

ACTION REQUESTED

DWC Proposes to Transition the Official Medical Fee Schedule (OMFS) – Physician Services to a system based on Medicare's RBRVS

The Division of Workers' Compensation has released proposed regulations which would transition the OMFS – Physician Services to a fee schedule based on Medicare's RBRVS values. The fee schedule would be transitioned over 4 years.

For surgical codes:

- Year 1 – the multiplier would be set at: 53.12508522 which effectively brings all surgical codes to 147% of Medicare rates as of 3/1/10. This means that some codes will be decreased and others increased.
- Year 2 – the multiplier would be reduced to: 49.9375801 – reducing surgical fees 6%.
- Year 3 – the multiplier would be reduced to: 46.9413253 – reducing surgical fees another 6%.
- Year 4 – the multiplier would be reduced to: 45.14766194 – reducing surgical fees another 3.8% - bringing the fee schedule to 125% of current Medicare rates.

Medicare's surgical cascade of 100% for the first procedure, 50% for the second procedure, and 50% for each additional procedure would also be adopted. Other Medicare rules and the CCI edits are also proposed to be adopted.

Radiology suffers similar reductions – 10% reduction for each of the first 3 years and a 6.4% reduction in the 4th year.

Evaluation and managements codes would be increased 5% the first year; 4.4% the 2nd year, 3.9% the 3rd year, and 2.2% in year 4. Consultation codes would be deleted. DWC proposes to continue separate reimbursement for reports such as PR2 and PR4 forms.

The attached summary sheet provides the multipliers for the other codes.

It is critical that we assess the overall impact on individual orthopaedic practices to get a better idea of what the impact will be on your practice.

Please send COA a spreadsheet showing the following:

1. **List of your top 25 codes (Surgery, Radiology, E&M/Consult codes, or Other Codes) that you bill in your practice** -include the CPT code number and the number of times the code is billed in an average month.
2. **Your current OMFS reimbursement** - either your contracted rates or the current OMFS rates- for each of these codes. How much do you get paid each time you bill the code. Base this analysis on what you get paid - not what you bill.
3. **A calculation of how your reimbursement for the month would be affected if you were paid at 147% of Medicare rates for these codes versus your current WC reimbursement.**
4. **A calculation of how your reimbursement for the month would be affected if you were paid at 125% of Medicare rates for these codes versus your current WC reimbursement.**
5. **The bottom line - do you lose or make money at 147% of Medicare?
do you lose or make money at 125% of Medicare?**

To assist you in making these calculations, the current Medicare fee schedules by geographic area can be found at:
https://catalog.ama-assn.org/Catalog/cpt/cpt_search_result.jsp?_requestid=244124

Send your information to COA's office no later than April 26, 2010. COA's e-mail: coa1@pacbell.net – Fax number: 916-454-9882.