

ALASKA WORKERS' COMPENSATION MEDICAL SERVICES REVIEW COMMITTEE MEETING



June 15, 2018

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TAB 1

ALASKA WORKER'S COMPENSATION
MEDICAL SERVICES REVIEW COMMITTEE MEETING

June 15, 2018

ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DIVISION OF WORKERS' COMPENSATION
3301 Eagle Street, Room 208
Anchorage, Alaska

AGENDA

Friday, June 15, 2018

10:00 am	Call to order Roll call establishment of quorum Introductions Housekeeping
10:05 am	Approval of Agenda
10:15 am	Public Comment Period
11:15 am	Break
11:30 am	Chair's Report <ul style="list-style-type: none">• Overview of Issues for MSRC Recommendations
12:00 pm	Fee Schedule Guidelines Development <ul style="list-style-type: none">• Goals• Issues to Address
1:00 pm	Lunch Break
2:00 pm	Fee Schedule Guidelines Development
3:00 pm	Break
3:15 pm	Fee Schedule Guidelines Development
5:00 pm	Adjournment

TAB 2

Alaska Workers' Compensation Medical Services Review Committee, AS 23.30.095(j)

The commissioner shall appoint a medical services review committee to assist and advise the department and the board in matters involving the appropriateness, necessity, and cost of medical and related services provided under this chapter. The medical services review committee shall consist of nine members to be appointed by the commissioner as follows:

- (1) one member who is a member of the Alaska State Medical Association;
- (2) one member who is a member of the Alaska Chiropractic Society;
- (3) one member who is a member of the Alaska State Hospital and Nursing Home Association;
- (4) one member who is a health care provider, as defined in AS 09.55.560;
- (5) four public members who are not within the definition of "health care provider" in AS 09.55.560; and
- (6) one member who is the designee of the commissioner and who shall serve as chair.

Committee Membership as of June 14, 2018

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	Fairbanks Memorial Hospital
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

TAB 3

ALASKA MEDICAL FEE SCHEDULE ACTION ITEMS

1. Address whether geographic practice cost index (GPCI) numbers are rounded before multiplying Relative Value Units (RVU)
2. Address how multiple procedure payment reduction (MPPR) is applied
3. Clinical Laboratory (CLAB) no longer has a state-specific modifier so need to update language to reflect this
4. Mt. Edgecumbe is now a critical access hospital, so need to update language to reflect this
5. Address whether need guidelines for hearing aid payment
6. Address how anesthesia modifiers in appendix A are paid
7. Physical therapist and other non-physician providers reimbursement/utilization/frequency limitations and acute care inpatient hospital services
8. Long-term, non-acute inpatient hospital stays
9. Define Maximum Allowable Reimbursement (MAR) and whether it means MAR for the procedure as calculated under physician fee schedule

TAB 4



Workers' Compensation Medical Fee Schedule Recommendations

July 28, 2017

Medical Services Review Committee

Marie Marx, Chair
Robert Hall, MD
William Pfeifer, DC
Mary Ann Foland, MD
Ross Newcombe
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 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.

TAB 5

***Workers' Compensation
Medical Services Review Committee
Meeting Minutes
July 28, 2017***

I. Call to order

Director Marx, acting as Chair of the Medical Services Review Committee, called the Committee to order at 10:01 am on Friday, July 28, 2017, in Anchorage, Alaska.

II. Roll call

Director Marx conducted a roll call. The following Committee members were present, constituting a quorum:

Dr. Mary Ann Foland

Dr. Robert Hall

Tammi Lindsey

Dr. William Pfeifer

Ross Newcombe

Pam Scott

Vince Beltrami

Misty Steed

III. Approval of Agenda

A motion to adopt the agenda was made by member Beltrami and seconded by member Foland. The agenda was adopted unanimously.

IV. Approval of Minutes

A motion to adopt the minutes from the July 21, 2017 meeting was made by member Foland and seconded by member Hall. A small error was noted and corrected. All members who were in attendance at the prior meeting unanimously voted to adopt the minutes.

V. Fee Schedule Guidelines Development Discussion

The committee discussed inpatient hospital conversion factor percentages in light of updated 2017 PC Pricer rates. The committee decided to keep the percentages discussed at the last meeting.

The committee discussed calculation of extra payments for implants and clarified the process for the extra payment. The DRG amount is paid initially. If an implant invoice is provided, and the implant invoice amount is less than \$25,000, no extra payment is due. If an implant invoice is provided, and the implant invoice amount is greater than \$25,000, then the extra payment calculation is applied.

VI. Public Comment

LeeAnne Carrothers, President of the Alaska Physical Therapy Association

- While the majority of other states allow physical therapists to bill at 100%, they also put a limit on the number of visits.
- Proposed a compromise that if physical therapists are carved out and allowed a maximum allowable reimbursement of 100% of the physician fee schedule amount, a limit be set of 24 visits for 97xxx codes provided by physical therapists or physical therapy assistants, requiring a re-examination after 24 visits, with further care requiring justification.

- Proposed a compromise that if physical therapists are carved out and allowed to bill at 100%, that physical therapy assistants continue to bill at 85%.

Dr. Joella Beard, Self

- Physical therapy services are being performed by individuals who are not certified, credentialed physical therapists. This increases costs and duration of care. A review needs to be done to see who is using the physical therapy CPT codes.
- The Alaska Workers' Compensation Board should also look at other procedures and assessments that should only be performed by medical doctors. There needs to be a review of scope of practice and duration of care.

VII. Fee Schedule Guidelines Development Discussion Cont.

The committee continued its discussion of implant extra payment calculation relating to multiple devices. The language "or devices" will be added to the implant extra payment calculation section, to clarify the committee's intent that the \$25,000 implant invoice cost threshold is inclusive of all devices.

The committee reviewed changes made to the Guidelines draft since the last meeting.

Break 11:13am - 11:31am

VIII. Fee Schedule Guidelines Development Discussion Cont.

The committee continued its review of changes made to the Guidelines draft since the last meeting.

Dr. Pfeifer stated language should be added recommending that individuals download new versions of the PC Pricer as they become available.

The PC Pricer version in effect on January 1st should be used until the Director publishes a notice to the public that a new version is in effect.

The committee discussed a carve out for physical therapy services. A carve out would allow physical therapists a maximum allowable reimbursement of 100% of the physician fee schedule amount. Currently, non-physicians are allowed a maximum of 85% of the physician fee schedule amount.

Many states allow physical therapists 100% of the physician fee schedule maximum allowable reimbursement, but many states also have utilization limits.

Dr. Pfeifer moved to adopt language in the guidelines stating, "Physical Medicine services provided by physicians and licensed physical or occupational therapists are reimbursed at the lesser of the billed amount or MAR and are not further discounted." Member Hall seconded.

Director Marx called the question. The committee voted and the motion did not pass on a 5 to 4 vote, with Chair Marx and members Newcombe, Steed, Lindsey and Scott voting against, and members Foland, Pfeifer, Beltrami, and Hall voting in favor.

In follow up, Director Marx stated that the maximum allowable reimbursement amount has been reduced for many stakeholder groups. The status quo should be maintained while this issue is looked into further and reviewed again at next year's MSRC meetings.

Break 1:03pm - 1:09pm

The committee requested that in the interim before next year's MSRC meetings, Director Marx look into whether there is a way to obtain NCCI data by provider type. Director Marx will also try to obtain cost per claim/utilization data for physical and occupational therapy services, as well as information on other states' frequency limitations for such services.

The committee reviewed the draft Workers' Compensation Medical Fee Schedule Recommendations summary. Dr. Pfeifer requested that "invoice" be added to the implant invoice cost example in the Hospital Inpatient Fee Schedule section, so that it reads, "For example, an implant invoice cost of \$60,000 would receive an extra payment of \$38,500 ($\$60,000 - \$25,000 = \$35,000$. $\$35,000 \times 10\% = \$3,500$. $\$35,000 + \$3,500 = \$38,500$)." With this change, the committee approved the written recommendation summary.

Member Newcombe asked that the committee add to next year's action items consideration of whether a carve-out is needed for long-term, non-acute inpatient hospital stays. He provided an example where an injured fireman needed an extended inpatient hospital non-acute stay, because no long-term care facility space was available.

The joint MSRC and Workers' Compensation Board meeting is scheduled for August 4th, 2017. The meeting will be an in-person meeting.

The MSRC scheduled the following meetings in 2018: June 15th, June 29th, July 13th and July 27th.

Meeting Adjourned 1:36 pm.

TAB 6

STATE OF ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
WORKERS' COMPENSATION DIVISION
MEDICAL SERVICES REVIEW COMMITTEE

NOTICE OF PUBLIC MEETINGS

The Medical Services Review Committee will be holding a series of public meetings on the following dates and times:

Friday, June 15, 2018, from 10:00am to 5:00pm

Friday, July 13, 2018, from 10:00am to 5:00pm

Friday, July 27, 2018, from 10:00am to 5:00pm

All the meetings will be held at the following location:

Department of Labor Building
3301 Eagle Street
Hearing Room 208
Anchorage, Alaska

The purpose of these meetings is to discuss and make recommendations relating to Alaska medical fee schedule regulations.

The public may attend these meetings in person or telephonically by calling 800-315-6338 and entering access code 92019 when prompted for the participant pin code.

Individuals or groups of people with disabilities, who require special accommodations, should contact Alexis Newman at (907) 465-6059 at least 3 working days in advance of each meeting. Please provide advance notice in order for the Department of Labor and Workforce Development to accommodate your needs.

For additional information regarding this meeting, please contact the Division of Workers' Compensation at 465-2790.

Marie Marx
Director
Division of Workers' Compensation
Office: 907-465-2790
Fax: 907-465-2797

TAB 7

STATE OF ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
WORKERS' COMPENSATION DIVISION
WORKERS' COMPENSATION BOARD & MEDICAL SERVICES REVIEW COMMITTEE

NOTICE OF PUBLIC MEETING

The Alaska Workers' Compensation Board and Medical Services Review Committee will conduct a special joint meeting of the full board and MSRC, Friday, August 10, 2018. This meeting is open to the public, and will begin at 9:00am.

The meeting will be held at the following location:

Department of Labor Building
3301 Eagle Street
Hearing Room 208
Anchorage, Alaska

The purpose of this special meeting is to discuss and make recommendations relating to Alaska medical fee schedule regulations. The Board will also conduct other business as necessary and useful.

The public may attend these meetings in person or telephonically by calling 800-315-6338 and entering access code 92019 when prompted for the participant pin code.

Public comment will be taken in person or telephonically from 10:15AM to 11:15AM on August 10, 2018 and might be extended to accommodate those present before 10:15AM who did not have an opportunity to comment. To participate telephonically, call 800-315-6338, access code 92019.

Individuals or groups of people with disabilities, who require special accommodations, should contact Alexis Newman at (907) 465-6059 by 4:30PM, Friday, July 27, 2018. Please provide advance notice in order for the Department of Labor and Workforce Development to accommodate your needs.

For additional information regarding this meeting, please contact the Division of Workers' Compensation at 465-2790.

Marie Marx
Director
Division of Workers' Compensation
Office: 907-465-2790
Fax: 907-465-2797