



Workers' Compensation Medical Fee Schedule Recommendations

July 28, 2017

Medical Services Review Committee

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July 28, 2017

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

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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 2017, the MSRC held four meetings: June 23, 2017; July 7, 2017; July 21, 2017; and July 28, 2017. 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 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	Pfeifer, DC	William	Family Chiropractic Clinic
Alaska State Hospital & Nursing Home Association	Newcombe	William "Ross"	Providence Alaska Medical Center
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	Alaska National Insurance Co.

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. For convenience, significant new recommendations are set forth below.

Updated Versions of Reference Material

The MSRC recommends use of updated versions of material incorporated by reference as the updates become available and as permitted by Alaska law. The Director shall use discretion in publishing a notice to the public that a new version is in effect. If the Director determines the updated versions would significantly impact existing fee schedule costs, the Director will bring the issue to the committee so it may decide whether the updated version should be incorporated by reference.

Physician Fee Schedule

The current physician fee schedule conversion factors are:

1. Evaluation & Management \$80.00
2. Medicine \$80.00
3. Surgery \$205.00
4. Radiology \$257.00
5. Pathology and Laboratory \$142.00
6. Anesthesiology \$121.82

The MSRC recommends the following conversion factor changes:

1. Surgery \$174.00
2. Radiology \$206.00

Hospital Inpatient Fee Schedule

The current hospital inpatient fee schedule conversion factors are:

1. Providence Alaska Medical Center \$23,383.10
2. Mat-Su Regional Medical Center \$20,976.66
3. Bartlett Regional Hospital \$20,002.93
4. Fairbanks Memorial Hospital \$21,860.73
5. Alaska Regional Hospital \$21,095.72
6. Yukon Kuskokwim Delta Regional Hospital \$38,753.21
7. Central Peninsula General Hospital \$19,688.56
8. Alaska Native Medical Center \$31,042.20
9. Mt Edgecumbe Hospital \$26,854.53
10. All others, except as otherwise provided by Alaska law, 328.2% of the Centers for Medicare and Medicaid Services (CMS) hospital specific base rate.

The MSRC recommends reducing the specific inpatient hospital conversion factors by 10%. It also recommends changing the inpatient hospital maximum allowable reimbursement (MAR) methodology by converting the conversion factor number to a conversion factor percentage of the CMS PC Pricer Tool amount. The updated conversion factors are:

1. Providence Alaska Medical Center 238%
2. Mat-Su Regional Medical Center 184%

3. Bartlett Regional Hospital 179%
4. Fairbanks Memorial Hospital 148%
5. Alaska Regional Hospital 232%
6. Yukon Kuskokwim Delta Regional Hospital 263%
7. Central Peninsula General Hospital 138%
8. Alaska Native Medical Center 253%
9. Mt Edgecumbe Hospital 183%
10. The MSRC recommends the conversion factor for all others, except as otherwise provided by Alaska law, be 202% of the CMS PC Pricer Tool amount.
11. If the implant invoice is provided and the implant invoice cost is greater than \$25,000, implants receive a payment of the implant invoice cost exceeding the \$25,000 amount, plus 10% of the remaining cost. For example, an implant invoice cost of \$60,000 would receive an extra payment of \$38,500 ($\$60,000 - \$25,000 = \$35,000$. $\$35,000 \times 10\% = \$3,500$. $\$35,000 + \$3,500 = \$38,500$).

Ambulatory Surgical Centers

The MSRC recommends that ambulatory surgical centers be paid under the hospital outpatient fee schedule, including using the hospital outpatient conversion factor and hospital outpatient relative weights. Ambulatory Surgical Centers (ASC) payment determination, packaging, and discounting methodology shall also follow CMS Hospital Outpatient Prospective Payment System (OPPS) methodology.

Billing and Payment Rules

The MSRC recommends CMS guidelines applicable to status codes and status indicators be followed except where superseded by the Alaska Medical Fee Schedule Guidelines. For example, CMS status code N is not covered by Medicare, but the Alaska Medical Fee Schedule Guidelines provide the service may be a covered service.