

Director's Office, 350 Winter St. NE, Room 200, Salem, Oregon 97301-3878

For immediate release:
Oct. 15, 2008

For more information:
Lisa Morawski, 503-947-7897

Workers' Compensation Division files proposed rules on medical fees

Proposal would prohibit PPO contracts with providers but allow providers to offer discounts

(Salem) — After holding a number of advisory committee and stakeholder meetings and receiving input from a variety of parties, the Department of Consumer and Business Services Workers' Compensation Division today filed proposed permanent rules to replace its temporary rules on medical fees for treating workers' compensation patients. The proposal would prohibit preferred provider network ("PPO") discounts for medical services performed by doctors, physical therapists, and other health care providers who treat injured workers, but would still allow individual providers to offer discounts if they choose. Under the proposal, network discounts would continue to be allowed for prescription drugs and hospital services provided to injured workers.

"The proposed rules reflect the input we have received during the past several months and our commitment to ensuring Oregon's injured workers have access to quality medical care," said John Shilts, Workers' Compensation Division administrator. "However, this proposal is still a work in progress and we look forward to receiving additional feedback through the public rulemaking process."

The need for clarification in the rules became apparent earlier this year, when the division began receiving an increasing number of fee disputes between providers and insurers about discounted rates in PPO contracts. Although these contracts have had a long history in Oregon's workers' compensation system, the department's rules were silent on how they should be treated. The department on July 7 issued temporary rules that allowed payments under these contracts to continue. After studying the issue and receiving feedback from a variety of parties, the division developed the proposed rules to replace the temporary rules.

The proposed rules state that insurers must pay for medical services at the provider's usual fee or according to the fee schedule set by the department, whichever is less, unless otherwise provided in a fee discount agreement or managed care organization (MCO) contract. However, the rules do not allow fee discounts that are part of contracts between providers and PPOs. If providers wish to enter into fee discount agreements for medical services, they may do so directly with the insurer or self-insured employer. Any such agreements would have a standard format, would be registered with the Workers' Compensation Division, and discounts would be limited.

"We heard from many people who were concerned that the practices of PPO networks were driving providers out of workers' compensation," Shilts said. "While our proposal does not allow PPO discounts, it does give providers the opportunity to enter into fee discount arrangements with insurers if they decide it's beneficial to do so."

The proposed rules would allow network discounts to continue for durable medical equipment, ambulatory surgical centers, hospitals (excluding rural hospitals), and prescription drugs. These services represent approximately 25 percent to 30 percent of workers' compensation medical costs.

Public hearings on the proposed rules are scheduled for Nov. 20 at 5 p.m. and Nov. 24, 1:30 p.m. at the Labor and Industries Building in Salem, and the public is invited to submit written testimony on the rules through Nov. 26. To read the proposed rules, go to <http://wcd.oregon.gov/policy/rules/rules.html#proprules>. Once the division reviews the public testimony, it will file the final version of the rules, which will take effect Jan. 1, 2009.

The Workers' Compensation Division, part of the Department of Consumer & Business Services, administers, monitors, and enforces Oregon's workers' compensation laws and protects employers' and injured workers' rights and benefits. For more information, visit www.wcd.oregon.gov.

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.

###