

State of California
Department of Industrial Relations
DIVISION OF WORKERS' COMPENSATION



Order of the Administrative Director of the Division of Workers' Compensation
(OMFS Update for Hospital Outpatient and Ambulatory Surgical Center Services
Effective March 15, 2018)

Pursuant to Labor Code section 5307.1(g)(2), the Administrative Director of the Division of Workers' Compensation orders that Title 8, California Code of Regulations, sections 9789.30 through 9789.39, pertaining to Hospital Outpatient Departments and Ambulatory Surgical Centers Fee Schedule in the Official Medical Fee Schedule, are adjusted to conform to CMS' hospital outpatient prospective payment system (HOPPS) final rule of December 14, 2017 (republication), and correction of December 27, 2017, to the final rule; and the wage index values in CMS' hospital inpatient prospective payment system (IPPS) final rule of August 14, 2017, and correction notice of October 4, 2017, to the IPPS final rule; and certain codes used, in part, to define surgical codes, in CMS' Ambulatory Surgical Center Payment Systems final rule of December 14, 2017 (republication), and correction of December 27, 2017, to the final rule.

For services rendered on or after March 15, 2018, section 9789.30, subdivisions (a) adjusted conversion factor, (f) APC payment rate, (g) APC relative weight, (s) labor-related share, (t) market basket inflation factor, and (aa) wage index, are adjusted to conform to the CMS' HOPPS CY 2018 final rule and correction to the final rule, and the wage index values in the CMS' IPPS FY 2018 final rule and correction to the IPPS final rule. The adjustments to these subdivisions are specified in section 9789.39 by date of service.

For services rendered on or after March 15, 2018, section 9789.31, subdivisions (a), (b), (c), and (e) are amended to incorporate by reference selected addenda, certain parts of selected addenda, tables, and data files of the updated calendar year 2018 version of CMS' HOPPS and ASC and the updated fiscal year 2018 version of CMS' IPPS. New subdivisions (f) and (g) are added to incorporate by reference certain sections of the CMS' Claims Processing Manual, Chapter 4, and Integrated Outpatient Code Editor (I/OCE) CMS Specifications. The adjustments to these subdivisions are specified in section 9789.39 by date of service. Re-lettered subdivision (h, formerly f) is adjusted to incorporate by reference the 2018 revision of the American Medical Associations' Physician "Current Procedural Terminology;" and re-lettered subdivision (i, formerly g) is adjusted to incorporate by reference the 2018 revision of CMS' Alphanumeric "Healthcare Common Procedure Coding System."

Section 9789.32 is adjusted to conform to updated surgical procedures payable under CMS' 2018 CY HOPPS. Also, the second column (*Supply, Drug, Device, Blood Product, or Biological*) of the last row (*For services rendered on or after December 15, 2016*) of subdivision (a)(1), is corrected by striking status indicator "Q4" from the table. Services assigned status indicator "Q4," clinical laboratory services, are not considered a supply, drug, device, blood product, or biological, and therefore, do not fit into the definition of an "integral part of an emergency room visit, surgery, or Other Service (for services rendered on or after December 15, 2016). Thus, subdivision (a)(1) is not applicable to codes assigned status indicator "Q4."

Section 9789.33 is adjusted to conform to CMS' CY 2018 HOPPS final rule. For services rendered on or after March 15, 2018, see Section 9789.39 for the APC relative weight and APC payment rate by date of service.

Amended section 9789.34 reflects the changes to the wage index value by county and an updated conversion factor. Amended section 9789.35 reflects the changes to the hospital-specific wage index and an updated conversion factor for the listed California Hospital Outpatient Departments. An explanation of the changes is attached.

Subdivision (a) of section 9789.39 specifies the sections of 42 C.F.R. part 419 that are added or amended and incorporated by reference by date of service. In particular, 42 C.F.R. section 419.71 (*Payment reduction for certain X-ray imaging services. [Effective Jan. 1, 2018.]*) is incorporated by reference and added to subdivision (a) of section 9789.39. Subdivision (b) of section 9789.39 is amended to conform to the CMS' CY 2018 update to the HOPPS; wage index values published in the CMS' FY 2018 update to the IPPS; and certain codes used, in part, to define surgical codes, in CMS' CY 2018 update to the ASC payment system. Composite APCs (codes assigned status indicator "Q1," "Q2," "Q3," or "Q4") payment rules; comprehensive APCs (codes assigned status indicator "J1" or "J2") payment rules; and film X-ray services and X-rays taken using computed radiography technology/cassette-based imaging payment reduction rules are added to subdivision (b) of section 9789.39 and incorporated by reference by date of service. The adopted clarifying composite APCs and comprehensive APCs payment rules are declaratory of existing regulations. The film X-ray imaging services and computed radiography X-rays imaging services payment reduction rules are added to conform to CMS' CY 2018 HOPPS final rule.

The effective date of the new rates is for visits and procedures described in section 9789.32 rendered on or after March 15, 2018. This Order, sections 9789.30 through 9789.39, and the explanation of the changes shall be published on the website for the Division of Workers' Compensation: <http://www.dir.ca.gov/DWC/OMFS9904.htm>

IT IS SO ORDERED.

Dated: February 8, 2018

ORIGINAL SIGNED BY
GEORGE P. PARISOTTO
Administrative Director of the
Division of Workers' Compensation