

Workers' Compensation Board
Workgroup Meeting Minutes
July 26, 2013

Friday, July 26, 2013

I. Call to order

Director Monagle, acting as Chair of the Alaska Workers' Compensation Board, called the workgroup to order at 9:00 am on Friday, July 26, 2013, in Anchorage, Alaska.

II. Roll call

Director Monagle conducted a roll call. The following Board workgroup members were present: Linda Hutchings, David Kester, Rick Traini, Zeb Woodman

III. Agenda

Director Monagle stated the purpose of the workgroup meeting is to review comments received from the listening sessions held in June, and prepare a draft resolution for consideration by the full board at their September meeting. The workgroup will also be hearing from two producers of national evidence based treatment guidelines.

IV. Discussion

Medical Cost Containment.

- Discussion of January 2013 NCCI Medical Data Report.
- Discussion of June 2013 WCRI Fee Schedule Comparison between Workers' Compensation and Healthcare.
- Discussion of workers' compensation medical costs in Alaska compared to countrywide costs.
- Based on public comments received, there is general consensus that the current UCR fee schedule being used in Alaska is ineffective in containing medical costs. The workgroup identified revision of the medical fee schedule as the top priority for effective medical cost containment.
- The Workers' Compensation Board adopted a resolution in December 2012 calling for repeal and readoption of AS 23.30.097(a) to make all fees and charges for medical treatment subject to regulation by the Board.
- The workgroup discussed the following options:
 - Modify the existing UCR fee schedule methodology.
 - Adopt a fee schedule based on percentage of Medicare.
 - Adopt a fee schedule based on resource based relative value scale (RBRVS) fee schedule. (Recommended by the MSRC in 2009 and the Workers' Compensation Legislative Task Force in 2005/2006).
 - Adopt the Montana approach, which is to cap allowable fees at the average maximum allowable reimbursement (MAR) rates allowed by the top 3 healthcare insurers in the state.

After discussion, the workgroup reached consensus that the desired fee schedule approach would be to recommend adoption of a RBRVS based fee schedule.

The workgroup also discussed

- The recommendations of the Medical Services Review Committee and the role of the Medical Services Review Committee in developing regulations.
- The need for a Medical Director, whether by hire or contract, to assist the Division with medical fee schedule development, treatment guidelines, and medical dispute resolution. The workgroup did not reach a consensus and made no recommendation.
- Medical tourism and employer directed care, and how employers can take advantage of market forces to leverage the cost of medical treatment. There was a corollary discussion on whether there should be regulatory oversight of the IME process in the event that an injured worker disputes the findings of the directed care provider(s). The workgroup did not reach a consensus and made no recommendation.

Break 9:50 am – 10:00 am

The workgroup resumed with a discussion on prescription costs, which according to NCCI, accounts for 20% of total medical costs. The workgroup discussed the formulary for a pharmaceutical fee schedule, physician dispensing, and use of opioid narcotics. The workgroup reached consensus that it would recommend changes to include

- A prescription fee schedule based on manufacturers cost plus a markup and dispensing fee.
- Restrictions on pricing for physician dispensing, holding pricing to the same fee schedule as previously referenced.
- Restrictions on the use of opioid narcotics, adopting recommendations by the International Association of Industrial Accident Boards and Commissions (IAIABC).

The workgroup discussed the need for state specific reimbursement rates on certain medical procedures, notably the need for price controls on air ambulance services in Alaska. The workgroup agreed that these state specific codes should be included in recommended fee schedule methodology.

There was a discussion on the need for a modifier in the recommended fee schedule for reimbursement of medical treatment provided out-of-state, and the need for timelines and time bars for submitting medical bills and initiating medical billing dispute resolution. The workgroup agreed on making these recommended changes to the Board.

The workgroup began a discussion on reemployment benefits, but was tabled for the ODG presentation. For continuity, record of those comments have been incorporated into the summary below.

Presentation on *Official Disability Guidelines (ODG)* treatment guidelines by Phil LeFevre, Director of Business Development, Work Loss Data Institute, LLC.

Lunch Break 11:56 a.m.-1:35 p.m.

The workgroup discussed the findings and comments made concerning the reemployment benefits program. There was general consensus from the public that the program as current being administered is “broken”. The workgroup discussed the following items.

- Eliminate mandatory evaluations at 90 days.
- On a voluntary basis, provide an initial consultation with the employer and employee to determine the physical demands of the employer and the physical capacities of the employee to determine whether a stay-at-work (SAW)/return-to-work (RTW) plan can be implemented.
- Strengthen criteria for reemployment specialists, eliminating reemployment services by non-credentialed individuals and eliminate reemployment services being administered by firms not principally owned by credentialed individuals.
- Develop fee schedule for reemployment specialists.
- Increase the statutory benefit from \$13,300 to a higher amount TBD, based on UAA tuition rates, and tie to Alaskan CPI for education.
- Increase evaluation timeline from 30 to 60 days.
- Provide statutory provision for RBA reconsideration.
- Amend the statute to allow employers to controvert based on noncooperation & follow regular appeal process.

The workgroup did not reach a consensus and made no recommendation.

Presentation on American College of Occupational and Environmental (ACOEM) treatment guidelines by Ken Eichler, Reed Group.

Break 3:30 pm – 3:45 pm

The workgroup did not have a discussion on adoption of treatment guidelines, and therefore did not reach a consensus or make any recommendations.

A follow-up meeting of the workgroup was scheduled for August 26, 2013.

Meeting Adjourned 4:00 pm