

Submitted via WCINFO@michigan.gov

December 5, 2024

Michigan Department of Labor and Economic Opportunity
Workers' Compensation Agency
Attn: Deb Outwater
P.O. Box 30016
Lansing, MI 48909

Re: Rule Set 2024-22 LE – "Workers' Compensation Health Care Services"

Dear Ms. Outwater:

The Michigan State Medical Society (MSMS) appreciates the opportunity to comment on the proposed updates to the Workers' Compensation Health Care Services Rule. MSMS is a professional association representing physicians, residents, and medical school students from all specialties and practice settings.

First of all, MSMS would like to thank the Agency and the Health Care Services Advisory Committee (HCSAC) for allowing MSMS to speak last year to the need for a new reimbursement model for the payment of workers compensation medical expenses. Our desire was to identify solutions to a fee schedule that lags most states and has discouraged participation by physicians and other health care professionals. During the ensuing subcommittee meetings on this topic, there was healthy discussion amongst participants about the inadequacy of payments in Michigan.

Secondly, MSMS appreciates that Rule Set 2024-22 LE recommends updating the rules to the most current CMS Relative Value Units and thereby, an update to the conversion factor. However, given that the last increase was effective for 2019, this proposed increase does not keep up with inflation for that time period. As noted in the related Regulatory Impact Statement (RIS), this change "will result in a 3% increase in the conversion factor resulting in a 4% increase in reimbursement for medical services..." Given that prices have risen 17 percent overall since 2019ⁱ, 4 percent is not sufficient. MSMS proposes that this amount be increased to more closely reflect the rate of health care inflation over the past five years.

The Agency acknowledges in the RIS that data from the Workers Compensation Research institute indicates that "medical payments per claim for claims with more than 7 days of lost time in Michigan were lower compared with the other 16 study states." These lower payments were attributable to "lower-than-typical prices paid for medical services." WCRI findings related to the "Comparison of Cumulative Growth Rate in Prices Paid for Professional Services across 31 Study States, 2008 to 2023" show Michigan in the bottom fiveⁱⁱ.

Finally, creating a fee schedule at reimbursement rates for physicians and other practitioners near 140 percent of Medicare payments as referenced in the RIS is neither reasonable nor adequate. Not only does WCRI data comparing workers compensation fees to Medicare show that most states in the middle of this ranking (Michigan is near the bottom) are closer to 150-170 percent of Medicare, but Medicare rates are not sustainable, especially for smaller practices. As MSMS presented previously to the HCSAC, Medicare physician payments have increased just nine percent over the over the last 22 years, while the cost of running a medical practice increased 47 percent. And the reality of inadequate Medicare payments continues to worsen with recent data showing that Medicare payments to physicians actually declined 29 percent over the last two decades.

Unfortunately, when patients are unable to access physicians and other practitioners with the expertise to address their work-related injuries or illnesses, productivity declines or is lost and medical costs rise. In many instances, urgent care, which is ill-equipped to meet the long-term needs of employees and their employers, becomes the default pathway to receiving care.

Thank you for your consideration of our comments.

Sincerely,



Tom M. George, MD
Chief Executive Officer

ⁱ <https://www.usinflationcalculator.com/inflation/health-care-inflation-in-the-united-states/>

ⁱⁱ <https://www.wcrinet.org/reports/wcri-medical-price-index-for-workers-compensation-16th-edition-mpi-wc>