

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 Outpatient Hospital and Ambulatory Surgical Center (ASC) Services
Effective March 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, sections 9789.30, 9789.31, 9789.34 and 9789.35, pertaining to Hospital Outpatient Departments and Ambulatory Surgical Centers Fee Schedule in the Official Medical Fee Schedule, are adjusted to conform to the hospital outpatient prospective payment system (HOPPS) final rule of November 27, 2007, the wage index values in the hospital inpatient prospective payment system (IPPS) final rule of August 22, 2007, correction to the IPPS final rule published on October 10, 2007 in the Federal Register, correction to the IPPS final rule published on November 6, 2007 in the Federal Register, and the additional notice to the IPPS final rule of November 27, 2007 published in the Federal Register which change the Medicare payment system. Section 9789.30 is amended to update the "APC Payment Rate", "APC Relative Weight", and "Wage Index" for the first update occurring in each calendar year subsequent to calendar year 2004, and adds the definition of "outlier threshold" effective with the July 15, 2005 update and update occurring in each subsequent calendar year. The outlier threshold is \$1,575.00 for services rendered after March 1, 2008. For services rendered on or after March 1, 2008, section 9789.31 is amended to incorporate by reference the updated calendar year 2008 versions of CMS' hospital outpatient prospective payment system (HOPPS) published in the Federal Register on November 27, 2007, the updated fiscal year 2008 versions of CMS' IPPS Tables 4A, 4B, and 4J published in the Federal Register on August 22, 2007, correction to the IPPS final rule published on October 10, 2007 in the Federal Register, and the Fiscal Year 2008 IPPS Payment Impact File, 2008 version of CMS' Alphanumeric "Healthcare Common Procedure Coding System", and the 2008 version of the American Medical Associations' Physician "Current Procedural Terminology". Amended section 9789.34 reflects the changes to the wage index value by county and an updated conversion factor. Amended section 9789.35 reflects the changes to the hospital-specific wage index and an updated conversion factor for the listed California Hospital Outpatient Departments. An explanation of the changes is attached.

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 9789.30 through 9789.38 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 additional notices, correction notices, and revisions) and Federal Regulations in effect as of the date this Order becomes effective, to be applied to services rendered on or after March 1, 2008. In particular, to the extent a section makes reference to the CMS hospital outpatient prospective payment system final rule, said section is amended to incorporate by reference the final rule

published on November 27, 2007 in the Federal Register (Vol. 72 FR 66580) and is entitled "Medicare Program: Changes to the Hospital Outpatient Prospective Payment System and CY 2008 Payment Rates, the Ambulatory Surgical Center Payment System and CY 2008 Payment Rates, the Hospital Inpatient Prospective Payment System and FY 2008 Payment Rates; and Payments for Graduate Medical Education for Affiliated Teaching Hospitals in Certain Emergency Situations Medicare and Medicaid Programs: Hospital Conditions of Participation; Necessary Provider Designations of Critical Access Hospitals" (CMS-1392-FC, CMS-1533-F2, and CMS-1531-IFC2). To the extent a section makes reference to the CMS hospital inpatient prospective payment system final rule wage index values, said section is amended to incorporate by reference the final rule published on August 22, 2007 in the Federal Register (Vol. 72 FR 47130) and is entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2008 Rates; Final Rule" (CMS-1533-FC). A correction to the hospital inpatient prospective payment systems final rule was published on October 10, 2007, in the Federal Register (Vol. 72 FR 57634), and is entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2008 Rates; Correction; Final Rule" (CMS-1533-CN2). A second correction to the hospital inpatient prospective payment systems final rule was published on November 6, 2007, in the Federal Register (Vol. 72 FR 62585), and is entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2008 Rates; Correction" (CMS-1533-CN3). A notice to the hospital inpatient prospective payment systems final rule was published on November 27, 2007 in the Federal Register (Vol. 72, No. 227, FR 66580), entitled, "Medicare Program; Changes to the Hospital Outpatient Prospective Payment System and CY 2008 Payment Rates, the Ambulatory Surgical Center Payment System and CY 2008 Payment Rates, the Hospital Inpatient Prospective Payment System and FY 2008 Payment Rates; and Payments for Graduate Medical Education for Affiliated Teaching Hospitals in Certain Emergency Situations Medicare and Medicaid Programs; Hospital Conditions of Participation; Necessary Provider Designations of Critical Access Hospitals" (CMS-1392-FC, CMS-1533-F2, and CMS-1531-IFC2).

The effective date of the new rates is for visits and procedures described in section 9789.32 rendered on or after March 1, 2008. This Order, the amended sections 9789.30, 9789.31, 9789.34, and 9789.35, 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: January 24, 2008

ORIGINAL ORDER SIGNED

CARRIE NEVANS

Administrative Director of the

Division of Workers' Compensation