

## Fee Proposal

### Synopsis

- ✓ An audit will be conducted of the current databases
- ✓ Provider and hospital prices will be frozen
- ✓ Prices will only be allowed to increase at the rate of national MCPI

### Baseline calculation

- The Legislative Audit Bureau shall conduct an audit of currently approved state certified worker's compensation databases to determine if the currently approved databases have complied with the requirements of Wi stat. 102.16 (2) and Wi Admin Code DWD 80.72. The department shall select a database for the purpose of establishing a maximum allowable charge from among those that have complied with the requirements of stat. 102.16 (2) and Wi Admin Code DWD 80.72. If the WCAC chooses not to conduct an audit, the maximum allowable charge will be set at the amount charged by a provider or hospital.
- The maximum allowable charges for each individual provider or hospital and for each submitted CPT code or DRG code shall be established as of the first of the month following the selection of the database to be used for establishing the maximum allowable charges and each thirteen months thereafter as described below.
- The maximum allowable charge shall be calculated for each individual provider and hospital in Wisconsin **as the lesser** of the provider/hospital charges or the maximum allowable charge as established by the audited database selected by the department unless the WCAC chooses not to conduct an audit. If an audit is not conducted, the maximum allowable charge shall be the provider or hospital charges as of the first of the month prior to the effective date of this legislation.

### Annual price increase limitation

- For the 12 month period after the establishment of the baseline maximum allowable charge, the maximum allowable charge for each CPT code or DRG code shall be the baseline amount plus the increase in the medical consumer price index (MCPI) for the United States as published by the U.S. Department of Labor Bureau of Labor Statistics for the 12 month period prior to the establishment of the baseline amounts.
- 30 days after the anniversary date of the establishment of the baseline maximum allowable charges, each maximum allowable charge shall be reset by adding the annual percentage increase in the MCPI to the previous maximum allowable charge. For each subsequent period, the maximum allowable charge shall again be reset by adding the percentage increase in the MCPI to the previous maximum allowable charge.

*Example: The baseline for "Dr. Smith" or "Community Hospital" for a given CPT code or DRG code is established to be \$100 on June 30, 2009. The MCPI for the preceding year (July 1, 2008 – June 30, 2009) was 5.5%. During the next 12 months (July 1, 2009 – June 30, 2010) the maximum allowable charge for this CPT or DRG code would be \$105.50.*

*The MCPI for the next period (July 1, 2009 – June 30, 2010) was 4.0%. The new maximum allowable charge of \$109.72 is announced July 31, 2010. This maximum allowable charge will be in effect for the*

*period of August 1, 2010 – July 31, 2011 at which point the maximum allowable charge will once again be reset.*

- The maximum allowable charge for CPT codes or DRG codes not included in the initial baseline calculation shall be no more than the lesser of the provider charges or 1.4 standard deviations from the mean for the 3 digit zip code in which the provider or hospital is located plus the increase in the medical consumer price index (MCPI) for the United States as published by the U.S. Department of Labor Bureau of Labor Statistics as published by the department. For subsequent periods, the amount for this CPT code or DRG code shall be calculated as described above.
- Providers that move more than 50 miles from their previous location shall, for the first 12 months after establishing their new practice location, have a maximum allowable charge for each service of no more than the lesser of the provider charges or 1.4 standard deviations from the mean for the 3 digit zip code in which they are located plus the increase in the medical consumer price index (MCPI) for the United States as published by the U.S. Department of Labor Bureau of Labor Statistics for the 12 month period prior to the establishment of the baseline amounts.
- New hospitals shall, for the first 12 months after opening, have a maximum allowable charge for each service or DRG of no more than 1.4 standard deviations from the mean for the 3 digit zip code in which they are located plus the increase in the medical consumer price index (MCPI) for the United States as published by the U.S. Department of Labor Bureau of Labor Statistics for the 12 month period prior to the establishment of the baseline amounts.
- The department shall update the “health service fee dispute resolution process” rule (DWD 80.72) to reflect the statutory changes made above and to provide an appeal to providers or hospitals in the event a payor does not reimburse a claim in the manner required by statute.
- To allow for a thorough evaluation of the effects of this policy change, the WCAC shall not approve any additional health care provider or hospital cost containment measures for a period of three years from the implementation date of the fee proposal without the consensus agreement of the health care liaisons to the WCAC.