

State of California
Department of Industrial Relations
DIVISION OF WORKERS' COMPENSATION



**Order of the Administrative Director of the Division of Workers' Compensation
(OMFS Update for Inpatient Hospital Services - Effective January 1, 2008)**

Pursuant to Labor Code section 5307.1(g)(2), the Administrative Director of the Division of Workers' Compensation orders that Title 8, California Code of Regulations, section 9789.22 is amended to conform to the final rule of August 22, 2007, the corrections of October 10, 2007 and November 6, 2007, and the notice to the final rule of November 27, 2007 published in the Federal Register which adopts the use of Medicare Severity-DRGs and changes the qualifying DRGs for when an acute care patient is discharged to a post-acute care provider.

Pursuant to Labor Code section 5307.1(g)(2), the Administrative Director of the Division of Workers' Compensation orders that Title 8, California Code of Regulations, sections 9789.23 and 9789.24, pertaining to Inpatient Hospital Fee Schedule in the Official Medical Fee Schedule, are adjusted to conform to the final rule of August 22, 2007, the corrections of October 10, 2007 and November 6, 2007, and notice to the final rule of November 27, 2007 published in the Federal Register which changes the Medicare payment system. Amended section 9789.23 reflects the changes to the Composite Rate, Hospital Specific Outlier Threshold and Cost to Charge Ratio for the listed California Inpatient Hospitals. Amended section 9789.24 reflects Medicare's adoption of Medicare Severity-DRGs, and changes to the Relative Weights and Geometric Mean Length of Stay for the listed diagnosis-related groups.

Pursuant to Labor Code section 5307.1(g)(2), the Administrative Director of the Division of Workers' Compensation orders that to the extent references to the Federal Register or Code of Federal Regulations are made in any sections starting from section 9789.20 through 9789.24 of Title 8 of the California Code of Regulations, said section is hereby amended to incorporate by reference the applicable Federal Register final rule (including notices, correction notices, and revisions) and Federal Regulations in effect as of the date this Order becomes effective, to be applied to discharges occurring on or after January 1, 2008.

Also attached is an explanation of the changes. The effective date of the new rates is for inpatient hospital discharges occurring on or after January 1, 2008. This Order, the amended sections 9789.22, 9789.23 and 9789.24, and the explanation of the changes shall be published on the website for the Division of Workers' Compensation: <http://www.dir.ca.gov/DWC/OMFS9904.htm>

IT IS SO ORDERED.

Dated: November 29, 2007

ORIGINAL SIGNED BY
CARRIE NEVANS
Administrative Director of the
Division of Workers' Compensation