

SENATE BILL REPORT

SHB 1352

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 26, 1993

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

**SPONSORS:** House Committee on Commerce & Labor (originally sponsored by Representatives Veloria, G. Cole and Franklin; by request of Department of Labor & Industries)

**HOUSE COMMITTEE ON COMMERCE & LABOR**

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, McAuliffe, Newhouse, Pelz, Prince, Sutherland, and Vognild.

**Staff:** David Cheal (786-7576)

**Hearing Dates:** March 24, 1993; March 26, 1993

**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 Procedure 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.

Fee schedules are composed of two parts: (1) the CPT codes and relative value units which together describe the procedure and resources required, and (2) the conversion factor, a single number that translates the CPT codes into a dollar amount.

**SUMMARY:**

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 Procedure Act. The conversion factor would remain a part of the administrative code.

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.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

This will remove a needless administrative burden on health care providers, the Code Reviser and the department. It removes from the administrative code detailed portions of the fee schedule that are largely not determined by the department anyway. The major cost driver, the dollar conversion factor, will remain in the Washington Administrative Code.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Linda Murphy, Department of Labor and Industries (pro); Kirsten West, Department of Health (pro); Cliff Webster, Washington State Medical Association (pro); Rebecca Bogard, Physical Therapists (pro)