+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.

While the changes to the fee schedules do not impact the cost of purchasing the fee schedules, increases in the associated royalty fees imposed by the American Medical Association (AMA) and the American Society of Anesthesiologists (ASA) will result in an increase in the cost for the additional licenses for the Electronic Format File Download (to $46 from the current $25) as the current rate of $25 per additional user does not cover the cost of the royalty fees that must be paid to the AMA and ASA for the additional use. There will be no increase to the cost for the hard copy or eBook versions of the fee schedules at this time; however, costs of these versions may be reviewed and reassessed in the future due to the rising costs of production and the increased royalty fees. Any increased costs for the fee schedule will be solely due to increased costs associated with the production and licensing of the fee schedules and would have occurred irrespective of changes being made to the fee schedules.

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.