

**Testimony before the
Joint Committee on Administrative Rules and Regulation
K.A.R. 51-9-7
Katy Lenahan, Division of Workers Compensation Medical Services
Kansas Department of Labor**

Chairperson and Members of the Committee:

Thank you for the opportunity to appear today. My name is Katy Lenahan and I am in the Administrator/Manager of the Public Resource Section of the Division of Workers Compensation at the Kansas Department of Labor. I am here to answer any questions you may have with regard to our proposed updated regulation K.A.R. 51-9-7. I am new to the position. If I am unable to answer your questions, I have staff with me that will be able to assist.

This regulation shall become effective on, and after, January 1, 2017. This regulation is authorized by and implements K.S.A. 44-510i. This regulation adopts by reference the 2017 Schedule of Medical Fees, which establishes fees for medical and hospital services through the utilization of a maximum medical fee schedule for workers compensation cases. The Kansas Workers Compensation Schedule of Medical Fees shall, in accordance with the statute, be revised as necessary at least every two (2) years by the Director to assure that the schedule is current, reasonable and fair, yet promotes health care cost containment. The fee schedule was previously revised on January 1, 2015.

The proposed 2017 medical fee schedule revisions were provided to the advisory panel, who accepted the revisions that are present in the 2017 medical fee schedule.

It was agreed that the resource based relative value system (RBRVS), originally developed for Medicare as the source of CPT (current procedural terminology) unit values would continue to be utilized in the 2017 fee schedule, and the 2017 fee schedule has adopted the 2016 unit values. It was accepted that each major section of the 2017 fee schedule would have an independent conversion factor to maintain reasonable comparative payment levels with the 2015 fee schedule. In order to maintain the current level of service, the fees paid for most physician services were increased by 3%.

The Division has also decided to go to a prospective payment system for outpatient surgeries. The proposed new fees for this system were determined based upon the input from the workers compensation medical community that included providers, facilities and payers and will provide consistency of payment between facilities

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Other minor changes to the fees are an increase in the hourly rate for Independent Medical Exams, testimony and review of medical records, trauma activation fees were also increased. Fees for inpatient services will be based on the 33rd edition of the Multiple Severity Diagnosis Related Groupings (MSDRG) but the multiplier will remain unchanged.

The prescription drug reimbursement formula will not change. The prescription reimbursement is currently based upon the average wholesale price (AWP) of drugs.

The National Council on Compensation Insurance (NCCI) analysis of the 2017 Schedule of Medical Fees indicates the overall impact on total workers compensation costs to be an overall savings of \$2 million.

Thank you. I now stand for questions.