## 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 February 15, 2006)

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, 9789.33, 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 outpatient prospective payment system (HOPPS) final rule of November 10, 2005 and correction notice of December 23, 2005, the wage index values in the hospital inpatient prospective payment system (IPPS) final rule of August 12, 2005, and the correction notice of September 29, 2005, and IPPS final rule of December 30, 2004, published in the Federal Register which change the Medicare payment system. Section 9789.30 is amended: to update the "adjusted conversion factor" and "market basket inflation factor" for the first update occurring in each calendar year subsequent to calendar year 2004; to define the term "sole community hospital"; and to conform to updates made to the adjusted conversion factor for a rural sole community hospital by applying an additional adjustment factor. For services rendered on or after July 15, 2005, section 9789.31 is amended to incorporate by reference the updated fiscal year 2005 versions of Centers for Medicare and Medicaid Services' (CMS) hospital inpatient prospective payment system (IPPS) wage index values published in the Federal Register on December 30, 2004, and CMS' new website address. For services rendered on or after February 15, 2006, section 9789.31 is amended to incorporate by reference the updated calendar year 2006 versions of CMS' hospital outpatient prospective payment system (HOPPS) published in the Federal Register on November 10, 2005 and correction notice published on December 23, 2005, the updated fiscal year 2006 versions of CMS' IPPS wage index values published in the Federal Register on August 12, 2005, and the correction notice of September 29, 2005, 2006 version of CMS' Alphanumeric "Healthcare Common Procedure Coding System", and the 2006 version of the American Medical Associations' Physician "Current Procedural Terminology". Amended section 9789.33 reflects changes to the determination of maximum payment for outpatient facility fees and the alternative payment methodology. 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 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 February 15, 2006. 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 10, 2005 in the Federal Register (Vol. 70 FR 68515-69040) and is entitled "Medicare Program; Changes to the Hospital Outpatient Prospective Payment Systems and Calendar Year 2006 Payment Rates; Final Rule" (CMS-1501-FC), and correction notice published on December 23, 2005 (Vol. 70 FR 76176-76196) entitled "Medicare Program; Changes to the Hospital Outpatient Prospective Payment System and Calendar Year 2006 Payment Rates; Correction" (CMS-1501-CN2). 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 12, 2005 in the Federal Register (Vol.70 FR 47278-47707) entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2006 Rates; Final Rule" (CMS-1500-F), and correction notice published on September 29, 2005 (Vol. 70 FR 57161-57164) entitled "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2006 Rates; Correction" (CMS-1500-CN).

The effective date of the new rates is for visits and procedures described in section 9789.32 rendered on or after February 15, 2006. This Order, the amended sections 9789.30, 9789.31, 9789.33, 9789.34, and 9789.35, and the explanation of the changes shall be published on the website for the Division of Workers' Compensation: <a href="http://www.dir.ca.gov/DWC/OMFS9904.htm">http://www.dir.ca.gov/DWC/OMFS9904.htm</a>

## IT IS SO ORDERED.

Dated: January 10, 2006 ORIGINAL ORDER SIGNED

CARRIE NEVANS
Acting Administrative Director of the
Division of Workers' Compensation