



NCHA
PO Box 4449
Cary, NC 27519 - 4449

919/677-2400
919/677-4200 fax
www.ncha.org

North Carolina Hospital Association

April 19, 2016

The Honorable Charlton Allen
Chairman
North Carolina Industrial Commission
430 N Salisbury St.
Raleigh, NC 27603

Dear Chairman Allen:

On behalf of the North Carolina Hospital Association (NCHA), I am submitting the following comments regarding Surgical Care Affiliates' Petition, submitted earlier this year, to amend Rule 04 NCAC 10J .0103. NCHA opposes the petition.

NCHA and numerous other stakeholders, including representatives of business and insurer interests, the North Carolina Medical Society, the North Carolina Advocates for Justice and others were involved in a nearly three-year process to develop professional and facility fee schedules for recommendation to the Commission. The process went through several public forums, including the initial review and rejection of the prior facility fee schedules by the North Carolina Rules Review Commission in 2012, legislation in 2013 requiring new fee schedules, and the rule-making process before the Industrial Commission that included a public hearing and comment period *twice*: first for an interim adjustment to the fee schedule in 2012, and then on the final fee schedule that was before the Commission in late 2014 and early 2015. We are unaware of any objections relating to the revisions to the am-surg fee schedule, either formally or informally, during that 3-year period.

The Commission's purpose, and that of the stakeholders in recommending a fee schedule, was to meet the statutory requirement for rates that ensure appropriate access to care for injured workers, while balancing adequate reimbursement with the duty to control medical costs. In determining adequacy of reimbursement, the Commission reviewed the following sources in an effort to develop rates that would be comparable to surrounding states and near the median nationally. These sources, which were also used by the stakeholders in their discussions, contained the most recent developments on fee schedules nationally:

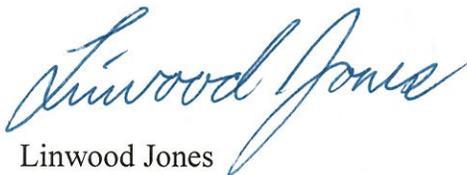
- (1) NORTH CAROLINA WORKERS COMPENSATION INSURANCE: A WHITE PAPER REVIEWING MEDICAL COSTS AND MEDICAL FEE REGULATIONS, prepared for the National Foundation for Unemployment Compensation and Workers' Compensation; prepared by Philip S. Borba, Ph.D. and Robert K. Briscoe, WCP, Milliman, Inc.; May 23, 2013.
- (2) CompScope Medical Benchmarks, 15th Edition, for North Carolina, published by the Workers' Compensation Research Institute, August 2014.
- (3) North Carolina Hospital Association/Optum Group Health survey data, June 2013 and July 2014.
- (4) Review of states' fee schedule structures, nationally and regionally.

We concur with the April 18, 2016 letter filed by the business community, insurers and others that the petition to open the fee schedule is now stale. As noted above, we are unaware of any objections to the revisions to the am-surg facility schedule at the Commission, the legislature, the Rules Review Commission, or any other venue, official or otherwise, during the three years these issues were being discussed in these forums.

The fee schedule changes adopted by the Commission followed the proper rule-making procedures. We therefore respectfully submit to the Commission that the petition to amend Rule 04 NCAC 10J .0103 be denied.

If you have any questions, please feel free to contact me at (919) 677-4227 or ljones@ncha.org.

With best regards,

A handwritten signature in blue ink that reads "Linwood Jones". The signature is written in a cursive style with a long, sweeping tail on the letter "s".

Linwood Jones
General Counsel