

# STATEMENTS OF POLICY

## Title 34—LABOR AND INDUSTRY

### DEPARTMENT OF LABOR AND INDUSTRY

#### [34 PA. CODE CH. 126]

#### Health Care Under the Workers' Compensation Act

The Department of Labor and Industry (Department) adopts a statement of policy, to read as set forth in Annex A, to establish the format of code sets submitted to the Bureau of Workers' Compensation (Bureau) by health care providers (providers) under Chapter 127, Subchapter B (relating to medical fees and fee review).

##### A. *Effective Date*

This statement of policy will be effective immediately upon publication in the *Pennsylvania Bulletin*.

##### B. *Contact Person*

The contact person for this Statement of Policy is Eileen Wunsch, Chief, Health Care Services Review Division, Bureau of Workers' Compensation, Department of Labor and Industry, 1171 South Cameron Street, Room 103, Harrisburg, PA 17104.

##### C. *Statutory Authority*

This statement of policy is published under the authority of sections 401.1 and 435 of the Workers' Compensation Act (77 P. S. §§ 710 and 991).

##### D. *Purpose of the Statement of Policy*

Under § 127.3 (relating to definitions), providers submit to the Bureau their listing of current charges for procedures and supplies utilized in the provider's billing process. This collection of data is known as the charge master. Under this statement of policy, providers shall submit their listings of current charges for procedures and supplies using the criteria contained in the United States Department of Health and Human Service's (HHS) recent rulemaking under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Pub. L. No. 104-191 (August 21, 1996); 45 CFR Parts 160 and 162 (2000) (relating to general administrative requirements; and administrative requirements).

Under the procedures now used to comply with § 127.155 (relating to medical fee updates on and after January 1, 1995—outpatient acute care providers, specialty hospitals and other cost-reimbursed providers), providers do not submit charge master data to the Bureau in a standardized format. The Bureau's charge master contains different rates for each provider under the regulations and different codes. This lack of continuity results in a significant administrative burden for the Bureau, for workers' compensation employers, the insurance industry and the providers. The Bureau is essentially required to develop a different charge master for each provider that submits data. The employer and insurance industries must consult different charge master data for each provider that submits bills. The providers must update code sets as often as each calendar quarter. The additional expense associated with this process undoubtedly adds unnecessary costs throughout the workers' compensation system.

To improve this system, the Department initiated a dialogue with providers involved with the charge master process. Recently published HHS rulemaking establishing the use of standardized code sets for electronic transactions, 45 CFR Part 162 (2000) (relating to administrative requirements), serves as an adequate base from which the Department and providers could develop a standardized workers' compensation code set. Toward that end, the Bureau worked with providers to encourage the submission of charge master updates using the standardized Healthcare Common Procedure Coding System (HCPCS), Current Procedural Terminology (CPT) and International Classification of Diseases (ICD) codes. It is the Department's understanding that some providers are already submitting medical fee updates using the standardized code sets. These codes allow for modifiers to account for individual billing systems.

This statement of policy provides for the use of these standardized code sets established by the HHS to provide for standardized billing, expedite claims and decrease costs.

JOHNNY J. BUTLER,  
*Secretary*

(*Editor's Note:* The regulations of the Department, are amended by adding § 126.1, to read as set forth in Annex A.)

**Fiscal Note:** 12-63. No fiscal impact; (8) recommends adoption.

#### Annex A

#### TITLE 34. LABOR AND INDUSTRY

#### PART VIII. BUREAU OF WORKERS' COMPENSATION

#### CHAPTER 126. HEALTH CARE UNDER THE WORKERS' COMPENSATION ACT—STATEMENT OF POLICY

##### Sec.

126.1. Medical fee updates.

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When submitting data under § 127.155(c) (relating to medical fee updates on and after January 1, 1995—outpatient acute care providers, specialty hospitals and other cost-reimbursed providers), all codes submitted to the Bureau of Workers' Compensation shall be based upon the appropriate International Classification of Disease (ICD), Current Procedural Terminology (CPT) or Healthcare Common Procedure Coding System (HCPCS) code. If these codes are not available, providers shall submit data in a form mandated by the United States Department of Health and Human Services as published in 45 CFR Parts 160 and 162 (2000) (relating to general administrative requirements; and requirements), as amended. Providers submitting this data may append an appropriate modifier to the code to account for interfacility distinctions in treatment or billing procedures.

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