

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 316  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB316-DOLWD-WC-03-03-14  
Title: WORKERS' COMPENSATION MEDICAL FEES  
Sponsor: LABOR & COMMERCE  
Requester: House Labor and Commerce

Department: Department of Labor and Workforce Development  
Appropriation: Workers' Compensation  
Allocation: Workers' Compensation  
OMB Component Number: 344

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services	62.0		54.0	54.0	54.0		
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>62.0</b>	<b>0.0</b>	<b>54.0</b>	<b>54.0</b>	<b>54.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

1157 Wrkrs Safe	62.0		54.0	54.0	54.0		
<b>Total</b>	<b>62.0</b>	<b>0.0</b>	<b>54.0</b>	<b>54.0</b>	<b>54.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2014) cost:** 13.7 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2015) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/15

## Why this fiscal note differs from previous version:

Not applicable, initial version.

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Approved By: Dianne Blumer, Commissioner  
Agency: Commissioner's Office

Phone: (907)465-6059  
Date: 03/03/2014 03:00 PM  
Date: 03/03/14

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. HB 316

### Analysis

HB 316 changes the methodology used to produce a workers' compensation medical fee schedule. The methodology changes from a usual, customary, and reasonable (UCR) fee schedule based on the 90th percentile of billed charges, to a resource based relative value scale (RBRVS) fee schedule produced by the Centers for Medicare and Medicaid Services, times a state specified multiplier (conversion factor) to be determined by the Alaska Workers' Compensation Board by regulation. The new fee schedule takes effect January 1, 2015.

To develop the requisite conversion factors, the department would utilize the expertise of the Medical Services Review Committee (MSRC) established under AS 23.30.095(j), and the contracted services of a professional medical billing expert.

In order to have the regulations in place by January 1, 2015, the regulatory adoption process would have to begin immediately after passage of the bill. This would necessitate at least 4 meetings of the MSRC at an anticipated cost of \$3.5 per meeting; and at least one special meeting of the Alaska Workers' Compensation Board at an anticipated cost of \$8.0. Two meetings of the MSRC would take place in FY14 (May/June), and the following two meetings would take place in FY15 (July/August). Thereafter the MSRC would meet quarterly. The anticipated cost of a professional services contract is \$40.0/year, based on the contracted cost to produce a medical fee schedule in FY11.

FY14- Two meetings of MSRC @ \$3.5/meeting = \$7.0  
Professional services contract = \$6.7  
Total FY14 Supplemental Request = \$13.7

FY15- Four meetings of the MSRC (July, August, December, April) @ \$3.5/meeting = \$14.0  
Special meeting of the Alaska Workers' Compensation Board @ \$8.0/meeting = \$8.0  
Professional services contract = \$40.0  
Total FY15 = \$62.0

FY16-FY18 Four meetings of MSRC @ \$3.5/meeting = \$14.0  
Professional services contract = \$40.0  
Total each year = \$54.0

FY19-FY20 Sections 5 and 7 sunsets the RBRVS fee schedule and reverts back to the UCR fee schedule effective January 01, 2019, zeroing out the fiscal impact in FY19 and FY20.