

HB 1698 -Bradley (Raoul)
Workers' Compensation Reform

Summary of Key Components

1. Imposes a 30% reduction in the Medical Fee Schedule to address health care costs that are the second highest in the United States. Among states with fee schedules, Illinois will continue to have the second highest fee schedule in the country. Effective January 1, 2012, there will be four regions for non-hospital fee schedule and fourteen regions for hospitals. Reduces services reimbursed at 76% of charges to 53.2% of charges and fees. Reimburses implants at 25% above manufacturer's invoice less rebates, plus shipping.
2. Requires physicians to use American Medical Association standards to determine impairment for the first time in Illinois history. Arbitrators will use AMA impairment ratings when determining disability. However, there is significant flexibility in the language that will allow the Commission to weigh other factors into its decisions including occupation, age and future earning capacity.
3. Allows an employer to utilize a preferred provider organization (PPO) approved by the Department of Insurance to provide workers compensation medical services and requires an employee to use providers that are part of the network. However, an injured employee may choose in writing at any time to decline the preferred provider program. Also, an employee will be allowed a third choice of doctor outside of the network.
4. Strengthens the 2005 Utilization Review provisions. "An admissible utilization review shall be considered by the Commission, along with all other evidence and in the same manner as all other evidence, and must be addressed along with all other evidence in the determination of the reasonableness and necessity of the medical bills or treatment." The medical professional responsible for review in the final state of utilization review or appeal must be available for interview or deposition; or must be available for deposition by telephone, video conference, or other remote electronic means.
5. Eliminates lifetime wage differential payments. Employees will now receive wage differential payments during their work career to the age of 67 or five years, whichever is later.
6. Reduces carpal tunnel syndrome payments from an average 40 weeks award to a maximum of 28 weeks.
7. Allows for the appointment of new Workers' Compensation arbitrators, who must be approved by the Senate and all new appointees must be lawyers. There are a number of provisions pertaining to the Workers' Compensation Commission including new ethical standards, training requirements, operations and personnel appointments. Also, there are a number of fraud provisions including the establishment of criminal penalties based on severity of crime starting with misdemeanor to Class 1 felony.

8. Changes the rebuttable presumption for workers injured while under the influence of illegal drugs or alcohol. No compensation shall be payable if the employee's intoxication is the sole proximate cause of the employee's accidental injury or at the time the employee incurred the accidental injury, the employee was so intoxicated, the intoxication constituted a departure from the employment.

9. The NCCI is required to recalculate the worker's compensation advisory premium rates and assigned risk pool premium rates so that those premiums incorporate the provisions of this legislation and to publish such rates on or before September 1, 2011.

10. The Department of Insurance is required to submit an annual report to the Governor and key legislators on the state of the Illinois workers' compensation market. To generate this report, significant additional data may be required from NCCI and from workers' compensation insurers.

11. Requires the Department of Insurance to adopt rules for the submission of electronic medical bills. Note there is no requirement for electronic payment of claims.

12. For employee leasing companies, the language provides that client-specific information must be reported by the insurer to the Commission. Also provides that a "certificate of coverage" be issued by the insurer for each client, outlining its rights and obligations under the master policy and clearly establishing both the identity and status of the client and the inception and termination date of coverage.

13. The Department of Labor shall adopt a selection process to designate two labor organizations to participate in the collective bargaining pilot program. To have a valid ADR agreement, the workers compensation insurer must agree to any contractual agreements.

CURRENT RANKING (BY COST) OF STATES WITH FEE SCHEDULE

1. Alaska	215 percent
2. Illinois	180 percent
3. Delaware	131 percent
4. Idaho	121 percent
5. Nevada	119 percent
6. Oregon	101 percent
7. Montana	98 percent
8. Nebraska	91 percent
9. Connecticut	89 percent
10. Arizona	84 percent
11. North Dakota	83 percent
12. Alabama	82 percent
13. Wyoming	81 percent
14. Mississippi	79 percent
15. Tennessee	78 percent
16. Georgia	75 percent
17. Minnesota	71 percent
18. Louisiana	68 percent
19. Maine	68 percent
20. Washington	67 percent
21. New Mexico	66 percent
22. South Dakota	64 percent
23. Arkansas	62 percent
24. Kansas	59 percent
25. Texas	54 percent
26. Vermont	54 percent
27. Colorado	52 percent
28. Ohio	52 percent
29. Oklahoma	52 percent
30. Kentucky	50 percent
31. South Carolina	46 percent
32. Michigan	45 percent
33. Pennsylvania	45 percent
34. Utah	43 percent
35. West Virginia	35 percent
36. North Carolina	34 percent
37. Hawaii	26 percent
38. New York	24 percent
39. Maryland	23 percent
40. California	15 percent
41. Florida	9 percent
42. Massachusetts	8 percent

Even with a 30 percent reduction, Illinois will still have the 2nd highest fee schedule in the United States at 150 percent over Medicare.

OUTPATIENT

Procedure	Medicare	Private Insurance	Median State	Illinois Workers' Comp Fee Schedule
Arthroscopy	\$626.34	\$1,006.00	\$2,533.91	\$7,713.44
Hernia	\$496.24	\$735.00	\$2,652.67	\$7,873.43
Laminotomy (spinal pressure)	\$959.32	\$1,686.00	\$4,283.15	\$11,986.80
Nerve Procedure	\$396.37	\$701.00	\$1550.88	\$4,810.01

INPATIENT

Procedure	Medicare	Private Insurance	Median State	Illinois Workers' Comp Fee Schedule
Knee Surgery	\$8526.74	\$10,658.42	\$9,473.20	\$30,184.67
Hernia	\$7,083.71	\$8,854.63	\$7,878.22	\$18,701.00
Hand/Wrist	\$5924.29	\$7,435.06	\$6,755.20	\$17,180.44
Shoulder/Elbow	\$8179.04	\$10,223.80	\$9,099.38	\$23,882.80

In addition to these scheduled fees for facility charges, employers and insurers are subject to fees for the professional services of anesthesiologists and physicians. Because physician reimbursement mechanisms vary widely among states, inter-state comparisons of physician reimbursement are best performed by looking at payment data. The average payment to physicians per claim with more than 7 days of lost time was **\$7,099 in Illinois** compared to **\$3,710 in the median state**. (WCRI CompScope Medical Benchmarks for Illinois 11th Edition, May 2011)