



Connecticut **Business & Industry Association**

**Testimony of Kia D. Floyd
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Before the Committee on Labor and Public Employees
March 8, 2007**

S.B. 1378 AAC The Workers' Compensation Medical Practitioners' Fee Schedule (Support)

Good Morning Senator Prague, Representative Ryan and other members of the Committee. My name is Kia Floyd and I am an Assistant Counsel for Labor & Employment matters for the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, ranging from large corporations to small businesses. The vast majority of our companies employ fifty (50) or fewer employees, many of whom make up Connecticut's workforce. I am here today to speak on behalf of all of our member companies. CBIA generally supports any labor and employment related legislation that does not increase the costs of doing business in the state or unreasonably increase administrative burdens on employers in dealing with employment and workplace issues. Inasmuch as S.B. 1378 appears to be such a measure and is revenue-neutral, we support this bill.

S.B. 1378 permits the Workers' Compensation Commission ("WCC") Chairman to establish fees for workers' compensation medical providers using the Medicare resource-based relative value scale system. The Connecticut workers' compensation fee schedule was implemented in 1994 and it generally covers all physicians' professional services. Updates to fees are made by the Chairman in consultation with an advisory board, but the overall fee structure has not been significantly changed since 1994, primarily because Connecticut has an extremely generous fee schedule which is well above the national average. According to the *Workers' Compensation Research Institute*, Connecticut fees schedules provide more than double that which Medicare provides in many areas such as radiology and general medicine and it pays almost triple that of Medicare surgery fee levels. The WCC currently uses the UCRP (Usual, Customary, Reasonable and Prevailing) method of calculating medical provider fees, which pays every provider based on where they fall in relation to the seventy-fourth (74th) percentile of fees charges in 1994. Unlike the WCC, most medical providers, insurance carriers, and third-party reimbursement organizations use the Medicare resource-based "Relative Value" system, which calculates providers based on their years of experience, medical specialties, specialized training and other factors.

On its face, **S.B. 1378** appears to simply authorize the WCC to convert its existing UCRP system to the relative value system with no fiscal impact on the state's overall system or administrative costs. Presuming that the new system will not result in any significant changes (upward or downward) to the medical fees, then it would appear to benefit both providers and payers whose business depends upon the fee schedule. Insofar as most organizations in the healthcare industry rely upon the Medicare "relative value" system, Connecticut appears to be one of few remaining states that still abides by the antiquated "usual and customary" practice. Therefore, converting to the Medicare system seems to be long overdue and CBIA supports this measure.

Thank you for the opportunity to testify.