

**Delaware Workers’
Compensation Task Force**

January 24, 2014



Today’s Outline

- How Delaware compares to other states on health care prices and fee schedules
 - Some lessons from other states
- About WCRI
- How 16 other states compare on a wide range of system performance measures
 - Lessons from reforms in other states

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Today's Outline

- How Delaware compares to other states on health care prices and fee schedules
 - Fee schedules
 - Prices paid
 - Are Delaware prices paid too high (low)?
 - Lessons about price and fee schedules from WCRI studies
- **Caveat:** We computed Delaware numbers as courtesy to Lt. Governor Denn and Insurance Commissioner Stewart. We have not studied Delaware.

Lessons: Fee Schedules & Medical Prices

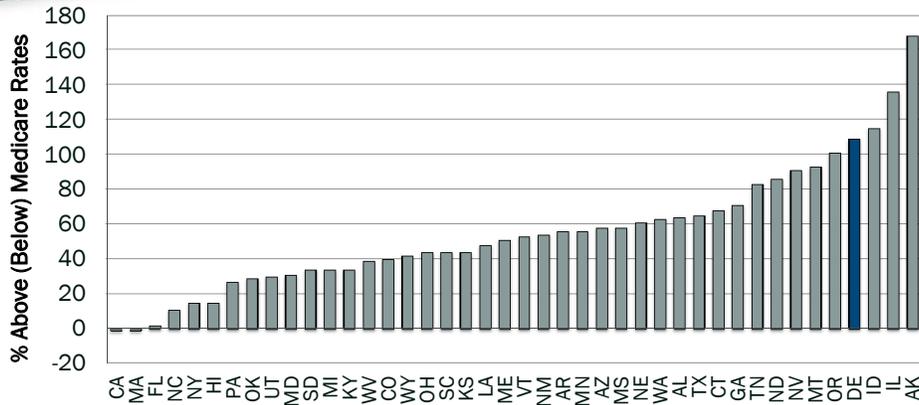
- Delaware fee schedule was unusually high: 4th highest
 - But typical for office visits
- Prices paid in Delaware were 50-135% higher than the median state for surgery & specialties
 - But only 7% higher for office visits
- Surgery WC prices paid in DE were probably much higher than what DE group health insurers pay providers

Lessons: Fee Schedules & Medical Prices

- Higher prices were paid in states with no fee schedule or charge-based fee schedules
- Across the board changes in fee schedules may not meet objectives
- Dividing a state into multiple fee schedule zones can produce surprising results
- On average, providers respond to many fee schedule reductions by changing treatment and billing practices to retain revenues

What Did Delaware Have In Common With ID, IL & AK?

Fee Schedules In These 4 States Were Double Their State Medicare Rates



As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules*

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But Much Higher For Specialty Care And Much Lower For Primary Care

Type Of Professional Service	% Different From DE Medicare Rate	How Delaware Fee Schedule Ranks
Evaluation & Management	+32%	20 th highest (of 43 states)
Physical Medicine	+87%	4 th highest
Radiology (MRIs, CT Scans)	+205%	7 th highest
Pain Injections	+244%	3 rd highest
Surgery	+384%	3 rd highest

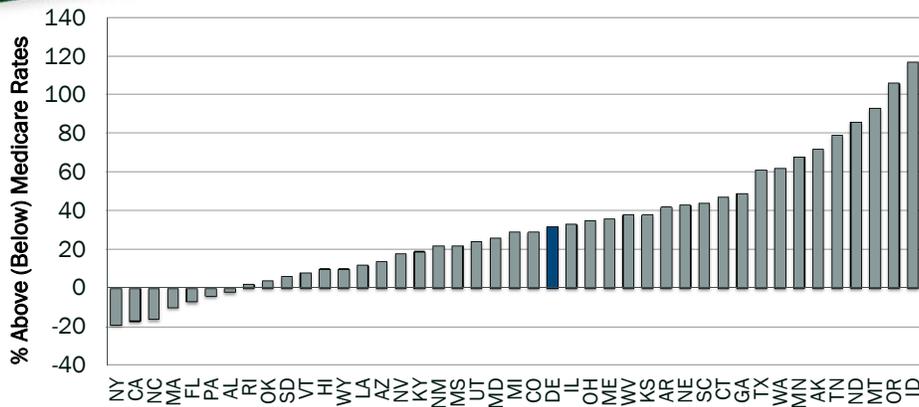
As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules* (WCRI)

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Evaluation & Management: Delaware Fee Schedule In The Middle Of States



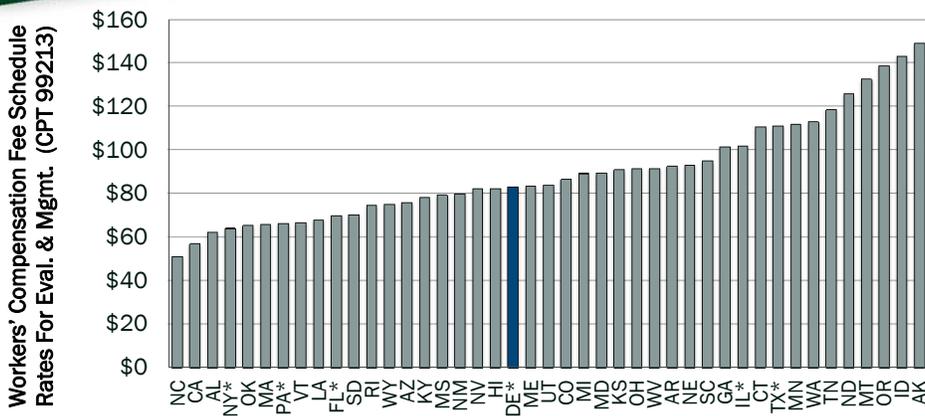
As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules* (WCRI)

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Example: Intermediate Office Visit



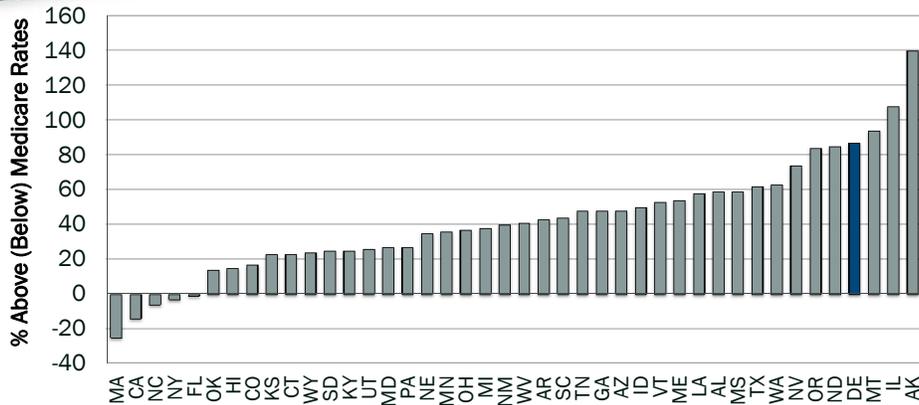
* DE, FL, IL, NY, PA, And TX Have Distinct WC Fee Schedules For Different Parts Of The State. For DE, New Castle County Is Shown. As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules*

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Physical Medicine: Delaware Among The Highest State Fee Schedules



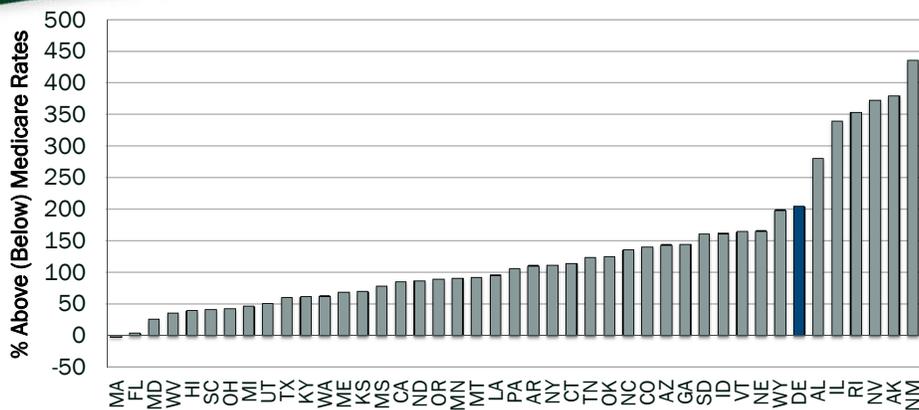
As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules* (WCRI)

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Major Radiology: Delaware Fee Schedule Higher Than Median State, But . . .



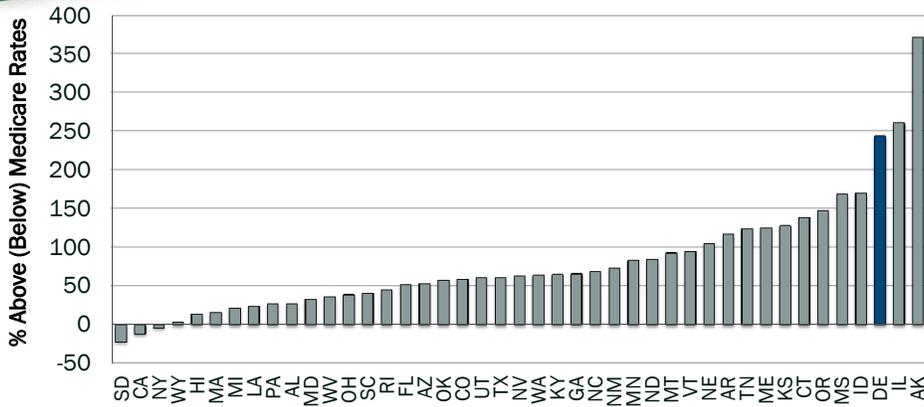
As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules* (WCRI)

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Pain Injections: Delaware Fee Schedule Much Higher Than All But IL And AK



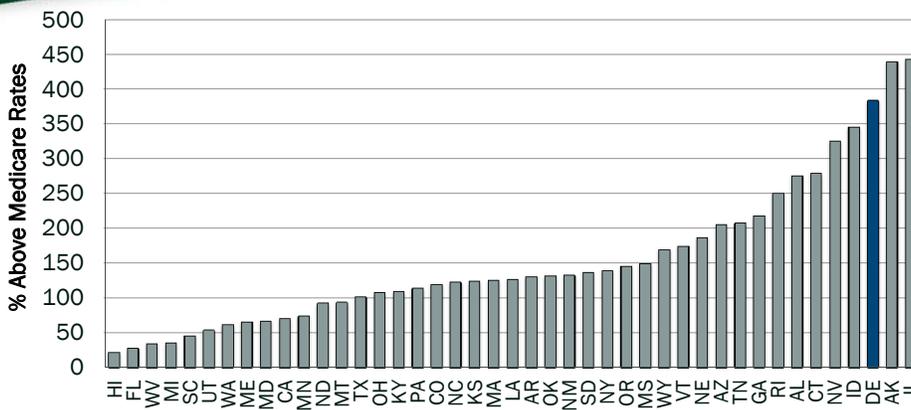
As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules* (WCRI)

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Surgery: Delaware Fee Schedule Was Nearly 5x Delaware Medicare Rates



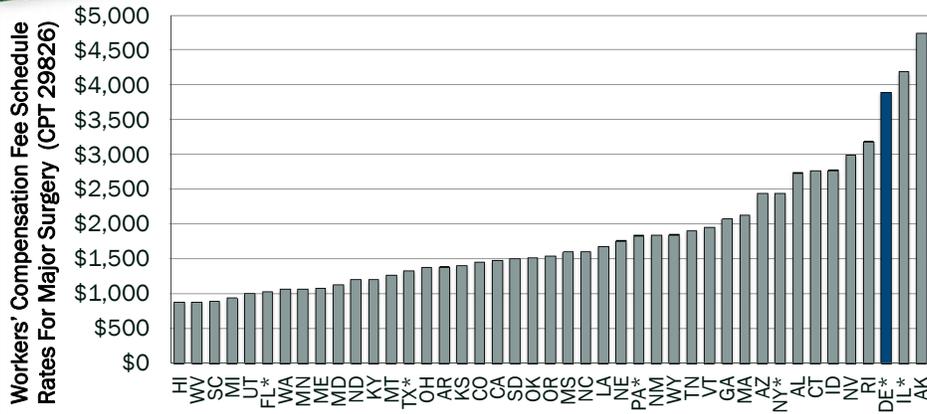
As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules* (WCRI)

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Example: Common Shoulder Surgery



* DE, FL, IL, NY, PA, and TX Have Distinct WC Fee Schedules For Different Parts Of The State. For DE, New Castle County Is Shown. As Of July 2011. Source: *Designing Workers' Compensation Medical Fee Schedules*

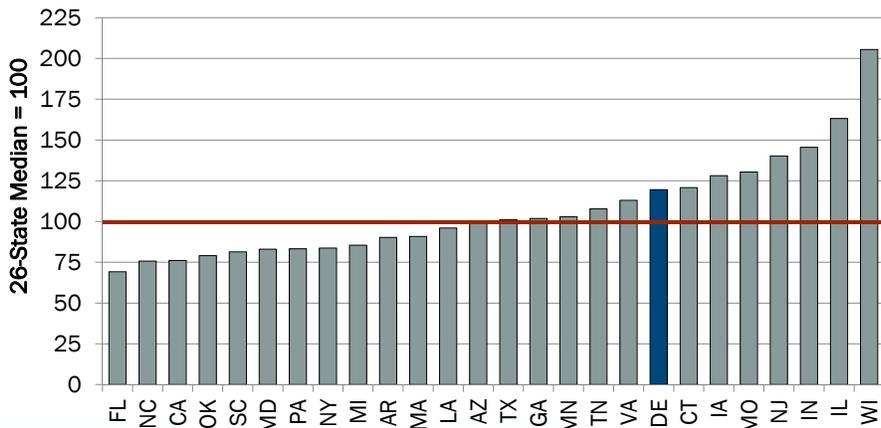
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DE Prices Paid For Professional Services Were 20% Higher Than Median State

Medical Price Index Professional Services



As Of 2011. Based On Data From WCRI Medical Price Index; Delaware Data Not Included In Published Study.

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Delaware Prices Paid Were Higher Than Median State, Especially Specialty Care

Type Of Professional Service	DE Prices Paid vs. Median State	How Delaware Prices Paid Rank
Evaluation & Management	+7%	10 th highest (of 26 states)
Physical Medicine	+54%	2 nd highest
Radiology (MRIs, CT Scans)	+24%	7 th highest
Pain Injections	+135%	3 rd highest
Surgery	+85%	4 th highest
Facility Fee For Hospital Outpatient Knee Surgery	+52%	3 rd highest

As Of 2011.

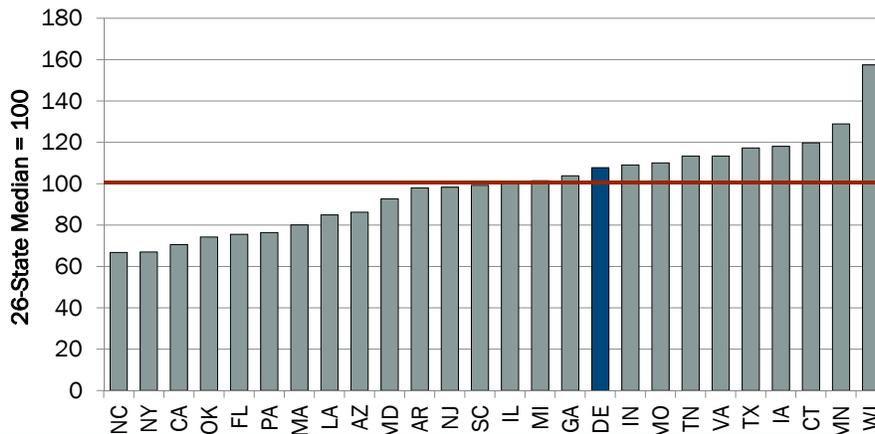
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DE Prices Paid For Office Visits Only 7% Above Median State

Medical Price Index Evaluation And Management Services



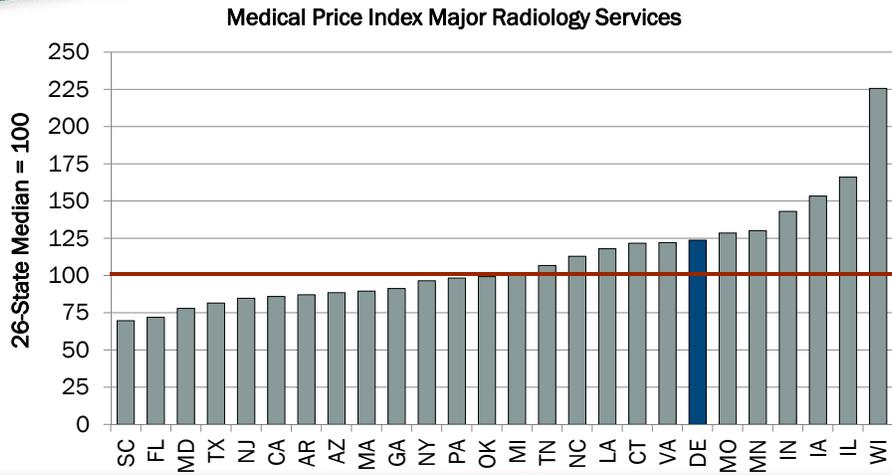
As Of 2011. Based On Data From WCRI Medical Price Index; Delaware Data Not Included In Published Study.

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DE Prices Paid For Major Radiology (MRI, CT) 24% Higher Than Median State

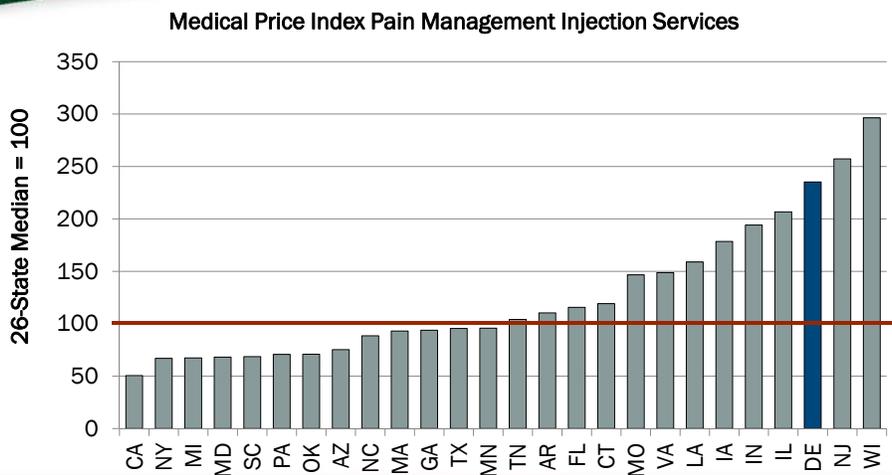


As Of 2011. Based On Data From WCRI Medical Price Index; Delaware Data Not Included In Published Study.

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Pain Injections: DE Prices Paid Were More Than Double The Median State



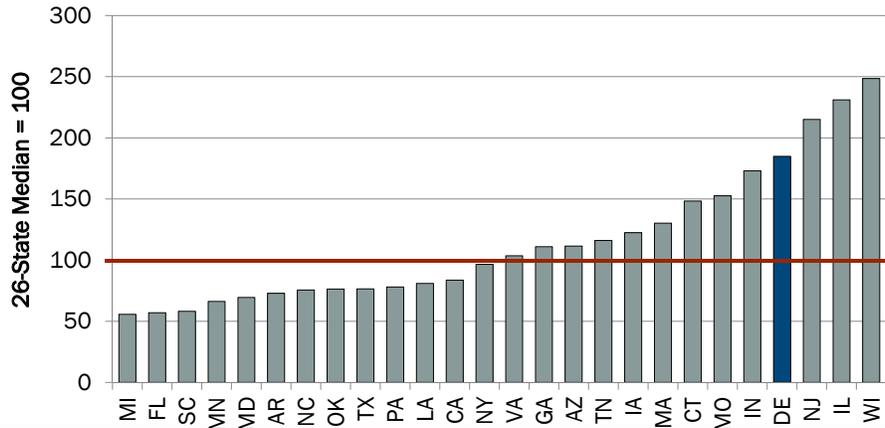
As Of 2011. Based On Data From WCRI Medical Price Index; Delaware Data Not Included In Published Study.

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Surgery: DE Prices Paid Were 85% Above Median State

Medical Price Index Major Surgery Services



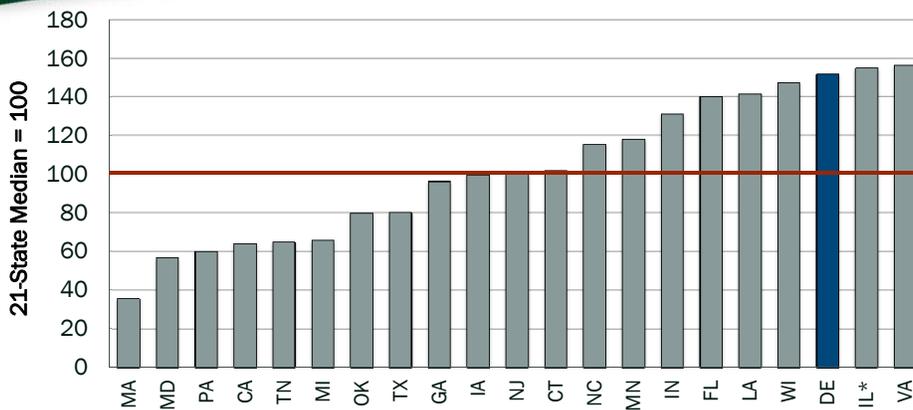
As Of 2011. Based On Data From WCRI Medical Price Index; Delaware Data Not Included In Published Study.

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DE Prices Paid To Hospitals For Common Outpatient Surgery 52% Higher Than Median State



* IL Transitioned From A %-Of-charges Based FS To CPT-based In Feb, 2009. As Of 2010. Based On Hospital Outpatient Cost Index For Workers' Compensation, 2nd Edition (2013) Data, For Knee Surgery (CPT 29861).

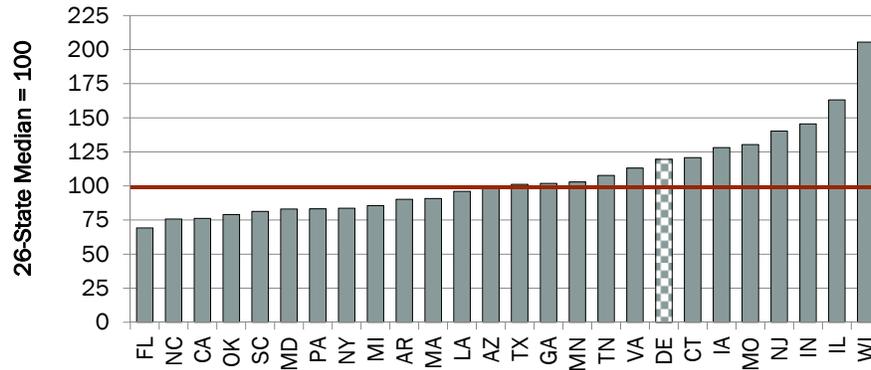
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Why Do Prices Vary So Much Among States?

Medical Price Index Professional Services



As Of 2011. Based On Data From WCRI Medical Price Index; Delaware Data Not Included In Published Study.

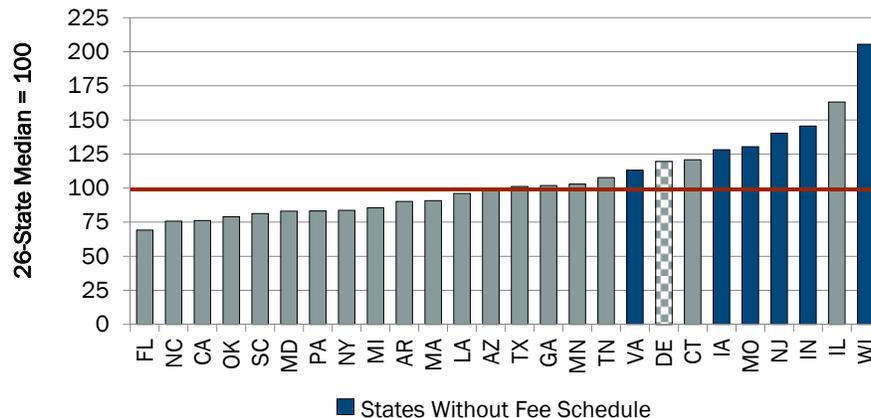
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Higher Prices In States Without Fee Schedules

Medical Price Index Professional Services



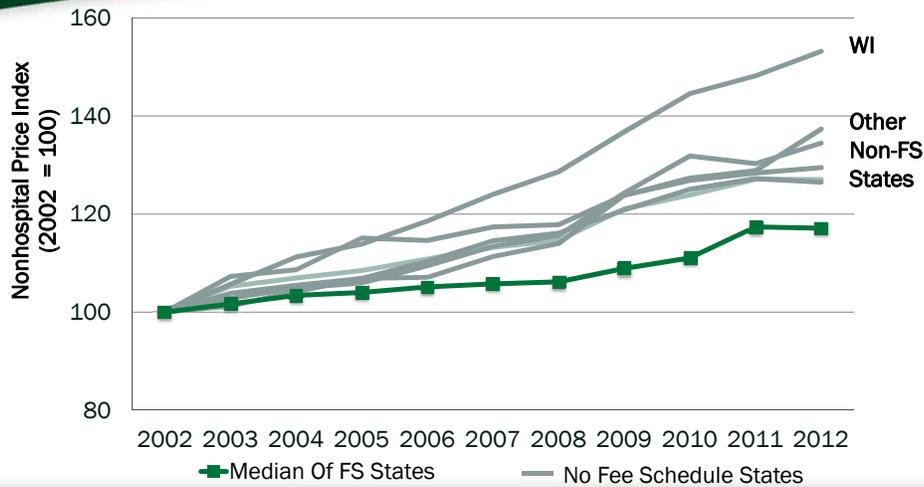
As Of 2011. Based On Data From WCRI Medical Price Index; Delaware Data Not Included In Published Study.

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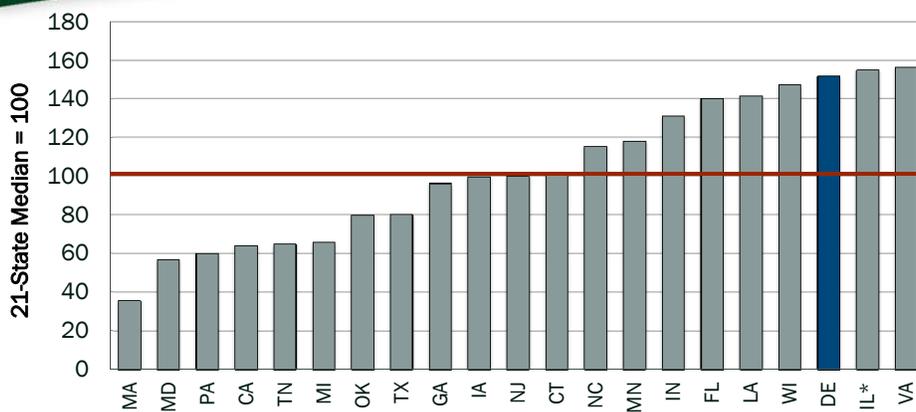
Nonhospital Prices Paid Increased Faster In States Without Fee Schedules



Prices Paid For Nonhospital Services In Calendar Year 2007 To 2012
 Source: WCRI Medical Price Index For Workers' Compensation, Fifth Edition (2013)
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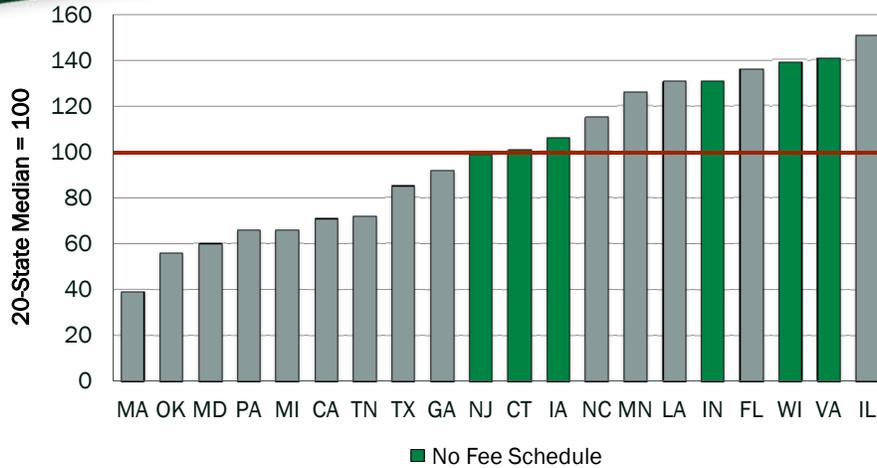
Why Do Prices For Hospital Outpatient Facilities Vary So Much Among States?



* IL Transitioned From A %-Of-charges Based FS To CPT-based In Feb, 2009.
 As Of 2010. Based On Hospital Outpatient Cost Index For Workers' Compensation, 2nd Edition (2013) Data, For Knee Surgery (CPT 29881).
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States Without Fee Schedules Had Higher Hospital Outpatient Costs/Surgical Episode



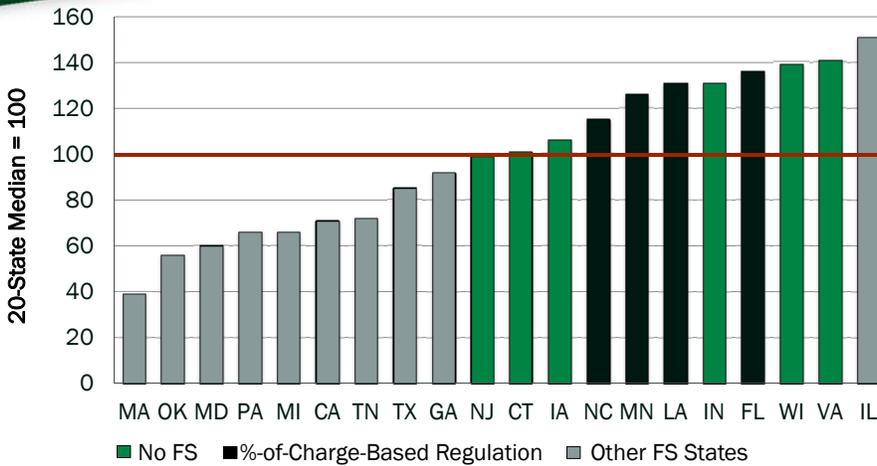
As Of 2010. Source: *Hospital Outpatient Cost Index For Workers' Compensation, 2nd Edition (2013)*

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No FS Or Charge-Based FS: Higher Facility Outpatient Costs Per Surgical Episode



As Of 2010. Source: *Hospital Outpatient Cost Index For Workers' Compensation, 2nd Edition (2013)*

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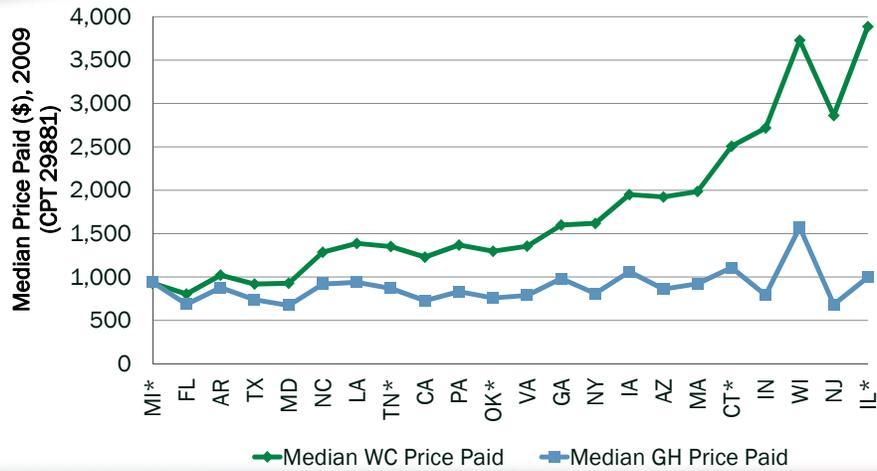
Are DE Health Care Prices Too High (Low)?

- *A framework for addressing*
- Consider Illinois in 2009
 - Median price paid for a common knee arthroscopy
 - By workers' compensation payors: \$3,886
 - By group health payors: \$997
 - If provider time/expense were identical, then hard to justify a differential
 - If provider time/expense is higher for WC patients, differential is justified
 - If higher in WC, does the difference justify a \$2,900 difference?

Are DE Health Care Prices Too High (Low)?

- *A framework for addressing*
- Consider Pennsylvania in 2009
 - Median price paid for an intermediate office visit
 - By workers' compensation payors: \$59
 - By group health payors: \$64
 - If provider time/expense were identical, then might be concerned about access to care for injured workers
 - If provider time/expense is higher for WC patients, might be even more concerned about access

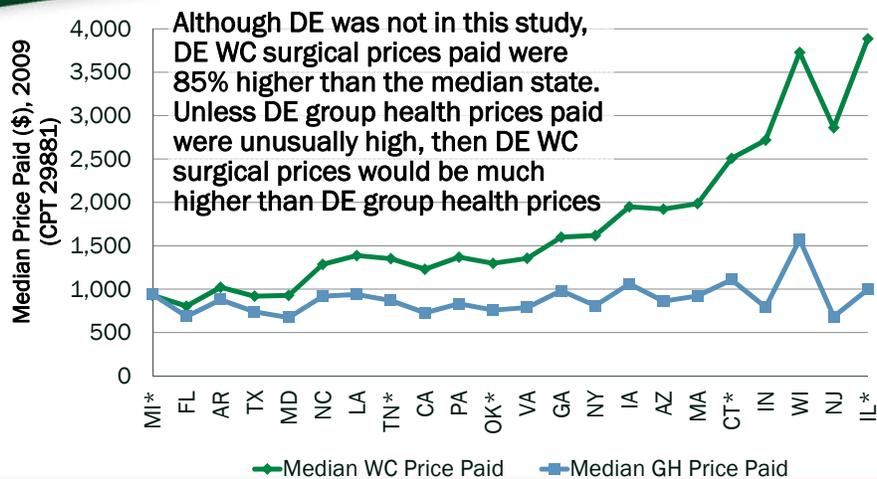
WC Paid Higher Prices Than GH In Most States Knee Arthroscopy



Implemented Double-Digit FS Decrease For CPT 29881 From 2009-2012.
 Source: A New Benchmark For WC Fee Schedules: Prices Paid By Commercial Insurers?
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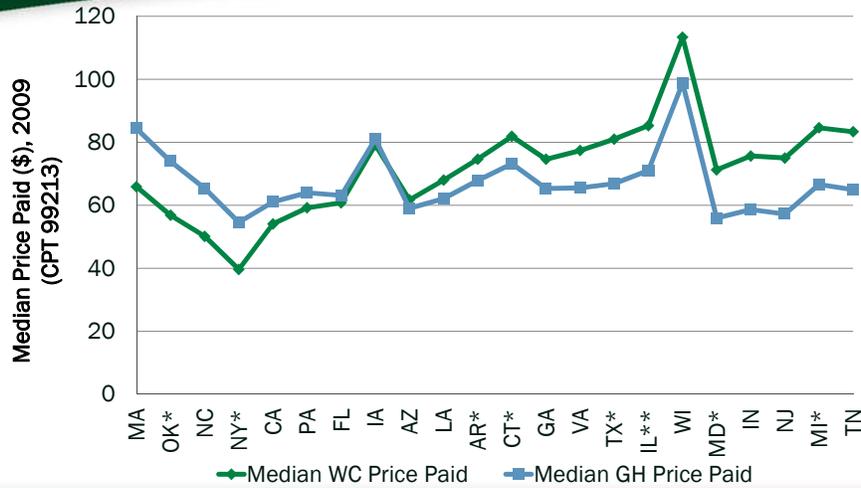
WC Paid Higher Prices Than GH In Most States Knee Arthroscopy



Implemented Double-Digit FS Decrease For CPT 29881 From 2009-2012.
 Source: A New Benchmark For WC Fee Schedules: Prices Paid By Commercial Insurers?
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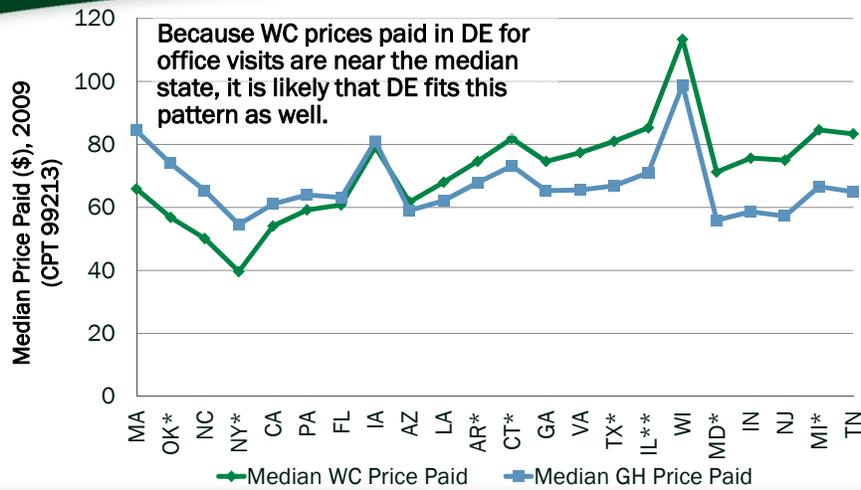
WC & GH Prices Similar In Most States Intermediate Office Visit



* Implemented Double-Digit FS Increase From 2009-2012. For Comparison, The BLS Reports That The CPI For Professional Medical Services Rose By 7% From 2009-2012.
 ** Implemented Double-Digit FS Decrease From 2009-2012.
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WC & GH Prices Similar In Most States Intermediate Office Visit



* Implemented Double-Digit FS Increase From 2009-2012. For Comparison, The BLS Reports That The CPI For Professional Medical Services Rose By 7% From 2009-2012.
 ** Implemented Double-Digit FS Decrease From 2009-2012.
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Across The Board Reductions In Fee Schedules May Not Meet Objectives

- In 2011, Illinois legislature reduced its very high fee schedule by 30% for all services
- Result:
 - Average prices fell by 24%
 - Compared to prices paid by Illinois group health payors,
 - WC prices paid for surgeries were 107-231% higher
 - WC prices paid for office visits were 12-18% lower
- Illinois also reduced the number of fee schedule zones from 29 to 4 (14 for hospitals)

Only 3 States Established More WC Fee Schedule Zones Than Medicare

State	# Of Medicare Fee Schedule Zones	# Of WC Fee Schedule Zones
Delaware	1	2
WC = Medicare Zones (30 states)		
• 28 States	1	1
• 2 States	FL 3; TX 8	FL 3; TX 8
WC = Fewer Zones Than Medicare (10 states)		
• 9 States (CA,GA,LA,ME,MA,MD,MI,OK,WA)	2	1
• 1 State (NY)	5	4
WC = More Zones Than Medicare	DE 1, PA 2, IL 4	DE 2, PA 4, IL 4/14

Multiple Zones Produce Surprising Results In 2 Chicago Suburbs (31 Miles Apart)

	Bolingbrook, IL	Oak Park , IL
Shoulder Arthroscopy	\$4,818	\$5,489
Knee Arthroscopy	\$4,156	\$3,157

As Of 2006. Source: *Analysis Of The Workers' Compensation Medical Fee Schedules In Illinois (2006)*

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Zones Than Are Not Adequately Populated Produced Surprising Results

Areas	Service	Fee Schedule \$	Population	Distance
Oak Park, IL	Shoulder Arthroscopy	\$5,489	36k	17 miles
Evanston, IL	Shoulder Arthroscopy	\$3,170	40k	
Downers Grove, IL	Lumbar MRI	\$2,010	422k	23 miles
Chicago, IL	Lumbar MRI	\$1,458	1.2M	
Bolingbrook, IL	Lumbar Steroidal Injection	\$834	614k	13 miles
Downers Grove, IL	Lumbar Steroidal Injection	\$688	422k	
Elgin, IL	Carpal Tunnel Surgery	\$2,236	67k	31 miles
Evanston, IL	Carpal Tunnel Surgery	\$1,488	40k	

As Of 2006. Source: *Analysis Of The Workers' Compensation Medical Fee Schedules In Illinois (2006)*

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Delaware: Inconsistencies Common Among 2 Fee Schedule Zones

Service	CPT Code	Fee Schedule For 197xx, 198xx	Fee Schedule For 199xx	% Difference
Knee Arthroscopy	29881	\$6,942	\$5,981	16%
Shoulder Arthroscopy	29826	\$4,105	\$2,950	39%
Shoulder Arthroscopy	29827	\$4,369	\$4,369	0%
Lumbar MRI, No Contrast	72148	\$1,588	\$1,219	30%
Intermediate Office Visit	99213	\$87	\$87	0%
PT - Exercise (15 min.)	97110	\$56	\$53	6%
PT - Electro-stimulation	97032	\$43	\$53	-19%
PT - Ultrasound Treatment	97035	\$43	\$42	2%

Data For 2013 Fee Schedule.

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How Do Providers Adjust To Fee Schedule Changes?

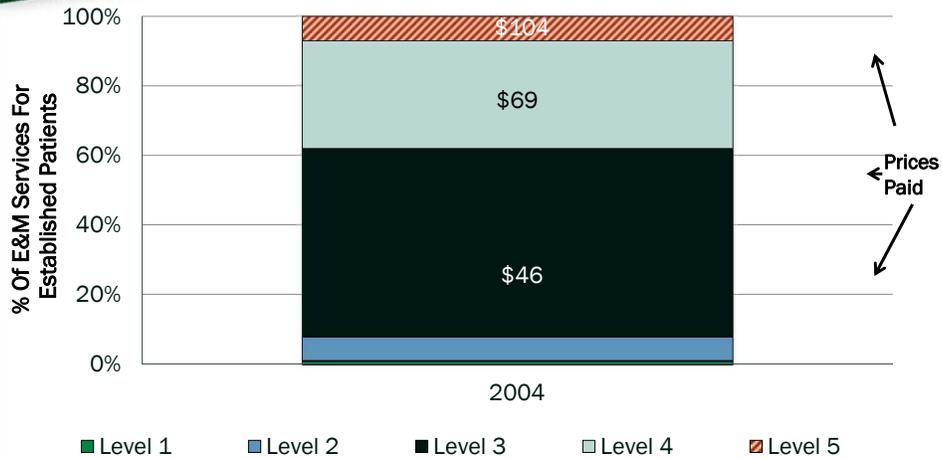
- Ample evidence: on average, treatment and billing practice changed to retain revenue
- Medicare assumed 30-50% of potential savings offset
 - NCCI studies support this for rate filings
- Examples from WCRI studies
 - Up-coding of office visits when fee schedule “inadequate”
 - FL hospital coding changes when MRIs under fee schedule
 - Physician dispensing—low office visit prices stimulate expanded use of revenue supplements

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CA: Most Office Visits Were “Intermediate” (CPT 99213)



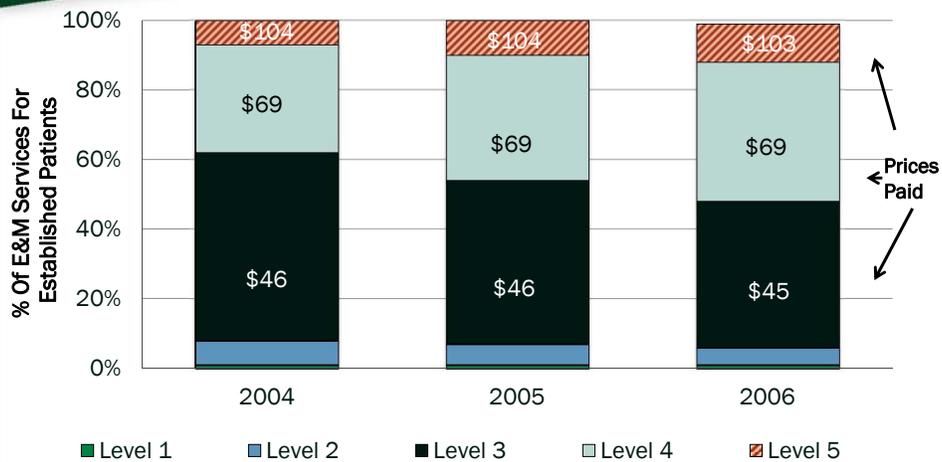
Claims With > 7 Days Of Lost Time

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CA Prices Frozen For 3 Years—More Office Visits Coded As More Expensive



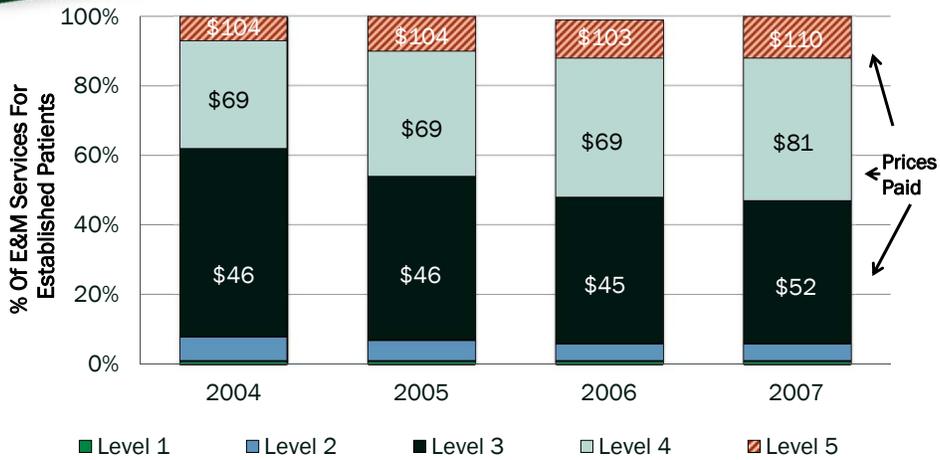
Claims With > 7 Days Of Lost Time

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After CA Raised The Fee Schedule, Upcoding Stopped



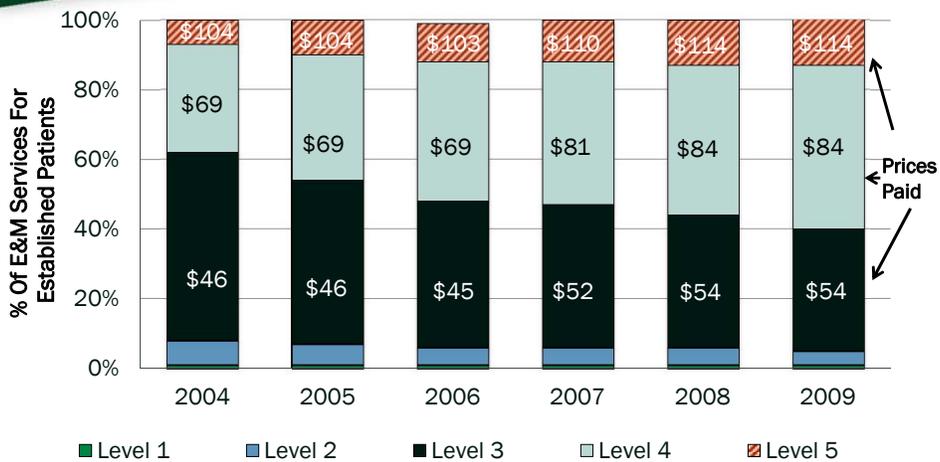
Claims With > 7 Days Of Lost Time

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When The Fee Schedule Was Re-frozen, Upcoding Resumed



Claims With > 7 Days Of Lost Time

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2003 FL Reforms Reduced Fee Schedule Rates For Many Hospital Outpatient Services

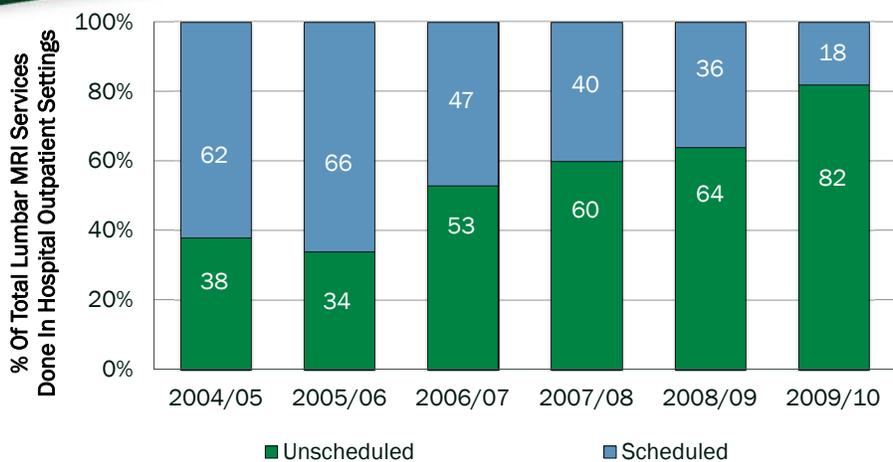
Hospital Outpatient	Pre-Reform	Post-Reform
Scheduled Radiology	75% of charges	110% Medicare
Unscheduled Radiology	75% of charges	75% of charges

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Post-Fee Schedule Change: Lumbar MRI Paid More Often As Higher-Priced Unscheduled MRI



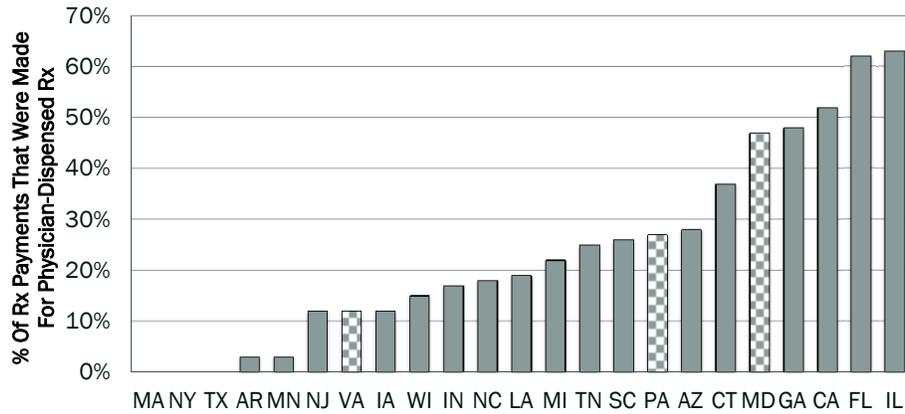
Claims With > 7 Days Of Lost Time, Not Adjusted For Case Mix

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Physician-Dispensing Of Rx Was Common And Costly In Nearby States



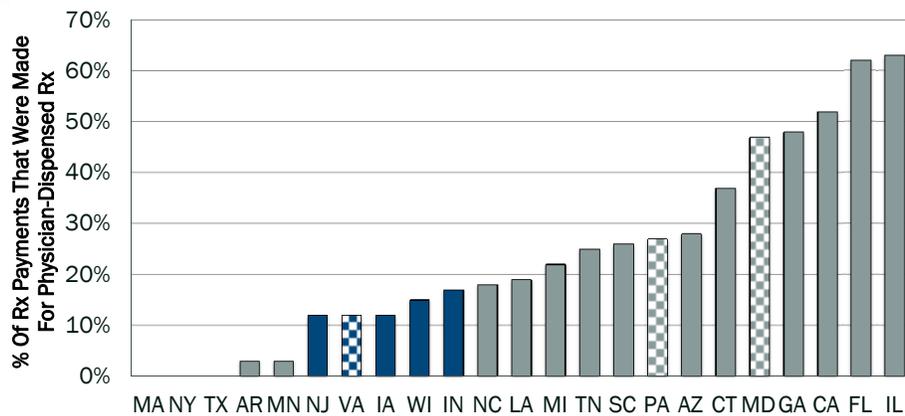
Claims With > 7 Days Of Lost Time, Injuries From October 2009 To September 2010, Prescriptions Filled Through March 2011. Source: *Physician Dispensing In Workers' Compensation* (2012)

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Physician-Dispensing Less Common In States With No Fee Schedule



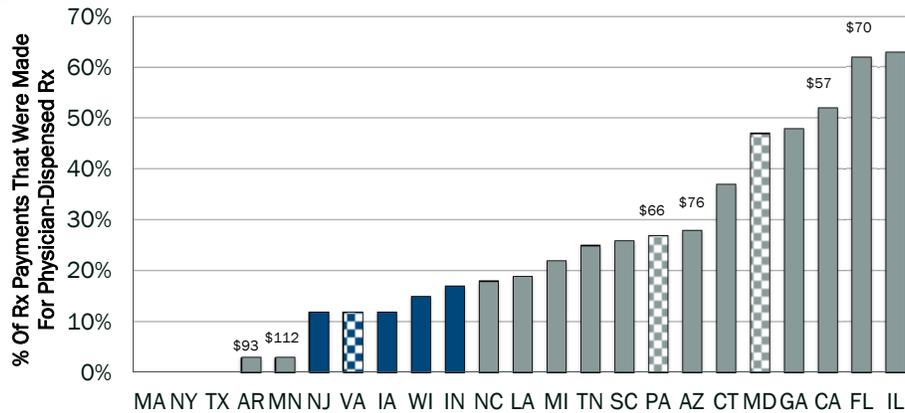
Claims With > 7 Days Of Lost Time, Injuries From October 2009 To September 2010, Prescriptions Filled Through March 2011. Source: *Physician Dispensing In Workers' Compensation* (2012)

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Physician-Dispensing Less Common In States With Higher Prices Paid For Office Visits



Claims With > 7 Days Of Lost Time, Injuries From October 2009 To September 2010, Prescriptions Filled Through March 2011. Source: *Physician Dispensing In Workers' Compensation* (2012)

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About WCRI

- Not-for-profit research organization
- Diverse membership—insurers, employers, state governments, managed care organizations, TPAs, several health care providers and labor unions
- Focus on performance of the benefit delivery system, not the insurance mechanism or prices
- Studies peer reviewed as condition of publication
- Not take positions on issue nor make recommendations

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About The Underlying Data

- Detailed claims and medical bill data
- 30 data sources—insurers, state funds, self-insurers
- All states—26 million claims; 350 million medical lines
- Delaware (recent year)—10 data sources representing 76% of the insured market

Scope Of WCRI Benchmarks

- Medical payments, prices and utilization
 - By type of service and provider
- Income benefits paid—by type of benefit
- Litigiousness and litigation expenses
- Medical cost containment expenses
- Time to first income benefit payment
- Rx costs, prices, and utilization
- Opioid utilization, including longer term use

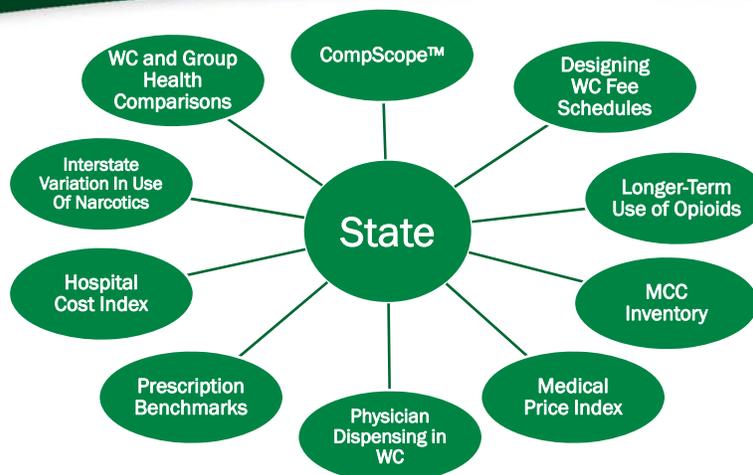
Scope Of WCRI Benchmarks

- How workers fare?
 - Recovery of health and function
 - Speed and sustainability of return to work
 - Earnings recovery
 - Access to health care
 - Satisfaction with health care

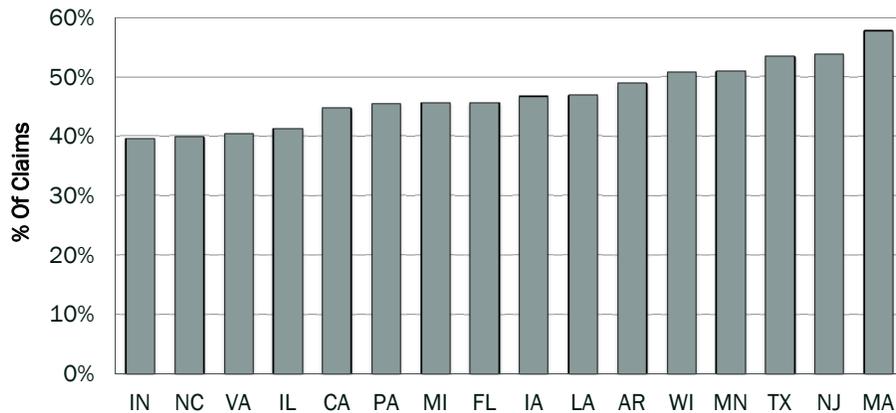
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WCRI Benchmark Studies Provide Broad Scope Of Information



First Indemnity Payment Within 21 Days Of Injury



2011/12 Claims With 1st Indemnity Payment Within 21 Days Of Injury As A % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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Division Of WC In PA Implemented Changes In Response To Measure

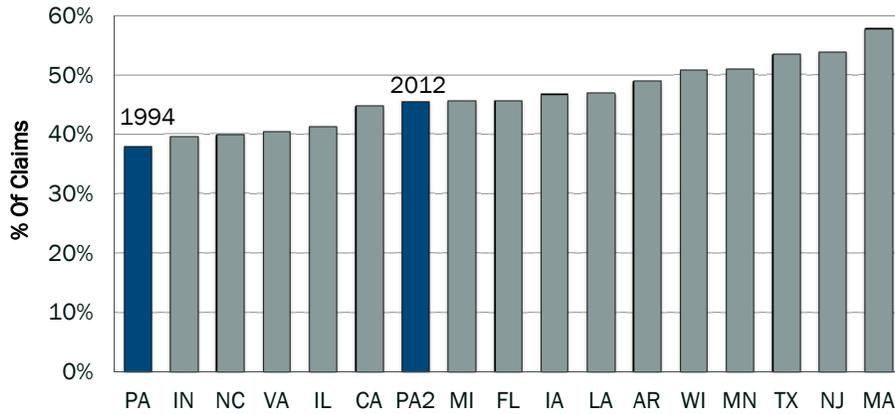
- Introduction of report cards on individual insurers compliance with acceptance/denial rates
- Increased attention to timely notice of injury by employers

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First Indemnity Payment Within 21 Days Of Injury



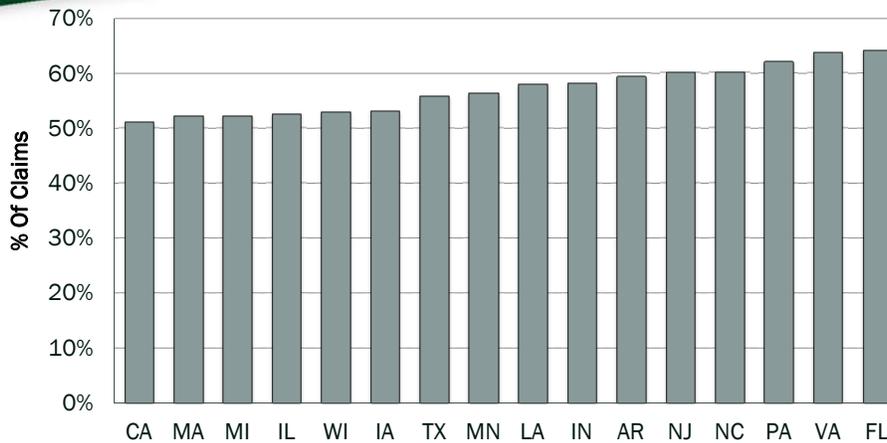
2011/12 Claims With 1st Indemnity Payment Within 21 Days Of Injury As A % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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Time From Injury To Payor Notice Is Within 3 Days



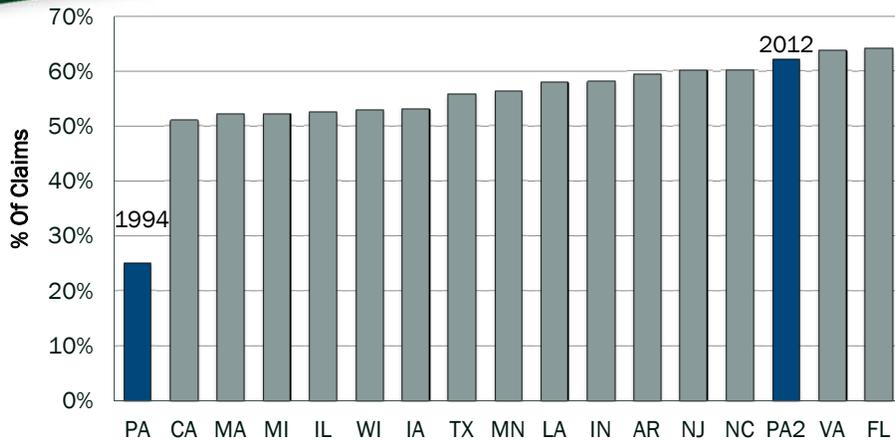
2011/12 Claims With Date Of Injury To Date Of Payor Notice Within 3 Days As A % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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Time From Injury To Payor Notice Is Within 3 Days



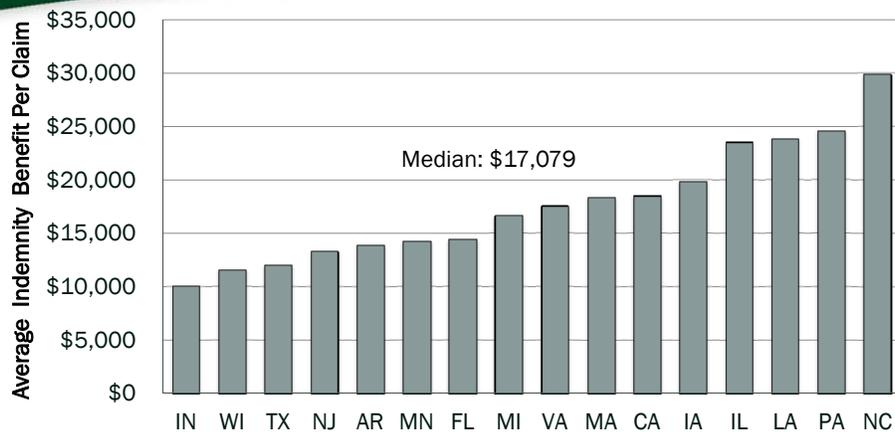
2011/12 Claims With Date Of Injury To Date Of Payor Notice Within 3 Days As A % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix

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Income Replacement Benefits



2009/12 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages

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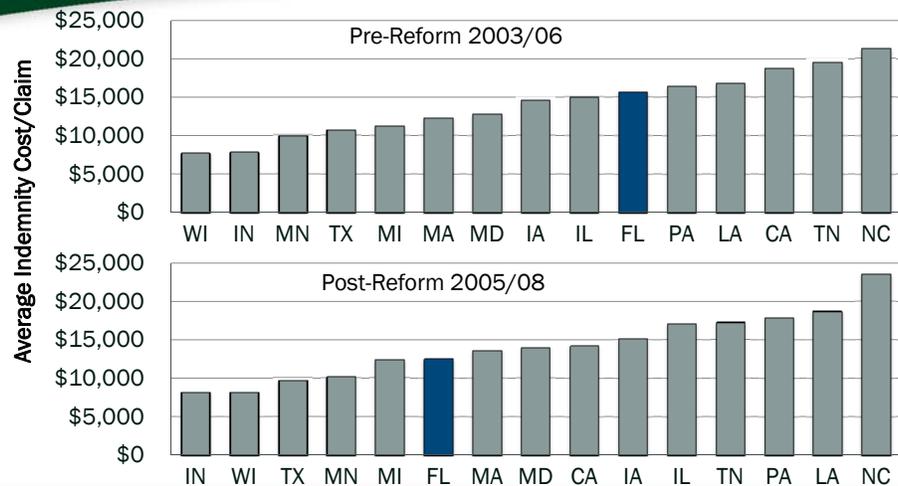
62



Multiple FL 2003 Reform Provisions Relevant To Permanent Disability

- Effective for injuries after 10/1/03
 - Increases
 - Increased PPD benefits to 75% of worker's TTD amount (up from 50%)
 - Decreases
 - Eliminated SSDI criteria for PTD eligibility
 - Eliminated PPD supplemental benefits
 - Other
 - Enacted sliding scale for PPD benefits

FL Indemnity Costs/Claim Changed From Higher End To Lower Post-Reform



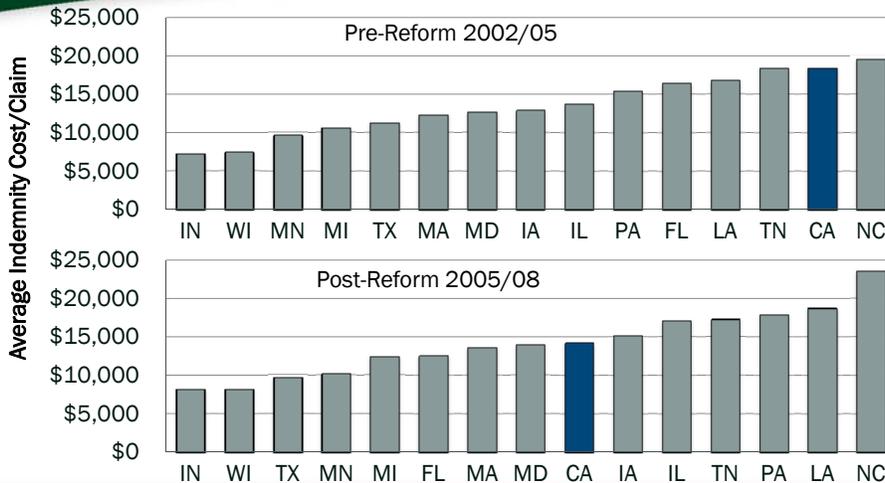
Claims With > 7 Days Of Lost Time, Case-Mix Adjusted

California Reforms Enacted Since 2002, With Effective Dates—Indemnity Costs

	1/03	1/04	4/04	1/05	1/06
Maximum TD, PPD Increase	DOI	DOI	DOI	DOI	DOI
PTP Limit/Repealed	DOI	DOI	X		
104-Week Cap On TD			DOI		
PPD Rating Schedule				X	
Apportionment Of PPD			X		

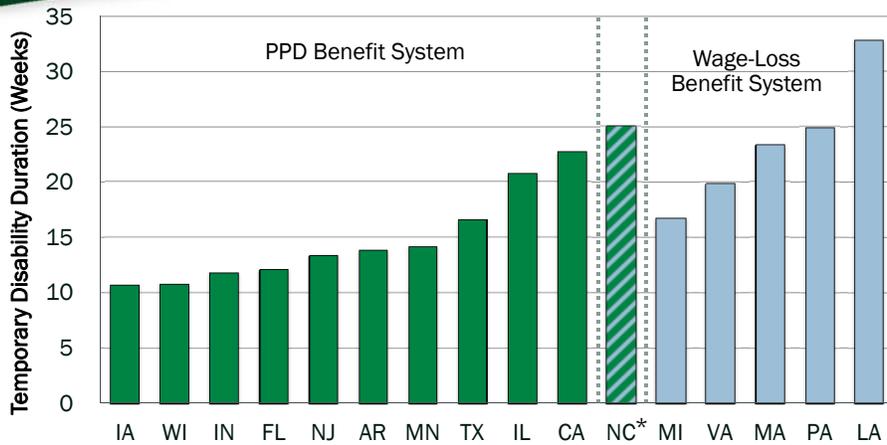
Key: DOI: Affected Cases With Subsequent Dates Of Injury
X: Affected Cases Open At Date

CA Indemnity Cost/Claim Changed From Among Highest To Typical Post-Reform



Claims With > 7 Days Of Lost Time, Case-Mix Adjusted

Duration Of Temporary Disability



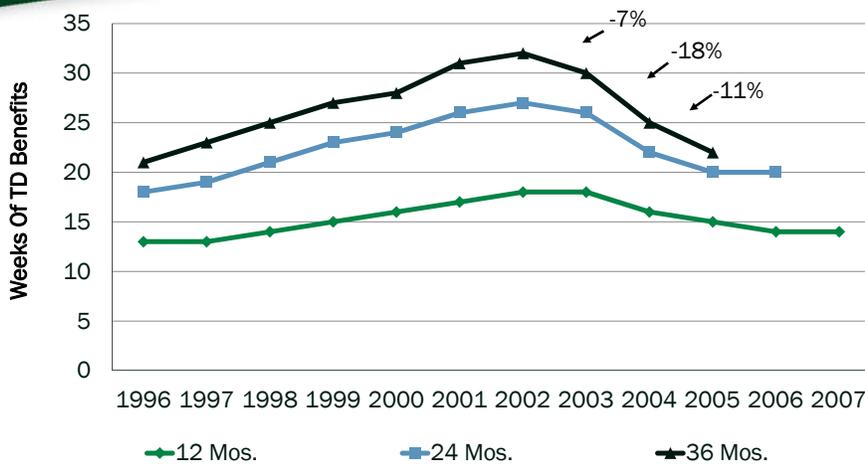
2009/12 Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages
 * Wage-Loss And PPD

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TD Duration Showed Large Decreases From Reforms In California



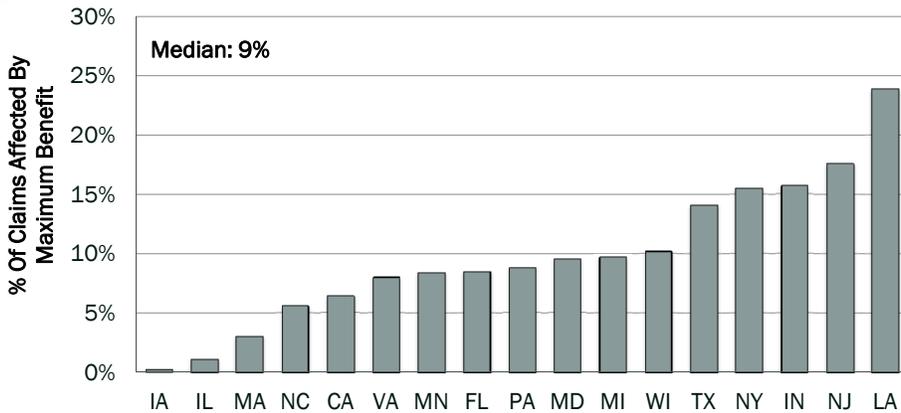
Average Duration Of Temporary Disability/Claim With > 7 Days Of Lost Time, Not Case-Mix Adjusted

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Injured Workers Had Benefits Limited By Statutory Maximum



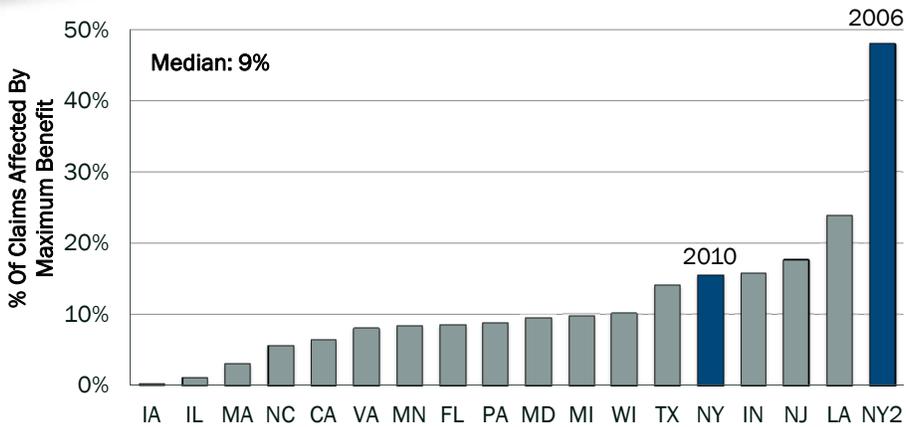
2010/11 Claims With > 7 Days Of Lost Time

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More Injured Workers In New York Had Benefits Limited By Statutory Maximum



2010/11 Claims With > 7 Days Of Lost Time

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2007 New York Reform Provisions

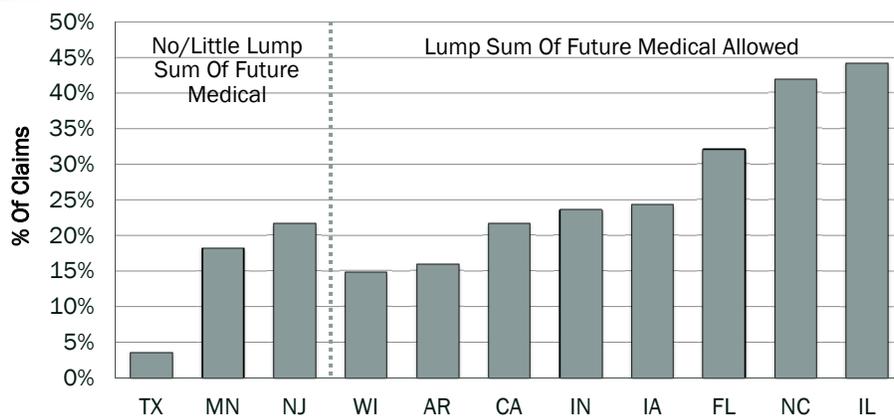
- Increase in statutory benefit maximum and minimum
- Multiple changes to PPD
- Treatment guideline implementation
- Fee schedule changes
- Diagnostic testing—thresholds and network
- Streamlining claims docket

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Frequency Of Lump-Sum Payments



2009/12 Lump-Sum Claims As A % Of Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages

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CA Freq. Of PPD/LS More Typical Of Non-Wage-Loss States Post-Reform



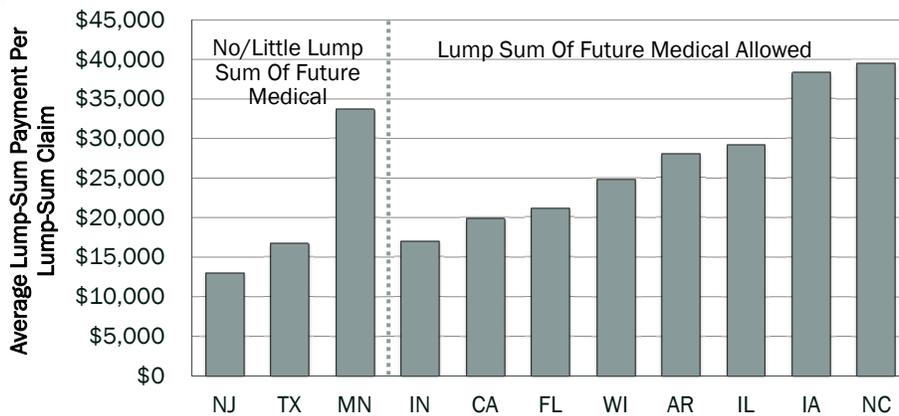
Claims With > 7 Days Of Lost Time, Case-Mix Adjusted; PPD/LS: Permanent Partial Disability/Lump Sum

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Average Lump-Sum Payment Per Claim



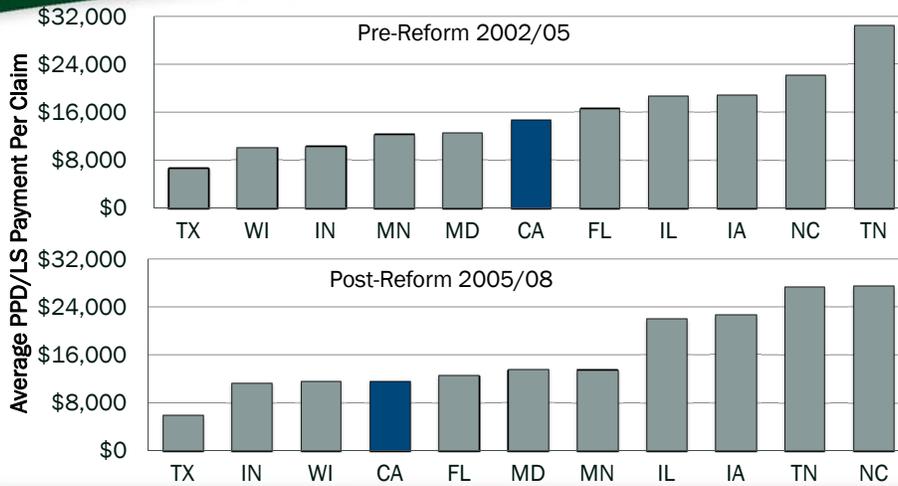
2009/12 Lump-Sum Claims With > 7 Days Of Lost Time, Adjusted For Injury/Industry Mix And Wages

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CA PPD/LS Payment/Claim Lower Post-Reform



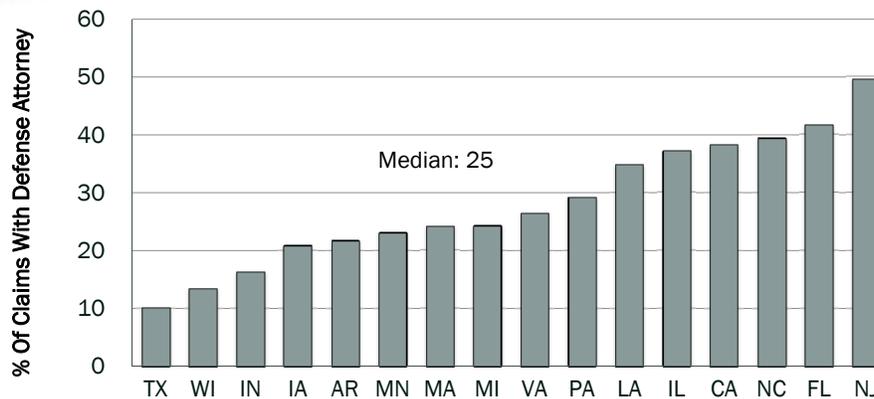
Claims With > 7 Days Of Lost Time, Case-Mix Adjusted; PPD/LS: Permanent Partial Disability/Lump Sum

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Defense Attorney Involvement

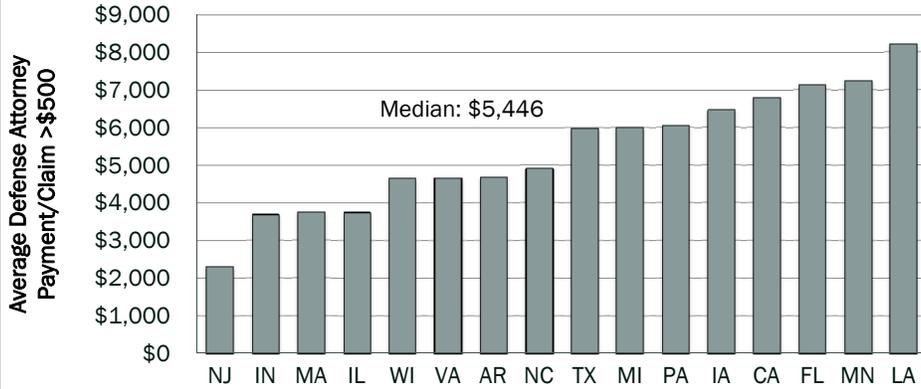


2009/12 Claims With > 7 Days Of Lost Time With Defense Attorney Payments > \$500 (Indexed); Adjusted For Injury/Industry Mix

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Defense Attorney Payment/Claim



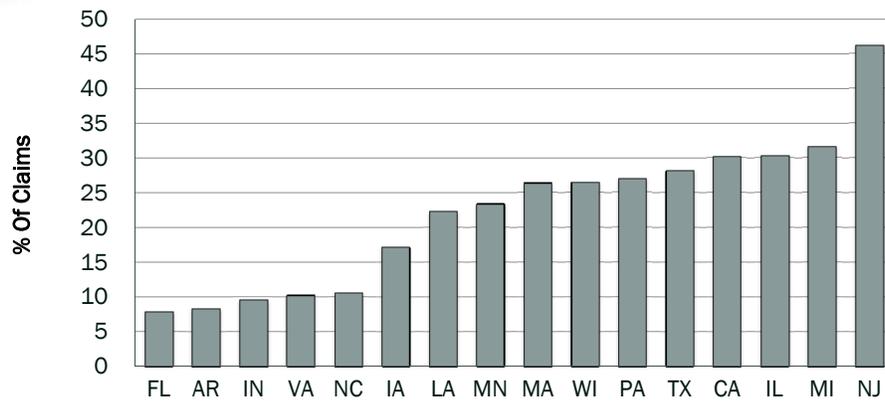
2009/12 Claims With > 7 Days Of Lost Time With Defense Attorney Payments > \$500 (Indexed); Adjusted For Injury/Industry Mix

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Frequency Of Medical-Legal Expenses

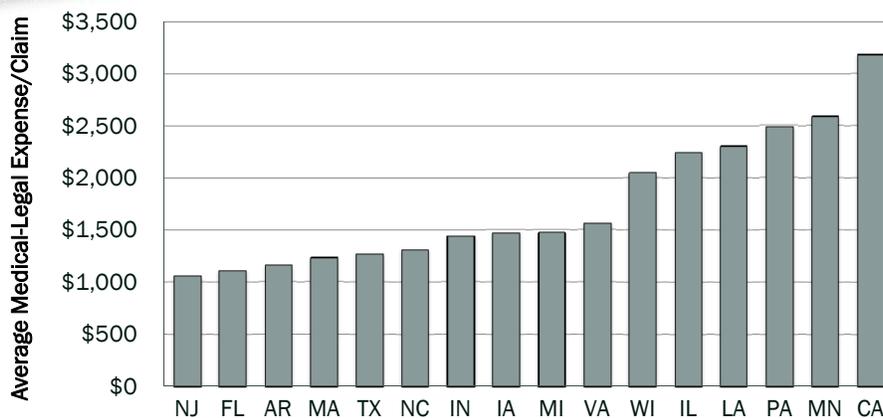


2009/12 Claims With > 7 Days Of Lost Time With Medical-Legal Expenses; Adjusted For Injury/Industry Mix

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Medical-Legal Expenses Per Claim



2009/12 Claims With > 7 Days Of Lost Time With Medical-Legal Expenses; Adjusted For Injury/Industry Mix



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Questions—Contact

Ramona P. Tanabe
Deputy Director & Counsel

Richard A. Victor
Executive Director

WCRI
617-661-9274
rvictor@wcrinet.org

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Table 3 Workers' Compensation Premium over Medicare, July 2011

State	Overall	ER Services	E&M	Major Radiology	Minor Radiology	Neuro. Testing	Physical Medicine	Pain Mgmt. Injections	Major Surgery
Alabama	64	29	-2	281	274	33	59	27	276
Alaska	168	167	72	380	436	312	140	371	440
Arizona	58	100	14	144	115	106	48	53	206
Arkansas	56	39	42	111	120	48	43	117	131
California ^a	-1	24	-17	86	65	36	-14	-12	71
Colorado	40	137	29	141	101	48	17	59	120
Connecticut	68	66	47	115	114	90	23	139	279
Delaware ^b	109	180	32	205	221	116	87	244	384
Florida ^b	2	3	-7	4	-3	0	-1	52	28
Georgia	71	49	49	145	145	66	48	66	218
Hawaii	15	28	10	40	63	6	15	14	22
Idaho	115	112	117	162	172	125	50	170	346
Illinois ^b	136	211	33	340	379	207	108	261	443
Kansas	44	43	38	70	65	40	23	128	124
Kentucky	34	27	19	62	57	26	25	65	109
Louisiana	48	73	12	96	95	44	58	24	127
Maine	51	49	36	69	50	61	54	125	66
Maryland	31	26	26	26	26	26	27	33	67
Massachusetts	-1	-4	-10	-2	-7	-6	-25	16	126
Michigan	34	44	29	47	39	24	38	22	36
Minnesota	56	87	68	91	83	60	36	83	74
Mississippi	58	33	22	79	58	56	59	169	150
Montana	93	93	93	93	93	92	94	93	94
Nebraska	61	85	43	166	156	50	35	105	187
Nevada	91	118	18	373	293	94	74	63	326
New Mexico	54	58	22	436	149	56	40	73	133
New York ^{b,c}	15	86	-19	112	167	66	-3	-4	140
North Carolina	11	31	-16	136	118	5	-6	69	123
North Dakota	86	88	86	87	89	84	85	85	93
Ohio ^d	44	n/c	35	43	39	28	37	39	108
Oklahoma	29	40	4	125	76	53	14	58	132
Oregon	101	107	106	90	91	90	84	148	146
Pennsylvania ^b	27	26	-4	106	92	20	27	27	114
Rhode Island ^e	n/c	51	2	354	162	39	n/c	45	251
South Carolina	44	48	44	42	47	45	44	41	46
South Dakota	34	96	6	161	119	26	25	-22	137
Tennessee	83	124	79	124	124	79	48	124	208
Texas ^b	65	61	61	61	61	61	62	61	102
Utah	30	29	24	51	46	20	26	61	54
Vermont	53	50	8	165	126	64	53	95	175
Washington	63	62	62	63	63	62	63	64	62
West Virginia ^f	39	41	38	36	36	39	41	36	35
Wyoming	42	101	10	199	149	73	24	4	170

Notes: Positive numbers in this table reflect a percentage above the Medicare fee schedule levels for a state, and negative numbers in this table reflect a percentage below the Medicare fee schedule levels for a state. Illinois passed legislation introducing a 30 percent reduction in the fee schedule rates, effective September 2011. This recent legislative change is not reflected in this analysis. In addition, the West Virginia workers' compensation fee schedule had an annual update, effective July 1, 2011, that is not reflected in this study.

^a California sets workers' compensation rates for 30 minutes per unit for a few physical medicine services. However, Medicare and the other states set rates for 15 minutes per unit for the same services. We estimated California rates for 15 minutes per unit for these services, based on DBE data.

continued

Table 3 Workers' Compensation Premium over Medicare, July 2011 (continued)

^b Delaware, Florida, Illinois, New York, Pennsylvania, and Texas have distinct workers' compensation fee schedules for different parts of the state. For each, a single statewide rate was created by averaging the different sub-state fee schedules using the percentage of employed persons in each sub-state region as weights. Medicare establishes distinct sub-state fee schedules in 14 states. For each, a single statewide rate was created using the same procedure.

^c In New York, the maximum number of relative value units reimbursed per physical medicine visit is capped. For instance, when multiple physical medicine procedures and/or modalities are performed on the same day, the reimbursement is limited to eight units. This additional dimension of the fee schedule regulation is not captured in the analysis due to the focus of the study on the service-level rather than visit-level reimbursement.

^d Ohio does not establish rates for the emergency services included in the marketbasket. For Ohio, the overall rate is based on the fee schedule levels for the other seven service groups. For more detail, see the Technical Appendix.

^e Rhode Island has different billing codes for physical medicine that we are unable to crosswalk to commonly used CPT codes. An overall rate is not established for Rhode Island, as physical medicine is the largest component of the marketbasket and excluding it significantly biases the results. For more detail, see the Technical Appendix.

^f West Virginia sets the workers' compensation fee schedule to be 135 percent of Medicare using rounded, fully implemented RVUs. In 2011, Medicare was still using transitional RVUs, and Medicare does not round during the calculation. The result of these differences is that the 2011 workers' compensation premium over Medicare in West Virginia is not exactly 35 percent.

Key: CPT: Current Procedural Terminology; DBE: Detailed Benchmark/Evaluation database; E&M: evaluation and management; ER: emergency; Mgmt.: management; n/c: not comparable; Neuro.: neurological/neuromuscular; RVU: relative value unit.