

AMENDED IN SENATE JULY 2, 2001

AMENDED IN SENATE JUNE 18, 2001

CALIFORNIA LEGISLATURE—2001-02 REGULAR SESSION

ASSEMBLY BILL

No. 1177

Introduced by Assembly Member Calderon

February 23, 2001

~~An act to amend Section 5307.1 of, and to add Section 5307.11 to, An act to add Sections 5307.11 and 5318 to the Labor Code, relating to workers' compensation.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1177, as amended, Calderon. Workers' compensation: official medical fee schedule.

Existing law provides for administration of the workers' compensation system by the Director of the Division of Workers' Compensation of the Department of Industrial Relations, who is referred to as the administrative director. ~~Existing law requires the administrative director to adopt and revise no less frequently than biennially an official medical fee schedule that establishes reasonable maximum fees paid for specified medical services through the workers' compensation system. Existing law requires the fee schedule for health care facilities to take into consideration cost and service differentials for various types of facilities.~~

~~This bill would also require the fee schedule for health care facilities to take into consideration the reasonable cost of providing services, including the cost of providing highly specialized services and services using technological equipment and biological implants. The *This* bill~~

would authorize a health care provider or licensed health facility and a contracting agent, employer, or carrier to contract for reimbursement rates that are different from the official medical fee schedule. *The bill would provide that the December 31, 2001 termination date contained in the California Code of Regulations for specified regulations be extended until regulations on the medical fee schedule adopted by the administrative director become effective.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1.—Section 5307.1 of the Labor Code is amended~~
2 ~~to read:~~
3 ~~5307.1. (a) (1) The administrative director, after public~~
4 ~~hearings, shall adopt and revise, no less frequently than biennially,~~
5 ~~an official medical fee schedule that shall establish reasonable~~
6 ~~maximum fees paid for medical services provided pursuant to this~~
7 ~~division. No later than January 1, 1995, the administrative director~~
8 ~~shall have revised the schedule. By no later than January 1, 1995,~~
9 ~~the schedule shall include services for health care facilities~~
10 ~~licensed pursuant to Section 1250 of the Health and Safety Code,~~
11 ~~and drugs and pharmacy services. The fee schedule for health care~~
12 ~~facilities shall take into consideration the reasonable cost of~~
13 ~~providing services, including the cost of providing highly~~
14 ~~specialized services and services using technological equipment~~
15 ~~and biological implants, and cost and service differentials for~~
16 ~~various types of facilities.~~
17 ~~(2) The administrative director shall include services provided~~
18 ~~by physical therapists, physician assistants, and nurse practitioners~~
19 ~~in the official fee schedule adopted and revised pursuant to~~
20 ~~paragraph (1). Nothing in this paragraph shall affect the ability of~~
21 ~~physicians to continue to be reimbursed for their services in~~
22 ~~accordance with the official medical fee schedule adopted~~
23 ~~pursuant to paragraph (1) for the provision of services within their~~
24 ~~scope of practice.~~
25 ~~(3) The administrative director shall consult with statewide~~
26 ~~professional organizations representing affected providers on the~~
27 ~~update of the official medical fee schedule.~~



1 ~~(b) Nothing in this section shall prohibit a medical provider or~~
2 ~~a licensed health care facility from being paid by an employer or~~
3 ~~carrier fees in excess of those set forth on the official medical fee~~
4 ~~schedule, provided that the fee is:~~

5 ~~(1) Reasonable.~~

6 ~~(2) Accompanied by itemization and justified by an~~
7 ~~explanation of extraordinary circumstances related to the unusual~~
8 ~~nature of the medical services rendered.~~

9 ~~In no event shall a physician charge in excess of his or her usual~~
10 ~~fee.~~

11 ~~(c) In the event of a dispute between the physician and the~~
12 ~~employer or carrier concerning the medical fees charged, the~~
13 ~~physician may be allowed a reasonable fee for testimony, if a~~
14 ~~physician testifies pursuant to the employer's or carrier's~~
15 ~~subpoena, and the referee determines that the medical fee charged~~
16 ~~was reasonable.~~

17 ~~(d) Except as provided in Section 4626, the official medical fee~~
18 ~~schedule shall not apply to medical-legal expenses as defined by~~
19 ~~Section 4620.~~

20 ~~SEC. 2.~~

21 *SECTION 1.* Section 5307.11 is added to the Labor Code, to
22 read:

23 5307.11. A health care provider or health facility licensed
24 pursuant to Section 1250 of the Health and Safety Code, and a
25 contracting agent, employer, or carrier may contract for
26 reimbursement rates different from those in the fee schedule
27 adopted and revised pursuant to Section 5307.1. When a health
28 care provider or health facility licensed pursuant to Section 1250
29 of the Health and Safety Code, and a contracting agent, employer,
30 or carrier contract for reimbursement rates different from those in
31 the fee schedule, the medical fee schedule for that health care
32 provider or health facility licensed pursuant to Section 1250 of the
33 Health and Safety Code shall not apply to the contracted
34 reimbursement rates. *Except as provided in subdivision (b) of*
35 *Section 5307.1, the official medical fee schedule shall establish*
36 *maximum reimbursement rates for all medical services provided*
37 *by a health care provider or health care facility licensed pursuant*
38 *to Section 1250 of the Health and Safety Code other than those*
39 *specified in contracts subject to this section.*

40 *SEC. 2.* Section 5318 is added to the Labor Code, to read:



1 5318. Notwithstanding any other provision of law, the
2 termination date of December 31, 2001, provided in Section
3 9792.1 of Title 8 of the California Code of Regulations shall be
4 extended until the effective date of new regulations adopted by the
5 administrative director, as required by Section 5307.1, providing
6 for the biennial review of the fee schedule for health care facilities.

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