

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 316(FIN)
Fiscal Note Number: 4
(H) Publish Date: 4/15/14

Identifier: HB316CS(L&C)-DOLWD-WC-03-27-14
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					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel	22.0		14.0	14.0	14.0	14.0	14.0	14.0
Services	40.0		40.0	40.0	40.0	40.0	40.0	40.0
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	62.0	0.0	54.0	54.0	54.0	54.0	54.0	54.0

Fund Source (Operating Only)

1157 Wrkrs Safe	62.0		54.0	54.0	54.0	54.0	54.0	54.0
Total	62.0	0.0	54.0	54.0	54.0	54.0	54.0	54.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								

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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/15

Why this fiscal note differs from previous version:

The original version of the bill sunsets the legislation effective January 1, 2019, therefore there was no fiscal impact in FY19 and FY20. The House Labor and Commerce Committee Substitute removed the sunset provision, so the fiscal impact for FY19 and FY20 was added to this version of the fiscal note. The CS also changed the effective date from January 1, 2015 to July 1, 2015. Finally, the fiscal note was changed to break out travel costs from the service line.

Prepared By: Michael Monagle, Director Phone: (907)465-6059
Division: Workers' Compensation Date: 03/27/2014 10:00 AM
Approved By: Dianne Blumer, Commissioner Date: 03/27/14
Agency: Office of the Commissioner

FISCAL NOTE ANALYSIS #4

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 316(FIN)

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 July 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 July 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 per year, based on the contracted cost to produce a medical fee schedule in FY11.

FY14- Two meetings of MSRC @ \$3.5 per 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 per meeting = \$14.0
Special meeting of the Alaska Workers' Compensation Board @ \$8.0 per meeting = \$8.0
Professional services contract = \$40.0
Total FY15 = \$62.0

FY16-FY20 Four meetings of MSRC @ \$3.5 per meeting = \$14.0
Professional services contract = \$40.0
Total each year = \$54.0