

HOUSE BILL REPORT

HB 1352

As Reported By Committee On
Commerce & Labor

Title: An act relating to fee schedules for industrial insurance medical aid.

Brief Description: Revising provisions for fee schedules for industrial insurance medical aid.

Sponsor(s): Representatives Veloria, G. Cole and Franklin; by request of Department of Labor & Industries.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 12, 1993, DPS.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer; and Veloria.

Staff: Chris Cordes (786-7117).

Background: The Department of Labor and Industries is authorized to adopt rules establishing fee schedules for the maximum charges that will be paid for medical services to injured workers. Medical providers covered by the schedules include physicians, hospitals, pharmacies, and other providers. The department or self-insured employer may only pay those charges that conform to the fee schedule.

The schedules are based on approximately 14,000 Physicians' Current Procedural Terminology codes updated annually by the American Medical Association. To change the fee schedule under the state's Administrative Procedures Act, the department must conduct a public hearing after giving 20 days notice of the hearing on the proposed rule changes. The new rules may not become effective sooner than 30 days after the final rules are filed with the Code Reviser's Office.

Summary of Substitute Bill: The requirements are changed for adopting medical fee schedules by the Department of Labor and Industries. The fee schedules may be changed periodically at the discretion of the director, after consultation with interested persons. The department must coordinate the schedules with other agencies for consistency and uniformity where possible. The fee schedule must be made available. The establishment of a fee schedule, except for the schedule's conversion factors, is not agency action or an administrative rule as defined in the Administrative Procedures Act.

Fees and medical charges relating to the treatment of injured workers must conform with the fee schedules the department establishes under the new procedures.

Technical changes are made in the references to medical bills and medical charges to conform with the new requirements for establishing fee schedules.

Substitute Bill Compared to Original Bill: The substitute bill adds provisions requiring the Department of Labor and Industries to coordinate the medical fee schedules with other state agencies for consistency and uniformity where possible. It also provides that the conversion factors used in a fee schedule are not exempt from agency rule-making requirements.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The Department of Labor and Industries has been working to coordinate its fee schedules with other agencies that bill providers. However, the department is burdened with difficult rule-making processes that the other agencies do not use. The department is delayed up to six months whenever a fee schedule change must be made. This is difficult for the providers who then must operate with two different fee schedules. When billing procedures are complex, it creates an incentive for providers to stop treating injured workers. Some concerns about the bill could be addressed with an amendment that would specify that the fee schedule conversion factors are still subject to rule-making.

Testimony Against: While uniformity is a desired goal, it may be in the public interest to require the other agencies to make their fee schedule changes through the normal rule-making process. The department has not shown that an exemption from rule-making is necessary. If the changes are

needed immediately, they could be adopted as an emergency rule. The changes in fee schedules should be made only with public input.

Witnesses: (In favor) Linda Murphy, Department of Labor and Industries; Linda Melton, Health Care Authority; Cliff Webster, Washington State Medical Association; and Becky Bogard, Washington State Physical Therapy Association (with concerns). (Opposed) Rick Slunaker, Associated General Contractors.