

MINUTES OF IWCC MEDICAL FEE ADVISORY BOARD
IWCC CHICAGO OFFICE, ORAL ARGUMENT ROOM
HELD ON DECEMBER 7, 2006

Present at the meeting were:

Chairman Dennis Ruth
Ms. Maddy Bowling, Employer Representative
Ms. Elena Butkus, Medical Provider Representative
Dr. Jesse Butler, Medical Provider Representative
Mr. Eric Dean, Employee Representative
Mr. John Smolk, Employer Representative
Ms. Kathryn Tazic, Employer Representative

Participating via conference call was:

Glen Boyle, Medical Fee Schedule Project Manager

Other attending IWCC board members were:

Gerald Cooper, Self-Insurers Advisory Board
Mark Flannery, Workers' Compensation Advisory Board
David Menchetti, Workers' Compensation Advisory Board
Kim Presbry, Workers' Compensation Advisory Board

IWCC staff present at the meeting were:

Kathryn Kelley, IWCC General Counsel
Amy Masters, IWCC Chief of Staff and Assistant Secretary
Susan Piha, IWCC Research and Education Manager

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Chairman Ruth called the meeting to order at 9:10 a.m.

Copies of the notice and agenda; past meeting minutes; a draft of balance billing forms incorporating suggestions by both the Illinois State Medical Society and the Illinois Hospital Association; and a memo from Glen Boyle were distributed.

Upon motion duly made, seconded and unanimously carried, the minutes of the Board meeting held on September 7, 2006 were approved as presented.

First the Chairman asked Glen Boyle, medical fee schedule project manager, to provide an overview of the development of the new medical fee schedules.

Mr. Boyle first spoke about the medical fee schedule update that includes a 3.8 percent increase effective January 1, 2007, which is based on the increase in the CPI. He indicated that Ingenix was currently working to present the information through the IWCC web site in the most accessible and convenient fashion, and in accordance with Section 8.2. He noted that any new codes (codes without historical charge data) will be paid at the POC 76 rate, and that all codes deleted in the CPT would be deleted and treated as invalid codes in 2007.

Next Mr. Boyle spoke about the new hospital outpatient fee schedule. Ingenix is creating the fee schedule for diagnostics, path and lab, and physical therapy from bills generated in a hospital outpatient setting, and utilizes the same commercial data source used in the development of the HCPCS and Professional Services fee schedules. The hospital outpatient fee schedule is being developed per the requirements of Section 8.2 and reflects the higher costs that are incurred by hospitals for outpatient services in comparison to the same services rendered in a non-hospital setting.

Mr. Boyle then discussed the hospital outpatient surgery facility fee schedule. Though locating applicable data had been difficult, the data was finally obtained from the Illinois Department of Public Health (IDPH). He indicated he was close to finalizing the application and grouping the data to develop the fee schedule. He noted that the dataset from IDPH identified the procedures that were performed, and the total charges for those procedures. The fee will cover the global amount for all services rendered (excluding the doctor bill covered under professional services fee schedule) on the day of the procedure.

Finally, Mr. Boyle discussed another area covering the three dedicated rehabilitation hospitals in Illinois currently covered by the rehabilitation DRG. Currently Medicare has a completely different payment system, known as Rehabilitation Impairment Categories (RICs), that refines the rehabilitation DRG into approximately 21 categories.

Mr. Boyle is at present reviewing software that would take data from the three rehabilitation hospitals and produce a similar RICs fee schedule applicable only to these 3 facilities. RICs include the most serious injuries, including traumatic brain injury, traumatic spinal cord injury, and amputation. Mr. Boyle believes there is a good chance that data exists to create a specific fee schedule in accordance with Section 8.2 for these specialized facilities.

There was a question as to whether this fee schedule should or could apply to other hospital rehab units in the state. Mr. Boyle noted that the schedule would not cover services at hospital rehabilitation units, which are covered by the DRG. Both Mr. Boyle and Ms. Butkus from the Illinois Hospital Association noted that similar services provided by hospitals had reduced length of stay and charges.

The Chairman noted that the fee schedules for hospital outpatient and hospital outpatient surgery facility should be completed in a matter of weeks. The Chairman indicated that after the data is run, rules and procedures must still be developed. The board discussed the benefits of emergency rule-making process compared to the regular rule-making

process, and generally agreed to review the fee schedules and rules first before determining the most advantageous rules process.

The Chairman asked Glen Boyle to create a list of CPT codes in the fee schedule, such as independent medical exams (IMEs), which should not be part of the fee schedule because either because they do not cover actual medical treatment or because they are otherwise not appropriate. He indicated the new rule-making process will incorporate the deletion of some of these confusing codes.

The board voted unanimously to accept questions from the audience.

The board discussed the lack of historical data to create an ambulatory surgical treatment center (ASTC) fee schedule due to inconsistent billing and collection of data. The Chairman noted that if a data source was located, he suspects it would indicate the costs at these centers are less than those at hospitals. He also added that ASTC costs are less than 5% of the overall medical costs in workers' comp claims. Mr. Smolk pointed out without a fee schedule employers are paying 76 percent of charge (POC) for these services.

Mr. Boyle also spoke about the recent WCRI conference he attended, where he learned from the states of Florida, Texas and California that there must be a balance between reasonable reimbursements or access to high-quality health-care providers will be lost.

After a short recess, the board then set meeting dates on the first Thursday of the second month of each quarter beginning in February of 2007. The meetings will begin at 9:00 a.m. and will be held in the Chicago IWCC office. **(Please note for scheduling reasons the meeting schedule is being changed to the last Thursday of the month.)**

The board also discussed problems with underpayment of services through insurance PPO leasing, or "re-pricers." Underpayment and lack of benefit explanation creates problems resulting in providers receiving little if any information when insufficient payments are made. Dr. Butler indicated there is more than one carrier involved in these situations. It was noted that miscommunication and underpayment of services are the type of problems faced by providers that if not corrected could lead to access problems for injured employees.

Ms. Butkus suggested the Department of Insurance should be involved in a future discussion regarding how to regulate insurance companies who do not provide full, legal payment for workers' compensation medical bills. The Chairman indicated he would contact Chairman McGrath with the Department of Insurance to ask for a representative to attend the next meeting to discuss this issue.

The Chairman also noted that Section 4(c) of the Workers' Compensation Act provides for the Commission to hear cases regarding insurance carriers or TPAs not acting reasonably, fairly and/or timely and also that the new penalties contained in Section 191

should act as a deterrent to the underpayment of medical bills as cases from the new act begin to be tried.

The Chairman suggested requiring carriers to provide an explanation of benefits (EOB) with each payment would help ensure the proper payment is made. He asked all groups present to research this issue and be prepared to discuss their thoughts at the next meeting.

Next the board discussed the payment and balanced billing forms, and reviewed a letter and proposed changes from the Illinois State Medical Society and the Illinois Hospital Association. The group discussed the necessity of legal language on the forms, and also the relevance of Form C. As the provider community has already added their input into the forms, Chairman Ruth asked that labor and business groups review the forms thoroughly and provide additional input at the next meeting. The Chairman did indicate that the forms should include information on the acts penalty provisions under 19(k) and 19(l). He also strenuously noted that the Commission is not prepared to accept any additional forms for filing and the notices would have to be just between the parties.

There being no further business, the meeting adjourned at 11:30 a.m.