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DWCNewsline

Division of Workers' Compensation
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Division of Workers' Compensation posts proposed revision to inpatient hospital fee schedule regulations 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 revisions to the inpatient hospital fee schedule regulations which includes modification of when and how additional allowance is permitted for implantable hardware used in complex spinal surgeries. These draft revisions to the 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/1.asp> and members of the public may comment until June 22, 2010.

A separate reimbursement for implantable medical devices, hardware, and instrumentation for certain diagnostic related groups (DRGs) is set forth in Labor Code section 5318. The statute also provides that the pass-through section would only be operative until the administrative director adopts a regulation specifying separate reimbursement, if any, for implantable medical hardware or instrumentation for complex spinal surgeries. Effective Jan. 1, 2004, the administrative director adopted the inpatient fee schedule (California Code of Regulations, title 8, sections 9789.20 et seq.), which incorporated the Labor Code section 5318 pass-through.

The proposed revisions to the inpatient hospital fee schedule regulations provides for the following:

- Hospitals will have an annual choice in how they would be reimbursed for complex spinal surgery using implantable hardware. Hospitals may choose between two alternatives:
 1. The standard hospital-specific MS-DRG reimbursement (1.2 x MS-DRG weight x hospital specific composite factor) plus an additional allowance of \$2,925 for discharges assigned to MS-DRGs 459 and 460; and an additional allowance of \$625 for discharges assigned to MS-DRGs 471, 472, and 473 for hardware used in complex spinal surgery; or
 2. The alternative payment methodology will be a multiplier of the hospital-specific MS-DRG reimbursement, plus the invoice cost of the hardware used in complex spinal surgery. The multiplier will be 1.0 for discharges occurring in the first year of the revised fee schedule and 0.8 for discharges occurring on or after the effective date for the 2012 annual update. The hospital will be required to submit a

detailed invoice pertaining to the implanted hardware accompanied with a certification attesting to the accuracy of the cost of the items.

- Hospitals seeking the alternative payment allowance (multiplier of the hospital-specific MS-DRG reimbursement plus invoice cost of implant/s) will be required to file a written election with the administrative director each year to be effective for one year.
- A new section 9789.25 has been added which provides for the updates to the federal regulation, federal register, and payment impact file references made in the inpatient hospital fee schedule updates by order of the administrative director, in order to conform to changes in the Medicare payment system as required by Labor Code section 5307.1.
- To accommodate the proposed changes, minor amendments have been made to other subsections of the inpatient hospital fee schedule.

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