

# Montana Workers' Compensation Medical Fee Schedules: Changes for July, 2013

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## Background

- 39-71-704, MCA provides for Medical Fee Schedules through administrative rules
- Medical Fee Schedule freeze until July 1, 2013
- Medical Fee Schedule update:
  - Facility Fee Schedule
  - Professional Fee Schedule (Formerly Non-Facility)

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## Administrative Rule Process

- Rule Hearing conducted May 16, 2013
- New rule was effective July 12, 2013
- Applies to dates of service on or after July 1, 2013

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## In a Nutshell...

- The new facility fee schedule proposes an increase of 2.7% for inpatient base rate
- The new facility fee schedule proposes an increase of 2% for outpatient conversion factor
- Requires insurers to pay fee schedule amount even if billed amount is less
  - Based on percent change in Medicare inpatient and outpatient rates from 2012 to 2013

Critical Access Hospital Services (CAHs) are paid at 100% - Professional Services in CAH paid under Professional Fee Schedule

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## Facility Fee Schedule Changes

- Base rates
  - Inpatient base rate: \$7,944 (from \$7,735)
  - Outpatient base rate: \$107 (from \$105)
  - ASC base rate: \$80 (from \$79)
- Services and codes not addressed by fee schedule reimbursed at 75% of usual and customary, as before
- Requires use of UB04 form to bill hospital services

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## Facility Fee Schedule Changes

- Requires professional services provided at critical access hospitals be billed separately under the Professional Fee Schedule and billed on CMS 1500
- Requires use of an APC code if available for billing outpatient services
- Creates Montana unique code MT003 for billing outpatient implantables

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## Facility Fee Schedule Changes

- Requires durable medical equipment, prosthetics and orthotics be reimbursed the same as for the Professional Fee Schedule
- Requires facility pharmacy medications not included in the MS-DRG or APC service bundle be reimbursed according to the Prescription Drugs Fee Schedule

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## Selection of Physician

- Establishes process for an insurer to formally approve or designate a treating physician as a *designated treating physician*
- Clarifies the difference between a treating physician and designated treating physician

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## Professional Fee Schedule (formerly the “Nonfacility” Fee Schedule)

- Conversion factors
  - Health services (except anesthesiology): \$60.52
    - Previously set at \$65.28
  - Anesthesiology : \$61.40
    - Previously set at \$60.97

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## Professional Fee Schedule

- Requires insurers to pay the lesser of the fee schedule or billed charges
- Provides for procedures not covered by fee schedule be reimbursed at 75%
- Requires use of CMS 1500 form

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## Payment of Medical Claims

- Provides process for penalizing an insurer for not using correct fee schedule or paying in a timely manner
- Clarifies how an injured worker will be reimbursed for out-of-pocket initial medical expenses on an accepted claim

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## Documentation Requirements

- Adds Medical Status Form to documentation requirements for invoicing
- Requires use of CMS 1500
- Clarifies and updates reporting requirements

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## NCCI PRICING

- **Summary of Impacts**
- The impacts on Montana's Workers Compensation System due to the fee schedule changes are summarized in the next three slides:
- **Impact**
- (1) Impact on Professional Service Payments in Montana +2.6%
- (2) Professional Service Payments as a Percent of Medical Costs in Montana 37.3%
- **(3) Impact on Medical Costs in Montana Due to Proposed Professional Fee Schedule = (1) x (2) +1.0%**

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## NCCI PRICING

- (4) Impact on Hospital Inpatient Payments in Montana +0.6%
- (5) Hospital Inpatient Payments as a Percent of Medical Costs in Montana 19.7%
- **(6) Impact on Medical Costs in Montana Due to Proposed Hospital Inpatient Fee Schedule = (4) x (5) +0.1%**
- (7) Impact on Hospital Outpatient Payments in Montana +0.6%
- (8) Hospital Outpatient Payments as a Percent of Medical Costs in Montana 14.2%
- **(9) Impact on Medical Costs in Montana Due to Proposed Hospital Outpatient Fee Schedule = (7) x (8) +0.1%**

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## NCCI PRICING

- (10) Impact on ASC Payments in Montana +2.8%
- (11) ASC Payments as a Percent of Medical Costs in Montana 4.9%
- **(12) Impact on Medical Costs in Montana Due to Proposed ASC Fee Schedule = (10) x (11) +0.1%**
- **(13) Total Impact on Medical Costs in Montana = (3) + (6) + (9) + (12) +1.3%**
- (14) Medical Costs as a Percentage of Overall Workers Compensation Benefit Costs in Montana 65.6%
- **(15) Total Impact on Overall Workers Compensation System Costs in Montana = (13) x (14) +0.9%**

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## For More Information Regarding the Montana Fee Schedules

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