

Virginia Fee Schedule Legislation Summary
HB378 & SB631
(Both Bills Signed By Governor Terry McAuliffe)

HB 378 Workers' compensation; fee schedules for medical and legal services.

Introduced by: Peter F. Farrell

SUMMARY AS PASSED HOUSE:

Workers' compensation; fee schedules for medical services. Directs the Workers' Compensation Commission (the Commission) to adopt regulations establishing fee schedules setting the maximum pecuniary liability of the employer for medical services provided to an injured person pursuant to the Virginia Workers' Compensation Act, in the absence of a contract under which the provider has agreed to accept a specified amount for the medical service. The regulations implementing the fee schedules shall become effective on January 1, 2018. The initial fee schedules will set amounts based on a reimbursement objective, which is the average of all amounts paid to providers in the same category of providers for the medical service in the same medical community. The Commission is required to retain a firm to assist it in establishing the initial fee schedules. The firm will recommend a methodology that will provide statistically valid estimates of the reimbursement objective for fee scheduled medical services within the medical communities. Reimbursements for medical services provided to treat traumatic injuries and serious burns are excluded from the fee schedules and liability for their treatment costs will be based, absent a contract, on 80 percent of the provider's charges. However, the required reimbursement will be 100 percent of the provider's charges if the employer unsuccessfully contests the compensability of the claim. The Commission is required to review

and revise the fee schedules in the year after they become effective and biennially thereafter. The liability of the employer for certain medical services not included in a fee schedule will be set by the Commission. A stop-loss feature allows hospitals to receive payments or reimbursements that exceed the fee schedule amount for certain claims when the total charges exceed a charge outlier threshold, which initially is 150 percent of the maximum fee for the service set forth in the applicable fee schedule. Providers are prohibited from using a different charge master or schedule of fees for any medical service provided for workers' compensation patients than the provider uses for health care services provided to patients who are not claimants. The measure requires the Commission, when determining whether the employee's attorney's work with regard to a contested claim resulted in an award of benefits that inure to the benefit of a third-party insurance carrier or health care provider, and in determining the reasonableness of the amount of any fee awarded to an attorney, to consider only the amount paid by the employer or insurance carrier to the third-party insurance carrier or health care provider for medical services rendered to the employee through a certain date and not to consider additional amounts previously paid to a health care provider or reimbursed to a third-party insurance carrier. The Commission shall have an independent, peer-reviewed study conducted every two years. The regulations setting fee schedules are exempt from the Administrative Process Act if the Commission utilizes a regulatory advisory panel to assist in the development of such regulations and provides an opportunity for public comment on the regulations prior to adoption. The measure prohibits certain practices involving the use by third parties of contracts whereby a provider agrees to accept payment of less than the fee scheduled amount, including restricting the sale, lease, or other dissemination of information regarding the payment amounts or terms of a provider contract without the express written consent and prior

notification of all parties to the provider contract and prohibiting an employer from shopping for the lowest discount for a specific provider among the provider contracts held in multiple PPO networks. The regulatory advisory panel is directed to make recommendations to the Commission prior to July 1, 2017, on workers' compensation issues relating to (i) pharmaceutical costs not previously included in the fee schedules; (ii) durable medical equipment costs not previously included in the fee schedules; (iii) certain awards of attorney fees; (iv) peer review of medical costs; (v) prior authorization for medical services; and (vi) other issues that the Commission assigns to it. The existing peer review provisions are repealed. The measure has an emergency clause and is identical to SB 631.

*John T. Heard
Legislative Counsel / Executive Secretary
The Virginia Self-Insurers Association, Inc.
2924 Emerywood Parkway, Suite 202
Richmond, VA 23294
Phone: (804) 249-2235
Fax: (804) 747-5022
<http://www.vaselfinsurers.org>*