



December 29, 2014

RECEIVED  
JAN 02 2015  
Executive Secretary Office

Meredith Henderson  
4333 Mail Service Center  
Raleigh, NC 27699-4333

Re: 04 NCAC 10J .0101, .0102, .0103

Dear Ms. Henderson:

On behalf of the North Carolina Retail Merchants Association (NCRMA) and its affiliated workers' compensation insurance company, First Benefits Insurance Mutual, Inc., I am writing to strongly support the administrative rules (04 NCAC 10J .0101, .0102, .0103 ) concerning physician and hospital fee schedules published by the North Carolina Industrial Commission (Commission) in the *North Carolina Register* on November 17, 2014.

In 2011, the North Carolina General Assembly reformed North Carolina's workers' compensation system, which began with the passage of Session Law 2011-287 "Protect and Put NC Back to Work." Session Law 2011-287 attempted to re-center the pendulum of the indemnity portion of the workers' compensation system with major changes to lifetime benefits, definition of suitability or employment and the creation of a vocational rehabilitation program while also subjecting the appointment of Commissioners to legislative approval and the Commission to the Administrative Procedures Act. While the indemnity portion of the workers' compensation system was reformed, the cost of the medical benefit side of the system continued to increase to the point that North Carolina had become an outlier. Some providers were being paid far less than the median of states and others paid well in excess of the median of similarly situated providers in other states. It is important that a balance be struck where providers are paid fairly to ensure access to injured workers to valuable and necessary health care that will ultimately result in the injured worker being returned to employment.

While I understand that a provider group has raised issues with the proposed fee schedule, including providing comments at the Commission's Public Hearing, we urge the Commission to stay the course and adopt these rules as initially published. As stated by the Commission in its rule-making filing, these proposed "rates were calculated to fall in the estimated median range of workers' compensation schedules nationally" based upon data available from comprehensive studies. Additionally, these rates contained within these proposed rules were the result of a nearly two-year negotiation between the medical and hospital community with the business and insurance community.

We applaud the transition to a Medicare payment methodology as required by Session Law 2013-410, as this will bring payment for North Carolina's workers' compensation system in-line with surrounding states and other states that North Carolina competes with for job creation. In some instances, providers will see an increase in their respective rates, while others will see a decrease. We therefore urge the adoption of the proposed rules as published by the Commission on November 17, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Ellen", with a long, sweeping horizontal line extending to the right.

Andy Ellen  
President



## NORTH CAROLINA HOME BUILDERS ASSOCIATION

P.O. BOX 99090 • RALEIGH, N.C. 27624-9090  
PHONE (919) 676-9090 • TOLL FREE 1-800-662-7129 • FAX (919) 676-0402  
www.nchba.com • www.21buildingexpo.com

### 2015 NCHBA OFFICERS

#### President

SEAN SULLIVAN  
Black Mountain, (828) 669-4343  
sean@livingstoneconstruction.com

#### President-Elect

BRIAN PACE  
Charlotte, (704) 365-1208  
bpace@pacedevelop.com

#### First Vice President

GARY EMBLER  
Concord, (704) 361-7720  
gembler@niblockhomes.com

#### Vice President, Region I

HIRAM WILLIAMS  
Surf City, (910) 328-1404  
hiramwac@aol.com

#### Vice President, Region II

GLENN MORRISON  
Winterville, (252) 347-4699  
Glennmorrison3@gmail.com

#### Vice President, Region III

SEAN HOLMES  
Garner, (919) 333-6109  
sholmes2@bellsouth.net

#### Vice President, Region IV

RALPH DOGGETT  
Burlington, (336) 263-2175  
ralph.doggett@yahoo.com

#### Vice President, Region V

DANNY ADAMS  
Pinehurst, (910) 295-1504  
danny@danieladams.com

#### Vice President, Region VI

NICOLE GOOLSBY  
Cornelius, (704) 892-9131  
nicole@rionhomes.com

#### Vice President, Region VII

JASON HEDRICK  
Lexington, (336) 746-4388  
jason@hedrickcreativebuilding.com

#### Vice President, Region VIII

MICKEY PRUITT  
Jefferson, (336) 877-7518  
pruittmtn@yahoo.com

#### Vice President, Region IX

STONEY STORY  
Morganton, (828) 443-3774  
stoneystory@hotmail.com

#### Vice President, Region X

THOMAS McCLAIN  
Mills River, (828) 242-3465  
Thomas@homesweethomewnc.com

#### Secretary/Treasurer

KATHY CRAVEN SNODGRASS  
Winston-Salem, (336) 726-7810  
kathy.snodgrass@piedmontng.com

#### Immediate Past President & NAHB

#### Executive Committee State Rep.

J. GARY HILL  
Greensboro, (336) 420-5893  
jgaryhill@triad.rr.com

#### NAHB Executive Committee

BUDDY HUGHES  
Lexington, (336) 240-3097  
hucon@plmc.net

#### Executive Vice President

MIKE CARPENTER

January 6, 2015

Meredith Henderson  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, North Carolina 27699-4333

JAN 08 2015

Executive Secretary Office

**RE: Proposed NCIC Medical Fee Schedule Rules/ 04 NCAC 10J .0101, 04 NCAC 10J .0102, 04 NCAC 10J .0103**

Dear Ms. Henderson:

I write on behalf of the almost 14,000 member firms which comprise the North Carolina Home Builders Association (NCHBA) and the more than 10,000 policyholders insured by Builders Mutual Insurance Company in support of the adoption of the proposed rules.

NCHBA, in cooperation with other interested parties, has been engaged in a more than two-year effort to bring about needed changes in the current workers compensation medical fee schedule. The genesis of this effort began with the passage of HB 709 (Session Law 2011-287) which, among other important reforms, subjected the rules of the North Carolina Industrial Commission (Commission) to the Administrative Procedures Act for the first time. In the process of developing the instant rules, a broad stakeholders group (representing medical providers, employers and employees) was established. Agreement among that group led to the enactment of Session Law 2013-410, s. 33 (a) which directed the Commission to adopt a new fee schedule based on "the applicable Medicare payment methodologies." The Commission's Chairman then requested that the parties meet together in an effort to arrive at a consensus. After considerable discussion among the parties which included a two-day mediation, consensus was ultimately achieved resulting in agreement among the parties which gives rise to these rules.

While we understand that one particular provider group is apparently dissatisfied with the result, we strongly urge the Commission to adopt the rules as proposed. The rules enjoy the support of the major organizations representing medical providers, employers and employees. We believe the rules strike an appropriate balance to ensure that injured workers are provided an appropriate standard of services and care, that health care providers receive a reasonable reimbursement for services, and that medical costs are adequately contained for employers.

Sincerely,

J. Michael Carpenter  
Executive Vice President & General Counsel  
North Carolina Home Builders Association

\*EUGENE A. GULLEDGE (1964)  
C. PHIL ROBINSON, JR. (1966)  
CARL W. JOHNSON (1967)  
JOHN CROSLAND, JR. (1968)  
\*J.M. DAUGHTRIDGE (1969)  
\*HOMER BARRETT (1970)  
\*JAMES W. LESTER (1971)  
CHARLES C. McLAURIN (1972)  
J. VAUGHN KLUTTS (1973)  
\*Deceased

\*C.L. REAVIS (1974)  
JOHN T. BELL (1975)  
\*WILLIAM T. BOYD (1976)  
LaRUE HAMBRICK (1977)  
J. RAY SPARROW (1978)  
SHERRILL FAW (1979)  
MARK E. TIPTON (1980)  
M. DURWOOD STEPHENSON (1981)

J. WATTS ROBERSON (1982)  
\*NELSON CALLAHAN (1983)  
\*PAUL D. TROLLINGER (1984)  
RICK BATCHELOR (1985)  
J. RAY SPARROW (1986)  
LARRY SUMMER (1987)  
HERSCHEL REDDING (1988)  
JAMES FORD (1989)

STEVE NASH (1990)  
HARRIS B. GUPTON (1991)  
RUSS DAVIS (1992)  
CHUCK MILLER (1993)  
BURL LANCE (1994)  
ROBERT INGRAHAM (1995)  
DAVID PRESSLY, JR. (1996)  
DONALD W. BETSWORTH (1997)

GEORGE HENSON (1998)  
ROBERT YATKO (1999)  
DANNY ADAMS (2000)  
JONATHAN ELLIOT (2001)  
DON CROOM (2002)  
GREG ISENHOUR (2003)  
RICK JUDSON (2004)  
BUDDY HUGHES (2005)

DAVE STORMONT (2006)  
PAUL MULLICAN (2007)  
RAY RHODES (2008)  
FRANK WIESNER (2009)  
LYLE GARDNER (2010)  
BILL DALEURE (2011)  
ERIK ANDERSON (2012)  
J. GARY HILL (2013-14)



Property Casualty Insurers  
Association of America  
Advocacy. Leadership. Results.

Trey Gillespie  
Senior Workers Compensation Director

January 7, 2015

Meredith R. Henderson  
General Counsel  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, NC 27699-4333  
[meredith.henderson@ic.nc.gov](mailto:meredith.henderson@ic.nc.gov)

**Re: Proposed Amendments 04 NCAC 10J .0101, .0102, and .0103 Fees for Medical Compensation  
Public Hearing: December 17, 2014**

Dear Ms. Henderson,

Property Casualty Insurers Association of America (PCI) respectfully submits the following comments to the formal proposal to amend 04 NCAC 10J Fees for Medical Compensation rules .0101, .0102, and .0103.

Property Casualty Insurers Association of America (PCI) is a trade association representing over 1000 property and casualty insurance companies. PCI members write over \$210 billion in annual premium including 36% of the commercial insurance market and 39% of the private workers compensation insurance market.

**PCI supports the adoption of the proposed amendments to the Fees for Medical Compensation relating to fees for professional services and fees for institutional services as drafted by the Industrial Commission.** The proposed rule amendments comply with the legislative mandate as found in S.L. 2013-410 s. 33(a) by creating new medical fee schedules based on current Medicare payment methodologies. In addition, the proposal is consistent with negotiated agreements reached between the medical and hospital community and the business and insurance community over a two-year period of time. The proposal will make reimbursement of medical expenses in the North Carolina workers compensation system consistent with reimbursement levels in other jurisdictions. In addition, the proposal creates a stable methodology for reimbursement of medical expenses in the future.

PCI urges the Commission to adopt the proposed rule amendments as published on November 17, 2014.

Respectfully submitted,

  
Trey Gillespie  
PCI  
1504 San Antonio St.  
Austin, TX 78701  
512-366-5430  
[trey.gillespie@pciaa.net](mailto:trey.gillespie@pciaa.net)



# Insurance Federation Of North Carolina

January 7, 2015

Meredith Henderson

North Carolina Industrial Commission

4333 Mail Service Center

Raleigh, North Carolina 27699-4333

**JAN 08 2015**  
**Executive Secretary Office**

Re: Proposed NCIC Medical Fee Schedule Rules: 04 NCAC 10J.0101, 04 NCAC 10J.0102, and 04 NCAC 10J.0103

Dear Ms. Henderson:

The Insurance Federation of North Carolina (IFNC) is the state trade association of the major property and casualty insurance companies writing in North Carolina. We also have as our members the major national property and casualty insurance trade associations. Over the past several years, IFNC has participated with a broad stakeholder group including representatives of employer and employee associations as well as the state's medical providers to develop a medical reimbursement system that is more consistent with reimbursement schedules in other jurisdictions and is fair to the medical provider community. These efforts included the support of legislation in 2013 that directed the Industrial Commission to adopt a new fee schedule based on the "applicable Medicare payment methodologies."

Following the passage of that legislation, the interested parties continued to work together and, at the request of the Commission's Chairman, participated in a two-day mediation that was successful in reaching an agreement that resulted in the proposed rules. These rules have the support of the major organizations representing the medical provider community as well as the major organizations representing the employers and employees. On behalf of the industry that pays workers compensation medical bills across this country, IFNC urges the Commission to adopt the proposed rules under consideration.

Sincerely yours,

Insurance Federation of North Carolina

By: John B. McMillan

Phone: (919) 834-9773 . Fax:(919) 834-9802  
Glenwood Plaza . 3605 Glenwood Avenue, Suite 220 . Raleigh, NC 27612  
[www.insurancefederationnc.com](http://www.insurancefederationnc.com)

January 9, 2015

Meredith Henderson  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, North Carolina 27699-4333

**RE: Proposed NCIC Medical Fee Schedule Rules/ 04 NCAC 10J .0101, 04 NCAC 10J .0102,  
04 NCAC 10J .0103**

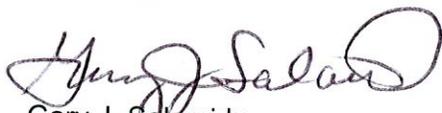
Dear Ms. Henderson:

I write on behalf of the North Carolina Chamber and its more than 35,000 members who employ 1.2 million North Carolinians.

The NC Chamber, in cooperation with other interested parties, has been engaged in a more than two-year effort to bring about needed changes in the current workers compensation medical fee schedule. The genesis of this effort began with the passage of HB 709 (Session Law 2011-287) which, among other important reforms, subjected the rules of the North Carolina Industrial Commission (Commission) to the Administrative Procedures Act for the first time. In the process of developing the instant rules, a broad stakeholders group (representing medical providers, employers and employees) was established. Agreement among that group led to the enactment of Session Law 2013-410, s. 33 (a) which directed the Commission to adopt a new fee schedule based on "the applicable Medicare payment methodologies." The Commission's Chairman then requested that the parties meet together in an effort to arrive at a consensus. After considerable discussion among the parties which included a two-day mediation, consensus was ultimately achieved resulting in agreement among the parties which gives rise to these rules.

While we understand that one particular provider group is apparently dissatisfied with the result, we strongly urge the Commission to adopt the rules as proposed. The rules enjoy the support of the major organizations representing medical providers, employers and employees. We believe the rules strike an appropriate balance to ensure that injured workers are provided an appropriate standard of services and care, that health care providers receive a reasonable reimbursement for services, and that medical costs are adequately contained for employers.

Sincerely,



Gary J. Salamido  
Vice President, Government Affairs



2101 L Street NW  
Suite 400  
Washington, DC 20037  
202-828-7100  
Fax 202-293-1219  
www.aiadc.org

**VIA ELECTRONIC MAIL**

January 9, 2015

Meredith R. Henderson  
Executive Secretary  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, NC 27699-4333

Re: Proposed NCIC Medical Fee Schedule Rules 04 NCAC 10J.0101,  
10J.0102, and 10J.0103

Dear Ms. Henderson:

The American Insurance Association ("AIA") hereby expresses its strong support for the adoption of proposed rules governing Fees for Medical Compensation, Professional, and Institutional Services (04 NCAC 10J.0101, 10J.0102, and 10J.0103). In 2013, AIA's members wrote more than \$500 million in workers' compensation insurance in North Carolina, accounting for 37% of the market.

The proposed rules reflect agreements negotiated between the business/insurance community and the medical and hospital associations regarding the appropriate mechanisms and reimbursement levels for compensating medical treatment delivered in the workers' compensation system. The proposed rules satisfy the admonition in G.S. §97-26 that physician and hospital fees be based on the applicable Medicare payment methodologies and ensure that (i) injured workers are provided the standard of services and care intended by the Workers' Compensation Act; (ii) providers are reimbursed reasonable fees for providing these services; and (iii) medical costs are adequately contained.

Accordingly, we believe the proposed rules offer the most viable and broadly accepted means for modernizing the Commission's approach to medical services reimbursement, and we strongly support their adoption. Should you have any questions about these comments, please call me at (202) 828-7167.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kenneth A. Stoller".

Kenneth A. Stoller  
Assistant General Counsel  
American Insurance Association

cc: Ron Jackson, AIA Southeast Region Vice President  
John McMillan, Manning Fulton



January 12, 2015

Ms. Meredith Henderson  
Executive Secretary  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, NC 27699-4333

**JAN 14 2015**  
Executive Secretary Office

Re: Support for Proposed NCIC Medical Fee Schedule Rules: 04 NCAC 10J.0101, 04 NCAC 10J.0102, and 04 NCAC 10J.0103

Dear Ms. Henderson:

The Employers Coalition of North Carolina (ECNC) consists of the non-profit employer associations in our state with over 2,500 member employers. We strongly support the Industrial Commission's proposed NCIC Medical Fee Schedule Rules 04 NCAC 10J.0101, 04 NCAC 10J.0102, and 04 NCAC 10J.0103 because they meet the Industrial Commission's statutory requirements to adopt a medical fee schedule that ensures injured workers are provided adequate care, that providers are reimbursed reasonable fees and that medical costs are adequately contained.

It is unusual in this political arena for diverse stakeholders to sit down together on an issue and actually reach a compromise after two years and many meetings. Physicians, hospitals, service providers, employers, and the insurance industry (with involvement of lawyers for claimants and defendants) reached an agreement because: 1) extensive research established how other states handle their medical fee schedules; 2) the hospitals and physicians provided in depth education on the many reasons for the variations in their reimbursements and 3) the realization that all the stakeholders would have some provisions within the final agreement they would not like. The leadership of Chairman Heath with two days of mediation was key in completing the process.

Please share our appreciation and support with the members and staff at the Industrial Commission for their work on these important proposed rules. All the stakeholders will benefit from a long overdue update of the medical fee schedules.

Sincerely,

George W. Ports, III  
Sr. Executive, Government Relations  
Employers Coalition of North Carolina



January 14, 2015

**Via Email**

Andrew Heath, Chairman  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, NC 27699-4333

**RE: 04 NCAC 10J.0102 Fees for Professional Services (Proposed July 1, 2015)**

Dear Chairman Heath:

I am writing on behalf of MedQuest, Inc., a wholly-owned subsidiary of Novant Health, Inc. operating 24 outpatient diagnostic imaging facilities across North Carolina, to express my substantial concern with proposed reimbursement rates for radiology services, cited in 04 NCAC 10J.0102, the "Notice of Proposed Industrial Commission Rules" dated November 17, 2014.

The proposed changes will severely affect our facilities' ability to provide high quality diagnostic imaging services to workers' compensation patients. I am deeply troubled by the commission's proposal which, if implemented, which would grossly undervalue the role of outpatient diagnostic radiology within the healthcare delivery system. I believe that the drastic reduction in reimbursement for radiology services will greatly reduce patients' access to quality outpatient diagnostic imaging.

The proposed reimbursement represents a potentially devastating reduction in the reimbursement of services whose costs of delivery continue to rise. Providing Magnetic Resonance Imaging (MRI) and Computed Tomography (CT) services requires substantial investment in equipment, facilities and in professional services. The costs of each are rising year over year, yet the proposed reimbursements represent reductions of upwards of 60% effective July 1, 2015, with no reduction in the cost, quality or value of the services provided.

Diagnosing work-related injuries through quality diagnostic imaging is a critical first step in treating workplace injuries and ensuring a quick return to work. Endangering access to a quick, quality, effective diagnosis by drastically cutting the reimbursement for imaging could have the unintended consequence of increasing the length of time it takes injured workers to return to work and the overall cost of claims for such injuries.

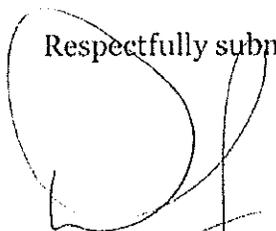
The diagnostic imaging industry has, over the years, been asked by CMS to bear a much greater share of Medicare reimbursement cuts than other specialties. Beginning with the implementation of the federal Deficit Reduction Act, imaging services have been subject to numerous legislative and policy changes that have greatly reduced reimbursement rates since 2007. Since 2007,

Medicare has reduced payments for advanced diagnostic imaging fifteen times. Many advanced diagnostic imaging codes have decreased 50% or more since 2007. Several of these changes are based on inaccurate data, and simply do not reflect the real cost of providing high quality diagnostic imaging services. As a result, shifting the workers' compensation fee schedule to a percentage of current Medicare causes a more material adverse outcome for MRI and CT service providers compared to other service lines and specialties. Imposing workers' compensation reimbursement cuts of this magnitude could force many diagnostic imaging providers into hard decisions about whether they can continue to accept workers' compensation patients, particularly among providers making the capital investments necessary to operate a high quality imaging center.

**Recommendation: Due to the material adverse implications of shifting from a basis of 1995 Medicare to current Medicare, which drastically and disproportionately decreases reimbursement for MRI and CT services critical to diagnosing workplace injuries, I respectfully recommend that the Commission increase the proposed percentage of current Medicare payable after July 1, 2015 from 195% of current Medicare for Radiology to a percentage that will yield a revenue neutral result, thus protecting access to quality diagnostic imaging services for North Carolinians suffering from workplace injuries.**

I appreciate the opportunity to voice my opposition to the proposed July 2015 cuts to the Radiology Fees for Professional Services cited in 04 NCAC 10J.0102. Should you have any questions, please do not hesitate to contact me either via phone (678-992-7245) or email (dschaefer@medquestmail.com).

Respectfully submitted,



Dan Schaefer  
Chief Operating Officer

DS: cpg

January 16, 2015

Ms. Meredith Henderson  
Executive Secretary  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, NC 27699-4333  
[meredith.henderson@ic.nc.gov](mailto:meredith.henderson@ic.nc.gov)

**Re: Comment in Support of Proposed Fee Schedule Rules, 04 NCAC 10J .0101, .0102, .0103**

Dear Ms. Henderson,

The North Carolina Industrial Commission is charged with adopting a schedule of medical fees for the workers' compensation system. In doing so, the Commission is required by law to strike an important balance: the fee schedule must ensure that injured workers can receive the care they need; medical providers must be compensated at reasonable rates; and medical costs must remain adequately contained. Our current fee schedule has grown stale since its adoption in the mid-1990s, both in terms of how it values medical services and in how the Commission maintains it. Simply put, the fee schedule no longer strikes the necessary balance. The time is right to make considerable changes, and we applaud the Commission for taking these initial steps.

The undersigned medical associations – representing thousands of physicians across North Carolina who regularly provide medical care to injured workers – have reviewed the proposed revisions and wish to express our collective support. We encourage the Commission to proceed with the adoption of these rules.

We would like to highlight and briefly discuss multiple provisions contained in proposed Rule 04 NCAC 10J .0102 – Fees for Professional Service (eff. July 1, 2015) (“Rule .0102”).

- *Payment Rates.* Paragraph (b) of Rule .0102 establishes basic payment rates for all categories of professional services ranging from 140%-195% of Medicare. We understand that the Commission assigned percentages to each category that, based on the available literature, reflect the national median of payment rates for each category. We anticipate, therefore, that this methodology will also result in North Carolina's professional rates moving to the national median in the aggregate – a significant improvement that will also more closely reflect today's costs of providing medical care. According to the most recent WCRI analysis, North Carolina now ranks 41<sup>st</sup> out of the 43 states that have adopted professional fee schedules. Better rates will help to drive more physicians to participate in the workers' compensation system.
- *PAs, NPs, and other providers.* Physicians have cited difficulties when involving physician assistants, nurse practitioners, and other members of their care teams in treating workers' compensation patients. More specifically, medical practices encounter varying requirements from the carrier community about when (if ever) one of these providers may treat patients and be compensated. Paragraph (h) of Rule .0102 effectively clarifies that physicians may rely on other providers so long as scope of practice laws are followed, and that the rates for services

provided by those individuals are also subject to the Rule. This is a welcomed provision that will allow medical practices to care for their patients more efficiently without compromising quality.

- *DME Fee Schedule.* We are pleased that the Commission proposes to create and maintain a dedicated fee schedule for durable medical equipment (DME). While only a small number of medical practices supply DME, those that do typically encounter major burdens with billing and payment for these items. By adopting Medicare's list of maximum allowable amounts for DME, we anticipate that the Commission will have no reason to require that providers substantiate their requested payment amount for most items with mailed/faxed paper invoices.

We believe the revised fee schedule rules strike the necessary balance, and will move our workers' compensation system forward. North Carolina's physicians have appreciated the opportunity to participate in the discussions and negotiations of the fee schedule that have spanned the last several years, and we appreciate the opportunity to provide these comments to you today.

Should you have any questions, please do not hesitate to contact any of our organizations.

Sincerely,

North Carolina Medical Society  
The NCMS Workers' Comp Fee Schedule Task Force  
North Carolina Chapter, American College of Physicians  
North Carolina College of Emergency Physicians  
North Carolina Medical Group Management Association  
North Carolina Neurological Society  
North Carolina Orthopaedic Association  
North Carolina Psychiatric Association  
North Carolina Radiological Society  
North Carolina Society of Anesthesiology  
North Carolina Society of Pathology  
SouthEastern Atlantic College of Occupational & Environmental Medicine



16 January 2015

**Meredith Henderson, Executive Secretary  
North Carolina Industrial Commission**

**Re: Request for Comments on Proposed Fees for Medical Compensation**

We appreciate the opportunity to provide written commentary on the proposed changes to rules 04 NCAC 10J.0101, 0102, and .0103. After a review of the proposed rules, and consideration of those rules in an operational context, we would like to provide the following comments.

The proposed changes do not explicitly state whether Medicare rules and guidelines should be incorporated into the process for determining reimbursement rates, if at all. The existing North Carolina Medical Fee Schedule already includes specific rules for reimbursement of physician services, but similar expectations are not in place regarding institutional services. If it is the intent of the NCIC that all applicable Medicare rules and guidelines apply when determining reimbursement, with the exception of pass-through payments as outlined in section 04 NCAC 10J.0103 item (a), we suggest adding language making that distinction. Following is an example from Texas' rules that includes such language:

Texas Administrative Code Title 28, Part 2, Chapter 134, Subpart E, Rule §134.403

(d) For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided with any additions or exceptions specified in this section, including the following paragraphs.

(1) Specific provisions contained in the Texas Labor Code or the Texas Department of Insurance, Division of Workers' Compensation (Division) rules, including this chapter, shall take precedence over any conflicting provision adopted or utilized by the CMS in administering the Medicare program.

**04 NCAC 10J .0103 Fees for Institutional Services (a)**

This section does not specify whether the NCIC will publish reimbursement or if the values must be derived from Medicare tables. This is important to know as far in advance as possible if payers will be required to build the values themselves. The level of effort to do the calculations and program them into bill review systems is much larger when the CMS tables must be used as compared to loading files where another party has already determined the values. Additionally, because payers are used to the NCIC publishing fee schedule values or pricing bills on their behalf, they may not have the tools or the infrastructure to implement Medicare calculations. Having advance notification as well as detailed and clear delineations of what portions of Medicare are being adopted would be extremely helpful.

If the NCIC will publish the values, please include language similar to the professional section, 04 NCAC 10J.0102 (e), "...the Commission will publish annually..." in section 04 NCAC 10J.0103. If the intent is for payers and bill review companies to build values from Medicare's tables, that specific expectation

should be included since it is a variance from what will occur for professional fees. It is uncommon for a jurisdiction to publish rates for some services and not for others.

**04 NCAC 10J .0103 Fees for Institutional Services (k)**

*"If the billed charges are less than the maximum allowable amount for a Diagnostic Related Grouping (DRG) payment pursuant to the fee schedule provisions of this Rule, the insurer or managed care organization shall pay no more than the billed charges."*

Because DRG is specific to inpatient services, this statement clarifies that payers should not make payment at an amount greater than the fee schedule for inpatient bills, but does not address outpatient and ASC services. Something similar should be included in the final rule to address non-inpatient bills. Medicare's reimbursement rates are determined without respect to billed charges so it is not uncommon for payment to be greater than charge on outpatient and ASC services. When a state-specific mark up is added, that possibility is even greater.

Additionally, because outpatient reimbursement is determined at the service level, it is possible that individual services could have a reimbursement greater than the individual charge. This may or may not result in overall payment being greater than the billed charge. Tennessee has addressed this in a supplement to their workers' compensation rules. The line-by-line basis piece is most important if the intent is that all services should be paid at the fee schedule rate regardless of billed charge **as long as** the total bill payment does not exceed total bill charges:

III. Tennessee Medical Fee Schedule: Medical Services

E. Outpatient Services (Including Emergency Room Care if Patient is Not Admitted)

The lesser of the provider's bill, a contracted amount, or the maximum allowable per the MFS should be determined based on the entire bill rather than a line-by-line basis

If the intent is to never allow payment for a service at an amount greater than the billed charge, that specific direction should be included in the final rule.

Thank you for the opportunity to provide comments on the proposed fee schedule rules. Please feel free to contact me directly if there are any questions about the comments submitted.

Sincerely,



Leann Lewis

Coventry Workers' Comp Services

Office: 615.984.7296

Email: lxlewis@cvty.com

cc: Francine Johnson, VP, Coventry Workers' Compensation Services



North Carolina Hospital Association

Serving North Carolina's Hospitals & Health Systems

January 16, 2015

Meredith Henderson  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, North Carolina 27699-4333

**RE: Proposed NCIC Medical Fee Schedule Rules/ 04 NCAC 10J .0101, 04 NCAC 10J .0102, 04 NCAC 10J .0103**

Dear Ms. Henderson:

On behalf of NCHA, Inc., which represents 140 hospitals and healthcare systems in the State, I am writing regarding the proposed medical fee schedule revisions published in the above-referenced rule.

NCHA, the North Carolina Medical Society and numerous other business and insurers stakeholders were involved in an extensive review and discussion of rates and rate methodologies for workers compensation hospital and medical fee schedules over the past two years in an effort to find a balanced solution to rates. All stakeholders also jointly funded our own study on rates and rate methodologies and reviewed existing studies, group health data, State Health Plan data, and many other sources.

The facility rate changes, particular on the outpatient side, have a significant financial impact on hospitals. Nevertheless, as many of the others have already noted, we all agree that the proposed rates fall near the median nationally and within ranges seen in other states. The phase-in of facility rates between now and 2017 also helps address the impact of the changes. The proposed rules reflect the stakeholders' understanding and agreement on median rate levels, as well as payment methodologies that are consistent with the 2013 legislation requiring new fee schedules.

We believe the rates as proposed in the rule meet the Commission's statutory requirement for rates that ensure appropriate access to care for injured workers, while balancing adequate reimbursement with the duty to control medical costs.

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

Sincerely,

A handwritten signature in black ink that reads 'Linwood Jones'. The signature is written in a cursive style with a prominent 'L' and 'J'.

Linwood Jones  
General Counsel



# Triangle Orthopaedics

120 William Penn Plaza  
Durham, North Carolina 27704

January 16, 2015

Ms. Meredith Henderson  
Executive Secretary  
North Carolina Industrial Commission  
4333 Mail Service Center  
Raleigh, NC 27699-4333  
[meredith.henderson@ic.nc.gov](mailto:meredith.henderson@ic.nc.gov)

*Re: Official Comment in Support of Proposed Fee Schedule Rules*

Ms. Henderson,

I write today on behalf of Triangle Orthopaedic Associates, P.A. (TOA) main headquarters located in Durham, North Carolina. Our practice provides care to an estimated 6000 workers' compensation patients each year, commonly providing evaluations, physical therapy and rehabilitation care, imaging, surgical procedures, etc. As indicated above TOA's main headquarters is located in Durham, however our geographic outreach expands to 11 counties in North Carolina including; Durham, Orange, Vance, Chatham, Person, Granville, Caswell, Alamance, Wilson, Wake, and Halifax.

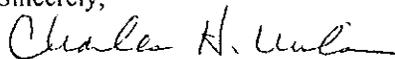
After closely monitoring the Industrial Commission's progress in reforming its medical fee schedule over the last several years, our practice is very pleased to now review and comment on the changes contained in the proposed rules. Overall, physician payment rates in our workers' compensation system are among the worst nationally, and have been for some time. So we appreciate the leadership that the Commission, the North Carolina Medical Society, and other stakeholders have shown to address this problem and put this compromise proposal forward. **TOA supports this proposal and encourages the Commission to adopt it permanently.**

The changes will impact our practice by:

- Increases in PM and E&M services to 140% Medicare
- Covers additional Overhead and Expenditures due to the additional paperwork required for WC patient.
- Encourages physicians to participate with carriers allowing further specialty care
- Increases in X-ray will lessen impact of MRI& CT reductions
- Reduced administrative burdens associated with DME billing
- Physicians will be able to more confidently involve PAs/NPs in WC patient care

Thank you for the opportunity to comment on this proposal. Please contact me if I may be of further assistance.

Sincerely,



Charles H. Wilson, CEO