

MEMORANDUM

TO: Members of the General Assembly

FROM: Illinois Hospital Association
Illinois State Medical Society

RE: Preserving Injured Workers' Access to Medical Care

DATE: January 9, 2017

During these closing days of the 99th General Assembly, while changes to our Workers' Compensation system in Illinois continue to be discussed by lawmakers, the health care professionals and hospitals who provide critical care to injured workers across this state continue to be committed to improving the workers' compensation system, specifically focusing on the delivery of health care services to injured workers and ensuring their swift return to work to the employers of Illinois.

This commitment continues in the wake of the 2011 reform legislation, which slashed reimbursements to health care community caring for injured workers by 30 percent. Instituting even further reductions to the medical fee schedule based on faulty comparisons to Medicare reimbursements will pose even more challenges for health care professionals and hospitals caring for injured workers and could potentially increase costs for employers in Illinois.

Reductions to the Medical Fee Schedule will impact an injured workers' ability to access care and will drive up costs for employers.

In states where Medicare has been used as a comparison tool for medical fee schedules, physicians and providers have chosen to leave the system. What this means is that injured workers are unable to access the care they need to get better and return to work. These injuries can either go untreated or worsen, meaning that the indemnity costs for employers will increase. It is difficult to determine when employees lack access-to-care. That is in part because there is a stunning lack of data that focuses on efficient delivery of healthcare. Instead, the data driving workers' compensation "reform" is all about costs, and not the value of the quick provision of quality healthcare to injured workers.

Even without data, what we do know in the wake of the 2011 fee schedule reductions in Illinois is that access-to-care was threatened to the point where the Illinois Workers' Compensation Commission took the unprecedented action of raising fee schedule reimbursement rates in order for injured workers to have access to primary care providers and one of the most preeminent rehabilitation hospitals in the nation, the Rehabilitation Institute of Chicago. While the Commission raised fees after these concerns were brought to its attention by physicians who were no longer going to be able to treat injured workers, it is unknown how many injured workers were unable to access physicians to treat their workers' compensation injuries.

In short, by threatening access to medical care through further reductions to reimbursements for vital services such as surgeries, the workers' compensation system in Illinois will suffer, as workplace injuries will be untreated, unmanaged, and result in more costs for employers.

Proposals that use Medicare to identify medical services to be cut on the Illinois Medical Fee Schedule are fundamentally flawed.

Medicare is a payment system that was designed for the care of an elderly population and was tied to congressional politics, not patients. That is why using Medicare reimbursement rates to identify cuts to our workers' compensation medical fee schedule in Illinois is a flawed method of producing "savings" for our system. Medicare, even as a payment system for its intended use for the primary care of an elderly population, was never based on the reality of the costs of providing health care services. It was based on something called the Sustainable Growth Rate, which had more to do with congressional budget negotiations than the cost of treating patients. That is why Congress in 2015 moved to replace it with other payment models.

While the Medicare payment system did not even work for Medicare patients, the unique nature of workers' compensation healthcare delivery system demonstrates even further why using Medicare as a baseline to identify reductions our Illinois fee schedule is not an informative comparison. Besides the unique nature of workers' compensation injuries, which can range from the catastrophic to the restoring function for younger, working adults, injured workers present with additional responsibilities that do not accompany a Medicare patient. Workers' compensation patients require that a physician work with nurse case managers, answer the inquiries of utilization review physicians, and delay vital treatment while waiting for prior-authorization from workers' compensation insurance companies. Physician office and hospital staff must track onerous and paper-based billing, as workers' compensation insurers refuse to utilize electronic billing procedures. This leads to severe payment delays, sometimes over one thousand days for litigated workers' compensation claims, with no recourse for collection.

The real work that needs to be done on our workers' compensation system is to implement the promises of past reform legislation to improve efficiency of our workers' compensation system.

A major commitment was made in 2011 to ease the administrative burden on health care professionals navigating the workers compensation system have not yet been implemented. This promise is now resurfacing again in the latest workers' compensation negotiations, but it should not be used as a tool to leverage further damaging cuts to the Medical Fee Schedule. The 2011 reform legislation was supposed to require implementation and enforcement of electronic billing for workers compensation claims. This type of system is used in group insurance and Medicare to replace the cumbersome paper transactions of bills and medical records, as well as the need to call an insurer to see if a patient is an actual insured.

Electronic billing was mandated in the 2011 reform legislation, but it still has yet to be instituted to this day. This process of sending claims creates efficiencies by removing a paper-based system and aligning workers' compensation billing systems with those used for other medical services. The real work on workers' compensation medical services needs to focus implementing the promises of past reform legislation, which also authorized employers to create preferred provider programs to help control their medical costs. Legislation should be passed immediately to implement and enforce the 2011 changes.