HOUSE BILL NO. 316

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 2/19/14
Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

"An Act relating to workers' compensation fees for medical treatment and services; relating to workers' compensation regulations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 23.30.097(a) is amended to read:

(a) All fees and other charges for medical treatment or service are subject to regulation by the board consistent with this section. A fee or other charge for medical treatment or service **rendered in the state** may not exceed the lowest of

(1) the usual, customary, and reasonable fees for the treatment or service in the community in which it is rendered, for treatment or service provided on or after December 31, 2010, not to exceed the fees or other charges as specified in **the** [A] fee **schedules** [SCHEDULE] established by the board and adopted by reference in regulation; the fee **schedules** [SCHEDULE] must **include** [BE BASED ON STATISTICALLY CREDIBLE DATA, INCLUDING CHARGES FOR THE MOST RECENT CATEGORY I, II, AND III MEDICAL SERVICES MAINTAINED BY

THE AMERICAN MEDICAL ASSOCIATION AND THE HEALTH CARE PROCEDURE CODING SYSTEM FOR MEDICAL SUPPLIES, INJECTIONS, EMERGENCY TRANSPORTATION, AND OTHER MEDICALLY RELATED SERVICES, AND MUST RESULT IN A SCHEDULE THAT]

(A) **a physician fee schedule based on the federal Centers for Medicare and Medicaid Services' resource-based relative value scale;** [REFLECTS THE COST IN THE GEOGRAPHICAL AREA WHERE SERVICES ARE PROVIDED; AND]

(B) **an outpatient and ambulatory surgical center fee schedule based on the federal Centers for Medicare and Medicaid Services' ambulatory payment classification; and**

(C) an inpatient hospital fee schedule based on the federal Centers for Medicare and Medicaid Services' Medicare severity diagnosis related group [IS AT THE 90TH PERCENTILE];

(2) the fee or charge for the treatment or service when provided to the general public; or

(3) the fee or charge for the treatment or service negotiated by the provider and the employer under (c) of this section.

*** Sec. 2.** AS 23.30.097(a), as amended by sec. 1 of this Act, is amended to read:

(a) All fees and other charges for medical treatment or service are subject to regulation by the board consistent with this section. A fee or other charge for medical treatment or service [RENDERED IN THE STATE] may not exceed the lowest of

(1) the usual, customary, and reasonable fees for the treatment or service in the community in which it is rendered, for treatment or service provided on or after December 31, 2010, not to exceed the fees or other charges as specified in **a** [THE] fee **schedule** [SCHEDULES] established by the board and adopted by reference in regulation; the fee **schedule** [SCHEDULES] must **be based on statistically credible data, including charges for the most recent category I, II, and III medical services maintained by the American Medical Association and the Health Care Procedure Coding System for medical supplies, injections, emergency transportation, and other medically related services, and must result**

in a schedule that [INCLUDE]

(A) **reflects the cost in the geographical area where services are provided; and** [A PHYSICIAN FEE SCHEDULE BASED ON THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES' RESOURCE-BASED RELATIVE VALUE SCALE;]

(B) **is at the 90th percentile** [AN OUTPATIENT AND AMBULATORY SURGICAL CENTER FEE SCHEDULE BASED ON THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES' AMBULATORY PAYMENT CLASSIFICATION; AND

(C) AN INPATIENT HOSPITAL FEE SCHEDULE BASED ON THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES' MEDICARE SEVERITY DIAGNOSIS RELATED GROUP];

(2) the fee or charge for the treatment or service when provided to the general public; or

(3) the fee or charge for the treatment or service negotiated by the provider and the employer under (c) of this section.

*** Sec. 3.** AS 23.30.097 is amended by adding new subsections to read:

(h) The board shall annually

(1) renew and adjust fees on the fee schedules established by the board under (a)(1) of this section by a conversion factor established by the board and adopted by reference in regulation; and

(2) evaluate and revise by regulation the conversion factors and rates specified in (1) of this subsection.

(i) A fee or other charge for medical treatment or service rendered in another state may not exceed the lowest of

(1) the fee or charge for a treatment or service set by the workers' compensation statutes of the state where the service is rendered; or

(2) the fees specified in a fee schedule under (a)(1) of this section.

(j) A fee or other charge for air ambulance services rendered under this chapter shall be reimbursed at a rate established by the board and adopted by reference in regulation.

(k) A fee or other charge for durable medical equipment not otherwise included in a covered medical procedure under this section may not exceed the amount of the manufacturer's invoice, plus a markup specified by the board and adopted by reference in regulation.

(l) Reimbursement for prescription drugs under this chapter may not exceed the amount of the manufacturer's invoice, plus a dispensing fee and markup specified by the board and adopted by reference in regulation.

(m) A prescription drug dispensed by a physician under this chapter shall include in a bill or invoice the code for the drug from the national drug code directory published by the United States Food and Drug Administration.

*** Sec. 4.** AS 23.30 is amended by adding a new section to article 2 to read:

Sec. 23.30.098. Regulations. In adopting or amending regulations under this chapter, the department may incorporate future amended versions of a document or reference material incorporated by reference, if the document or reference material is one of the following:

(1) Current Procedural Terminology Codes, produced by the American Medical Association;

(2) Healthcare Common Procedure Coding System, produced by the American Medical Association;

(3) International Classification of Diseases, published by the American Medical Association;

(4) Relative Value Guide, produced by the American Society of Anesthesiologists;

(5) Diagnostic and Statistical Manual of Mental Disorders, produced by the American Psychiatric Association;

(6) Current Dental Terminology, published by the American Dental Association;

(7) Resource-Based Relative Value Scale, produced by the federal Centers for Medicare and Medicaid Services;

(8) Ambulatory Payment Classifications, produced by the federal Centers for Medicare and Medicaid Services; or

(9) Medicare Severity Diagnosis Related Groups, produced by the federal Centers for Medicare and Medicaid Services.

*** Sec. 5.** AS 23.30.097(h), 23.30.097(i), 23.30.097(j), 23.30.097(k), 23.30.097(*l*), 23.30.097(m), and 23.30.098 are repealed January 1, 2019.

*** Sec. 6.** Section 1 of this Act and AS 23.30.097(j) - (m), added by sec. 3 of this Act, take effect January 1, 2015.

*** Sec. 7.** Section 2 of this Act takes effect January 1, 2019.

*** Sec. 8.** Except as provided in secs. 6 and 7 of this Act, this Act takes effect July 1, 2014.