



Workers' Compensation Medical Fee Schedule Recommendations

July 27, 2018

Medical Services Review Committee

Marie Marx, Chair
Robert Hall, MD
Christopher Twiford, DC
Mary Ann Foland, MD
Jennifer House
Misty Steed
Pamla Scott
Vince Beltrami
Tammi Lindsey



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Labor and
Workforce Development**

Workers' Compensation Division

Post Office Box 115512
Juneau, Alaska 99811-5512
Main: 907.465.6060
Fax: 907.465.2797

July 27, 2018

To: Heidi Drygas, Commissioner of the 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 those benefits.

Sincerely,
Marie Y. Marx
Chair, Medical Services Review Committee
Director, Division of Workers' Compensation

Table of Contents

ACKNOWLEDGEMENTS	1
EXECUTIVE SUMMARY	2
PURPOSE OF THIS REPORT	2
BACKGROUND	2
RECOMMENDATIONS OF THE MSRC	3
Alaska Workers' Compensation Medical Fee Schedule Guidelines	3
Rounding Calculations	3
Physician Fee Schedule	3
Critical Access Hospitals	4
Hearing Aids	4
Pathology and Laboratory	4
Anesthesia Modifiers	4
Multiple Procedure Payment Reduction (MPPR)	4
2019 Objectives	4

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 2018, the MSRC held three meetings: June 15, 2018; July 13, 2018; and July 27, 2018. 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. The agenda and minutes of those meetings are posted online at <http://labor.alaska.gov/wc/med-serv-comm.htm>.

I would also like to acknowledge Eric Anderson and Carla Gee with Optum, whose input and subject matter expertise was invaluable to the committee's work.

EXECUTIVE SUMMARY

PURPOSE OF THIS REPORT

The purpose of this report is to convey the additional recommendations of the MSRC.

While HB316 only specifically tasked the committee with proposing conversion factors for physicians and facilities, the committee finds that it has subject matter expertise and statutory authority to make further fee schedule, billing, and payment recommendations that would be helpful and provide guidance to the Alaska Workers' Compensation Board in adopting regulations.

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	Marx	Marie	Director, Division of Workers' Compensation
Alaska State Medical Association	Hall, MD	Robert J.	Orthopedic Physicians Anchorage, Inc.
Alaska Chiropractic Society	Twiford, DC	Christopher	Arctic Chiropractic
Alaska State Hospital & Nursing Home Association	House	Jennifer	Foundation Health
Medical Care Provider	Foland, MD	Mary Ann	Primary Care Associates
Lay Member - Industry	Steed	Misty	PACBLU
Lay Member - Industry	Scott	Pam	Alaska Timber Insurance Exchange
Lay Member - Labor	Beltrami	Vince	AFL-CIO
Lay Member - Industry	Lindsey	Tammi	Industry

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.

Rounding Calculations

The MSRC recommends that when calculating maximum allowable reimbursement (MAR) under the Guidelines, the Alaska MAR payment is rounded to two decimals after the conversion factor (CF) is applied.

Physician Fee Example data for CPT code 10021 with the 2018 Alaska GPCI using the non-facility RVUs:

	RVUs	GPCI	Subtotal
Work RVU x Work GPCI	1.27	1.500	1.905
Practice Expense RVU x Practice Expense GPCI	2.03	1.117	2.26751
Malpractice RVU x Malpractice GPCI	0.17	0.708	0.12036
Total RVU			4.29287

Example calculation:

$$\begin{aligned} &1.27 \times 1.500 = 1.905 \\ &+ 2.03 \times 1.117 = 2.26751 \\ &+ 0.17 \times 0.708 = 0.12036 \\ &= 4.29287 \\ &4.29287 \times \$174.00 \text{ (CF)} = 746.95938 \\ &\text{Payment is rounded to } \$746.96 \end{aligned}$$

Physician Fee Schedule

The current physician fee schedule conversion factors are:

1. Evaluation & Management \$80.00
2. Medicine \$80.00
3. Surgery \$174.00
4. Radiology \$206.00
5. Pathology and Laboratory \$142.00
6. Anesthesiology \$121.82

The MSRC recommends the following conversion factor changes:

1. Surgery \$165.00
2. Radiology \$196.00
3. Pathology and Laboratory \$135.00

Critical Access Hospitals

Mt. Edgecumbe Hospital is now a critical access hospital. The MSRC recommends the Guidelines be updated to reflect this change.

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 invoice plus 30 percent.

Pathology and 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 6.33 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 6.33 for a MAR of \$24.81.

Anesthesia Modifiers

The MSRC recommends the Guidelines explicitly include all anesthesia “Q” modifier codes.

Multiple Procedure Payment Reduction (MPPR)

The MSRC recommends CMS MPPR guidelines be followed except where superseded by the Alaska Medical Fee Schedule Guidelines, such as for modifier 50 and 51.

2019 Objectives

In 2019, the committee intends to fully analyze all fee schedule categories, and make more progressive reductions.