

Allowable Fee Discount in Workers' Compensation

The Workers' Compensation Division adopts rules that govern medical fees for treating injured workers in Oregon. The division adopted rules, effective Jan. 1, 2009, to address concerns and questions about the role of preferred provider networks ("PPOs") in workers' compensation.

Under the administrative rules, insurers may apply provider-network discounts to payments to some medical providers. For example, a provider-network discount may be applied to payments made to an Ambulatory Surgical Center, a hospital, or to a vendor of medical supplies. You should consult OAR 436-009 to determine when a provider-network discount made be applied to a payment.

An insurer may not apply a provider-network discount rate (other than a discount under a Managed Care Organization contract) to a medical service provider's or clinic's payments. OAR 436-009-0018 provides that an insurer may discount a medical service provider's fee when the provider has entered into a *fee discount agreement*. A *fee discount agreement* is an agreement between an insurer and a medical service provider or clinic for the purpose of discounting payments under OAR 436-009-0040. An insurer may only apply a *fee discount agreement* discount to a medical service provider's or clinic's bill when the provider or clinic has entered into a *fee discount agreement*. A discount under a *fee discount agreement* cannot be more than 10 percent of the fee schedule. An insurer may also apply a discount to a medical service provider's payment when the discount is included in a managed-care contract.

Specifically, the rules set requirements for fee discount agreements as follows:

- The agreement must be directly between the provider and the insurer or self-insured employer and must only apply to workers' compensation.
- The agreement must be on a standard form and registered with the Workers' Compensation Division.
- The maximum discount allowed is 10 percent below the medical fee schedule.
- Either party may terminate the agreement by providing 30 days written notice.
- Continue to allow discounts to providers as part of managed care organization (MCO) contracts.
- Continue to allow network discounts for durable medical equipment, ambulatory surgical centers, hospitals (excluding rural hospitals), and prescription drugs.

To read the rules, go to <http://wcd.oregon.gov/policy/rules/rules.html>.

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