



# BULLETIN

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A new CWCI study shows that the average reimbursement for all California workers' comp physician reports fell 37 percent from \$26.13 in the first quarter of 2013 to \$16.53 in the first quarter of 2014 as the state began to transition to a new Official Medical Fee Schedule based on Medicare's Resource-Based Relative Value Scale (RBRVS). The study finds, however, that the decline in the average amount paid for all reports was due to changes in the underlying evaluation and management (E/M) services included in the schedule rather than a decrease in the fee schedule amounts assigned to report codes.

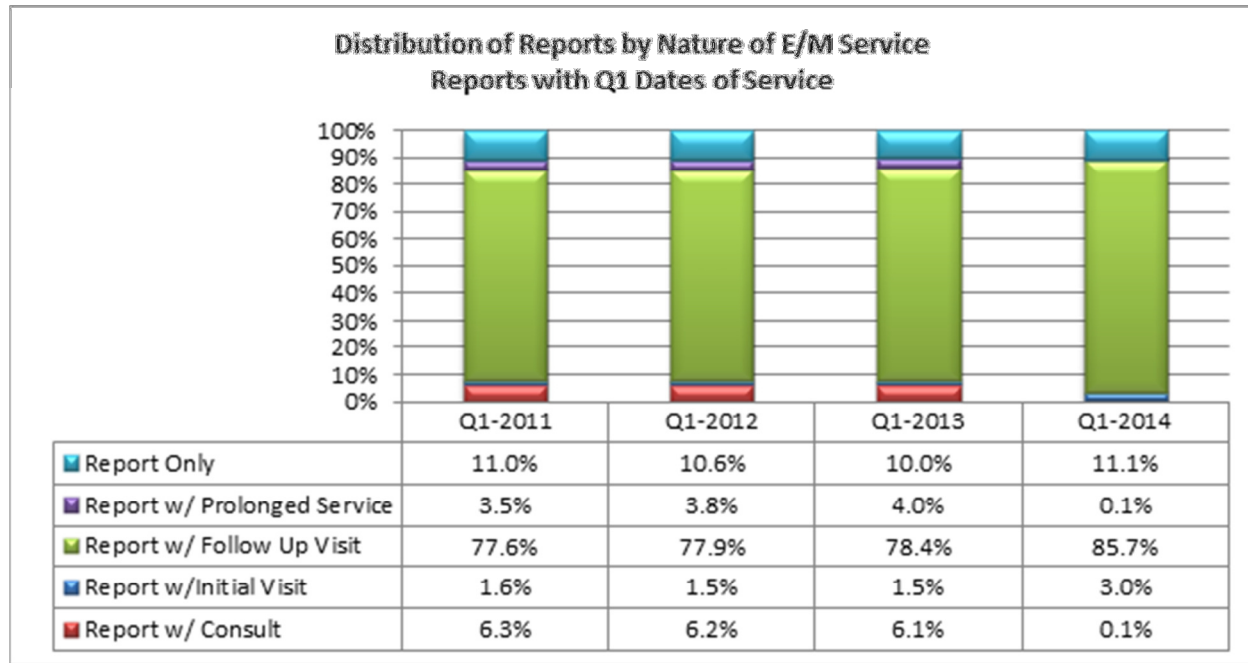
The new study follows up on research published last summer that produced benchmark data on California workers' compensation physician reporting prior to the transition into the RBRVS fee schedule, comparing medical report data for service dates within the first quarter of 2014 – when the transition to the new schedule began – to corresponding data from the first quarter of each of the three preceding years. The data, gleaned from CWCI's Industry Claims Information System database, included the volume and frequency with which reports were billed, as well as the average amounts paid per report, with results categorized by type of E/M service associated with the report. The average amounts paid for each type of report prior to the adoption of the RBRVS fee schedule (Q1 of 2011, 2012 and 2013) and the average amounts paid immediately after the schedule was adopted (Q1 2014) are noted below:

| Average Amount Paid Per Report Associated with E/M Service |          |                    |                          |                            |                                  |                            |
|--|----------|--------------------|--------------------------|----------------------------|----------------------------------|----------------------------|
|  | Avg Paid | Avg Paid w/Consult | Avg Paid w/Initial Visit | Avg Paid w/Follow Up Visit | Avg Paid w/Prolonged Svc (99358) | Avg Paid w/No Same-Day E/M |
| Q1-2011  | \$25.62  | \$97.06            | \$41.97                  | \$17.92                    | \$64.92                          | \$23.94                    |
| Q1-2012  | \$24.28  | \$90.08            | \$55.00                  | \$16.55                    | \$60.67                          | \$25.36                    |
| Q1-2013  | \$26.13  | \$94.08            | \$46.06                  | \$17.79                    | \$68.42                          | \$27.06                    |
| Q1-2014  | \$16.53  | \$64.46            | \$47.31                  | \$15.23                    | \$49.35                          | \$18.98                    |

The average reimbursement for all physician reports, which ranged between \$24.28 and \$26.13 prior to the adoption of the RBRVS fee schedule, fell to \$16.53 after the schedule took effect in the first quarter of 2014 – down 37 percent from the average from a year earlier. Most of that decline, however, was due to reductions in the number of relatively high-cost reports associated with services from a consulting physician, and those associated with prolonged services (typically used for record reviews without face-to-face contact with the patient). Historically, these two categories of reports had received the highest reimbursements, but under the new schedule, as of January 1, 2014 most consultation services are billed using an initial office visit code, while reimbursements for non-face-to-face prolonged E/M services, including a physician's review of medical records, have been bundled into the face-to-face E/M service and are no longer separately reimbursable.

Those changes have led to a redistribution of physician reports within California workers' compensation. Progress reports, which physicians use to report on follow-up E/M services, continue to account for the vast majority of California workers' compensation physician reports, but since the new fee schedule no longer calls for separate payments for prolonged service reports and utilizes the initial office visit code for consulting

physician reports, those types of reports have each dwindled to only 0.1 percent of all physician reports in the system, while progress reports have increased from 78 percent of all reports prior to the RBRVS fee schedule to 86 percent in 2014. The distribution of reports associated with first quarter E/M services from each of the four years studied are shown in the exhibit below.



The initial data on physician reports from the first quarter of 2014 also suggest that the average number of reports per claim has declined, falling from 4.6 in 2013 to 3.3 reports in the first quarter of 2014, a 28 percent decline that likely reflects the elimination of separate reporting associated with consultations and prolonged services. Some of this decline, however, may also reflect the inexperience of providers and payers in dealing with the new RBRVS schedule, so the Institute will continue to monitor the volume of reports to see if the decline is merely a short-term anomaly or a trend. In the meantime, results of the preliminary analysis have been published in a Research Update report, which is available to CWCI members and research subscribers in the Research section of the Institute’s web site, [www.cwci.org](http://www.cwci.org).

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