

**Vote YES On Senate Bill 367 (Puckett) and House Bill 1326 (Merrick) Which Would Amend the Workers' Compensation Act to Require the Commission to Study and Promulgate Regulations Related to the Cost of Medical Services**

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Supporters of these bills include, but are not limited to, the following:

Virginia Trial Lawyers Association  
Virginia Manufacturers Association  
Virginia Auto Dealers Association  
Virginia Coal Association  
Virginia Self-Insurers Association  
Virginia Chamber of Commerce  
Virginia Municipal League  
American Insurance Association  
Nationwide Insurance Company  
Liberty Mutual Group  
Property Casualty Insurance Association of America  
Business Coalition on Workers' Compensation  
Medical Society of Virginia  
Orthopedic Society of Virginia  
HCA Health Systems  
Community Health Systems

This legislation, to which the Virginia Workers' Compensation Commission does not object, requires the Commission to appoint a task force to develop recommendations for the implementation of regulations pertaining to medical costs in the worker's compensation setting. The regulations will deal with multiple procedures discounts and whether they should be permitted by employers reimbursing health care providers. Frequently in operative settings, the surgeon bills for numerous operative procedures (such as in a back fusion) even though they take place in one operative setting. Both the health care industry and Medicare pay 100% of the allowable rate for the primary operative procedure and 50% of the allowable rate for all other procedures conducted in the one operative setting. The Virginia Workers' Compensation Commission has ruled that, absent a change in the law, employers must pay each procedure as though a separate operative procedure occurred with the physician scrubbing five or six times (depending upon the number of procedures involved), placing the injured worker under anesthesia five or six times, etc. Because employers are required to pay as though five to seven different operations occurred, the cost to employers in Virginia has escalated well beyond typical reimbursement levels provided by the health care industry and by Medicare. These higher costs are being paid by insurance companies, self-insured employers, as well as most governmental agencies, state and local, which are self-insured.

In addition, the study would also focus on the extent to which assistants at surgery should be reimbursed. Both Medicare and the health insurance industry reimburse in the range of 16 to 20% for assistants at surgery based upon the allowable rate provided to the surgeon who performs the operation. Currently, there is no such rule in the Virginia Workers' Compensation Act and surgeons are often hiring physician assistants and billing them at 90% of the surgeon's rate. Once again, this billing technique by the health care profession has escalated the cost of medical care that is borne by employers as well as state and local governments.

The medical profession will be an active participant in these studies and the Commission is required to promulgate regulations by June 2011. The medical profession, and in particular the Medical Society, HCA hospitals, and the Orthopedic Society, were instrumental in the drafting of this compromise legislation. The health care profession is also interested in the task force studying electronic billing so that prompter payment for bills for medical services can be rendered. The business community welcomes these studies.

Currently, Virginia's medical costs in the workers' compensation setting have increased over the last five years from 5 to 12% per year while the consumer price index for medical care has ranged from 4 to 4 1/2 % in the same time period. In addition, the National Council on Compensation Insurance has found that Virginia is the second highest workers' compensation medical cost state in the 38 states in which NCCI operates. Virginia has an average lost time medical expense cost of \$45,000 per claim while jurisdictions surrounding Virginia have the following average medical costs:

District of Columbia	\$18,000
Kentucky	\$36,000
Maryland	\$27,100
North Carolina	\$31,000

Furthermore, for the regional jurisdictions of the District of Columbia, Kentucky, Maryland and North Carolina, medical costs represent 51% of claims cost while in Virginia medical costs represent 67% of claims cost. This experience is no aberration but has been a growing problem in Virginia for at least five years.

We ask that the General Assembly vote yes for these bills in an effort to study and act upon this increasing problem that impacts the costs of employers as well as local and state government.