

Medical Fee Schedule Group
Economic Affairs Interim Committee
Facility Fee Schedule
October 28, 2010

1. DLI seeks to establish accurate breakeven amount for cost of delivering services
 - a. Begin with CMS national cost data.
 - b. Agree on % adjustment to CMS cost data to account for full cost of delivering services
 - c. Agree to % increase above breakeven cost as appropriate workers' compensation rate

2. Facility Fee Schedule Rate Comparisons
 - a. Current Medicare Base Rate = \$5,584.12 (Bob Olsen memo)
 - b. Current Work Comp Base Rate = \$7,735
 - c. 150% of Medicare = \$8,376
 - d. Proposed Work Comp Base Rate = (\$7,476). When additional payments for outliers and higher cost implantables are added to base rate reimbursements, the goal is to reimburse hospitals in total at 150% of Medicare (\$8,376)
 - 1) Includes projected + 3.4% over Medicare for outliers
 - 2) Includes projected + 7.6% over Medicare for implantables

3. Facility Fee Schedule Assumptions
 - a. Medicare only reimburses facilities at 85% of breakeven cost
 - b. At 118% of Medicare, Work Comp fully reimburses breakeven cost
 - c. DLI proposes the combination of base rate (\$7,476), outlier payments and additional payments for implantables will equal 150% of Medicare (\$8,376)
 - d. DLI proposes a single base rate for all acute care facilities in Montana

4. Conclusion
 - a. Need a transparent cost based reimbursement system
 - b. Work Comp should reimburse cost of delivering services plus reasonable profit
 - c. Benchmark off of Medicare cost data – most credible cost based source
 - d. Recognize WC is 1st dollar payer – no co-pays or deductibles
 - e. DLI/LMAC believes 150% of Medicare (total of base rate, outliers and implantable payments = \$8,376) is fair reimbursement