



## **Pennsylvania Compensation Rating Bureau**

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December 13, 2001

### **BUREAU CIRCULAR NO. 1429**

To All Members of the Bureau:

Re: **MEDICAL COST CONTAINMENT PROVISIONS  
OF THE WORKERS COMPENSATION ACT  
CURRENT AND FORTHCOMING INITIATIVES BY THE DEPARTMENT OF LABOR  
AND INDUSTRY, BUREAU OF WORKERS' COMPENSATION**

This circular is to inform PCRB members and other interested parties regarding the above referenced provisions of Pennsylvania law and services pertaining thereto available through or under development by the Department of Labor and Industry, Bureau of Workers' Compensation (BWC).

The PCRB has been advised that recent BWC reviews of samples of medical payments have raised significant concerns regarding how effectively some medical cost containment provisions of the Workers Compensation Act are being applied. These reviews to date have found potential overpayments of appropriate medical fee schedule amounts ranging from 25 to 40 percent.

BWC attributes the observed overpayments to a variety of possible causes, including a lack of sophistication in repricing procedures, "upcoding" of medical services by providers and overuse of "miscellaneous" service codes when an alternative appropriate code exists for the service(s) provided.

BWC also has noted an increase in the incidence of fee reviews pertaining to timeliness (i.e., failure to pay medical bills within the allowed period of 30 days).

In response to these concerns BWC has initiated in-depth training programs for claims personnel. BWC staff provides this training via seminars given at individual insurers' or TPAs' offices.

**Carriers interested in scheduling and attending BWC training programs are encouraged to contact BWC as shown below:**

**Ms. Eileen Wunsch  
Chief, Health Care Services Review  
Department of Labor & Industry  
Bureau of Workers Compensation  
1711 S. Cameron Street, Room 324  
Harrisburg, PA 17104-2501  
(717) 772-1912  
ewunsch@state.pa.us**

BWC has also developed a training program designed for repricing staff, companies and software vendors, and a related course intended to help health care providers better understand the applicable billing and payment processes. These training courses will be made available annually at BWC headquarters, with the next course offerings scheduled for March 5, 12, 14, 26 and 28, 2002.

In considering additional steps that might be taken to address these matters, BWC has advised the PCRB that it would be extremely helpful if carriers and/or repricers could provide some specified additional, detailed information to BWC that will support further definition of potential problem areas within the fee schedule and allow tracking of the efficacy of ongoing educational efforts by BWC, carriers, repricers and health care providers in concert. The information of interest to BWC would be representative samples of carriers' or repricers' ongoing production in review and payment of medical bills and would include the following detail.

The BWC would like to receive copies of medical bills and their repriced Explanation of Benefits for Part B Bills, Part A Outpatient Bills and Part A Diagnostic Related Group Bills.

The numbers of bills and associated documentation that the BWC would like to review would vary from company to company and also would depend on what the individual company would be willing to share with the BWC, but significant samples would be needed in order to be useful. The BWC would request that the sample be representative of all four Pennsylvania geographical regions as defined by Medicare.

Companies providing data to BWC could omit information that would disclose patient identity.

In addition to individual medical bills and the related documentation described above, BWC would also be interested in any statistical reports companies may keep that track or address the following information:

- Date of receipt of medical bills
- Date of payment/denial of medical bills
- Amount and/or percentage of savings (fee schedule only, i.e., no network savings)
- Number of fee reviews
- Amount of interest and/or penalties assessed/paid on medical bills

Carriers and/or repricing companies that may be able to provide samples of the above described detailed historical information on a periodic basis to BWC in support of these ongoing initiatives are strongly encouraged to contact Ms. Wunsch to discuss those matters in confidence.

Questions regarding this circular may be directed to me at the PCRB or Eileen Wunsch at BWC.

Timothy L. Wisecarver  
President

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