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| <b>State of Alaska</b><br>Sarah Palin<br>Governor    | <b>Alaska Workers' Compensation Division</b><br>PO Box 115512<br>Juneau, Alaska 99811-5512 |   |                              |
| <b>Department of Labor and Workforce Development</b> | <b>BULLETIN</b>  | <b>Number</b><br><b>07-09</b>                         | <b>Date</b><br>July 11, 2007 |
| <b>Click Bishop</b><br><b>Commissioner</b>           | <b>SUBJECT</b>   | Fees for Medical Treatment or Service; Statute Change |                              |
|  | <b>REFERENCES</b>  | AS 23.30.097; 8 AAC 45.082                            |                              |

**Introduction:** On July 3, 2007 Governor Palin signed HB 228 into law. HB 228 extended the use of the Alaska Workers' Compensation Board's December 1, 2004 Medical Fee Schedule through March 30, 2009. How the December 1, 2004 Medical Fee Schedule is applied depends upon whether the treatment or services were provided before August 1, 2007. **NOTE:** As always, if the treatment/services are not covered by a code in the Medical Fee Schedule, then payment in the full amount billed must be made unless the payer has sufficient evidence that the billed amount exceeds the 90<sup>th</sup> percentile usual, customary, and reasonable fee. In that case the 90<sup>th</sup> percentile amount may be paid but the provider may challenge the payer's calculations at a Board hearing. 8 AAC 45.082(i); 2004 Medical Fee Schedule "Guidelines" at p.9, "Unlisted Services or Procedures."

**Summary of Changes:** For payment of treatment/services that are provided before August 1, 2007 the fee caps contained in the December 1, 2004 Medical Fee Schedule continue to apply without modification. For payment of treatment/services that are provided on or after August 1, 2007 the fee caps contained in the December 1, 2004 Medical Fee Schedule are only the base for calculating new maximum fee caps. In those cases, payments for any code contained in the 2004 Medical Fee Schedule are subject to a new, increased maximum fee cap that is calculated by multiplying the published 2004 cap amount by 1.08416. The result is a new, increased cap that consists of the original 2004 cap amount plus an adjustment equaling the 8.416% change (from the end of 2004 through the end of 2006) in the medical care component of the Consumer Price Index for all urban consumers compiled by the United States Department of Labor, Bureau of Labor Statistics.

**EXAMPLE:** A bill in the amount of \$75.00 is received for CPT Code 99211, "OFC/OUTPT VISIT E&M ESTAB NO PHYS PRES 5 MIN." That CPT Code is contained in the 2004 Medical Fee Schedule with a total fee of \$70.00. If the services were provided before August 1, 2007 then the original fee cap would apply without modification and only \$70.00 may be paid. If the services were provided on or after August 1, 2007 then the original 2004 fee cap must be multiplied by 1.08416 to calculate the new fee cap applicable to those treatment/services on or after August 1, 2007. The 2004 total fee of \$70.00 X 1.08416 = \$75.89. Since the new total fee exceeds the billed amount the full \$75.00 must be paid.

**Statute Change:** Effective August 1, 2007, AS 23.30.097 as amended provides that a fee or other charge for medical treatment or service "may not exceed the lowest of"

(1) the usual, customary, and reasonable fees for the treatment or service in the community in which it is rendered, for treatment or service

(A) provided before August 1, 2007, not to exceed the fees in the fee schedule dated December 1, 2004;

(B) provided on or after August 1, 2007, but before March 31, 2009, not to exceed the fees otherwise applicable in (A) of this paragraph, adjusted by (8.416%) the percentage change from 2004 to 2006 in the medical care component of the Consumer Price Index for all urban consumers, as compiled by the U.S. Department of Labor, Bureau of Labor Statistics;

(2) the fee or charge for the treatment or service when provided to the general public; or

(3) the fee or charge for the treatment or service negotiated by the provider and the employer under (Alaska Statute 23.30.097(c)).