



# Workers' Compensation Medical Fee Schedule Recommendations

August 13, 2020

## Medical Services Review Committee

Charles Collins, Chair

Robert Hall, MD

Timothy Kanady, DC

Mary Ann Foland, MD

Jennifer House

Misty Steed

Pam Scott

Vince Beltrami

Susan Kosinski



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**Department of Labor and  
Workforce Development**

Division of Workers' Compensation

1111 W 8<sup>th</sup> St, Rm 305  
Juneau, Alaska 99811-5512  
Main: 907.465.2790  
Fax: 907.465.2797

August 13, 2020

To: Dr. Tamika L. Ledbetter,  
Commissioner, 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 workers' compensation medical benefits.

*Charles Collins*

Charles Collins  
Chair, Medical Services Review Committee  
Director, Division of Workers' Compensation

## Table of Contents

ACKNOWLEDGEMENTS.....	3
EXECUTIVE SUMMARY .....	4
PURPOSE OF THIS REPORT .....	4
BACKGROUND .....	4
RECOMMENDATIONS OF THE MSRC .....	5
Alaska Workers' Compensation Medical Fee Schedule Guidelines .....	5
Medical Fee Schedule .....	5
Hearing Aids .....	5
Evaluation and Management .....	5
Durable Medical Equipment.....	6
Telehealth Services.....	6
Drugs and Pharmaceuticals.....	6
2021 Objectives .....	6

## 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 2020, the MSRC held four meetings: May 20, 2020 June 19, 2020; July 10, 2020; and August 11, 2020. As full-time professionals, the time these committee members took away from their practices and professions is deeply appreciated. A special recognition is also due, Director Knowles of the Labor Standards and Safety Division was invaluable as the leader, moderator and Acting Chairperson for the MSRC meetings this summer.

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. Stakeholders were encouraged to provide insights and comments throughout the meeting process. The agenda and minutes of those meetings are posted online at <https://labor.alaska.gov/wc/med-serv-comm.htm>.

Carla Gee with Optum, provided valuable input and subject matter expertise to assist the committee's work.

## EXECUTIVE SUMMARY

### PURPOSE OF THIS REPORT

The purpose of this report is to convey the recommendations of the MSRC for the 2021 Workers' Compensation Medical Fee Schedule.

AS 23.30.095(j) establishes that the MSRC will "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."

### 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	Collins	Charles	Director, Division of Workers' Compensation
Alaska State Medical Association	Hall, MD	Robert	Orthopedic Physicians Anchorage, Inc.
Alaska Chiropractic Society	Kanady, DC	Timothy	Kanady Chiropractic Center, Inc.
Alaska State Hospital & Nursing Home Association	House	Jennifer	Foundation Health
Medical Care Provider	Foland, MD	Mary Ann	Primary Care Associates
Lay Member	Steed	Misty	PACBLU
Lay Member	Scott	Pam	Alaska Timber Insurance Exchange
Lay Member	Beltrami	Vince	AFL-CIO
Lay Member	Kosinski	Susan	ARECA Insurance Exchange

## 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.

#### Medical Fee Schedule

The committee considered the following current medical fee schedule conversion factors/ multipliers:

1. Evaluation & Management \$80.00
2. Medicine \$80.00
3. Surgery \$132.00
4. Radiology \$141.00
5. Pathology and Laboratory \$122.00
6. Anesthesiology \$105.00
7. Medicare Part B Drugs 3.375
8. Clinical Lab 6.33
9. Durable Medical Equipment 1.84
10. Ambulatory Surgical Centers \$177.00
11. Outpatient Hospital \$221.79
12. Inpatient Hospitals
  - a. Providence Alaska Medical Center 2.38
  - b. Mat-Su Regional Medical Center 1.84
  - c. Bartlett Regional Hospital 1.79
  - d. Fairbanks Memorial Hospital 1.48
  - e. Alaska Regional Hospital 2.32
  - f. Yukon Kuskokwim Delta Regional Hospital 2.63
  - g. Central Peninsula General Hospital 1.38
  - h. Alaska Native Medical Center 2.53
  1. Other 2.02

The MSRC recommends the following conversion factor/multiplier changes rounded to the nearest dollar:

1. Surgery \$125.00 (5% reduction)
2. Radiology \$134.00 (5% reduction)
3. Anesthesiology \$105.00 (5% reduction)
4. Ambulatory Surgery Center \$168.00 (5% reduction)
5. Durable Medical Equipment 1.75 (5% reduction)

#### MRSC Highlights

Employees shall not be required to pay a deposit or prepayment for medical service or treatment as provided by AS 23.90.097(f).

Service by out-of-state providers shall be reimbursed at the lower of "Alaska Workers' Compensation Medical Fee Schedule" or the workers' compensation medical fee schedule of the state where service is rendered. AS 23.30.097(k)

#### Evaluation and Management

The MSRC recommends expansion of the coding for Evaluation and Management incorporating changes put forth by the AMA for certain CPT codes. Notice that certain codes were changes, removed or added under this heading.

## **Durable Medical Equipment**

The MSRC recommends that the evaluation and dispensing of hearing aids must be by referral from a physician. In addition, new hearing aids can be dispensed when a medical evaluation documents the need or every four years. Reimbursement is by a combination of HCPCS code and manufacturer/supplier invoice.

Transcutaneous electric nerve stimulation (TENS) units, to be provided under prescription from attending physician and will require an annual assessment for prolonged usage. The ability to provide rentals will be allowed in two month intervals followed by an assessment.

## **Telehealth Services**

The MSRC recommends expanding the Fee Schedule by adding telephone health services. Telehealth services under the Evaluation and Management heading will be added with CPT and CMS guidelines and should be performed using approved audio/visual methods.

## **Drugs and Pharmaceuticals**

The MSRC recommends limiting reimbursement for compounded and/or mixed drugs to medical necessity and shall be consistent with the approval of the U.S. Food and Drug Administration and at the lowest price for each specific drug.

## **2021 Objectives**

In 2021, the MSRC intends to continue analyzing all fee schedule categories, and make adjustments to move Alaska toward national and regional comparative reimbursement levels as a percentage of Medicare. The committee will take note of data that indicates Workers' Compensation Insurance claimants are having difficulties accessing medical services and take action to adjust reimbursement rates accordingly to ensure adequate access to medical providers. An active working group researching drug formulary guidelines is tasked with bringing recommendations to the Committee for consideration. Additionally, the committee plans to consider developing guidance for evidence-based treatment guidelines. This may include making recommendations for the adoption of evidence-based treatment guidelines to address particular areas of concern or for the adoption of a comprehensive treatment and utilization guideline.

The MSRC set the following meeting dates in 2021: May 21, June 18, July 16, and August 6. The committee proposed an August 27, 2021, meeting date for the joint meeting with the Workers' Compensation, subject to approval by the Board.