

Administrative Rule Analysis



WORKERS' COMPENSATION HEALTH CARE SERVICES

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Department: Licensing and Regulatory Affairs
Agency: Workers' Compensation Agency
Rule Set No.: 2014-029-LR

Complete to: 12/09/14

BACKGROUND & SUMMARY OF PROPOSED RULES SUBMITTED TO JCAR

The Workers' Disability Compensation Act of 1969 requires that the Workers' Compensation Agency (WCA) promulgate administrative rules to establish and annually revise a schedule of maximum payments for medical, surgical, and hospital services, treatments, devices, apparatus, attendances, and medicines provided to employees who sustained injury or illness causally related to employment and paid for by workers' compensation carriers. Additionally, the WCA annually publishes the Health Care Services Manual, containing detailed billing and payment protocols and procedures as a guide for implementation of the Health Care Service Rules.

2014-029-LR would amend several rules to:

- Adopt, by reference, revised and recognized billing and payment standards
- Define "biologicals" products, "custom compound" medications, and "opioid drugs"
- Specify or clarify required billing and payment protocols and procedures, including:
 - Increase payment reductions for multiple radiological procedures
 - Include reimbursements for biologicals
 - Revise reimbursements for dispensed (injectable) medications
 - Adjust the conversion factor utilized to determine maximum allowable payments
- Make several technical corrections related to reference materials and their online location

Additionally, 2014-029-LR would add rules pertaining to billing procedures for vaccines and toxoids similar to those for other injectable medications, reimbursements for opioid treatments for non-cancer related chronic pain, and reimbursements for custom compound topical medications. Lastly, 2014-029-LR would rescind a redundant rule pertaining to conversion factor utilized to determine maximum allowable payments.

FISCAL IMPACT OF PROPOSED RULES

The rules amended, added, and rescinded by 2014-029-LR would likely have a positive, yet nominal, fiscal impact on the workers' compensation costs of the state (which self-insures) and local units of government (large LUGs also self-insure, while smaller LUGs purchase coverage through the Michigan Municipal League or other insurance carriers and could realize savings in future policy premiums) to the extent that the adjustment to the conversion factor utilized to determine maximum allowable payments is anticipated to facilitate minimal (1.6%) reductions in medical payments for the ten most frequent procedure codes. 2014-029-LR could also have a nominal negative fiscal impact on the WCA, which may have to purchase online subscription services for staff use.

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