

HOUSE BILL 373 ENACTED TO CONTROL THE LEVEL OF WORKERS' COMPENSATION INSURANCE PREMIUMS BY MAKING SIGNIFICANT CHANGES IN THE MEDICAL REIMBURSEMENTS ALLOWABLE UNDER THE HEALTHCARE PAYMENT SYSTEM

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The summary to House Bill 373 gives the following reasons behind its enactment:

This Act makes substantial changes to Titles 18 and 19 of the Delaware Code designed to control the level of workers' compensation premiums in Delaware. The most significant changes are: (a) a 33% reduction in medical costs to the workers' compensation system, phased in over a period of three years; (b) absolute caps, expressed as a percentage of Medicare per-procedure reimbursements, on all workers' compensation medical procedures beginning on January 17, 2017; and (c) increased independence for the Ratepayer Advocate who represents ratepayers during the workers' compensation rate approval process and for the committee that oversees the cost control practices of individual workers' compensation insurance carriers.

Below are some of the key points as to how this new piece of legislation will impact employers and insurance carriers.

What was formerly known as the Health Care Advisory Panel will now be known as the Workers' Compensation Oversight Panel (WCOP).

The WCOP will consist of a group of 24 members, including a diverse group of:

- nine health care providers;
- two representatives of insurance carriers;
- two representatives of employers;
- two representatives of employees;
- two attorneys who regularly represent employees;
- one attorney who regularly represents employers in workers' compensation cases;
- the Insurance Commissioner;
- a representative of Delaware insurance agents; and
- four public members.

The WCOP will collect data from the advisory organization designated by the Insurance Commissioner in order to identify the cost drivers and to guide policy formation. In addition, the WCOP now has the authority to demand directly from any person or entity providing health care services data that will be sufficient for the panel to carry out its duties.

In the near future, the Office of Workers' Compensation will be sending out a mandatory data request to hospitals and ambulatory surgery centers in order to create the new fee schedules. Those fee schedules will be established by October 1, 2014, with an effective date of January 31, 2015. The current fee schedules will remain in effect until the new ones are established. It is anticipated that additional reductions will be phased into the new fee schedules over three years beginning January 2015, January 2016 and January 2017.

The procedures for provider certification and utilization review have not been changed by this legislation.

On another point, the Department of Labor has announced that the new workers' compensation rate effective July 1, 2014, establishes an average weekly wage of \$998.35. Accordingly, the maximum compensation rate will now be \$665.57, and the minimum compensation rate will be \$221.86. ■



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