



**ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT**

Workers' Compensation Medical Services Review Committee

Medical Services Review Committee Members

Charles Collins, Chair
Jeff Moore, MD
Mason McCloskey, DC
Mary Ann Foland, MD
Jeff Gilbert
Misty Steed
Pam Scott
Valerie Mittelstead
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THE STATE
of **ALASKA**

GOVERNOR MIKE DUNLEAVY

**Department of Labor and
Workforce Development**

Division of Workers' Compensation

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August 14, 2023

Alaska Workers' Compensation Board
P.O. Box 115512
Juneau, AK 99811-5512

Dear Alaska Workers' Compensation Board Members,

Thank you for your continued service to the great State of Alaska. The commitment of board member volunteers is an inspiration and provides a critical function to the citizens of the State of Alaska.

The report recommendations will maintain employee access to medical care provided through workers' compensation insurance, while improving workers' compensation medical cost stability and predictability to employers operating in Alaska. Thank you for taking up this important matter at your August 25, 2023, joint board meeting with the Medical Services Review Committee (MSRC).

As required by AS 23.30.097(r), I formally approve the conversion factor adjustment recommendations contained in the Medical Services Review Committee (MSRC) Report dated August 10, 2023.

Sincerely,

A handwritten signature in blue ink that reads "Catherine Muñoz".

Catherine Muñoz
Acting Commissioner Department of Labor and Workforce Development

cc: Charles Collins, Director Workers' Compensation

Schedule for 2023

Meeting dates for this year were May 31 at 1pm, June 16, at 9am, July 14 at 9am, and August 4 at 9am. The committee is invited to meet in-person on May 31 and August 4 at the Board room, suite 208 of the Eagle Street building. Address is Department of Labor and Workforce Development 3301 Eagle St., Anchorage, AK 99503. All meetings were also broadcast with Zoom and the June and July meetings. A quorum was present for all meetings. Public comment was taken at all meetings and recorded in the minutes.

A joint AWCB/MSRC meeting will be held in person on August 26th, 2023, in the same location. The committee recommendations will be presented at this meeting.

Medical Cost Information

The effects forecasted by National Council of Compensation Insurance, (NCCI), the state's actuary, were recently shared with the Division. These show a small increase in costs is forecasted for 2023, with an overall impact on workers' compensation system costs of +0.5%.

The impacts from the fee schedule changes in Alaska, effective January 29, 2023, are summarized below.

Type of Service	(A) Impact on Type of Service	(B) Share of Medical Costs	(C) = (A) x (B) Impact on Medical Costs
Physician	+0.2%	46.1%	+0.1%
Hospital Inpatient	+1.7%	10.7%	+0.2%
Hospital Outpatient	+0.5%	15.1%	+0.1%
ASC	+2.6%	10.7%	+0.3%
DMEPOS	+1.8%	6.4%	+0.1%
Combined Impact on Medical Costs (D) = Total of (C)			+0.8%
Medical Costs as a Share of Overall Costs (E)			66%
Combined Impact on Overall Costs (F) = (D) x (E)			+0.5%

Refer to the appendix for the weighted-average changes in MARs by physician practice category, the share of costs subject to the fee schedule by type of service, and the weighted-average change in MAR by type of service.

Comparing medical costs from Alaska with other states is a difficult maneuver. All states have different workers' compensation laws, medical fee schedules, and sometimes more direct state control of reimbursement amounts. For example, Washington is a monopolistic workers' compensation state, this allows for direct control by the state government on insurance coverage, benefit reimbursement, and medical provider referral.

The most common denominator to gauge progress of properly reimbursing for medical providers is to use Medicare as the base line and compare the difference between state fee schedule amounts to Medicare on an annual basis. Included are tables from a study by the Workers’ Compensation Research Institute charting costs in comparison to Medicare, in 2019 Alaska had an overall score of 179% above the Medicare fee schedule and the highest among the states with a fee schedule in the nation. In 2022, Alaska has reduced the overall score to 153%, but continues to lead the nation in relation to Medicare.

NCCI also charts workers’ compensation reimbursement to Medicare schedule reimbursement as shown here:

The chart below shows the average percentage of Medicare schedule reimbursement³ amounts for physician payments by category for Alaska, the region, and countrywide. Note that “all physician services” in Chart 5 below refers only to the categories listed in the chart, and the state comparison reflects Medicare’s geographic adjustments. In Alaska, 93% of “all physician services” payments are included in the chart below.

Chart 5
Physician Payments as a Percentage of Medicare

Physician Service Category	Alaska	Region	Countrywide
General and Physical Medicine	162%	139%	136%
Surgery	308%	207%	276%
Evaluation and Management	184%	146%	135%
Radiology	350%	197%	229%
Anesthesia	302%	261%	319%
All Physician Services	209%	156%	167%

Goals for 2024 Alaska Medical Fee Schedule

Continue the work with an overall goal of staying in the 10th to 12th range on the Oregon biannual workers’ compensation rating list. The MSRC believes this range when compared to other jurisdictions nationwide is an appropriate goal for the committee.

A more detailed look at the costs and reimbursement in the Ambulatory Surgery Center fees as compared to Hospital Outpatient. Medical services provided at both are very important and the MSRC is committed to understanding the proper reimbursement level. Currently some difference in the costs of like procedures have given rise to concern for employers and their insurance adjusters.

The MSRC will also carefully consider both treatment guidelines and drug formularies at next year’s meetings. As the continued concern over “continuing and multiple treatments of a similar nature” a consensus among the committee on the benefits an evidence-based guideline was discussed. The MSRC has asked to be updated on the

status of other jurisdictions who have moved to this process. Further work on the subject is proposed for the summer of 2023.

Should the schedule include a section on addiction preventive practice or counseling?

Top Usage Codes by Service

Top Evaluation and Management Codes 2021			
CPT	Transactions	Gross Total	Location of Performance
99213	6768	\$ 1,396,239.05	Established patient office or other outpatient visit, 20-29 minutes
99214	2431	\$ 663,011.80	Established patient office or other outpatient visit, 30-39 minutes
99456	340	\$ 565,898.14	Work related medical disability examination by other than treating physician, complex evaluation
99203	1844	\$ 513,129.87	New patient office or other outpatient visit, 30-44 minutes
99204	738	\$ 299,000.02	New patient office or other outpatient visit, 45-59 minutes
99284	356	\$ 156,341.51	Emergency room visit of moderate complexity with injury of high severity
99283	622	\$ 180,070.82	Emergency room visit of moderate complexity
99212	1338	\$ 174,596.36	Established patient office or other outpatient visit, 10-19 minutes
99202	408	\$ 74,415.42	New patient office or other outpatient visit, 15-29 minutes
99285	180	\$ 120,661.72	Emergency room visit of moderate complexity with injury of high severity and significant threat to life
99232	207	\$ 38,904.96	Subsequent hospital care, per day, for evaluation and management of patient

Top Anesthesia Codes by Usage 2021			
CPT Code	Payments	Transactions	Description
01630	\$ 139,488.79	121	Anesthesia for procedures on humeral head and neck
01400	\$ 92,999.73	121	Anesthesia for procedures on knee
01830	\$ 71,895.83	87	Anesthesia for procedures on wrist and hand joints
01810	\$ 54,003.12	79	Anesthesia for procedures on forearm, wrist, and hand
01480	\$ 55,831.60	63	Anesthesia for open procedures on bones of lower leg Area
00400	\$ 19,352.31	31	Anesthesia for Chest Area
00840	\$ 34,571.67	30	Anesthesia for lower Abdomen Area
00630	\$ 36,349.64	24	Anesthesia for Lumbar Area
01610	\$ 23,375.71	20	Anesthesia for procedures on shoulder
00670	\$ 48,576.40	18	Anesthesia for extensive spine procedures

Top 10 HCPCS BY Usage			
HCPCS Code	Total Transactions	Amount	Description
G0283	1347	\$ 53,341.18	Electrical Stimulation
S9122	621	\$ 235,259.27	Home Health Aide
E1399	596	\$ 311,691.46	DME Misc.
T1019	468	\$ 174,040.48	Personal Care Services
A0425	213	\$ 44,739.36	Ground Mileage
S9999	203	\$ 8,886.80	Sales Tax
C1713	167	\$ 328,322.81	Anchor screw for bone/bone
E0114	150	\$ 10,675.78	Crutches
L3908	143	\$ 13,649.72	Wrist-Hand Orthosis
A4556	136	\$ 79,750.33	Electrodes Per Pair

Top Radiology Codes Annual Expense			
Code	Cost	Description	Transactions
73721	\$ 261,324.49	MRI on lower extremity	324
73221	\$ 249,732.00	MRI, upper extremity joint	285
72148	\$ 128,493.10	MRI of spine	179
73222	\$ 125,758.60	MRI, shoulder and upper arm	99
72141	\$ 67,229.23	MRI of spine	86
73110	\$ 56,728.48	Radiography, forearm and hand	424
73610	\$ 53,908.61	Radiography, lower leg, foot, ankle	434
76942	\$ 51,808.30	Ultrasonic guidance for needle placement	302
73030	\$ 46,400.47	Radiography, shoulder and upper arm	396
73562	\$ 43,923.97	Radiography, lower leg, foot, ankle	325

Top Pathology and Laboratory Codes by Usage 2021			
CPT Code	Payments	Transactions	Description
87635	\$ 44,162.05	389	Test for severe acute respiratory syndrome, coronavirus disease, (COVID-19)
85025	\$ 12,919.74	249	Blood count complete (CBC)
80053	\$ 16,349.57	194	Comprehensive metabolic panel
80307	\$ 29,091.34	183	Drug test utilizing immunoassay chromatography
87389	\$ 13,031.07	140	Enzyme Immunoassay for HIV
86803	\$ 9,020.02	125	Test for Hepatitis C
87340	\$ 4,206.52	79	Enzyme Immunoassay for Hepatitis B
80048	\$ 4,356.76	73	Basic metabolic panel
85610	\$ 1,984.96	69	Coagulopathy Testing; Prothrombin time
80305	\$ 2,703.49	67	Drug test

Hospital Outpatient and Ambulatory Surgical Centers

Just a list of the top 10 most common procedures at each facility type for informational purposes.

Ambulatory Surgical Centers			
CPT Code	Payments	Transactions	Description
23430	\$ 342,687.95	32	Repair, Revision, and/or Reconstruction of shoulder
29881	\$ 174,681.39	32	Arthroscopy Knee Surgical with Meniscectomy (medial or lateral)
20680	\$ 120,392.11	29	Removal of implant hardware
29827	\$ 308,090.83	28	Arthroscopy Shoulder Surgical rotator cuff repair
64483	\$ 35,632.40	26	Injection, Diagnostic, or Therapeutic on Somatic Nerves (nerve block)
76942	\$ 4,099.56	22	Ultrasonic Guidance for needle placement
29880	\$ 72,822.35	16	Arthroscopy Knee Surgical with Meniscectomy (medial and lateral)
49650	\$ 144,540.10	16	Hernia Laparoscopic Procedure
64415	\$ 9,718.89	15	Injection, Diagnostic, or Therapeutic on Somatic Nerves (nerve block)
62323	\$ 17,059.54	15	Injection, Drainage, or Aspiration on the Spine or Spinal Cord

Hospital Outpatient			
CPT Codes	Payments	Transactions	Description
97110	\$ 345,658.65	1835	Therapeutic Procedure
97140	\$ 152,924.70	1055	Manual Therapy
99283	\$ 579,143.98	988	Emergency room visit of moderate complexity
G0463	\$ 102,457.86	464	Outpatient visit
99284	\$ 335,903.76	377	Emergency room visit of moderate complexity with injury of high severity
97530	\$ 48,772.41	287	Therapeutic Activities
97112	\$ 47,979.69	275	Neuromuscular reeducation of movement
99282	\$ 91,419.99	263	Emergency room visit of low level complexity
97018	\$ 11,913.02	219	Paraffin bath
36415	\$ 4,010.02	183	Blood collection from vein

These numbers were compiled in house and may differ slightly from data parsed by Optum, for informational purposes only.

Synopsis of 2023 MSRC Work

No changes recommended for conversion factors for 2024. The Maximum Allowable Reimbursement, (MAR), language has no changes. A definition for Treatment Plans was inserted and an example of the Physician's Report including a treatment plan was placed in the appendix. Further guidance for Treatment Plans was inserted in the General Information and Guidelines chapter.

The Evaluation and Management section was updated for clarity and to match language used in the CPT manual. In the Surgery chapter a heading to separate the reimbursement procedure for Physician Assistants and Advanced Practice Registered Nurse was added.

The Medicine chapter also had the guidance for Treatment Plans inserted, and clarification on Chiropractic reimbursement under Alaska Administrative Code.

HCPCS II had verbiage changes to the Hearing Aids section. This new guidance is in response to confusion around what is reimbursable, to what level, and what is expected to be covered.

New examples were inserted throughout the document and all dates were corrected for the 2024 Medical Fee Schedule.

As Alaska has now improved on the Oregon biannual workers' compensation rating list, the MSRC carefully studied and applied Alaska data and concerns to the proposed changes in the Fee Schedule. Due to inflation concerns caution was used in considering conversion factors. Thus, no changes were implemented.

Proposed Meeting Dates for 2024

For the 2025 Medical Fee Schedule I propose a condensing the timeframe slightly, having our first meeting in Anchorage to look over and issues that have arisen, become updated on changes that may have occurred, and taking public comment. I would propose a June 7th in person meeting, with the next follow up by virtual means on June 28th. Then a virtual meeting to look at adjustments in the Fee Schedule on July 19th and our final edits and direction for the Optum team on August 9th. A joint meeting could then be held on August 30th for approval of the final product. The joint meeting date was held in abeyance for approval as it is the Friday before Labor Day weekend and concern was voiced on the timing.

Preview for 2024

Learn more on Evidence Based Medicine/Treatment Guidelines by asking for a demonstration from a provider. Director to try to arrange a hands-on demonstration. Comparison of the actual changes in cost for commonly performed diagnosis with the CMS RVU's changes included. Optum has already provided a few of these and will be working on providing this information for next year's committee meetings.