

Compliance and Regulations Newsletter

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CALIFORNIA

DWC Posts Update to Inpatient Hospital Section of OMFS

The California Division of Workers' Compensation posted an update to the Official Medical Fee Schedule for inpatient hospital services to conform to changes in the Medicare payment system.

The standard rate will increase 2.7% from \$6,269.83 to \$6,439.11 for discharge dates on or after January 1, 2017. This will result in a reimbursement change to hospitals for inpatient services.

Labor Code Section 5307.1 provides that an annual inflation adjustment to the inpatient hospital facility fees be based solely on the increase in the Medicare hospital market basket, or standard rate.

Potential Impact

Reimbursement for inpatient hospital services will be affected taking into account changes in DRG weights and hospital specific composite factor.

[Source 1](#)

[Source 2](#)

NEW JERSEY

Gov. Christie Signs Law Requiring Providers to Submit Electronic Bills

New Jersey Governor Chris Christie signed into law a bill requiring workers' compensation providers to submit electronic medical bills. The bill also requires employers, carriers, and third-party administrators to pay these bills within 60 days. Assembly Bill 3401 exempts providers who submit fewer than 25 bills per month.

The bill mandates the Commissioner of Labor and Workforce Development to adopt rules which:

- Ensures the confidentiality of medical information submitted on electronic bills.
- Requires employers, insurance carriers, and third party administrators to acknowledge receipt of a complete electronic medical bill.
- Require employers, insurance carriers, and third party administrators to pay electronic bills deemed compensable within 60 days.

Failure to comply with the act will result in a per day interest charge on the compensable complete electronic bill assessed against the employer, insurance carrier, or third party administrator, depending on fault, at a rate established by the Department of Banking and Insurance.

The law will be effective after rules are adopted by the Department of Labor and Workforce Development and Department of Banking and Insurance necessary to implement this act.

Potential Impact

Prior to Assembly Bill 3401, there was no timeframe for payment of medical bills. Now, payers will be required to pay bills deemed compensable within 60 days of receipt.

[Source](#)

TENNESSEE

Amended Utilization Review Rules Adopted

An amended version of the Tennessee Bureau of Workers' Compensation utilization review rules will take effect on January 29, 2017.

The bureau made several changes to its original proposal in response to public comments after a rulemaking hearing on August 31, 2016. Among the changes made to the original proposal, the bureau:

- Amended Rule 0800-02-06-.01(20) to state that utilization review does not include preauthorization as defined in Rule 0800-02-06-.01(16).
- Amended Rule 0800-02-06-.03(4) to state that any treatment that explicitly follows treatment guidelines is presumed to be medically necessary for the purposes of utilization review and can be rebutted only by clear and convincing evidence that the guidelines have been applied erroneously or the treatment presents an unwarranted risk to the injured worker.
- Amended Rule 0800-02-06-.04(2) to state that if a utilization review appeal is filed, any recommended modification in a utilization review report will be considered a denial by the bureau.
- Added a new subsection to Rule 0800-02-06-.03(5) to explicitly allow claimants or authorized treating physicians to appeal utilization review denials to the bureau's medical director, who will make a written determination.
- Amended Rule 0800-02-06-.05(1) to state that if an employer disagrees with an authorized treating physician about the medical necessity of a recommended treatment, the employer must participate in utilization review.
- Amended Rule 0800-02-06-.07(4) to state that insurers must give providers notice if a requested treatment has been approved by the medical director, and can be penalized if they do not.

- Amended Rule 0800-02-06-.07(6) to state that any party may file a petition for benefit determination with the Court of workers' Compensation Claims within seven business days if they disagree with a utilization review decision.

Potential Impact

Updates to utilization rules were necessary based on the 2013 reform act. Rule amendments expand and clarify definitions of utilization review, medical necessity, and preauthorization.

[Source](#)