Management Health Care Reform Response

Basis of the fee schedule:
The Wisconsin Compensation Rating Bureau (WCRB) could do a data call of the paid claims data approximately 30 top workers compensation writers for 2007 worker's comp medical bills paid. This data would be used to create a large, accurate data base encompassing roughly 60% of all WC medical payments for insured employers. Moreover, making the same call annually would allow the State to: 1) establish base year fee limits for newly created or extensively modified CPT codes, 2) monitor the impact of the fee schedule (see discussion below on self-correcting), and 3) to answer basic questions about the medical delivery system in Wisconsin (e.g., share of payments to provider groups and trends over time).

Production and publication of fee schedule:
The above data that passed basic edit checks would be sent to the WC Division. The Division may conduct further edits on the plausibility and accuracy of the data. By October 2008, the Division would produce and publish a schedule of maximum payments for hospital and professional services, effective 60 days after publication. In each following year, the Division would adjust the base year data by the inflation adjustment index. It may also conduct studies to determine if corrections to the base amount are required to correct for a substantial shift upward in the distribution of charges (see self-correction mechanism below).

Maximum charge:
The fee schedule would establish the maximum charge for a given service. It would be pegged in the base year to a specific percentile of workers compensation medical CHARGES (the percentile to be negotiated by the WCAC, e.g., the 70th percentile).

Geographic areas:
Generally six regional areas would be used for fee schedule amounts. If there are less than five providers with charges for a specific treatment shown on the database, the regional detail will be collapsed to a combination of the six regions or a single statewide value. (In Illinois, 3 digit geozip regions have proven to be: 1) administratively cumbersome, and 2) very unreliable statistically due to the small number of observations in many codes).

Inflation adjuster:
The BLS Health Care Producer Price Index will be used to annually update the base year values for each treatment. The PPS is closely linked to changes in net provider compensation, does not contain extraneous weighting for health insurance premiums, and is more specifically matched to the fees schedule categories, e.g., there are specific PP indices for "Physician Offices" and "General and Surgical Hospitals."

Self-correcting mechanism:
The law will establish a mechanism to help maintain the total payment proportions relative to the fee schedule ceiling. For example, the adjustment formula might annually evaluate the ratio between the mean and the 70% limit. If the ratio changes by more than 20% the limit drops to 60%. The adjustment would occur by DRG or CPT Code, and by region. More development work needs to be done on this formula.

Payment rules:
Experience in other states has indicated that proper payment rules are an effective mechanism to assure appropriate billing for services. The National Correct Coding Initiative, followed in IL, TX, and WV and other states for workers' compensation, is a model to consider.