

## New benefit, provider fee levels, fee schedules effective October 2018

The statewide average weekly wage (SAWW) effective Oct. 1, 2018, is \$1,077, a 3.46 percent increase from the current SAWW of \$1,041, which has been in effect since Oct. 1, 2017. (See the table below.) The levels for minimum and maximum weekly benefit payments are presented in the table on page 9. The statewide annual average wage will change to \$55,978 on Jan. 1, 2019.

The new SAWW is based on 2017 payroll and employment figures supplied by the Department of Employment and Economic Development and the calculation procedure in Minnesota Statutes § 176.011, subdivision 1b. The change in the SAWW is the basis for the Minn. Stat. § 176.645 annual benefit adjustment. The time of the first adjustment is limited by Minn. Stat. § 176.645, subd. 2.

### Vocational rehabilitation rule amendments and fee adjustments

**Adopted vocational rehabilitation rule amendments** – An administrative law judge approved amendments to the workers' compensation rehabilitation rules (Minnesota Rules 5220.1900) on July 31, 2018. The Notice of Adoption of the rule amendments was published in the *Minnesota State Register* on Sept. 17, 2018, and the rules become effective Sept. 24, 2018. For rehabilitation services provided on or after Sept. 24, 2018, the rules:

- eliminate the \$10 an hour fee reduction for lengthy and costly rehabilitation plans;
- adjust the maximum hourly rate to \$103.10 for qualified rehabilitation consultant (QRC) services to maintain cost neutrality (see the further adjustment effective Oct. 1, 2018, noted below);
- increase the limit on payment to QRCs for their services during job development and job placement to six hours a month (excluding travel and wait time), subject to reasonableness and necessity; and
- provide clarity to rehabilitation providers and insurers about services and activities that require approval or are not billable.

#### Statewide average weekly wage Effective Oct. 1 of the indicated year

	Statewide average weekly wage	Percent change from prior year
2005.....	\$774 .....	4.59%
2006.....	\$782 .....	1.03%
2007.....	\$808 .....	3.32%
2008.....	\$850 .....	5.20%
2009.....	\$878 .....	3.29%
2010.....	\$868 .....	-1.14%
2011.....	\$896 .....	3.23%
2012.....	\$916 .....	2.23%
2013.....	\$945 .....	3.17%
2014.....	\$961 .....	1.69%
2015.....	\$989 .....	2.91%
2016.....	\$1,026 .....	3.74%
2017.....	\$1,041 .....	1.46%
2018.....	\$1,077 .....	3.46%

The final rehabilitation rule amendments (which consist of the proposed rules with the modifications shown in the adopted permanent rules) are available at [www.dli.mn.gov/sites/default/files/pdf/5220\\_1900\\_adopted\\_rules0918.pdf](http://www.dli.mn.gov/sites/default/files/pdf/5220_1900_adopted_rules0918.pdf).

**Annual maximum hourly rehabilitation fee adjustment** – Pursuant to Minn. R., part 5220.1900, subpart 1b:

- the maximum qualified rehabilitation consultant hourly rate, set at \$103.10 by the rule amendments noted above, will be increased by 3 percent to **\$106.19** for rehabilitation services provided on or after Oct. 1, 2018; and
- the maximum hourly rate for rehabilitation job development and placement services, whether provided by rehabilitation vendors or by QRC firms, will increase to **\$85.06** on Oct. 1, 2018. This is a 3 percent increase from the current \$82.58 maximum hourly rate.

## Relative value medical fee schedule and IME fee adjustments

The following annual adjustments to the workers' compensation medical fee schedule conversion factors and the independent medical examination (IME) fees in Minn. R. 5219.0500, subp. 4, and 5221.4020, subp. 1b, have been approved by an administrative law judge. The rule amendments, which are effective for services provided on or after Oct. 1, 2018, are available at [www.dli.mn.gov/sites/default/files/pdf/5219\\_5221\\_draft\\_rules\\_2018.pdf](http://www.dli.mn.gov/sites/default/files/pdf/5219_5221_draft_rules_2018.pdf).

**Conversion factor annual adjustment** – Minnesota Statutes § 176.136, subd. 1a, paragraph (c) (1), provides for annual adjustment of the medical fee schedule conversion factors by no more than the percent change in the SAWW. As in previous years, the conversion factors are adjusted by the percent change in the federal Department of Labor's Producer Price Index for Offices of Physicians (PPI-P) for 2017 (annual-average basis).<sup>1</sup> This change is 0.45 percent. Therefore, for services provided on or after Oct. 1, 2018, the new conversion factors will be:

- for medical/surgical services described in Minn. R. 5221.4030 ..... **\$69.93**
- for pathology and laboratory services described in Minn. R. 5221.4040 ..... **\$57.07**
- for physical medicine/rehabilitation services described in Minn. R. 5221.4050 ..... **\$55.93**
- for chiropractic services described in Minn. R. 5221.4060 ..... **\$49.66**

**IME fee adjustment** – Minnesota Rules, part 5219.0500, subp. 4, provides for adjustment of the maximum fees for independent medical examinations in the same manner as the adjustment of the conversion factors. Therefore, the maximum fees will increase by 0.45 percent for IME services provided on or after Oct. 1, 2018.

## Hospital catastrophic injury threshold adjustment

The threshold for payment of inpatient hospital services, articles and supplies provided to patients with catastrophic, high-cost injuries is adjusted pursuant to Minn. Stat. § 176.362, subd. 2. For hospital discharges on or after Oct. 1, 2018, the threshold amount is adjusted 5.51 percent, from \$196,021 to **\$206,822**. If a hospital's usual and customary charges exceed this amount, payment is 75 percent of the hospital's charges instead of the MS-DRG amount calculated according to the PC Pricer.

## Notice of availability of PC Pricer program under Minn. Stat. 176.1362, subd. 1

On Oct. 1, 2018, the applicable PC Pricer program to be used to calculate payment for workers' compensation inpatient hospital services, articles and supplies based on the Medicare MS-DRG system under Minn. Stat. § 176.1362, subd. 1, is the 2018 fiscal-year PC Pricer program, version 2018.0, available on the Department of Labor and Industry (DLI) website at [www.dli.mn.gov/business/workers-compensation/work-comp-pc-pricer-tool-inpatient-hospital-bills](http://www.dli.mn.gov/business/workers-compensation/work-comp-pc-pricer-tool-inpatient-hospital-bills).

This PC Pricer program is the most recent version available on the Medicare website as of July 1, 2018. It is the PC Pricer program to be used to calculate payment of inpatient hospital charges for patients discharged on or after Oct. 1, 2018, unless the charges exceed the catastrophic injury \$206,822 threshold amount listed above.

## Notice of availability of ambulatory surgical center addenda

The Legislature adopted a fee schedule for workers' compensation ambulatory surgical center (ASC) services provided on or after Oct. 1, 2018 (to be codified as Minn. Stat. § 176.1363). This fee schedule is based on the Medicare

Ambulatory Surgical Center Payment System (ASCPS) Addenda AA, BB and DD1 available on the Medicare website as of July 1, 2018, and the corresponding Medicare rules and claims processing manual. Payment for workers' compensation procedures and services is 320 percent of the ASCPS amount, or the ASC's actual charges, whichever is less.

The June 28, 2018, Addenda AA, BB and DD1 are the most recent ASCPS addenda available on the Medicare website as of July 1, 2018. Links to Addenda AA, BB and DD1, and the corresponding Medicare rules and claims processing manual, are available on the DLI website at [www.dli.mn.gov/business/workers-compensation/work-comp-medical-fee-schedules-ascps](http://www.dli.mn.gov/business/workers-compensation/work-comp-medical-fee-schedules-ascps). They are effective for services provided by an ASC on or after Oct. 1, 2018.

## Notice of availability of hospital outpatient fee schedule

The Legislature adopted a hospital outpatient fee schedule (HOFS) for payment of workers' compensation outpatient hospital services that are listed in the HOFS and that are provided on or after Oct. 1, 2018 (to be codified as Minn. Stat. § 176.1364). The HOFS is available on the DLI website at [www.dli.mn.gov/business/workers-compensation/work-comp-medical-fee-schedules-hofs](http://www.dli.mn.gov/business/workers-compensation/work-comp-medical-fee-schedules-hofs).

The HOFS provides two separate payment rates, one for hospitals with more than 100 licensed beds and one for non-Critical Access Hospitals with 100 or fewer licensed beds.

The HOFS does not apply to Medicare-designated Critical Access Hospitals, which continue to be paid at the Critical Access Hospital's usual and customary charge, unless the commissioner or compensation judge determines that the charge is unreasonably excessive.

## Other legislative changes related to medical fees and services

The Legislature also adopted the following changes to Minn. Stat. § 176.136, subd. 1b, for services provided on or after Oct. 1, 2018.

- Non-Critical Access Hospitals of 100 or fewer licensed beds are subject to the HOFS. If a non-Critical Access Hospital service is not covered by the HOFS, payment is according to the relative value fee schedule. If it is not covered by either the HOFS or relative value fee schedule, payment is 85 percent of the hospital's usual and customary charge.
- Prevailing charge as a basis to reduce a payment no longer applies to payment for services provided by an ASC under Minn. Stat. § 176.1363 or to a hospital as defined in Minn. Stat. § 176.1364.
- "Inpatient," for purposes of Minn. Stat. chapter 176, is defined as a patient admitted to a hospital by order of a physician or dentist. A hospital must provide documentation of an inpatient order upon the employer's or insurer's request.

The Legislature also enacted new provisions related to outpatient billing, payments and dispute resolution for services provided by an ASC and by a hospital. These new requirements, which will be codified as Minn. Stat. § 176.1365, are in Article 3 of the 2018 Minnesota session laws, chapter 185, available on the Office of Revisor of Statutes website at [www.revisor.mn.gov/laws/?id=185&year=2018&type=0](http://www.revisor.mn.gov/laws/?id=185&year=2018&type=0).

<sup>1</sup>The PPI, produced by the U.S. Bureau of Labor Statistics, measures the average change over time in the selling prices received by producers for their output. The annual PPI-P and the associated annual changes (using industry code 62111 – offices of physicians) are available at [www.bls.gov/ppi/data.htm](http://www.bls.gov/ppi/data.htm).

# Compensation rates as of Oct. 1, 2018

Statewide average weekly wage (SAWW) = \$1,077

Percentage change in SAWW from previous year = 3.46%

(Apply Minnesota Statutes § 176.645 adjustment as necessary based on date of injury.)

## Maximum under M.S. § 176.101, subd. 1(b)(1)

*105% of SAWW*

10-01-92 .....	\$481.95
10-01-93 .....	\$508.20
10-01-94 .....	\$516.60

*Set by statute*

10-01-95 .....	\$615.00
10-01-00 .....	\$750.00
10-01-08 .....	\$850.00

*102% of SAWW*

10-01-13 .....	\$963.90
10-01-14 .....	\$980.22
10-01-15 .....	\$1,008.78
10-01-16 .....	\$1,046.52
10-01-17 .....	\$1,061.82
<b>10-01-18 .....</b>	<b>\$1,098.54</b>

## Minimum under M.S. § 176.101, subd. 1(c)

*20% of the SAWW or the employee's actual weekly wage, whichever is less*

10-01-92 .....	\$91.80
10-01-93 .....	\$96.80
10-01-94 .....	\$98.40

*Set by statute, the listed amount or the employee's actual weekly wage, whichever is less*

10-01-95 .....	\$104.00
<b>10-01-00 .....</b>	<b>\$130.00</b>

## Supplementary benefits under M.S. § 176.132

(Minnesota Statutes 1994)

**and permanent total minimum under**

**M.S. § 176.101, subd. 4**

**(for injuries 10-1-95 and later)**

10-01-02 .....	\$456.30	(rounded to \$457)*
10-01-03 .....	\$466.70	(rounded to \$467)*
10-01-04 .....	\$481.00	(round)
10-01-05 .....	\$503.10	(rounded to \$504)*
10-01-06 .....	\$508.30	(rounded to \$509)*
10-01-07 .....	\$525.20	(rounded to \$526)*
10-01-08 .....	\$552.50	(rounded to \$553)
10-01-09 .....	\$570.70	(rounded to \$571)*
10-01-10 .....	\$564.20	(rounded to \$565)*
10-01-11 .....	\$582.40	(rounded to \$583)*
10-01-12 .....	\$595.40	(rounded to \$596)*
10-01-13 .....	\$614.25	(rounded to \$615)*
10-01-14 .....	\$624.65	(rounded to \$625)*
10-01-15 .....	\$642.85	(rounded to \$643)*
10-01-16 .....	\$666.90	(rounded to \$667)*
10-01-17 .....	\$676.65	(rounded to \$677)*
<b>10-01-18 .....</b>	<b>\$700.05</b>	<b>(rounded to \$701)*</b>

\*Rounding applies to supplementary benefits.

