lay Member	Beltrami	Vince	AFL-CIO
Lay Member	Kosinski	Susan	ARECA Insurance Exchange

RECOMMENDATIONS OF THE MSRC

Alaska Workers' Compensation Medical Fee Schedule Guidelines

The committee finds that incorporating its recommendations into guidelines would best serve the public. The committee's full recommendations may be found in the attached Alaska Medical Fee Schedule Guidelines (Guidelines). For convenience, significant new recommendations are set forth below.

Medical Fee Schedule

The committee considered the following current medical fee schedule conversion factors/multipliers:

1. Evaluation & Management \$80.00
2. Medicine \$80.00
3. Surgery \$165.00
4. Radiology \$196.00
5. Pathology and Laboratory \$135.00
6. Anesthesiology \$121.82
7. Medicare Part B Drugs 3.375
8. Clinical Lab 6.33
9. Durable Medical Equipment 1.84
10. Ambulatory Surgical Centers \$221.79
11. Outpatient Hospital \$221.79
12. Inpatient Hospitals
 - a. Providence Alaska Medical Center 2.38
 - b. Mat-Su Regional Medical Center 1.84
 - c. Bartlett Regional Hospital 1.79
 - d. Fairbanks Memorial Hospital 1.48
 - e. Alaska Regional Hospital 2.32
 - f. Yukon Kuskokwim Delta Regional Hospital 2.63
 - g. Central Peninsula General Hospital 1.38
 - h. Alaska Native Medical Center 2.53
 - i. Other 2.02

The MSRC recommends the following conversion factor/multiplier changes rounded to the nearest dollar:

1. Surgery \$132.00 (20% reduction)
2. Radiology \$141.00 (28% reduction)
3. Pathology and Laboratory \$122.00 (10% reduction)
4. Anesthesiology \$110.00 (10% reduction)
5. Ambulatory Surgery Center \$177.00 (20% reduction)
6. Clinical Lab 4.43 (30% reduction)

Hearing Aids

The MSRC recommends the dispensing of hearing aids be reported with the appropriate HCPCS Level II codes and a copy of the invoice. It also recommends the MAR be the lower of billed charges or manufacturer's invoice for the hearing aids and parts plus 30 percent which includes charges for fitting and dispensing the hearing aids under Health Care Procedure Code System

(HCPCS) codes V5011 and V5160. In addition, the committee recommends establishing maximum reimbursement levels based on values established by Optum using “gap-fill” relative values for audiology and hearing services and products to avoid cost shifting in the following CPT® and HCPCS codes: 92591, 92593, 92594, 92595, , V5014, and V5020 ,^[cg1].

Clinical Diagnostic Laboratory

The MSRC recommends laboratory services not found in the *Resource-Based Relative Value Scale* (RBRVS) but found in the Centers for Medicare and Medicaid Services (CMS) Clinical Diagnostic Laboratory Fee Schedule (CLAB) file use a multiplier of 4.43 (20% reduction) for the values in the payment rate column in effect at the time of treatment or service. For example, if CPT code 81001 has a payment rate of \$3.92 in the CLAB file, this is multiplied by 4.43 for a MAR of \$17.37. The committee recommended a very significant reduction, as this multiplier is currently set at 6.33 or 633% of Medicare, which is a significant premium over the reimbursement limits in a significant majority of other states, and it has not been subjected to reduction in the previous fee schedules adopted under 8 AAC 45.083.

Treatments outside Scope of Practice

The MSRC recommends prohibiting reimbursement for treatments performed outside the medical provider’s scope of practice as determined by law and the applicable regulatory board for a licensed medical provider.

Experimental Treatments

The MSRC recommends limiting reimbursement for medications, treatments, and experimental procedures that are not consistent with the approval of the U.S. Food and Drug Administration and clarifying documentation necessary to demonstrate the quality and medical necessity of the service.

Ambulatory Surgical Centers

Ambulatory Surgical Centers are currently reimbursed at the same conversion factor (\$221.79) as outpatient hospital reimbursements using the payment determination, packaging, and discounting methodology established in the CMS Outpatient Prospective Payment System (OPPS) methodology. Based on data presented during the MSRC meetings, the current conversion factor for ASC’s is 477% of Medicare, while the same conversion factor for outpatient hospitals is 279% of Medicare. Based on this and comparisons with ASC reimbursement levels for the region and nation, which demonstrated that Alaska ASCs are being reimbursed at disproportionately higher rates, the committee recommended a 20% reduction to Alaska’s ASC conversion factor. Rounded to the nearest dollar, this recommendation results in a conversion factor of \$177.00.

Work Hardening and Functional Capacity Exam (physical therapy)

The functional capacity exam and work hardening services are designed to prepare an injured worker to return to work in the most effective way. Based on input from physical therapy provider stakeholders, the MSRC reviewed existing limits on work hardening and the functional capacity exam and recommends the following increases.

- Increase the functional capacity exam reimbursement limit from 8 units/day to 16 units/day.

- Increase the work hardening services reimbursement limit under CPT® code 97546 from two hours to six hours, while maintaining the reimbursement limit under CPT® code 97545 at two hours.

2020 Objectives

In 2020, the MSRC intends to continue analyzing all fee schedule categories, and make adjustments to move Alaska toward national and regional comparative reimbursement levels as a percentage of Medicare. The committee will take note of data that indicates Workers' Compensation Insurance claimants are having difficulties accessing medical services and take action to adjust reimbursement rates accordingly to ensure adequate access to medical providers. The committee plans to consider developing guidance for evidence-based treatment guidelines. This may include making recommendations for the adoption of evidence-based treatment guidelines to address particular areas of concern or for the adoption of a comprehensive treatment and utilization guideline. Significant changes to the Evaluation and Management category are expected from the Centers for Medicare and Medicaid Services in 2021 and the committee will need to address the adjustments.

The MSRC set the following meeting dates in 2020: May 20, June 19, July 10, and August 7. The committee proposed an August 28, 2020, meeting date for the joint meeting with the Workers' Compensation, subject to approval by the Board.