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DWCNewsline

Division of Workers' Compensation
Carrie Nevans, Acting Administrative Director

1515 Clay Street, 17th floor, Oakland, CA 94612 (510) 286-7100

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Division of Workers' Compensation posts proposed physician fee schedule and treating physician forms and regulations on DWC forum for pre-rulemaking public comment

The Division of Workers' Compensation (DWC) has posted an online forum for members of the public to review and comment on drafts of physician fees, treating physician rules and forms regulations. These draft regulations are part of the division's 12-point plan to monitor and help control medical costs in California's workers' compensation system.

The forum can be found at: <http://www.dir.ca.gov/dwc/DWCWCABForum/PhysicianFeeSchedule.htm> and members of the public may comment until April 5.

"Bringing our physician fee schedule into the 21st century is overdue," said DWC acting Administrative Director Carrie Nevans. "Because we are mindful of the economic realities facing all Californians, we will ease this change into place over four years."

The physician fee schedule revision is informed by The Lewin Group's 2008 study titled, "Adapting the RBRVS Methodology to the California Workers' Compensation Physician Fee Schedule" and a supplemental report issued March 3, 2010. The study, commissioned by the DWC, was conducted to evaluate the impact of switching from California's current physician fee schedule to a schedule based on the Resource-Based Relative Value Scale (RBRVS).

In the RBRVS system, physician fees are determined by the resource costs needed to provide services, divided into three components: physician work, practice expense and professional liability insurance, each of which is resource-based. These factors are translated into relative value units (RVU) and payments are calculated by multiplying the combined RVUs of a service by a conversion factor.

"Not only does migrating to RBRVS improve the fairness of provider payments, it aligns the coding with our other fee schedules, e-billing and bill reporting requirements, which will trim down disputes and administrative overhead," said Nevans. "Combining this shift with updated report payment rules and modernized forms ensures doctors will get paid more efficiently."

The supplemental Lewin report incorporates 2010 changes in RBRVS data and methodology and has two major products: First, it presents a budget neutral conversion factor (CF) using the 2010 RBRVS. Second, the report estimates the extent to which distinct service categories and provider specialties would experience an increase or decrease in total payments under an RBRVS model.

DWC's draft regulations propose adopting the RBRVS, as well as ground rules relating to calculation of fees. For services other than anesthesiology, the proposal includes the initial use of three conversion factors—surgery, radiology, and “all other.” The regulations include a transition period of three years during which the three conversion factors converge to a single conversion factor in year four.

The use of a single conversion factor is preferred as it retains the relativity between codes that is at the heart of the RBRVS.

The proposed treating physician forms and regulations will allow all physicians who treat an injured worker, including the primary treating physician and any referral—or secondary—physician, to submit reports directly to the claims administrator. Also, the updated forms clarify when a physician is requesting treatment authorization.

The updated forms include:

- The proposed request for authorization form (DWC Form RFA) for all workers' compensation treatment requests
- A revised treating physician progress report (DWC Form PR-2)
- A functional improvement report (DWC Form FIR) for providers of physical medicine
- An optional proof of service form (DWC Form PSMR), to verify the date of mailing a medical report.

Labor Code section 5307.1 grants the DWC administrative director (AD) authority to revise the Official Medical Fee Schedule (OMFS) on a periodic basis. While adjustments to the OMFS have occurred, including an increase for several evaluation and management codes in 2007, the last major revision to the OMFS took place in 1999 when values for new and modified codes were added.

The Lewin Group's supplemental report may be found on the DWC's Web site at:

<http://www.dir.ca.gov/dwc/dwcrep.htm#3>.

The proposed updated treating physician regulations are authorized in part by Labor Code section 4603.2, which authorizes the DWC administrative director to adopt regulations requiring periodic medical reports by treating physicians. The proposed changes are in the California Code of Regulations, title 8, sections 9785, 9785.2 (DWC Form PR-2), and 9792.6. The new reporting forms can be found at proposed sections 9785.5 (DWC Form RFA), 9785.6 (DWC Form FIR), and 9785.7 (DWC Form PSMR). To accommodate the proposed changes, minor amendments have been made to section 9780, 9781, and 9786.

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