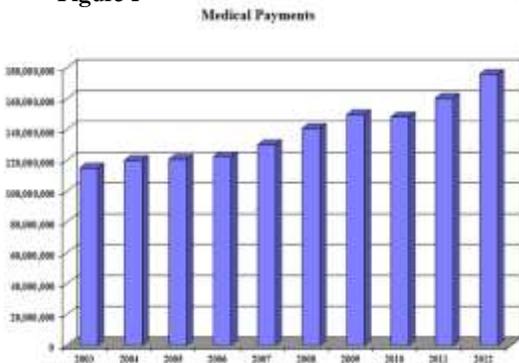


## Briefing on Alaska Workers' Compensation Medical Costs

### Background

Since 2006, Alaska has had one of the highest workers' compensation insurance premium rates in the nation. The 2012 Oregon Workers' Compensation Premium Rate Ranking Summary rated Alaska's workers' compensation premiums as the highest in the nation, 160% higher than the median average of all other states.

Figure 1



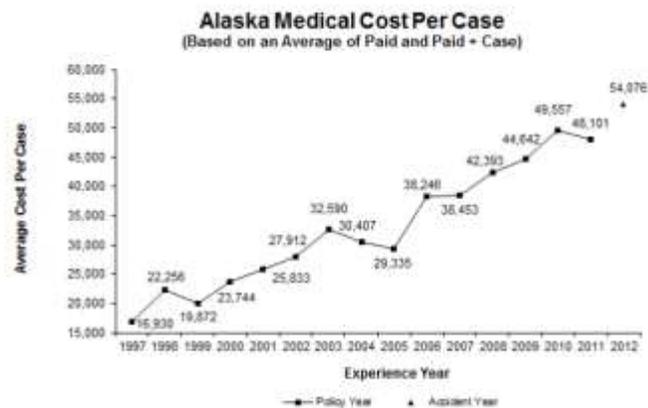
Despite a 33% reduction in the number of workers' compensation injuries between 1998 and 2012, total workers' compensation benefit costs have risen 96.5% over the same period, from \$140.5 million to \$276.1 million. During that period, indemnity benefits rose 26.5%, from \$46.9 million in 1998 to \$59.3 million in 2012, whereas medical benefits rose 174.2%, from \$64.2 million in 1998 to \$176.0 million in 2012. In the past two reporting years alone, medical costs have risen 17.9%.

### Analysis

The 2013 National Council on Compensation Insurance (NCCI) State Advisory Forum reported Alaska's loss cost rate is \$2.09 per \$100 payroll, compared to a regional (AZ, MT, NM, OR) loss cost rate of \$1.56, and a countrywide loss cost rate of \$1.51.

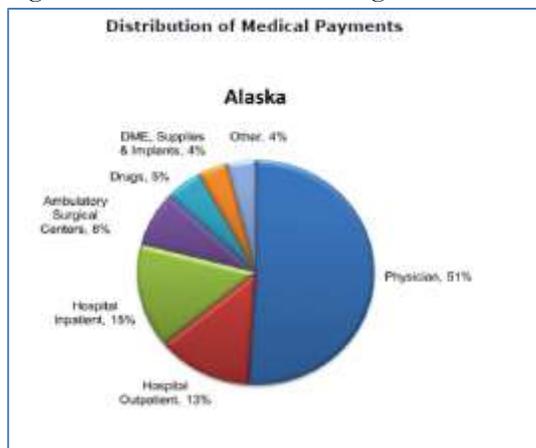
The 2013 NCCI report shows medical costs comprised 74% of total workers' compensation claim costs, up from 52% of total workers' compensation claim costs in 1988, and substantially higher than the national average of

Figure 2



59% of claim costs. Alaska's average medical claim cost is \$54,100 per case, compared to \$28,500 countrywide.

51% of medical costs are for treating physicians, compared to 40% countrywide; 36% of medical costs are for hospitals and clinics, compared to 37% countrywide; 5% is for prescription drugs compared to 11% countrywide; and 4% is for medical equipment, compared to 8% countrywide.



## Comparisons

As part of the Division’s analysis of workers’ compensation medical costs in Alaska, we asked the National Council on Compensation Insurance (NCCI) to provide the list of the top 25 procedures by service category, based on their 2011 medical data collection. We then took the Alaska workers’ compensation medical fee schedule allowance for each procedure code in the top 25 list and compared it to Washington’s, Oregon’s, and Idaho’s workers’ compensation fee schedules. We also included the Alaska Medicare allowance and the Alaska median healthcare allowance. The Alaska healthcare allowance was determined by data provided by Premera, Aetna, ASEA Health Trust, and AlaskaCare.

The following charts compare the maximum allowable reimbursement (MAR) for each payer. Providers may not be charging at the MAR, but in a recent NCCI study, *Price Impact of Workers’ Compensation Physician Fee Schedules* (Annual Issues Symposium, 2013), the NCCI concluded “the median workers compensation price for a physician service is always at, or very near, the maximum allowable reimbursement (MAR) amount set by the fee [jurisdiction’s] fee schedule.”

Figure 3

Top 25 Surgery Procedure Codes Ranked by Paid Amounts for Alaska (47% of total surgical payments)								
Rank	CPT Code	Description	AK WC Fee Schedule	Medicare Fee Schedule	Washington WC Fee Schedule	Oregon WC Fee Schedule	Idaho WC Fee Schedule	AK Median Healthcare Allowance
1	29881	Arthroscopy Knee w/ Meniscus Repair	\$ 5,158.02	\$ 673.11	\$ 912.56	\$ 1,270.75	\$ 2,003.13	\$ 5,170.00
2	23412	Repair of Rotator Cuff	\$ 7,725.78	\$ 1,063.39	\$ 1,421.68	\$ 1,985.80	\$ 3,136.86	\$ 7,765.00
3	29826	Arthroscopy shoulder surgical w/decompression	\$ 5,436.83	\$ 224.46	\$ 288.87	\$ 1,531.34	\$ 645.98	\$ 5,436.92
4	63030	Laminotomy w/ decompression	\$ 10,391.15	\$ 1,186.95	\$ 1,605.97	\$ 2,259.73	\$ 3,514.72	\$ 10,193.50
5	29807	Arthroscopy shoulder surgical; labral tear	\$ 6,621.79	\$ 1,292.78	\$ 1,724.95	\$ 2,411.21	\$ 3,808.21	\$ 6,622.00
6	29888	Arthroscopic ligament repair	\$ 8,782.58	\$ 1,239.28	\$ 1,648.03	\$ 2,305.25	\$ 3,642.84	\$ 8,875.00
7	64483	Injection anesthetic agent/steroid epidural	\$ 2,364.74	\$ 274.82	\$ 392.91	\$ 580.82	\$ 556.65	\$ 1,962.63
8	29880	Arthroscopy knee surgical; with meniscectomy	\$ 5,576.24	\$ 700.17	\$ 947.42	\$ 1,320.20	\$ 2,081.16	\$ 6,032.00
9	22551	Arthrodesis anterior interbody; cervical	\$ 13,973.36	\$ 2,113.35	\$ 2,827.87	\$ 3,995.93	\$ 6,209.32	\$ 17,074.90
10	23430	Tenodesis of tendon	\$ 5,837.26	\$ 931.43	\$ 1,252.34	\$ 1,747.19	\$ 2,752.92	\$ 5,900.00
11	62311	Injection of diagnostic/therapeutic substance	\$ 1,295.28	\$ 248.65	\$ 371.33	\$ 529.80	\$ 507.60	\$ 1,277.50
12	23120	Claviclectomy; partial	\$ 2,704.02	\$ 722.91	\$ 983.95	\$ 1,370.44	\$ 2,156.76	\$ 3,173.07
13	22612	Arthrodesis posterior; lumbar	\$ 12,952.83	\$ 1,979.87	\$ 2,635.84	\$ 3,713.36	\$ 5,807.70	\$ 12,376.42
14	29827	Arthroscopy shoulder surgical w/cuff repair	\$ 7,318.82	\$ 1,346.27	\$ 1,789.14	\$ 2,503.83	\$ 3,955.64	\$ 7,319.70
15	29877	Arthroscopy w/debridement	\$ 4,879.21	\$ 774.76	\$ 1,045.37	\$ 1,457.56	\$ 2,298.51	\$ 4,901.80
16	29806	Arthroscopy shoulder surgical; capsulorrhaphy	\$ 6,970.30	\$ 1,326.86	\$ 1,768.67	\$ 2,473.22	\$ 3,905.96	\$ 6,972.60
17	49505	Repair initial inguinal hernia	\$ 3,461.14	\$ 655.21	\$ 863.30	\$ 1,212.67	\$ 1,254.79	\$ 3,592.50
18	64415	Injection anesthetic agent; brachial plexus	\$ 1,182.37	\$ 149.52	\$ 202.54	\$ 297.64	\$ 292.80	\$ 932.00
19	64721	Neuroplasty and/or transposition	\$ 5,187.82	\$ 525.08	\$ 724.40	\$ 1,005.46	\$ 1,036.01	\$ 5,068.77
20	29822	Arthroscopy shoulder surgical; debridement	\$ 4,739.80	\$ 714.19	\$ 965.13	\$ 1,345.32	\$ 2,120.72	\$ 4,739.94
21	20610	Arthrocentesis aspiration and/or injection	\$ 382.66	\$ 74.60	\$ 100.72	\$ 150.52	\$ 145.12	\$ 382.83
22	23420	Reconstruction of complete shoulder	\$ 9,871.83	\$ 1,208.38	\$ 1,616.48	\$ 2,258.16	\$ 3,564.95	\$ 11,088.00
23	63650	Percutaneous implantation of neurostimulator	\$ 6,791.60	\$ 564.80	n/a	\$ 1,092.76	\$ 1,633.91	\$ 7,500.00
24	12001	Simple repair of superficial wounds	\$ 489.30	\$ 109.18	\$ 154.95	\$ 231.31	\$ 219.49	\$ 503.00
25	63042	Laminotomy with decompression	\$ 11,681.55	\$ 1,609.81	\$ 2,154.94	\$ 3,035.99	\$ 4,735.94	\$ 12,287.28

Top 25 procedures based on NCCI 2011 Medical Data Call for the State of Alaska  
 The Alaska Healthcare allowance is based on data obtained from Premera, Aetna, ASEA Health Trust, and the State of Alaska - AlaskaCare

Figure 4

**Top 25 Radiology Procedure Codes Ranked by Paid Amounts for Alaska (78.9% of total radiology payments)**

Rank	CPT Code	Description	AK WC Fee Schedule	Medicare Fee Schedule	Washington WC Fee Schedule	Oregon WC Fee Schedule	Idaho WC Fee Schedule	AK Median Healthcare Allowance
1	72148	MRI spinal; lumbar; without contrast	\$ 3,267.83	\$ 427.96	\$ 649.14	\$ 812.91	\$ 899.92	\$ 2,936.00
2	73721	MRI lower extremity; without contrast	\$ 3,011.72	\$ 319.32	\$ 478.14	\$ 876.66	\$ 666.00	\$ 2,399.00
3	73221	MRI upper extremity; without contrast	\$ 3,041.60	\$ 319.32	\$ 478.14	\$ 858.06	\$ 666.00	\$ 2,423.60
4	72141	MRI spinal; cervical; without contrast	\$ 3,248.02	\$ 435.17	\$ 657.44	\$ 818.30	\$ 912.85	\$ 2,858.00
5	73222	MRI upper extremity; with contrast	\$ 3,516.85	\$ 494.64	\$ 752.07	\$ 930.53	\$ 1,042.11	\$ 2,607.00
6	72158	MRI spinal without contrast followed by contrast	\$ 4,159.50	\$ 629.96	\$ 950.74	\$ 1,218.47	\$ 1,320.58	\$ 4,048.00
7	77003	Fluoroscopic guidance or therapeutic injection	\$ 1,055.02	\$ 110.66	\$ 162.15	\$ 121.85	\$ 227.72	\$ 827.35
8	72146	MRI spinal; thoracic; without contrast	\$ 3,446.07	\$ 435.90	\$ 658.55	\$ 824.71	\$ 914.44	\$ 3,090.00
9	73030	Radiologic examination shoulder; 2 views	\$ 256.98	\$ 36.22	\$ 53.68	\$ 59.64	\$ 74.99	\$ 258.51
10	73610	Radiologic examination ankle; 3 views	\$ 215.05	\$ 39.26	\$ 58.66	\$ 64.13	\$ 81.81	\$ 215.03
11	72100	Radiologic examination spine lumbosacral; 2 or 3 views	\$ 242.36	\$ 42.26	\$ 62.53	\$ 71.18	\$ 87.30	\$ 223.50
12	73110	Radiologic examination wrist; complete minimum of 3 views	\$ 216.29	\$ 43.98	\$ 66.41	\$ 71.83	\$ 92.08	\$ 216.15
13	73562	Radiologic examination knee; 3 views	\$ 230.69	\$ 43.85	\$ 65.85	\$ 71.83	\$ 91.64	\$ 230.85
14	70450	CT head or brain; without contrast	\$ 1,536.46	\$ 190.44	\$ 283.89	\$ 347.58	\$ 396.04	\$ 1,210.40
15	76942	Ultrasonic guidance for needle placement	\$ 1,256.39	\$ 231.71	\$ 354.73	\$ 389.27	\$ 490.16	\$ 1,256.20
16	77002	Fluoroscopic guidance for needle placement	\$ 1,084.60	\$ 92.71	\$ 135.03	\$ 147.50	\$ 190.01	\$ 748.00
17	73140	Radiologic examination finger(s) minimum of 2 views	\$ 158.47	\$ 39.03	\$ 59.21	\$ 63.49	\$ 82.16	\$ 159.24
18	70551	MRI brain; without contrast	\$ 3,161.23	\$ 487.05	\$ 743.77	\$ 913.85	\$ 1,028.66	\$ 2,682.30
19	73130	Radiologic examination hand; minimum of 3 views	\$ 214.15	\$ 38.17	\$ 57.00	\$ 62.21	\$ 79.42	\$ 214.08
20	72110	Radiologic examination spine lumbosacral; 4 views	\$ 351.81	\$ 57.74	\$ 85.22	\$ 96.84	\$ 119.00	\$ 351.91
21	73630	Radiologic examination foot; 3 views	\$ 211.14	\$ 37.08	\$ 55.34	\$ 60.92	\$ 77.03	\$ 208.00
22	70553	MRI brain; without contrast followed by contrast	\$ 4,617.43	\$ 642.94	\$ 971.22	\$ 1,240.27	\$ 1,348.82	\$ 3,620.00
23	74177	CT abdomen and pelvis; with contrast	\$ 1,976.95	\$ 398.48	\$ 592.69	\$ 674.01	\$ 827.85	\$ 3,000.63
24	72131	CT lumbar spine; without contrast	\$ 1,802.26	\$ 240.79	\$ 360.82	\$ 443.14	\$ 502.46	\$ 1,658.00
25	72125	CT cervical spine; without contrast	\$ 1,814.14	\$ 247.27	\$ 369.12	\$ 721.25	\$ 515.04	\$ 1,706.55

*Top 25 procedures based on NCCI 2011 Medical Data Call for the State of Alaska  
The Alaska Healthcare allowance is based on data obtained from Premera, Aetna, ASEA Health Trust, and the State of Alaska - AlaskaCare*

Figure 5

**Top 25 Medicine Procedure Codes Ranked by Paid Amounts for Alaska (89.2% of total medicine payments)**

Rank	CPT Code	Description	AK WC Fee Schedule	Medicare Fee Schedule	Washington WC Fee Schedule	Oregon WC Fee Schedule	Idaho WC Fee Schedule	AK Median Healthcare Allowance
1	97110	Therapeutic procedure 1 or more areas each 15 minutes; therapeutic exercises	\$ 96.00	\$ 40.62	\$ 53.68	\$ 53.33	\$ 43.37	\$ 98.50
2	97140	Manual therapy techniques 1 or more regions each 15 minutes	\$ 73.53	\$ 38.14	\$ 49.81	\$ 49.78	\$ 40.64	\$ 76.00
3	98941	Chiropractic manipulative treatment (CMT); spinal 3-4 regions	\$ 84.81	\$ 47.05	n/a	\$ 70.08	\$ 49.82	\$ 81.87
4	97112	Therapeutic procedure 1 or more areas each 15 minutes; neuromuscular reeducation	\$ 93.96	\$ 42.07	\$ 55.89	\$ 55.70	\$ 45.12	\$ 99.00
5	97530	Therapeutic activities direct patient contact each 15 minutes	\$ 77.26	\$ 43.74	\$ 58.66	\$ 58.67	\$ 47.26	\$ 77.50
6	97124	Therapeutic procedure 1 or more areas each 15 minutes; massage	\$ 63.32	\$ 32.97	\$ 43.72	\$ 43.85	\$ 35.41	\$ 50.22
7	97014	Application of a modality to 1 or more areas; electrical stimulation (unattended)	\$ 56.24	n/a	\$ 26.56	\$ 26.67	\$ 21.38	\$ 56.00
8	98940	Chiropractic manipulative treatment (CMT); spinal 1-2 regions	\$ 65.96	\$ 33.75	n/a	\$ 50.05	\$ 35.93	\$ 65.50
9	97035	Application of a modality to 1 or more areas; ultrasound each 15 minutes	\$ 61.67	\$ 16.39	\$ 21.03	\$ 21.33	\$ 17.16	\$ 62.00
10	97001	Physical therapy evaluation	\$ 186.38	\$ 96.85	\$ 124.52	\$ 128.00	\$ 101.89	\$ 167.97
11	97010	Application of a modality to 1 or more areas; hot or cold packs	\$ 49.99	n/a	n/a	\$ 10.07	\$ 8.05	\$ 50.00
12	97546	Work hardening/conditioning; each additional hour	\$ 117.65	-	\$ 66.41	80% UCR	n/a	\$ 164.47
13	95904	Nerve conduction amplitude and latency/velocity study each nerve; sensory	\$ 203.67	n/a	n/a	\$ 105.59	\$ 130.76	\$ 208.66
14	97012	Application of a modality to 1 or more areas; traction mechanical	\$ 57.14	\$ 20.61	\$ 26.56	\$ 27.26	\$ 21.74	\$ 59.00
15	97113	Therapeutic procedure 1 or more areas each 15 minutes; aquatic therapy with therapeutic exercises	\$ 106.21	\$ 52.81	\$ 73.60	\$ 71.11	\$ 58.21	\$ 90.47
16	97545	Work hardening/conditioning; initial 2 hours	\$ 295.01	-	\$ 138.90	80% UCR	n/a	\$ 345.91
17	97750	Physical performance test or measurement with written report each 15 minutes	\$ 171.71	\$ 41.79	\$ 55.89	\$ 56.30	\$ 44.84	\$ 124.00
18	95900	Nerve conduction amplitude and latency/velocity study each nerve; motor without F-wave study	\$ 215.70	n/a	n/a	\$ 119.50	\$ 180.17	\$ 218.29
19	97032	Application of a modality to 1 or more areas; electrical stimulation (manual) each 15 minutes	\$ 62.76	\$ 23.87	\$ 32.10	\$ 32.00	\$ 25.69	\$ 56.50
20	99144	Moderate sedation services	\$ 367.75	n/a	n/a	80% UCR	n/a	\$ 243.86
21	99199	Unlisted special service procedure or report	\$ 187.00	n/a	BR	80% UCR	n/a	\$ 70.42
22	95903	Nerve conduction amplitude and latency/velocity study each nerve; motor with F-wave study	\$ 211.48	n/a	n/a	\$ 139.74	\$ 180.17	\$ 317.98
23	97799	Unlisted physical medicine/rehabilitation service or procedure	\$ 218.00	n/a	BR	80% UCR	n/a	\$ 127.61
24	98942	Chiropractic manipulative treatment (CMT); spinal 5 regions	\$ 111.51	\$ 60.90	n/a	\$ 89.43	\$ 64.11	\$ 112.68
25	95920	Intraoperative neurophysiology testing per hour	\$ 228.11	n/a	n/a	\$ 309.19	\$ 180.17	\$ 632.82

*Top 25 procedures based on NCCI 2011 Medical Data Call for the State of Alaska  
The Alaska Healthcare allowance is based on data obtained from Premera, Aetna, ASEA Health Trust, and the State of Alaska - AlaskaCare*

Figure 6

**Top 25 Evaluation and Management Procedure Codes Ranked by Paid Amounts for Alaska (97.5% of total E&M payments)**

Rank	CPT Code	Description	AK WC Fee Schedule	Medicare Fee Schedule	Washington WC Fee Schedule	Oregon WC Fee Schedule	Idaho WC Fee Schedule	AK Median Healthcare Allowance
1	99213	Office visit for E&M established patient; low to moderate severity; 15 minutes	\$ 169.98	\$ 91.01	\$ 121.75	\$ 140.51	\$ 139.69	\$ 176.00
2	99214	Office visit for E&M established patient; moderate to high severity; 25 minutes	\$ 246.35	\$ 134.71	\$ 178.19	\$ 207.71	\$ 205.59	\$ 255.50
3	99283	Emergency department visit, moderate severity.	\$ 398.87	\$ 82.25	\$ 97.95	\$ 120.15	\$ 118.05	\$ 415.09
4	99203	Office visit for E&M new patient; moderate severity; 30 minutes	\$ 266.28	\$ 134.43	\$ 180.41	\$ 209.75	\$ 206.69	\$ 275.00
5	99212	Office visit for E&M established patient; minor issue; 10 minutes	\$ 133.03	\$ 53.35	\$ 73.60	\$ 84.85	\$ 83.48	\$ 135.72
6	99456	Work related or medical disability examination by other than the treating physician.	\$ 1,156.00	\$ -	n/a	80% UCR	n/a	\$ 1,429.42
7	99284	Emergency department visit; high severity; not an immediate threat to life	\$ 595.78	\$ 157.01	\$ 187.60	\$ 228.76	\$ 225.41	\$ 668.87
8	99204	Office visit for E&M new patient; moderate to high severity; 45 minutes	\$ 380.40	\$ 208.33	\$ 273.38	\$ 320.39	\$ 316.23	\$ 413.50
9	99202	Office visit for E&M new patient; moderate severity; 20 minutes	\$ 204.47	\$ 92.24	\$ 124.52	\$ 144.58	\$ 142.52	\$ 202.00
10	99285	Emergency department visit; high severity; immediate threat to life	\$ 888.62	\$ 230.81	\$ 274.49	\$ 335.33	\$ 330.60	\$ 939.00
11	99455	Work related or medical disability examination by the treating physician.	\$ 722.00	\$ -	n/a	80% UCR	n/a	\$ 256.55
12	99282	Emergency department visit; low to moderate severity.	\$ 265.07	\$ 54.83	\$ 65.85	\$ 80.10	\$ 78.95	\$ 252.98
13	99244	Office consultation for new or established patient; moderate to high severity; 60 minutes	\$ 336.00	n/a	\$ 293.30	\$ 352.98	\$ 343.34	\$ 603.50
14	99243	Office consultation for new or established patient; moderate severity; 40 minutes	\$ 263.00	n/a	\$ 198.67	\$ 238.94	\$ 230.56	\$ 413.50
15	99215	Office visit for E&M established patient; moderate to high severity; 40 minutes	\$ 394.16	\$ 181.62	\$ 237.96	\$ 278.99	\$ 275.64	\$ 393.00
16	99291	Critical care E&M critically ill or critically injured patient; first 30-74 minutes	\$ 1,120.60	\$ 352.02	\$ 451.57	\$ 532.86	\$ 527.10	\$ 1,178.00
17	99205	Office visit for E&M new patient; moderate to high severity; 60 minutes	\$ 513.54	\$ 260.42	\$ 338.13	\$ 397.78	\$ 440.57	\$ 531.87
18	99232	Hospital visit for E&M of patient; inadequate response or minor complication; 25 minutes	\$ 327.54	\$ 94.16	\$ 115.66	\$ 139.15	\$ 137.60	\$ 319.00
19	99211	Office visit for E&M established patient; minor issue; 5 minutes	\$ 93.61	\$ 24.30	\$ 34.31	\$ 39.37	\$ 38.68	\$ 84.48
20	99201	Office visit for E&M new patient; minor issue; 10 minutes	\$ 164.05	\$ 53.35	\$ 73.60	\$ 84.85	\$ 83.48	\$ 143.09
21	99354	Prolonged office visit or consultation; first hour	\$ 703.69	\$ 128.38	\$ 161.04	\$ 192.10	\$ 189.87	\$ 341.46
22	99245	Office consultation for a new or established patient; moderate to high severity; 80 minutes	\$ 314.00	n/a	\$ 358.05	\$ 431.72	\$ 420.07	\$ 765.00
23	99233	Hospital visit for E&M of patient; patient unstable or complication developed; 35 minutes	\$ 445.95	\$ 135.62	\$ 166.57	\$ 199.57	\$ 198.26	\$ 458.00
24	99223	Initial hospital visit for E&M of patient; high severity; 70 minutes	\$ 811.03	\$ 264.14	\$ 326.51	\$ 389.63	\$ 386.95	\$ 871.87
25	99499	Unlisted evaluation and management service	\$ 742.00	n/a	BR	80% UCR	n/a	\$ 85.00

*Top 25 procedures based on NCCI 2011 Medical Data Call for the State of Alaska  
The Alaska Healthcare allowance is based on data obtained from Premier, Aetna, ASEA Health Trust, and the State of Alaska - AlaskaCare*

Figure 7

**Top 25 Hospital Inpatient DRG Codes Ranked by Paid Amounts for Alaska (58.1% of total inpatient payments)**

Rank	DRG Code	Description	AK WC Fee Schedule*	Medicare Fee Schedule**	Washington WC Fee Schedule**	Oregon WC Fee Schedule	Idaho WC Fee Schedule	AK Median Healthcare Allowance
1	999	Ungroupable	-	\$ -	***	****		N/A
2	460	Spinal fusion except cervical without major complications or comorbidities	*	\$ 28,707.87	***	****	\$ 38,783.00	\$ 68,436.38
3	470	Major joint replacement or reattachment of lower extremity without major complications or comorbidities	*	\$ 15,509.79	***	****	\$ 20,953.00	\$ 34,928.62
4	494	Lower extremity and humerus procedures except hip foot femur without complications or comorbidities / major complications or comorbidities	*	\$ 10,317.16	***	****	\$ 13,938.00	\$ 22,694.66
5	473	Cervical spinal fusion without complications or comorbidities / major complications or comorbidities	*	\$ 15,732.59	***	****	\$ 21,254.00	\$ 29,595.93
6	534	Fractures of Femur without MCC	*	\$ 5,452.45	***	****	\$ 7,366.00	N/A
7	552	Medical Back Problems without major complications or comorbidities	*	\$ 6,316.28	***	****	\$ 8,533.00	\$ 15,240.67
8	902	Wound Debridements for Injuries with CC	*	\$ 12,642.18	***	****	\$ 17,079.00	N/A
9	208	Respiratory System Diagnosis with Ventilator Support <96 Hours	*	\$ 16,950.25	***	****	\$ 22,899.00	\$ 89,659.86
10	853	Infectious and Parasitic Diseases with O.R. Procedure with MCC	*	\$ 39,550.59	***	****	\$ 53,431.00	\$ 44,524.89
11	490	Back and neck procedures except spinal fusion with complications or comorbidities / major complications or comorbidities or disc device/neurostimulator	*	\$ 13,437.92	***	****	\$ 18,154.00	\$ 26,334.12
12	484	Major Joint and Limb Reattachment Procedures of Upper Extremity without CC/MCC	*	\$ 15,507.57	***	****	\$ 20,950.00	N/A
13	502	Soft Tissue Procedures without CC/MCC	*	\$ 7,898.12	***	****	\$ 10,670.00	N/A
14	854	Infectious and Parasitic Diseases with O.R. Procedure with CC	*	\$ 18,937.00	***	****	\$ 25,583.00	\$ 35,504.23
15	493	Lower extremity and humerus procedures except hip foot femur with complications or comorbidities	*	\$ 14,293.61	***	****	\$ 19,310.00	\$ 31,224.23
16	491	Back and neck procedures except spinal fusion without complications or comorbidities / major complications or comorbidities	*	\$ 7,664.22	***	****	\$ 10,354.00	\$ 18,292.99
17	482	Hip and Femur Procedures Except Major Joint without CC/MCC	*	\$ 11,592.21	***	****	\$ 15,660.00	\$ 19,867.33
18	514	Hand or Wrist Procedures Except Major Thumb or Joint Procedures without CC/MCC	*	\$ 6,406.59	***	****	\$ 8,655.00	\$ 9,732.22
19	603	Cellulitis without MCC	*	\$ 6,211.91	***	****	\$ 8,392.00	\$ 15,992.89
20	165	Major Chest Procedures without CC/MCC	*	\$ 13,266.19	***	****	\$ 17,922.00	N/A
21	501	Soft Tissue Procedures with CC	*	\$ 11,799.07	***	****	\$ 15,940.00	\$ 23,388.06
22	465	Wound Debridement and Skin Graft Except Hand for Musculo-Connective Tissue Disorders without CC/MCC	*	\$ 13,917.58	***	****	\$ 18,802.00	N/A
23	497	Local Excision and Removal Internal Fixation Devices Except Hip and Femur without complications or comorbidities / major complications or comorbidities	*	\$ 8,291.92	***	****	\$ 11,202.00	\$ 20,491.96
24	909	Other O.R. Procedures for Injuries without CC/MCC	*	\$ 8,920.37	***	****	\$ 12,051.00	\$ 10,156.17
25	512	Shoulder Elbow or Forearm Procedure Except Major Joint Procedure without CC/MCC	*	\$ 8,291.18	***	****	\$ 11,201.00	\$ 15,943.63

\* Alaska's Fee Schedule MAR is based on per diem rate of \$19,659/day for Med/Surg and \$32,654/day for ICU/CCU  
 \*\* Medicare's allowable fee per stay. Operating & capital base payment rates adjusted only for geographic factors and case mix  
 \*\*\* Washington's per diem rate is \$9,318.03/day for surgical and \$2,125.19 for medical  
 \*\*\*\* Oregon's fee schedule is based on billed rate times cost-to-charge ratio and is hospital specific

Figure 8

Top 25 Ambulatory Surgical Center Procedure Codes Ranked by Paid Amounts for Alaska (55.0% of total ASC payments)								
Rank	Code	Description	AK WC Fee Schedule	Medicare Fee Schedule	Washington WC Fee Schedule	Oregon WC Fee Schedule	Idaho WC Fee Schedule	AK Median Healthcare Allowance
1	29881	Arthroscopy knee surgical; with meniscectomy including debridement	\$ 11,264.22	\$ 2,457.12	\$ 2,015.88	\$ 2,295.48	\$ 2,664.95	\$5,945.52
2	23412	Repair of ruptured musculotendinous cuff (e.g. rotator cuff) open; chronic	\$ 14,369.52	\$ 4,000.05	\$ 3,281.73	\$ 3,104.21	\$ 4,338.38	\$6,122.59
3	29826	Arthroscopy shoulder surgical; decompression of subacromial space with partial acromioplasty with coracoclavicular ligament (i.e., arch) release when performed	\$ 12,288.24	\$ 2,457.12	\$ 2,015.88	\$ 2,295.48	\$ 2,664.95	\$5,277.96
4	29822	Arthroscopy shoulder surgical; debridement limited	\$ 12,288.24	\$ 2,457.12	\$ 2,015.88	\$ 2,295.48	\$ 2,664.95	\$3,569.26
5	23430	Tenodesis of long tendon of biceps	\$ 12,932.57	\$ 4,000.05	\$ 3,281.73	\$ 3,104.21	\$ 4,338.38	\$5,368.94
6	23120	Claviclectomy; partial	\$ 15,806.47	\$ 2,684.20	\$ 2,202.18	\$ 2,263.26	\$ 2,911.24	\$5,555.09
7	490	Ambulatory surgical care	***	***	***	***	***	N/A
8	23130	Acromioplasty or acromionectomy partial with or without coracoclavicular ligament release	\$ 17,243.42	\$ 4,000.05	\$ 3,281.73	\$ 3,104.21	\$ 4,338.38	\$6,052.06
9	29888	Arthroscopically aided anterior cruciate ligament repair/augmentation or reconstruction	\$ 12,288.24	\$ 6,821.70	\$ 5,596.68	\$ 4,771.39	\$ 7,398.70	\$9,003.29
10	23410	Repair of ruptured musculotendinous cuff (eg rotator cuff) open; acute	\$ 12,932.57	\$ 4,000.05	\$ 3,281.73	\$ 3,104.21	\$ 4,338.38	\$6,469.33
11	63030	Laminotomy (hemilaminectomy) with decompression of nerve root(s) including partial facetectomy foraminotomy and/or excision of herniated intervertebral disc; 1 interspace lumbar	\$ 17,505.05	\$ 4,373.57	\$ 3,467.58	\$ 3,989.49	\$ 4,743.50	\$8,640.00
12	29807	Arthroscopy shoulder surgical; repair of superior labral tear from anterior to posterior (SLAP) lesion	\$ 12,288.24	\$ 4,515.10	\$ 3,704.29	\$ 3,687.22	\$ 4,897.00	\$5,685.80
13	64483	Injection(s) anesthetic agent and/or steroid transforaminal epidural with imaging guidance (fluoroscopy or computed tomography (CT)); lumbar or sacral single level	\$ 2,917.51	\$ 658.32	\$ 540.10	\$ 616.68	\$ 714.00	\$1,706.48
14	63650	Percutaneous implantation of neurostimulator electrode array epidural	\$ 14,322.31	\$ 5,119.66	n/a	\$ 2,111.11	\$ 5,552.69	\$11,880.16
15	20680	Removal of implant; deep (eg buried wire pin screw metal band nail rod or plate)	\$ 12,193.94	\$ 1,932.86	\$ 1,585.77	\$ 1,800.64	\$ 2,096.35	\$3,179.50
16	62311	Injection(s) of diagnostic or therapeutic substance(s) (including anesthetic antispasmodic opioid steroid other solution) not including neurolytic substances including needle or catheter placement includes contrast for localization when performed epidural or subarachnoid	\$ 2,254.44	\$ 658.32	\$ 540.10	\$ 616.68	\$ 714.00	\$1,705.20
17	64721	Neuroplasty and/or transposition; median nerve at carpal tunnel	\$ 9,548.21	\$ 1,564.74	\$ 1,283.75	\$ 1,464.45	\$ 1,697.09	\$4,070.22
18	64493	Injection(s) diagnostic or therapeutic agent paravertebral facet (zygapophyseal) joint (or nerves innervating that joint) with image guidance (fluoroscopy or computed tomography (CT)) lumbar or sacral; single level	\$ 3,978.42	\$ 658.32	\$ 540.10	\$ 616.68	\$ 714.00	\$ 2,015.04
19	29824	Arthroscopy shoulder surgical; distal claviclectomy including distal articular surface (Mumford procedure)	\$ 12,288.24	\$ 2,457.12	\$ 2,015.88	\$ 2,295.48	\$ 2,664.95	\$4,755.06
20	64416	Injection anesthetic agent; brachial plexus continuous infusion by catheter (including catheter placement)	\$ 2,254.44	\$ 658.32	\$ 540.10	\$ 616.68	\$ 714.00	\$1,305.77
21	29880	Arthroscopy knee surgical; with meniscectomy (medial and lateral including any meniscal shaving) including debridement/shaving of articular cartilage	\$ 11,264.22	\$ 2,457.12	\$ 2,015.88	\$ 2,295.48	\$ 2,664.95	\$6,174.00
22	29877	Arthroscopy knee surgical; debridement/shaving of articular cartilage	\$ 11,264.22	\$ 2,457.12	\$ 2,015.88	\$ 2,295.48	\$ 2,664.95	\$5,325.03
23	29875	Arthroscopy knee surgical; synovectomy limited (eg plica or shelf resection) (separate procedure)	\$ 11,264.22	\$ 2,457.12	\$ 2,015.88	\$ 2,295.48	\$ 2,664.95	\$4,986.61
24	64415	Injection anesthetic agent; brachial plexus single	\$ 2,254.44	\$ 339.47	\$ 278.51	\$ 318.07	\$ 368.19	\$1,409.28
25	64494	Injection(s) diagnostic or therapeutic agent paravertebral facet (zygapophyseal) joint (or nerves innervating that joint) with image guidance (fluoroscopy or CT) lumbar or sacral; second level (List separately in addition to code for primary procedure)	\$ 3,978.42	\$ 212.49	\$ 174.93	\$ 199.21	\$ 230.46	\$ 2,629.20
*** Alaska's Fee Schedule combines revenue codes into the surgical CPT code, which is used to determine the outpatient facility allowance								
Top 25 procedures based on NCCI 2011 Medical Data Call for the State of Alaska								
The Alaska Healthcare allowance is based on data obtained from Premera, Aetna, ASEA Health Trust, and the State of Alaska - AlaskaCare								

Figures 3-8 show that the Alaska workers' compensation fee schedule MAR is substantially higher than neighboring states MAR, and depending upon the type of service, substantially higher than the healthcare MAR in Alaska.

For surgery (figure 3), the Alaska workers compensation fee schedule is generally the same as the median Alaska healthcare MAR. However the Alaskan workers' compensation MAR is 655.2% higher than the Alaska Medicare MAR, 452.4% higher than Washington's MAR, 257.5% higher than Oregon's MAR, and 187.8% higher than Idaho's MAR.

For radiology (figure 4), the Alaska workers compensation fee schedule is 10.4% higher than the median Alaska healthcare MAR, 595.2% higher than the Alaska Medicare MAR, 364.5% higher than Washington's MAR, 288.1% higher than Oregon's MAR, and 233.5% higher than Idaho's MAR.

For general medicine (figure 5), the Alaska workers compensation fee schedule is generally the same as the median Alaska healthcare MAR. However the Alaskan workers' compensation MAR is 80.3% higher than the Alaska Medicare MAR, 44.3% higher than Washington's MAR, 47.7% higher than Oregon's MAR, and 78.8% higher than Idaho's MAR.

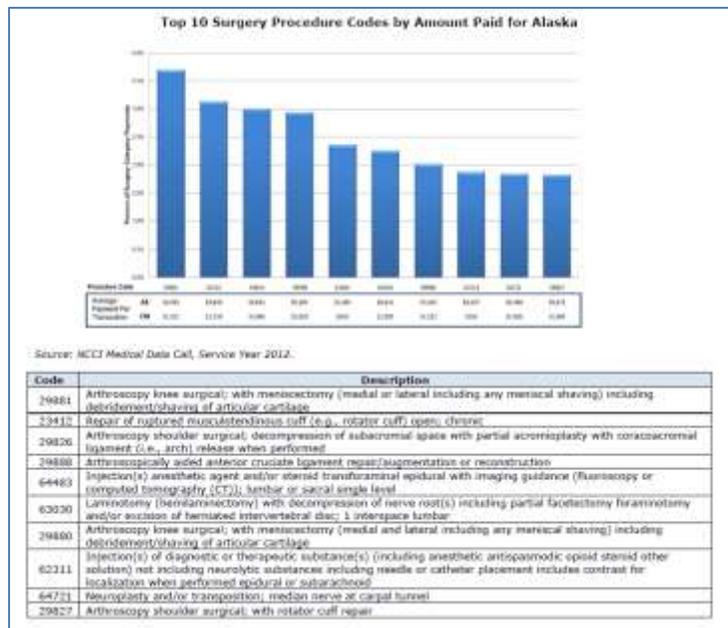
For evaluation and management (figure 6), the Alaska workers compensation fee schedule is 35.1% higher than the median Alaska healthcare MAR, 160.5% higher than the Alaska Medicare MAR, 111.7% higher than Washington's MAR, 79.8% higher than Oregon's MAR, and 81.6% higher than Idaho's MAR.

Comparison of inpatient hospitalization (figure 7) is more difficult because of the variation in payment methodologies. Alaska and Washington base payments on a per diem rate; Oregon bases payment on a cost-to-charge rate by hospital; and Idaho bases payment on the Centers for Medicare and Medicaid Services (CMS) diagnostic related group (DRG) times a state specific multiplier. However, some general comparisons can be made on specific treatment types. For example, the top inpatient procedure performed in Alaska was spinal fusion, which CMS data reflects has a mean length of stay of 3.6 days. For this code, the Alaska workers compensation fee schedule is 35.1% higher than the median Alaska healthcare MAR, 160.5% higher than the Alaska Medicare MAR, 111.7% higher than Washington’s MAR, 79.8% higher than Oregon’s MAR, and 81.6% higher than Idaho’s MAR. Comparing the next procedure, lower extremity joint replacement, the Alaska workers compensation fee schedule is 97.0% higher than the median Alaska healthcare MAR, 381.4% higher than the Alaska Medicare MAR, 111.0% higher than Washington’s MAR, 283.2% higher than Oregon’s MAR, and 228.4% higher than Idaho’s MAR.

Finally, for outpatient ambulatory surgical centers (figure 8), the Alaska workers compensation fee schedule is 115.3% higher than the median Alaska healthcare MAR, 400.1% higher than the Alaska Medicare MAR, 521.6% higher than Washington’s MAR, 471.3% higher than Oregon’s MAR, and 361.1% higher than Idaho’s MAR.

Data collection of benefits paid is starting to be developed, but is still at its infancy. The just released NCCI Medical Data Report for Alaska (September 2013) does compare medical benefits paid, based on average payment per transaction. NCCI’s data is based on the 2012 service year and is only the second medical data report produced by NCCI for Alaska. While it does not provide any comparisons to 2011 data, it is nonetheless instructive.

Figure 9



For the top 10 surgical procedure codes based on amount paid, the median Alaskan workers’ compensation medical payment was 194.1% higher than countrywide.

For the top 10 anesthesiology procedure codes based on amount paid, the median Alaskan workers’ compensation medical payment was 152.8% higher than countrywide.

For the top 10 physical and general medicine procedure codes based on amount paid, the median Alaskan workers’ compensation medical payment was 103.6% higher than countrywide.

For the top 10 evaluation and management procedure codes based on amount paid, the median Alaskan workers’ compensation medical payment was 94.4% higher than countrywide.

## **Conclusion**

Workers' compensation premium costs in Alaska are the highest in the nation. Alaska's premium rates have steadily risen in state rankings, from 28th in the nation in 2000, to 1st in the nation in 2012. There are several cost drivers, but premium costs are substantially driven by medical costs, which comprise 75% of every dollar spent on workers' compensation in Alaska.

Allowable payments under Alaska's fee schedule are 2-4 times higher than regional states, and actual paid charges are 2-3 times higher than paid charges countrywide.

To bring Alaska's workers' compensation premium rates down, the principle cost driver – medical costs - must be addressed.

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