

# Industrial Commission of Arizona



Staff Recommendations and Request for Public Comment  
for  
2016/2017 Arizona Physicians' and Pharmaceutical Fee Schedule

by

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The accompanying Excel file contains the following tables, which are referenced in this Staff Report:

Tables 1 Deleted 2016 *CPT*®-4 Codes

Tables 2 Added 2016 *CPT*®-4 Codes

Table 3. Anesthesia Codes and Anesthesia Conversion Factor (00100–01999)

Table 4. Surgery Codes (10021–69990)

Table 5. Radiology Codes (70010–79999)

Table 6. Pathology/Laboratory Codes (80047–89398)

Table 7. Medicine Codes (90281–96999)

Table 8. Physical Medicine Codes (97001–98969)

Table 9. Special Services Codes (99000-99607)

Table 10. Evaluation and Management Codes (99201–99499)

Table 11. Category III Codes (0019T–0436T)

## I. INTRODUCTION

The information contained in this document is based, in part, on a review of the following documents: 1.) *Current Procedural Terminology* (“CPT®”) 2016 Fourth Edition, American Medical Association (“CPT®-4”); 2.) *Relative Values for Physicians*, 2016 Optum360, 3.) *The Essential RBRVS 2016*, 1<sup>st</sup> Quarter Edition, Optum360, and 4.) Fee schedules in effect on January 31, 2016, from the states of Colorado, Nevada, New Mexico, North Carolina, Oregon, Utah and Washington.

This document includes recommendations to update the Fee Schedule to incorporate changes to the American Medical Association’s 2016/2017 edition of the CPT®-4, and setting values of new codes and selected codes from Anesthesia, Surgery, Radiology, Pathology/Laboratory, Medicine, Physical Medicine, Special Services, Evaluation and Management, and Category III.

It is important to note that this is a preliminary document that is intended to serve as a foundational document for public comment and future discussions that may arise during the public hearing process. Following the public hearing process, Commission staff will provide supplemental information to the Commissioners, including a summary of the public comments received and staff recommendations. The Commissioners, at a later duly noticed public meeting, will take official action, which will be incorporated in the 2016/2017 Fee Schedule.

For copyright reasons, the Commission is not permitted to include in its Fee Schedule, the descriptors associated with five-digit CPT® codes.

## II. RECOMMENDATIONS AND REQUEST FOR PUBLIC COMMENT REGARDING THE 2016/2017 PHYSICIANS' AND PHARMACEUTICAL FEE SCHEDULE

### A. Statement of Issues Under Consideration

#### 1. Methodology to Determine the Values of Codes Under Review.

The Commission surveys the workers' compensation fee schedules from the states of Colorado, Nevada, New Mexico, North Carolina, Oregon, Utah, and Washington and uses the following methodology to calculate the reimbursement values for the codes under review:

- a. Current Arizona values between the 75<sup>th</sup> and 100<sup>th</sup> percentile of the states surveyed are not adjusted;
- b. Current Arizona values over the 100<sup>th</sup> percentile of the states surveyed are reduced to the 100<sup>th</sup> percentile; and
- c. Current Arizona values below the 75<sup>th</sup> percentile are increased to the 75<sup>th</sup> percentile subject to the following: Increases shall be capped at 25%, unless and except as necessary to bring a current value up to the 50<sup>th</sup> percentile.

The foregoing methodology does not apply to following:

- a. If the survey sample size is less than four, then the code may be identified as RNE (Relativity Not Established)<sup>1</sup> or BR (By Report)<sup>2</sup>, except if it involves the professional component ("PC") of a value in which case the PC value may be based on the current ICA PC to Total Value ratio;
- b. Codes specific to Arizona, the value of which may be determined through the hearing process; and
- c. Codes otherwise designated as BR.

The following changes have been implemented and are reflected in this year's staff report:

- All Anesthesia Relative Value and Anesthesia Conversion Factors were reviewed. Additionally all Surgery, Radiology, Pathology and Laboratory, Medicine, Physical Medicine Special Services, Evaluation and Management and Category III codes have been reviewed this year. This task was performed by Commission staff. This process includes identifying codes that are "not covered" because they have not previously been adopted by the Commission (e.g. maternity codes, pediatric codes, etc.). This also includes identifying, where applicable, the technical component of a value ("TC"). As part of this process, and to improve

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<sup>1</sup> RELATIVITY NOT ESTABLISHED (RNE) in the value column indicates a new or infrequently performed service for which sufficient data has not been collected to allow the assignment of a reimbursement value based on unit relativity. Additional information about the RNE designation is contained in the Fee Schedule introduction.

<sup>2</sup> BY REPORT (BR) in the value column indicates that the value of the service is to be determined "by report" because the service is too unusual or variable to be assigned a reimbursement value based unit relativity. Additional information about the BR designation is contained in the Fee Schedule introduction.

the clarity of the information presented, *CPT*® codes that contain explanatory language specific to Arizona will continue to be preceded by Δ. Codes, however, that are unique to Arizona and not otherwise found in *CPT*®-4 are preceded by an AZ identifier and numbered in the following format: AZ0xx-xxx.

- For informational purposes, last year the Commission reviewed all Anesthesia Relative Value and Anesthesia Conversion Factors; all Surgery, Radiology, Pathology and Laboratory, Medicine, Physical Medicine Special Services, Evaluation and Management and Category III codes. The Fee Schedule was updated to the 2015 *CPT*®. Because last year's Fee Schedule adopted changes to the 2013 *CPT*®, updating last year's Fee Schedule to the most recent *CPT*® edition required review of both the 2014 and 2015 editions of the *CPT*®.
- The review date of the fee schedules of other jurisdictions is January 31, 2015.
- The Commission has awarded a contract to an outside consultant to perform a study to evaluate the impact of moving to an RBRVS based system. Public Consulting Group (PCG) began examining the implications of implementing an RBRVS-Based Fee Schedule for the Industrial Commission in August 2015. PCG will present the results of the RBRVS Fiscal Impact Study which will be posted on the Commission website and presented to the public at the Fee Schedule Hearing April 28, 2016.

2. Reimbursement for Participation in Peer Review as Described in the Evidence Based Treatment Guideline Process Approved by the Commission on December 18, 2014.

On December 18, 2014, the Commission adopted the recommendations of an advisory committee regarding the implementation of a process for the use of evidence based treatment guidelines. The process, which has not yet been implemented, includes a provision that allows a provider to bill a payer for time spent participating in an independent peer review process as described in the Administrative Review Section of Article 13 Notice of Proposed Rulemaking.

The following are two Arizona specific codes added to the Fee Schedule for medical providers to use when billing for time spent consulting with a Peer Reviewer:

AZ099-001 Peer-to-Peer interprofessional telephone consultations between treating physician or medical provider and Peer Reviewer; 5-10 minutes of medical consultative discussion and review. \$75

AZ099-002 Peer-to-Peer interprofessional telephone consultations between treating physician or medical provider and Peer Reviewer; 11-30 minutes of medical consultative discussion and review. \$100

The Commission recommends adoption of Arizona specific codes for the Peer-to-Peer telephone consultation. The Commission welcomes public comment on the

adoption of Arizona specific codes for participation in the Peer Review process and on the reimbursement value recommended for the corresponding codes.

3. Designation of Medi-Span as the Publication for Purposes of Determining Average Wholesale Price (“AWP”).

Medi-Span® is the publication currently used for determining AWP under the Pharmaceutical Fee Schedule. Staff recommends that this publication continue to be used for this purpose. The Commission welcomes public comment on this issue

B. Adoption of Deletions, Additions, General Guidelines, and Identifiers of the CPT®-4.

This document includes a review of deletions and additions to the CPT®-4. It is intended to conform the Fee Schedule to the changes that have taken place in the 2016 edition of the CPT®-4. Staff is therefore recommending the adoption of the changes contained in Tables 1 and Table 2, which are found in the accompanying Excel file.

Table 1 and 2 contains a listing of the procedural codes deleted from the 2016 edition of the CPT®-4 publication.

Table 2 contains a listing of the procedural codes that have been added to the 2016 edition of the CPT®-4 publication and which are recommended for adoption in the Fee Schedule. The recommended values associated with each code are based on a review of the workers’ compensation fee schedules from the states of Colorado, Nevada, New Mexico, North Carolina, Oregon, Utah and Washington. The follow-up days associated with identified services are taken from the 2016 *Relative Values for Physicians* published by OptumInsight (Ingenix).

Additionally, although the Commission is not permitted to include in its fee schedule the descriptors associated with five-digit CPT® codes, staff recommends that the Commission adopt by reference the terminology changes, including the general guidelines and identifiers of the CPT® codes to ensure that the 2016/2017 Fee Schedule is current and reflects the latest changes to the 2016 edition of the CPT®-4. To the extent that a conflict may exist between the adopted portions of the CPT®-4 and a code or guideline unique to Arizona, the Arizona code or guideline shall control.

C. Updates to the Adopted CPT® Codes

All CPT® codes have been reviewed in this staff report. Staff is recommending the adoption of the changes contained in Tables 3 and 11, which are found in the accompanying Excel file.

To facilitate the review process, the form of reporting the codes and values has been changed to mirror how this information is presented commercially as well as by other states. This includes identifying codes that are “not covered” because they have not previously been adopted by the Commission (e.g. maternity codes, pediatric codes, etc.). This also includes identifying, where

applicable, the professional component (designated by modifier 26) and the technical component (designated by modifier TC) of a service.

Further, as part of this process, and to improve the clarity of the information presented, *CPT*® codes that contain explanatory language specific to Arizona will continue to be preceded by Δ. Codes, however, that are unique to Arizona and not otherwise found in *CPT*®-4 are preceded by an AZ identifier (which replaces the Δ identifier) and numbered in the following format: AZ0xx-xxx.

Lastly, the follow-up days associated with identified services are taken from the 2016 *Relative Values for Physicians* published by OptumInsight (Ingenix).