

+Regulatory Impact Statement (Medical Fee Schedule Updates)

1. Statutory Authority:

Workers' Compensation Law (WCL) §117 and §141 authorize the Chair of the Workers' Compensation Board (Chair) to adopt reasonable rules consistent with the provisions of the WCL. WCL §13(a) requires the Chair to prepare and establish a schedule for the State or regional schedules, of the fees and charges for medical treatment care that employers must provide. Additionally, §§ 13-k, 13-l, and 13-m require the Chair to prepare and establish fee schedules for podiatry, chiropractic, and psychology services.

2. Legislative Objectives:

The WCL requires the Chair to set fee schedules for medical treatment provided to injured workers. The proposed regulations incorporate by reference the latest versions of the workers' compensation fee schedules for treatment of injured or ill workers. The updated fee schedules update the Current Procedural Terminology (CPT) codes utilized to make them more current and update several fees in order to ensure that injured workers receive medical care for work related injuries and that treating providers are paid a reasonable fee for their services.

3. Needs and Benefits:

The workers' compensation fee schedules regulate the amount that providers can charge for treatment and care in the workers' compensation system. The proposed regulations are necessary to incorporate the new fee schedule revisions and make them applicable to treatment provided under the WCL.

It has been more than six years since the last major update to the fee schedules. Fees are principally increasing for targeted Evaluation and Management (E&M) codes, with a particular focus on areas with shortages and/or which have been historically lower than other fees, specifically non-procedural, ambulatory care visits, and reimbursements for services provided by residents and fellows. Future updates to the fee schedules may have a different focus as needed.

Updated fees are necessary to ensure that providers are compensated fairly for treating injured workers and encourage continued and increased participation in the workers' compensation system, which in turn increases access to medical care for injured workers, ensuring they receive necessary medical care.

4. Costs:

Some, but not all fees that medical providers may charge for services are increasing, which is estimated to result in an overall increase in costs to the workers' compensation system in the low single digits (no more than 2-3%) as a result of carriers paying slightly more for these

services. Because it has been more than six years since the last update to the medical fee schedules, and certain services have notably lagged behind the fees for other services, a change is necessary, and this reflects the cost of ensuring that good quality care is given to injured workers. Medical providers, self-insured employers, insurance carriers, the State Insurance Fund, and third-party administrators will have to purchase the new fee schedules. The fee schedules will be available for purchase in electronic format at \$100, or individually for \$30, which is not an increased cost over the current versions.

5. Local Government Mandates:

The medical fee schedules apply throughout the State. The same rules apply to local governments as private self-insured employers, the State Insurance Fund, private insurance carriers, or third-party administrators. All will need to incorporate the new fee schedules into their processes.

6. Paperwork:

There is no additional paperwork to be completed as a result of the proposed regulations, but payers and medical providers will need to acquire a copy of the new fee schedules.

7. Duplication:

There is no duplication of State or federal regulations or standards.

8. Alternatives:

The Chair is required to prepare and establish these fee schedules by statute. The Chair did consider different fee increases, but the above-referenced targeted increase to a limited number of billing codes was determined to be the optimal increase that ensures that medical providers are paid a fair rate and can continue providing quality medical care to treat injured workers. These increased fees were determined using national data on fees and codes billed. The Board's Medical Director's Office also conducted outreach to various medical societies and specialty organizations while developing the proposed update to the medical fee schedules.

9. Federal standards:

There are no applicable federal standards, although the Workers' Compensation Board has adopted Current Procedural Terminology (CPT) codes that are published nationally by the American Medical Association and adopted federally by the Centers for Medicare and Medicaid Services.

10. Compliance schedule:

The proposed regulation is mandatory. All affected carriers and self-insured employers will need to use the proposed changes to the fee schedules. All parties will have time to make adjustments prior to the proposal's effective date, which will be upon publication of a Notice of Adoption in the State Register.