

Update Senate Bill 863

If Not Completely Implemented and Protected, SB 863 Could Further Increase Costs for Employers

Implementation Status:

SB 863's Permanent Disability benefit increase has been fully implemented. 9 out of 14 cost-offsetting reforms due to take effect by Jan. 1, 2014 have been completed.

Reform Provision	Implemented?	On Track For Cost Savings?
Independent Medical Review (IMR)	✓	NO
Independent Bill Review (IBR)	✓	TBD
Lien Filing Fees	✓	✓
Supplemental Job Displacement Voucher	✓	TBD
Ambulatory Surgery Center Fees	✓	✓
Spinal Hardware "Pass Through" Payments	✓	✓
Interpreter Testing and Fee Schedule	✓	TBD
Vocational Expert Fee Schedule	PENDING	TBD
Home Health Services	PENDING	TBD
Chiropractors as Primary Treating Physicians	PENDING	TBD
Predesignation	✓	TBD
Copy Services Fee Schedule	IN PROCESS	TBD
Physician Fee Schedule (RBRVS)*	✓	N/A
Medical Provider Networks	IN PROCESS	TBD

Threats and Challenges:



Workload Tripled:

IMR was project to deliver \$390 million in cost savings, but is receiving three times the anticipated amount of review applications. Current filing rates may eliminate any administrative cost savings.



Litigation:

IMR was meant to empower medical professionals, rather than judges, to make medical determinations in medical-treatment disputes. A ruling from the Workers' Compensation Appeals Board in February has placed medical decisions back in the hands of judges rather than qualified medical professionals.

Lien activation fees have also been blocked in the courts.



Increasing Claims:

The projected cost of the permanent disability benefit increase was based on a 1% increase in filed claims. The actual increase in 2013 was five times greater, which will increase the total cost of the benefit increase far beyond the \$1 billion originally projected.

*The RBRVS transition was anticipated to be cost-neutral. The adopted regulations are estimated to increase costs by \$300 million.