

# Workers' Compensation Division adopts final rule for medical fees

SALEM — The Oregon Workers' Compensation Division has issued a final rule that forbids insurance companies from unilaterally taking discounts on health providers' workers' comp bills unless the provider agrees upfront to such a discount.

The new rules took effect Jan. 1, 2009.

The new rules replace temporary rules on medical fees the division issued in July and address concerns and questions about the role of preferred provider organizations (PPOs) in workers' compensation.

The Workers' Comp Division issued the emergency ruling after a Fortune 500 PPO — Maryland-based Coventry — threatened to leave the state if it couldn't bill injured workers' cases at its discounted PPO rates with health care providers.

Doctors, union officials and several lawmakers sounded off against the emergency ruling, saying it resulted in sweeping changes to a no-fault system that had already undergone a wide-spread, controversial overhaul in 1990.

Union officials also were outraged that the emergency order came with little or no input from the two main players in the workers' comp system — labor and management.

Prior to the emergency order, a workers' comp insurer paid medical bills in one of three ways: At the provider's normal fee; at the amount set by law under the Oregon medical fee schedule (if it is less than the normal fee); or at the rate contracted with a provider enrolled in a state-certified managed care organization. MCO rates typically are lower than both the medical fee schedule and the provider's normal rate.

MCOs were allowed into Oregon's workers' comp system as part of the 1990 overhaul. The state regulates MCOs to ensure that injured workers are getting good care. PPOs are not regulated.

Only four MCOs are certified to serve injured workers. They are Providence MCO, Kaiser Foundation, Oregon Health Systems Inc., and Care-Mark Comp, which is owned by Legacy Health and Adventist Medical Center.

"PPOs exist solely to reduce fees paid to providers," said Diana Godwin, an attorney representing physical therapists opposing the permanent ruling. Godwin and other health care providers said that doctors would quit taking injured workers as patients if the temporary rule was made permanent.

Union leaders said that if the emergency rule was made permanent it would entice employers to leave MCO insurers in search of cheaper premiums through PPO networks, thus forcing medical providers out of the workers' comp system.

After numerous public hearings, the Workers' Compensation Division reversed its temporary rule on PPOs.

The permanent rule prohibits PPO discounts for medical services performed by health care providers who treat injured workers, but allows individual providers to choose to offer discounts as part of standardized agreements with insurers or self-insured employers. Network discounts continue to be allowed for prescription drugs and hospital services.

"We have received very positive feedback from medical providers, workers, and others with a stake in the workers' compensation system about these new rules," said John Shilts, administrator of the Workers' Compensation Division. "We feel they will help ensure Oregon's injured workers continue to have access to quality medical care."

For more on the new ruling, go to [www.wcd.oregon.gov](http://www.wcd.oregon.gov).



## Doernbecher Christmas tree lighting

Dynalectric employees from left Scott Calanca, Thomas Riehl, and Ryan Balfour braved frigid temperatures a week before Christmas to hang lights on a 60-foot-tall Christmas tree at the main entrance of Doernbecher Children's Hospital in Southwest Portland. Dynalectric employees — members of the International Brotherhood of Electrical Workers Local 48 — have provided the lighting and conducted a Christmas gift drive for children at Doernbecher for the past 11 years. Dynalectric's Project Manager Jim Lee orchestrated the project, including getting a local construction equipment rental company Star Rentals to assist with a boom-lift to reach the top of the tree. As the crew was finishing the lighting of the tree, they were approached by a parent bringing her child to the hospital. "Thank you very much for doing this," the woman said. "You have made Christmas for my child today. Nothing says welcome like a lighted tree!"

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