



DWC 15th Annual Educational Conference

Fee Schedule

Presenters

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Medical Fee Schedule Overview

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Division of Workers' Compensation

Medical Unit

Physician's Fee Schedule

- 1999 Official Medical Fee Schedule Book
 - All Physician's Services
 - Evaluation and Management
 - Anesthesia
 - Surgery
 - Radiology- all service locations
 - Medicine
 - Physical Medicine
 - Special Services



Current Physician Fee Schedule

- Evaluation and Mangement (E&M) codes increased in 2007 by 23%
- Last increase in most other codes was in 1984 and then most decreased in 2004 by 5%
- Use 1997 and 1994 CPT codes
- Charge based

Revising the Physician's Fee Schedule

- UCLA study 1999: concluded Resource-Based Relative Value System (RBRVS) best alternative and will increase fairness
 - In place for Federal Gov. for 16+ years
 - Maintained by Centers for Medicare and Medicaid Services (CMS)
 - Does not mean we're going to "Medicare" fee schedule

Ground Rules

- Will review all
- Examples
 - Physical therapy
 - Second surgery
 - Correct Coding Initiative (CCI) edits

Components of RBRVS

- Physician work – 52%
- Practice Expense – 42%
- Professional Liability Insurance (PLI)– 4%

Physician Work

- Time required to perform the service
- Technical skill and physical effort
- Mental effort and judgment
- Psychological stress about iatrogenic risk to the patient

Practice Expense

- Direct cost – actual equipment utilization rates
- Indirect cost’ staff, equipment, supplies and expenses not just tied to the specific procedure

Lewin Group

- Using CWCI data
- Model ground rules under OMFS and RVBRS
- Crosswalk old CPT codes to new ones
- Analyze data
 - Calculate payment-neutral conversion factor which does not mean that is what we will ultimately adopt

Decisions

- Multiple models
- Ground rules
- Conversion factors
 - Multiple or single
 - Payment level(s)
- Geographic adjustment factors

Most Recent Changes to Physician Fee Schedule

- For physician services rendered on or after February 15, 2007, the maximum allowable reimbursement amounts for procedure codes 99201 through 99205 and 99211 through 99215 are set forth in the February, 2007 Addendum to Table A, “OMFS Physician Services Fees for Services Rendered on or after February 15, 2007.” The February, 2007 Addendum to Table A, “OMFS Physician Services Fees for Services Rendered on or after February 15, 2007”, which sets forth individual procedure codes with the corresponding maximum reimbursable fees, is incorporated by reference.

Changes to E/M Codes

<u>Order</u>	<u>OMFS Section</u>	<u>Procedure Code</u>	<u>2-15-07 OMFS Maximum</u>
<u>7</u>	<u>E&M</u>	<u>99202</u>	<u>70.19</u>
<u>7</u>	<u>E&M</u>	<u>99203</u>	<u>103.86</u>
<u>7</u>	<u>E&M</u>	<u>99204</u>	<u>146.12</u>
<u>7</u>	<u>E&M</u>	<u>99205</u>	<u>186.73</u>
<u>7</u>	<u>E&M</u>	<u>99211</u>	<u>23.81</u>
<u>7</u>	<u>E&M</u>	<u>99212</u>	<u>42.02</u>
<u>7</u>	<u>E&M</u>	<u>99213</u>	<u>56.93</u>
<u>7</u>	<u>E&M</u>	<u>99214</u>	<u>89.57</u>
<u>7</u>	<u>E&M</u>	<u>99215</u>	<u>129.41</u>

Medicare Based Fee Schedules

120% of Medicare Rates

- Clinical Laboratory – updated annually
- DME – updated quarterly
 - All suppliers: wholesale, retail, mail-order, provider
- Orthotics, Prosthetics and Supplies – updated quarterly
- Inpatient Facility – updated annually
- Outpatient Facility – OPPS Schedule – updated annually
 - Hospital Outpatient Departments
 - Ambulatory Surgery Centers
- Ambulance – updated annually



Pharmacy Services

- Medi-Cal Based Fee Schedule
 - 100% of Medi-Cal's rates
 - Applies to anyone dispensing pharmaceuticals
 - Web based calculator
 - Database updated first day of each week.
 - Doesn't include repackaged drugs
 - Drugs not found in Medi-Cal's database paid based on rules effective as of March 1, 2007



Medi-Cal's Basic Formula

- The basic formula for reimbursement is 83% of AWP + \$7.25 dispensing fee.
- Skilled Nursing Facilities are entitled to a \$8.00 dispensing fee.
- Over-the-counter medication is paid per the formula with no dispensing fee.
- Medical providers should provide the NDC number of the dispensed pharmaceutical

Compound Medications

- Each ingredient needs an NDC number.
- Ingredients for which there is no NDC number at all are not separately reimbursable. (i.e. distilled water)
- Ingredients whose NDC number doesn't appear in the Medi-Cal database should be priced per the methodology spelled out in § 9789.40.
- The payment is based on the sum of the fee for each ingredient plus the compound dispensing fee (CDF).
- The CDF depends on the route of administration, dosage form and the date of service.
- The formula is $CDF = DF + CF + SF$ where DF is the dispensing fee, CF is the compounding fee, SF is the sterility fee. For injections or perfusions the CDF is multiplied by the number of containers.

Dietary Supplements

- Dietary supplements such as minerals and vitamins shall not be reimbursable unless a specific dietary deficiency has been clinically established in the injured employee as a result of the industrial injury or illness.

Unlisted Pharmaceuticals

- For a pharmacy service or drug that is not covered by a Medi-Cal payment system, the maximum reasonable fee paid shall not exceed the drug cost portion of the determined based on the basic Medi-Cal formula, plus \$7.25 professional fee for dispensing or \$8.00 if the patient is in a skilled nursing facility or in an intermediate care facility. The maximum fee shall include only a single professional dispensing fee for dispensing for each dispensing of a drug.

If the NDC is not in the Medi-Cal Database

- If the NDC for the underlying drug product from the original labeler appears in the Medi-Cal database, then the maximum fee shall be the drug cost portion of the reimbursement allowed pursuant to section §14105.45 of the Welfare and Institutions Code using the NDC for the underlying drug product from the original labeler as it appears in the Medi-Cal database, calculated on a per unit basis, plus \$7.25 professional fee for dispensing or \$8.00 if the patient is in a skilled nursing facility or in an intermediate care facility.

- If the NDC for the underlying drug product from the original labeler is not in the Medi-Cal database, then the maximum fee shall be 83 percent of the average wholesale price of the lowest priced therapeutically equivalent drug, calculated on a per unit basis, plus \$7.25 professional fee for dispensing or \$8.00 if the patient is in a skilled nursing facility or in an intermediate care facility.

- “therapeutically equivalent drugs” means drugs that have been assigned the same Therapeutic Equivalent Code starting with the letter “A” in the Food and Drug Administration’s publication “Approved Drug Products with Therapeutic Equivalence Evaluations” (“Orange Book”.) The Orange Book may be accessed through the Food and Drug Administration’s website:
<http://www.fda.gov/cder/orange/default.htm>;
- (2) “NDC for the underlying drug product from the original labeler” means the NDC of the drug product actually utilized by the repackager in producing the repackaged product.

Using this Method

- Once a therapeutically equivalent drug has been determined using the Orange Book, look for an appropriate NDC number from one of the data sources such as Red Book
- Once the NDC number of the therapeutically equivalent drug has been determined look to see if it appears in the Medi-Cal database. If it does, use the Medi-Cal price for that NDC. If it doesn’t find another therapeutic equivalent and repeat until you find one that appears in the Medi-Cal database.

Medical-Legal Fee Schedule

- Updated as of July 1, 2006
- Hourly rate went up 25%
- Changed the definitions in various sections
 - Medical Research
- Changed some of the complexity factors
 - Apportionment
 - Added UR dispute
- Added two new ML Codes
 - ML 105 for Medical-Legal Testimony
 - ML 106 for Supplemental Reports

Where Are They Found?

- 1999 Official Medical Fee Schedule
- DWC's web site www.dir.ca.gov/dwc
- Medicare's web site www.cms.hhs.gov
- Medi-Cal's web site www.medi-cal.ca.gov



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