

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 March 1, 2016)**

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, 9789.24, and 9789.25 pertaining to Inpatient Hospital Fee Schedule in the Official Medical Fee Schedule, are adjusted to conform to the final rule of August 17, 2015 and the correction notice of October 5, 2015, 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 Factor, and Cost to Charge Ratio for the listed California inpatient hospitals. Amended section 9789.24 reflects Medicare's changes to the Relative Weights and Geometric Mean Length of Stay for the listed Medicare Severity diagnosis-related groups.

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 9789.25, federal regulations, federal register notices, and payment impact file by date of discharge for inpatient hospital fee schedule, is amended to conform to the final rule of August 17, 2015 and the correction notice of October 5, 2015, published in the Federal Register.

The Administrative Director orders the term, "labor-related national standard operating rate" be corrected to state, "national standard operating rate", because the rates shown in section 9789.25(b) for discharges on or after November 29, 2004, are the sum of the labor-related and non-labor related portions. Section 9789.21(e)(2)(B) is amended to conform to the corrected labeling in section 9789.25(b).

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 9789.25 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 March 1, 2016.

Also attached is an explanation of the changes. The effective date of the new rates is for inpatient hospital discharges occurring on or after March 1, 2016. This Order, the amended sections 9789.21, 9789.23, 9789.24, and 9789.25, 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 27, 2016

ORIGINAL SIGNED BY  
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DESTIE LEE OVERPECK  
Administrative Director of the  
Division of Workers' Compensation