



Summary of Tennessee Loss Cost Filing

Law-Only Filing Proposed Effective August 1, 2012

Worker's Compensation Advisory Council

May 24, 2012

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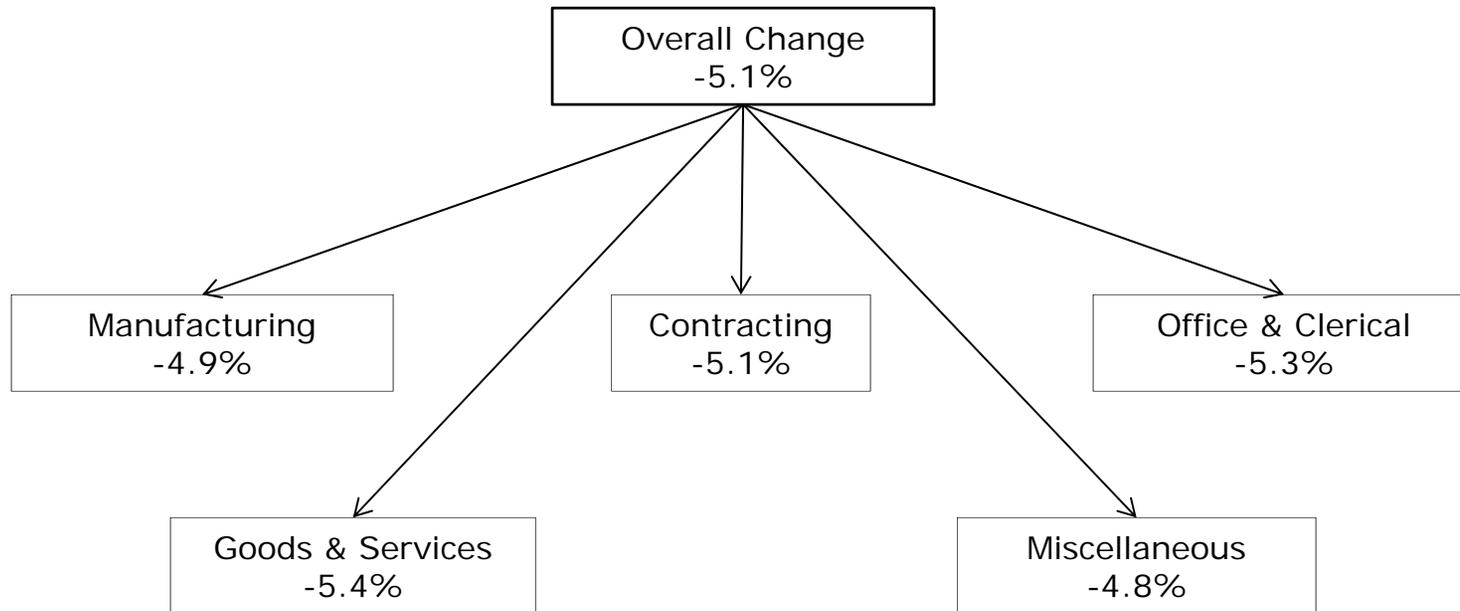
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Law-Only Filing Proposed Effective August 1, 2012

- Proposed decrease of 5.1% to current approved loss costs
- Reflects the combined impact of two changes to the medical fee schedule
 - January 1, 2012 Update to the Fee Schedule (-1.5%)
 - June 10, 2012 Amendments to Rules (-3.7%)

Law-Only Filing Proposed Effective August 1, 2012

Changes to individual class loss costs reflect split of indemnity and medical by class



2012 Annual Update to Medical Fee Schedule Effective January 1, 2012

- Physician Fee Schedule
 - Medicare Resource-Based Relative Value Scale (RBRVS) update to RVUs
- Hospital Outpatient and Ambulatory Surgical Center (ASC)
 - Medicare Hospital Outpatient Prospective Payment System (OPPS) update to payment rates
- Durable Medical Equipment, Prosthetics/Orthotics and Supplies (DMEPOS)
 - Medicare DMEPOS update to payment rates

2012 Annual Update to Medical Fee Schedule Effective January 1, 2012

Component	Overall Impact
Physician Fees	-1.5%
Hospital Outpatient & ASC	0.0%*
DMEPOS	0.0%*
Total	-1.5%

*Impact on overall WC costs is less than 0.1%

Amendments to Medical Fee Schedule Rules Effective June 10, 2012

Components of Change	Overall Impact
Physician Services	-3.2%
Prescription Drugs	-0.5%
Ambulance Fees	0.0%*
Total Impact	-3.7%

*Impact on overall WC costs is less than 0.1%

Changes in Physician Fee Schedule

(overall impact -3.2%)

- Tennessee Conversion Factor
 - Before 6/10/2012: 38.087
 - After 6/10/2012: 33.9764
- Reimbursement for Pathology Procedures
 - Before 6/10/2012: 80% of billed charges
 - After 6/10/2012: 200% of 2012 Medicare RBRVS, with conversion factor 33.9764
- Chiropractic, Physical Therapy, Occupational Therapy
 - Increase in threshold for carrier utilization review
 - Additional manipulation for chiropractic services

Change in Prescription Drug Fee Schedule

(overall impact -0.5%)

- Reimbursement for Prescription Drugs based on Average Wholesale Price (AWP) plus dispensing fee
 - Dispensing fee \$5.10 if dispensed from pharmacy
 - Dispensing fee \$0 if dispensed by a physician
- Before 6/10/2012: same reimbursement for non-repackaged and repackaged drugs
- After 6/10/2012: reimbursement for repackaged drugs based on based on AWP of original manufacturer's drug

Change in Ambulance Fees

(overall impact 0%)

- Reimbursement for Ambulance Services
 - Before 6/10/2012: the lower of billed charged and the average rate paid in the same area
 - After 6/10/2012: 150% of Medicare rate