

***Workers' Compensation
Medical Services Review Committee
Meeting Minutes (Corrected)***
October 24, 2014

I. Call to order

Director Monagle, acting as Chair of the Medical Services Review Committee, called the Committee to order at 9:01 am on Friday, October 24, 2014, in Anchorage, Alaska.

II. Roll call

The following Committee members were present, constituting a quorum:

Vince Beltrami	Dr. Mary Ann Foland	Jane Griffith
Dr. Robert Hall	Tammi Lindsey	Dr. William Pfeifer
Pamla Scott	Kevin Smith	

III. Approval of Agenda

A motion to approve the agenda was made by member Smith and seconded by member Beltrami. The agenda was approved by unanimous vote.

IV. Approval of Minutes

A motion to approve the minutes from the September 19, 2014 meeting was made by member Scott and seconded by member Pfeifer. The following corrections were noted

- The minutes stated, "Dr. Pfeifer asked whether single or multiple conversion factors should be used. Dr. Hamm responded that a single conversion factor is favored." Dr. Hamm's correct response was that a single conversion factor should be used, stating, "The way that the [relative] value is determined already takes that into account by the practice expense and the professional liability insurance coverage correction."
- The minutes reflected a comment that Oregon's prescription drug reimbursement rate is AWP less 50%. The correct reimbursement rate in Oregon is AWP less 16.5%, plus a \$2 dispensing fee.

The corrected minutes were approved by without objection, with members Beltrami and Smith abstaining.

V. Chair's Report

- The Division has received the modified data requested from NCCI and it has been distributed to the Committee members.
- The Division is still working on final approval of a contract with FairHealth. The Director is hopeful that the contract will be finalized soon and data can be obtained within the coming week.

- The Division is working on getting some numbers for differing pricing methodologies for prescription drug reimbursement, using the drug list provided by NCCI.

VI. Optum Presentation on CMS Prospective Payment Systems

Eric Anderson from Optum gave a presentation on CMS's inpatient prospective payment system (IPPS), and outpatient prospective payment system (OPPS).

- The current worker's compensation fee schedule MAR is based on a daily per diem rate, which is \$19,659/day for medical/surgical, and \$32,654/day for ICU/CCU.
- Critical access hospitals are exempt from fee schedule regulation under HB316.
- There are 6 general acute care hospitals in Alaska: Alaska Regional, Bartlett Regional, Central Peninsula General, Fairbanks Memorial, Providence Alaska, and Mat-Su Regional.
- During the presentation discussion ensued whether to adopt
 - rules for specialized hospitals, such as nursing facilities, long-term care facilities, psychiatric facilities, etc.;
 - a single conversion factor for all acute care hospitals or an individual rate for each hospital;
 - rules to address outlier cases;
 - rules governing gap fills for HCPC codes not covered by corresponding ambulatory payment classification (APC) codes;
 - rules to incorporate OPPS status payment codes and how to address gap fills for status codes not covered by CMS; and
 - rules to address CMS rules concerning device dependent APC's relating to DME.

Break 10:30am-10:45am

VII. Review of NCCI data from 2014 State Advisory Forum

- The loss cost ratio in Alaska was 74% medical spend and 26% indemnity spend, compared to 59% medical and 33% indemnity countrywide.
- The average medical cost per indemnity claim in Alaska was \$54,100 compared to \$28,800 countrywide. In cases resulting in a permanent impairment rating, Alaska's medical spend per case was \$95,100 compared to \$40,900 countrywide.
- Alaska's medical cost distribution compares favorably with countrywide distribution, with the notable exception that physician fees make up 51% of workers' compensation medical spend compared to 40% countrywide.
- From the previous reporting period (2011), physician expenditures increased 4.6% over inflation (2.6%), outpatient expenditures declined 8.9%, ASC expenditures increased 15.3%, and hospital expenditures increased 50.8%.
- NCCI's complete presentation can be found online at https://www.ncci.com/documents/SAF_AK.pdf

VIII. Public Comment

Lisa Anne Forsythe, Coventry Health Care.

- Coventry is willing to assist the Committee by providing information and data as requested, and providing other assistance as needed.
- Coventry echoes recommendations by Optum that the final rules should mirror CMS as close as possible because billers and payers are very familiar with CMS rules, and it will make the billing/payment process smoother with fewer disputes. Keep it simple!
- Coventry also recommends that the Committee adopt CMS values and rules in place as of a date certain, and not modify those rules as CMS updates. Again, this will make the payment process smoother.

Julian Ann McKay, Guardian Flight.

- Wanted to make sure that the Committee had received written comment from owner Joe Hunt.
- Ms. McKay stated she could provide the Committee with additional information on operational costs.
- Guardian has partnered with Apollo MT to offer a membership plan to families to help cover the cost of air ambulance services. Member Scott noted that these membership plans only cover the balance not covered by insurance. In workers' compensation cases, the employer/insurer is liable for 100% of covered costs.
- In response to questions concerning call-outs, Ms. McKay said it is up to the medical provider to determine whether an evacuation is necessary, verses a commercial flight.

Kimberly Stever, Alaska Surgery Center, presented written comment from CEO Kevin Barry.

- There needs to be a separate schedule for implants. Implants should be coded separately and reimbursed at 100% of invoice. Ms. Stever noted that in the majority of cases, payers - especially bill review companies - deny separate billing for implants, resulting in unnecessary delays and disputes.
- Pain blocks are not currently covered, and should be included in the fee schedule.
- Secondary procedures are not currently covered. The Committee should follow the industry standard of allowing 50% for secondary procedures.
- Providers and payers need at least 3 months' notice of proposed changes to develop budgets. Ideally, this should be done in the 3rd quarter with changes effective the beginning of the following calendar year.
- The dispute resolution process needs improvement. Currently it is too cumbersome, time consuming & ineffective.

Lunch Break 11:55am-1:33pm

IX. New Business

Dr. Foland raised the issue of pharmaceutical compounding. This is the practice of creating a custom pharmaceutical product to the unique needs of a patient. Dr. Foland said her practice is seeing an increase in the marketing of these products. Member Lindsey confirmed her company is also seeing an increase in these products in workers' compensation. Director Monagle suggested that the Committee take this issue up when discussing prescription drug fee schedules.

Dr. Foland also stated her practice is seeing an increase in marketing of in-office drug testing as a profit center for physicians. Each test can screen for up to 30-40 substances, and each screening can be billed individually.

X. Fee Schedule Development

Director Monagle presented the revised NCCI data, which includes procedure codes, billed amounts and paid amounts at the mean, 70th percentile, 80th percentile, and 90th percentile. The data represents 67.7% of total payments by service category. The Committee will also be receiving FairHealth billed data at the mean, 70th, 80th, and 90th percentile as well.

Director Monagle will plug in the NCCI and FairHealth data into a separate spreadsheet containing relative values, Medicare pricing, healthcare mean bill rates, NCCI mean bill rates, NCCI mean pay rates, the existing (2010) workers' compensation fee schedule MAR, and the calculated MAR based on a conversion factor selected by the Committee.

Optum will gather the same data from NCCI and FairHealth, and will model the data to estimate conversion factor impacts to existing pricing.

Director Monagle noted that when looking at the data, the Committee needs to keep in mind

- NCCI's data is from their 2013 medical data call;
- FairHealth's data is from their Spring 2014 module updates;
- Medicare's data is from the 2014 CMS fee schedule; and
- the existing workers' compensation MAR is based on Spring 2010 FairHealth data.

It was noted that inpatient hospital data does not distinguish between acute care, critical access, or other facility types.

The Committee asked for the following considerations.

- That the data be updated dynamically if the members wished to look at pricing at the 70th, 80th, or 90th percentiles.

- That the NCCI, FairHealth, CMS, and 2010 WC MAR data be normalized to approximate like values.

Director Monagle said he will look into the Committee's considerations before the next meeting.

Director Monagle will also look into obtaining prescription drug data for the prescription drug listing provided by NCCI, to obtain comparative values for average retail pricing, average wholesale pricing, and wholesale acquisition cost.

The goal is to have all of this information to the Committee in advance of the November 7, 2014 meeting so they can begin making recommendations on conversion factors.

In anticipation that additional meetings will be required, the Committee added meeting dates for December 12, 2014 and December 19, 2014.

Meeting Adjourned 2:42 pm