



**ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT**

Workers' Compensation Medical Fee Schedule Recommendations

Medical Services Review Committee

Charles Collins, Chair
Vince Beltrami
Mary Ann Foland, MD
Robert Hall, MD
Jennifer House
Susan Kosinski
Mason McCloskey, DC
Pam Scott
Misty Steed



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Labor and
Workforce Development**

Division of Workers' Compensation

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

August 16, 2021

Alaska Workers' Compensation Board
P.O. Box 115512
Juneau, AK 99811-5512

Dear Alaska Workers' Compensation Board,

Thank you for your continued service to the great State of Alaska, the commitment of Board member volunteers such as yourselves is an inspiration to the citizens of this State.

The report recommendations will maintain employee access to medical care provided through workers' compensation insurance, while improving workers' compensation medical cost stability and predictability to employers operating in Alaska. Thank you for taking up this important matter at your August 27, 2021, joint Board meeting with the MSRC.

As required by AS 23.30.097(r), I formally approve the conversion factor adjustment recommendations contained in the Medical Services Review Committee (MSRC) Report dated August 11, 2021.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tamika L. Ledbetter".

Dr. Tamika L. Ledbetter
Commissioner

cc: Director Charles Collins

Contents

Medical Services Review Committee	1
Acknowledgements	2
Intent of this Report	3
Background	3
Objectives	4
Discussion Topics	4
Recommendations of the MSRC	4
Medical Fee Schedule Changes.....	4
Trend Line for Medical Benefits.....	5
Future Fee Schedule Items	6
MSRC News.....	6
Research Pending.....	7
Preliminary Utilization Numbers.....	7

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 2021, the MSRC held four meetings: May 21, June 18, July 16, and August 6. As full-time professionals, the time these committee members took away from their practices and professions is deeply appreciated. The committee welcomed a new member this year as Dr. Kanady stepped down and was ably replaced by Mason McCloskey, DC.

At these meetings, the MSRC analyzed data, reviewed reports, listened to testimony, and learned the complex rules of medical billing and payment formulas. Each 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>.

The MSRC would like to recognize Optum’s team of Carla Gee and Nanette Orme contribution, and their to the work undertaken to publish the 2022 Alaska Medical Fee Schedule.

Intent of this Report

The purpose of this report is to convey the recommendations of the MSRC for the 2022 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.

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

Objectives

The MSRC intends to continue analyzing all fee schedule categories and adjust the Alaska rate 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. This may include making recommendations to address particular areas of concern or for the adoption of a comprehensive treatment and utilization guideline. Significant changes to the Evaluation and Management category were implemented from the Centers for Medicare and Medicaid Services in 2021 and the committee in monitoring the impact on the Alaskan Fee Schedule.

The MSRC set the following meeting dates in 2022: May 20, June 24, July 15, and August 5. The committee proposed an August 26, 2022, meeting date for the joint meeting with the Alaska Workers' Compensation Board.

Discussion Topics

Included in the meeting discussions were issues with language revisions, CPT code utilizations, billing questions, changes to the CMS guidelines for billing and the impact of the pandemic on medical providers. The Committee agreed that progress in adjusting the medical fees for workers' compensation in Alaska has been made but continued changes are in order. This was tempered by the concern for access to care as the recent pandemic was an ongoing impact on medical providers.

Recommendations of the MSRC

The committee finds that incorporating these refinements into the 2022 Alaska Workers' Compensation Medical Fee Schedule would best serve the public. The committee's full recommendations may be found in the Alaska Workers' Compensation Medical Fee Schedule. For convenience an outline of significant changes are set forth below.

Medical Fee Schedule Changes

Our Disclaimer page was updated by Chief Soule to better relate the process for billing assistance and clarification.

Introduction – slight layout changes.

General Information and Guidelines – Slight language changes to match CMS language and adjustment to conversion factors for Anesthesia, Surgery and Radiology. Conversion factors for 2022:

- Evaluation and Management – \$80.00
- Anesthesia - \$100.00 – reduced by 5% in 2021.
- Surgery - \$119.00 – reduced by 5% in 2021.
- Radiology - \$121.00 – reduced by 10% in 2021.
- Pathology and Laboratory - \$122.00
- Medicine - \$80.00

Workers' Compensation Medical Services Review Committee

Evaluation and Management – updated language for 2021 code changes and MDM, (medical decision making), guidelines. Changes in this from the CMS upgrades will not be apparent until 2021 numbers are available.

Anesthesia – slight changes in layout and billing process questions involving APRN or PA acting as surgical assistant. A reduction of 5% in conversion factor.

Surgery – billing process questions involving APRN or PA acting as surgical assistant and a 5% reduction in the conversion factor.

Radiology – a reduction in the conversion factor of 10%.

Pathology and Laboratory – no changes noted.

Medicine – adjusted language for clarification on billing of TENS unit supplies.

Category II – no changes noted.

Category III – no changes noted.

HCPCS Level II – changes in language and layout to clarify what is included with services. Clarification of hearing aid reimbursement and the billing for replacement equipment defining the requirements for replacement equipment. Some CPT codes were incorporated into the list for included services.

Outpatient Facility - no changes noted.

Inpatient Hospital – Updated guides on Pricer usage and new screenshots to explain the new CMS Pricer.

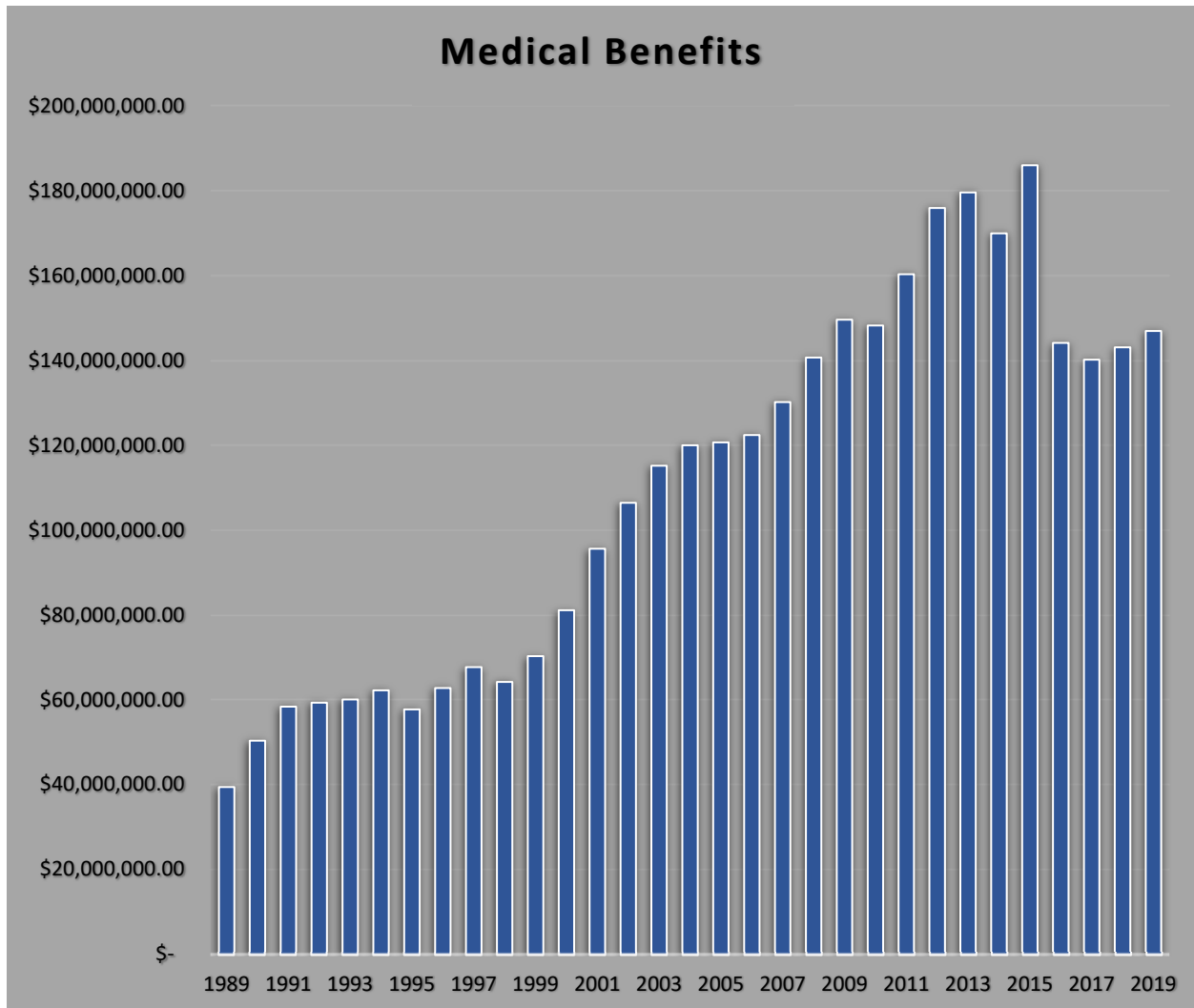
Critical Access Hospital – no changes noted.

Trend Line for Medical Benefits

All fees and other charges for medical treatment or service are subject to regulation by the Board, (AS 23.30.097). As such the AWCB is charged with the task of producing a fee schedule. In 2009 the statute was amended to incorporate an updated fee schedule, this schedule continued the practice of billing tied to “usual, customary and reasonable” language that allowed for broad interpretation into cost of service. The amount spent on medical benefits, which were already on an upward trend, expanded to a level that was untenable for employers in Alaska.

In 2014, the Legislature passed HB 316 directing the MSRC to develop a new fee schedule. With new directions from the Legislature and an empowered committee, hours of research and discussion were invested into the compiling of data to support a new fee schedule based on resource based relative value system, (RBRVS), from the Centers for Medicare and Medicaid Services, (CMS).

The first full year Alaska Workers' Compensation Medical Fee Schedule was published was 2016 and the graph that follow shows the effectiveness of the changes that the MSRC carefully crafted.



With continued support from the AWCB, and research assistance from our many partners, the MSRC has streamlined the process and updated the schedule annually.

Future Fee Schedule Items

Some topics were discussed and tabled for the next MSRC meetings as ongoing projects.

MSRC News

NCCI doing research in utilization of medical procedures and trends that may have developed. This research will look at utilization of billing codes for the years 2015 through 2020 and compare the data for the committee to use.

Research guidelines for utilization of medical practices of recurring nature, (Physical Therapy, Chiropractic care, etc.).

Should the schedule include a section on addiction preventive practice or counseling?

Research Pending

Optum team is working on certain CPT code billing practices for possible adjustment under the fee schedule. This includes investigation into how other jurisdictions are limiting and even placing caps on certain procedure codes. Known CMS changes upcoming and possible adjustments to service pricing and the effect that will have on our Fee Schedule.

Preliminary Utilization Numbers

Draft numbers only.

2019 Workers' Compensation Utilization of Medical Facilities					
Column	Physician Service	Hospital Outpatient	Ambulatory Service Center	Total Transactions	Average cost
Cpt Code	Transactions	Transactions	Transactions	Total Transactions	per occurrence
97110	25,057	2,208	388	27,653	\$ 125.34
97140	19,406	1,319	213	20,938	\$ 103.71
97530	13,805	337	2	14,144	\$ 75.50
99213	8,020	190	121	8,331	\$ 175.15
97112	5,198	200	3	5,401	\$ 92.85
98941	3,436	43	-	3,479	\$ 85.78
99214	3,273	44	65	3,382	\$ 244.06
98940	2,662	72	-	2,734	\$ 66.42
97014	2,386	64	-	2,450	\$ 37.57
99203	2,359	12	8	2,379	\$ 260.47
97124	2,288	14	24	2,326	\$ 137.20
97012	2,252	6	-	2,258	\$ 38.70
97035	2,032	196	33	2,261	\$ 37.33
99212	1,779	49	4	1,832	\$ 108.82
99283	1,030	1,415	1	2,446	\$ 436.24
98943	1,189	2	-	1,191	\$ 56.20
97032	1,132	32	-	1,164	\$ 37.98
99282	204	429	-	633	\$ 289.99
99284	549	441	-	990	\$ 655.07
				-	
				-	
Total				105,992	

These numbers are produced in house at the Department of Labor, I am having NCCI perform a deeper and more thorough look into the utilization and costs associated with the procedures and looking for trends over the past five years. The report is scheduled to be performed after annual reporting this fall and we will have the final numbers for next year.