

DEPARTMENT OF LABOR AND EMPLOYMENT

Division of Workers' Compensation

7 CCR 1101-3

WORKERS' COMPENSATION RULES OF PROCEDURE

Rule 16 UTILIZATION STANDARDS

16-1 STATEMENT OF PURPOSE

In an effort to comply with its legislative charge to assure appropriate and timely medical care at a reasonable cost, the Director (Director) of the Division of Workers' Compensation (Division) has promulgated these utilization standards, effective January 1, 2016. This Rule defines the standard terminology, administrative procedures and dispute resolution procedures required to implement the Division's Medical Treatment Guidelines and Medical Fee Schedule. With respect to any matter arising under the Colorado Workers' Compensation Act and/or the Workers' Compensation Rules of Procedure and to the extent not otherwise precluded by the laws of this state, all providers and payers shall use and comply with the provisions of the "Medical Treatment Guidelines," Rule 17, and the "Medical Fee Schedule," Rule 18, as incorporated and defined in the Workers' Compensation Rules of Procedure, 7 CCR 1101-3.

16-2 STANDARD TERMINOLOGY FOR RULES 16 AND 18

- (A) Ambulatory Surgical Center (ASC) – licensed as an ambulatory surgery center by the Colorado Department of Public Health and Environment.
- (B) Authorized Treating Provider (ATP) – may be any of the following:
 - (1) The treating physician designated by the employer and selected by the injured worker;
 - (2) A health care provider to whom an authorized treating physician refers the injured worker for treatment, consultation, or impairment rating;
 - (3) A physician selected by the injured worker when the injured worker has the right to select a provider;
 - (4) A physician authorized by the employer when the employer has the right or obligation to make such an authorization;
 - (5) A health care provider determined by the Director or an administrative law judge to be an ATP;
 - (6) A provider who is designated by the agreement of the injured worker and the payer.
- (C) Billed Service(s) – any billed service, procedure, equipment or supply provided to an injured worker by a provider.
- (D) Billing Party – a service provider or an injured worker who has incurred authorized medical costs.

- (E) Certificate of Mailing – a signed and dated statement containing the names and mailing addresses of all persons receiving copies of attached or referenced document(s), certifying the documents were placed in the U.S. Mail, postage pre-paid, to those persons.
- (F) Children’s Hospital – identified and Medicare-certified by the Colorado Department of Public Health and Environment.
- (G) Convalescent Center – licensed by the Colorado Department of Public Health and Environment.
- (H) Critical Access Hospital (CAH) – Medicare-certified by the Colorado Department of Public Health and Environment.
- (I) Day – defined as a calendar day unless otherwise noted.
- (J) Free-Standing Facility – an entity that furnishes healthcare services and is not integrated with any other entity as a main provider, a department of a provider, remote location of a hospital, satellite facility, or provider –based entity.
- (K) Hospital – licensed by the Colorado Department of Public Health and Environment.
- (L) Long-Term Care Facility –licensed and Medicare-certified by the Colorado Department of Public Health and Environment.
- (M) Medical Fee Schedule – Division's Rule 18, its exhibits, and the documents incorporated by reference in that Rule.
- (N) Medical Treatment Guidelines – the medical treatment guidelines as incorporated into Rule 17, "Medical Treatment Guidelines."
- (O) Over-the-Counter Drugs – Drugs that are safe and effective for use by the general public without a prescription.
- (P) Payer – an insurer, employer, or their designated agent(s) who is responsible for payment of medical expenses.
- (Q) Prior Authorization – assurance that appropriate reimbursement for a specific treatment will be paid in accordance with Rule 18, its exhibits, and the documents incorporated by reference in that Rule.
- (R) Provider – a person or entity providing authorized health care service, whether involving treatment or not, to a worker in connection with work-related injury or occupational disease.
- (S) Psychiatric Hospital – licensed by the Colorado Department of Public Health and Environment.
- (T) Rehabilitation Hospital Facility – licensed as a rehabilitation hospital by the Colorado Department of Public Health and Environment.
- (U) Rural Health Clinic Facility – Medicare-certified by the Colorado Department of Public Health and Environment.

- (V) Skilled Nursing Facility (SNF) – licensed as a skilled nursing facility by the Colorado Department of Public Health and Environment.
- (W) “Supply et al.” – any single supply, durable medical equipment (DME), orthotic, prosthesis, biologic item, or single drug dose, for which the billed amount exceeds \$500.00 and all implants.
- (X) Telemedicine – the use of medical information exchanged from one site to another via electronic communications to improve, maintain or assist patients’ health status.
- (Y) Veterans’ Administration Medical Facilities – all medical facilities overseen by the United States Department of Veterans’ Affairs.

16-3 REQUIRED USE OF THE MEDICAL TREATMENT GUIDELINES AND PAYMENT FOR SERVICE

When an injury or occupational disease falls within the purview of Rule 17, Medical Treatment Guidelines and the date of injury occurs on or after July 1, 1991, providers and payers shall use the medical treatment guidelines, in effect at the time of service, to prepare or review their treatment plan(s) for the injured worker. A payer may not dictate the type or duration of medical treatment. Nor may a payer rely solely on its’ own internal guidelines or other standards for medical determination. When treatment exceeds or is outside of the Medical Treatment Guidelines, prior authorization is required. In all instances of contest appropriate processes to deny are required. Refer to applicable sections of 16-9, 16-10 and/or 16-11.

16-4 REQUIRED USE OF THE MEDICAL FEE SCHEDULE

- (A) When services provided to an injured worker fall within the purview of the Medical Fee Schedule, all payers shall use the fee schedule to determine maximum allowable fees.
- (B) Providers must accurately report their services using codes and modifiers listed in the National Relative Value File, as published by Medicare in January 2015 Resource Based Relative Value Scale (RBRVS). Providers also must use codes, modifiers, instructions, and parenthetical notes listed in the American Medical Association’s Current Procedural Terminology (CPT®) 2015 edition. Finally, providers must use codes, modifiers, and billing instructions listed in Rule 18, Medical Fee Schedule. The Medical Fee Schedule sets the maximum allowable payment but the fee schedule does not limit the billing charges.
- (C) The provider may be subject to penalties under the Workers’ Compensation Act for inaccurate billing when the provider knew or should have known that the services billed were inaccurate, as determined by the Director or an administrative law judge.

16-5 RECOGNIZED HEALTH CARE PROVIDERS

- (A) Physician and Non-Physician Providers
 - (1) For the purpose of this Rule, recognized health care providers are divided into the major categories of "physician" and "non-physician". Recognized providers are defined as follows:
 - (a) "Physician providers" are those individuals who are licensed by the State of Colorado through one of the following state boards:
 - 1) Colorado Medical Board;

- 2) Colorado Board of Chiropractic Examiners;
- 3) Colorado Podiatry Board; or
- 4) Colorado Dental Board.

Only physicians licensed by the Colorado Medical Board may be included as individual physicians on the employer's or insurer's designated provider list required under § 8-43-404(5)(a)(I), C.R.S.

(b) "Non-physician providers" are those individuals who are registered, certified, or licensed by the Colorado Department of Regulatory Agencies (DORA), the Colorado Secretary of State, or a national entity recognized by the State of Colorado as follows:

- 1) Acupuncturist (LAc) – licensed by the Office of Acupuncture Licensure, Colorado Department of Regulatory Agencies;
- 2) Advanced Practice Nurse (APN) – licensed by the Colorado Board of Nursing; Advanced Practice Nurse Registry;
- 3) Anesthesiologist Assistant (AA) – licensed by the Colorado Medical Board, Colorado Department of Regulatory Agencies;
- 4) Athletic Trainers (ATC) –registered by the Office of Athletic Trainer Registration, Colorado Department of Regulatory Agencies;
- 5) Audiologist (AU.D. CCC-A) – licensed by the Office of Audiology and Hearing Aid Provider Licensure, Colorado Department of Regulatory Agencies;
- 6) Certified Registered Nurse Anesthetist (CRNA) – licensed by the Colorado Board of Nursing;
- 7) Clinical Social Worker (LCSW) – licensed by the Board of Social Work Examiners, Colorado Department of Regulatory Agencies;
- 8) Durable Medical Equipment, Prosthetic, Orthotics and Supplies (DMEPOS) Supplier – licensed by the Colorado Secretary of State;
- 9) Marriage and Family Therapist (LMFT) – licensed by the Board of Marriage and Family Therapist Examiners, Colorado Department of Regulatory Agencies;
- 10) Massage Therapist (MT) –licensed as a massage therapist by the Office of Massage Therapy Licensure, Colorado Department of Regulatory Agencies;
- 11) Nurse Practitioner (NP) – licensed as an APN and authorized by the Colorado Board of Nursing;

- 12) Occupational Therapist (OTR) – licensed by the Office of Occupational Therapy, Colorado Department of Regulatory Agencies,;
- 13) Optometrist (OD) – licensed by the Board of Optometry, Colorado Department of Regulatory Agencies;
- 14) Orthopedic Technologist (OTC) – certified by the National Board for Certification of Orthopedic Technologists;
- 15) Pharmacist – licensed by the Board of Pharmacy, Colorado Department of Regulatory Agencies;
- 16) Physical Therapist (PT) – licensed by the Physical Therapy Board, Colorado Department of Regulatory Agencies;
- 17) Physical Therapist Assistant (PTA) – licensed by the Physical Therapy Board, Colorado Department of Regulatory Agencies;
- 18) Physician Assistant (PA) – licensed by the Colorado Medical Board;
- 19) Practical Nurse (LPN) – licensed by the Colorado Board of Nursing;
- 20) Professional Counselor (LPC) – licensed by the Board of Professional Counselor Examiners, Colorado Department of Regulatory Agencies;
- 21) Psychologist (PsyD, PhD, EdD) – licensed by the Board of Psychologist Examiners, Colorado Department of Regulatory Agencies;
- 22) Registered Nurse (RN) – licensed by the Colorado Board of Nursing;
- 23) Respiratory Therapist (RTL) – certified by the National Board of Respiratory Care and licensed by the Office of Respiratory Therapy Licensure, Colorado Department of Regulatory Agencies;
- 24) Speech Language Pathologist (CCC-SLP) – certified by the Office of Speech-Language Pathology Certification, Colorado Department of Regulatory Agencies; and
- 25) Surgical Technologist (CST) – registered by the Office of Surgical Assistant and Surgical Technologist Registration, Colorado Department of Regulatory Agencies.

- (2) Upon request, health care providers must provide copies of license, registration, certification or evidence of health care training for billed services.
- (3) Any provider not listed in section 16-5(A)(1)(a) or (b) must comply with section 16-9, Prior Authorization when providing all services.

- (4) Referrals:
 - (a) A payer or employer shall not redirect or alter the scope of an authorized treating provider's referral to another provider for treatment or evaluation of a compensable injury. Any party who has concerns regarding a referral or its scope shall advise the other parties and providers involved.
 - (b) All non-physician providers must have a referral from an authorized treating physician. An authorized treating physician making the referral to any listed or unlisted non-physician provider is required to clarify any questions concerning the scope of the referral, prescription, or the reasonableness or necessity of the care.
 - (c) Any listed or non-listed non-physician provider is required to clarify any questions concerning the scope of the referral, prescription, or the reasonableness or necessity of the care with the referring authorized treating physician.
- (5) Rule 18, Medical Fee Schedule applies to authorized services provided in relation to a specific workers' compensation claim.
- (6) Use of PAs and NPs in Colorado Workers' Compensation Claims:
 - (a) All Colorado Workers' Compensation claims (medical only or lost time claims) shall have an "authorized treating physician" responsible for all services rendered to an injured worker by any PA or NP.
 - (b) The authorized treating physician provider must be immediately available in person or by telephone to furnish assistance and/or direction to the PA or NP while services are being provided to an injured worker.
 - (c) The service is within the scope of the PA's or NP's practice and complies with all applicable provisions of the Colorado Medical Practice Act or the Colorado Nurse Practice Act, and all applicable rules promulgated by the Colorado Medical Board or the Colorado Board of Nursing.
 - (d) For services performed by an NP or a PA, the authorized treating physician must counter sign patient records related to the injured worker's inability to work resulting from the claimed work injury or disease, and the injured worker's ability to return to regular or modified employment. The authorized treating physician also must counter sign Form WC 164. The signature of the physician provider shall serve as a certification that all requirements of this rule have been met.
 - (e) The authorized treating physician must evaluate the injured worker within the first three visits to the physician's office.

(B) Out-of-State Provider

- (1) Injured Worker Relocated
 - (a) Upon receipt of the "Employer's First Report of Injury" or the "Worker's Claim for Compensation" form, the payer shall notify the injured worker that the procedures for change-of-provider, should s/he relocate out-of-state, can be obtained from the payer.

- (b) A change of provider must be made:
 - 1) Through referral by the injured worker's authorized treating physician; or
 - 2) In accordance with § 8-43-404 (5)(a), C.R.S.

(2) Injured Worker Referred

In the event an injured worker has not relocated out-of-state but is referred to an out-of-state provider for treatment or services not available within Colorado, the referring provider shall obtain prior authorization from the payer as set forth in section 16-9, Prior Authorization. The referring provider's written request for out-of-state treatment shall include the following information:

- (a) Medical justification prepared by the referring provider;
- (b) Written explanation as to why the requested treatment/services cannot be obtained within Colorado;
- (c) Name, complete mailing address and telephone number of the out-of-state provider;
- (d) Description of the treatment/services requested, including the estimated length of time and frequency of the treatment/service, and all associated medical expenses; and
- (e) Out-of-state provider's qualifications to provide the requested treatment or services.

- (3) The Colorado fee schedule should govern reimbursement for out-of-state providers.

16-6 HANDLING, PROCESSING AND PAYMENT OF MEDICAL BILLS

- (A) Use of agents, including but not limited to Preferred Provider Organizations (PPO) networks, bill review companies, third party administrators (TPAs) and case management companies, shall not relieve the employer or insurer from their legal responsibilities for compliance with these Rules.
- (B) Payment for billed services identified in the Medical Fee Schedule shall not exceed those scheduled rates and fees, or the provider's actual billed charges, whichever is less.
- (C) Payment for billed services not identified or identified but without established value, by report (BR) and relativity not established (RNE), in the Medical Fee Schedule shall require prior authorization from the payer as set forth in section 16-9, Prior Authorization, except when the billed non-established valued service or procedure is an emergency or a payment mechanism under Rule 18 is identifiable, but not explicit. Examples of the prior authorization request exception(s) include ambulance bills or supply bills that are covered under Rule 18-6(H) with an identified payment mechanism.

Similar established code values from the Medical Fee Schedule, recommended by the requesting physician, shall govern the maximum fee value payment.

- (D) Any payer contesting a provider's treatment shall follow the procedures as outlined under section 16-10, Contest of a Request for Prior Authorization, or section 16-11, Payment of Medical Benefits.
- (E) The payer should note that the current in-effect International Classification of Diseases (ICD) codes, when submitted, shall not be used to establish the work relatedness of an injury or treatment.

16-7 REQUIRED BILLING FORMS AND ACCOMPANYING DOCUMENTATION

- (A) Providers may use electronic reproductions of any required form(s) referenced in this section; however, any such reproduction shall be an exact duplication of such form(s) in content and appearance. With the agreement of the payer, identifying information may be placed in the margin of the form.
- (B) Required Billing Forms

All health care providers shall use only the following billing forms or electronically produced formats when billing for services:

- (1) CMS (Centers for Medicare & Medicaid Services) -1500 shall be used by all providers billing for professional services, durable medical equipment (DME) and ambulance services, with the exception of those providers billing for dental services or procedures. Health care providers shall provide their name and credentials in the appropriate box of the CMS-1500.
- (2) UB-04 - shall be used by all hospitals, hospital-based ambulance/air services, Children's Hospitals, CAHs, Veterans' Administration Medical Facilities, home health and facilities meeting the definitions found in section 16-2, when billing for hospital services or any facility fees billed by any other provider, such as ASCs.
 - (a) Some outpatient hospital therapy services (Physical, Occupational, or Speech) may also be billed on UB-04. For these services, the UB-04 must have Form Locator Type 013x, 074x, 075x, or 085x, and one of the following revenue code(s):
 - Revenue Code 042X Physical Therapy
 - Revenue Code 043X Occupational Therapy
 - Revenue Code 044X Speech/Language Therapy
 - (b) CAHs designated by Medicare or Exhibit # 3 to Rule 18 may use UB-04 to bill professional services if the professional has reassigned his or her billing rights to the CAH using Medicare's Method II. The CAH shall list bill type 851-854, as well as one of the following revenue code(s) and Health Care Common Procedure Coding System (HCPCS) codes in the HCPCS Rates field number 44:
 - 0960 - Professional Fee General
 - 0961 - Psychiatric
 - 0962 - Ophthalmology
 - 0963 - Anesthesiologist (MD)
 - 0964 - Anesthetist (CRNA)
 - 0971 - Professional Fee For Laboratory
 - 0972 - Professional Fee For Radiology Diagnostic
 - 0973 - Professional Fee - Radiology - Therapeutic

- 0974 - Professional Fee - Radiology - Nuclear
- 0975 - Professional Fee - Operating Room
- 0981 - Emergency Room Physicians
- 0982 - Outpatient Services
- 0983 - Clinic
- 0985 - EKG Professional
- 0986 - EEG Professional
- 0987 - Hospital Visit professional (MD/DO)
- 0988 - Consultation (Professional (MD/DO))

All professional services billed by a CAH are subject to the same coding and payment rules as professional services billed independently. The following modifiers shall be appended to HCPCS codes to identify the type of provider rendering the professional service:

- GF Services rendered in a CAH by a NP, clinical nurse specialist, certified registered nurse, or PA
- SB Services rendered in a CAH by a nurse midwife
- AH Services rendered in a CAH by a clinical psychologist
- AE Services rendered in a CAH by a nutrition professional/registered dietitian
- AQ Physician services in a physician-scarcity area

(c) No provider except those listed above shall bill for the professional fees using UB-04.

(3) American Dental Association's Dental Claim Form, Version 2012 shall be used by all providers billing for dental services or procedures.

(4) With the agreement of the payer, the ANSI ASC X12 (American National Standards Institute Accredited Standards Committee) or NCPDP (National Council For Prescription Drug Programs) electronic billing transaction containing the same information as in (1), (2) or (3) in this subsection may be used.

NCPDP Workers' Compensation/Property and Casualty (P&C) universal claim form, version 1.1, for prescription drug billed on paper shall be used by dispensing pharmacies and pharmacy benefit managers (PBM). Physicians may use the CMS-1500 billing form as described in section 16-7(B)(1).

Physicians shall list the "repackaged" and the "original" NDC numbers in field 24 of the CMS-1500. List the "repackaged" NDC number first and the "original" NDC number second, with the prefix 'ORIG' appended.

(C) Required Billing Codes

All billed services shall be itemized on the appropriate billing form as set forth in sections 16-7(A) and (B), and shall include applicable billing codes and modifiers from the Medical Fee Schedule. National provider identification (NPI) numbers are required for workers' compensation bills; providers who cannot obtain NPI numbers are exempt from this requirement. When billing on a CMS-1500, the NPI should be that of the rendering provider and should include the correct place of service codes at the line level.

(D) Inaccurate Billing Forms or Codes

Payment for any services not billed on the forms identified in this Rule, and/or not itemized as instructed in sections 16-7(B) and (C), may be contested until the provider complies. However, when payment is contested, the payer shall comply with the applicable provisions set forth in section 16-11, Payment of Medical Benefits.

(E) Accompanying Documentation

(1) Authorized treating physicians sign (or countersign) and submit to the payer, with their initial and final visit billings, a completed "Physician's Report of Workers' Compensation Injury" (Form WC 164) specifying:

- (a) The report type as "initial" when the injured worker has their initial visit with the authorized treating physician managing the total workers' compensation claim of the patient. Generally, this will be the designated or selected authorized treating physician. When applicable, the emergency room or urgent care authorized treating physician for this workers' compensation injury may also create a WC 164 initial report. Unless requested or prior authorized by the payer in a specific workers' compensation claim, no other authorized physician should complete and bill for the initial WC 164 form. This form shall include completion of items 1-7 and 10. Note that certain information in item 2 (such as Insurer Claim #) may be omitted if not known by the provider.
- (b) The report type as "closing" when the authorized treating physician (generally the designated or selected physician) managing the total workers' compensation claim of the patient determines the injured worker has reached maximum medical improvement (MMI) for all injuries or diseases covered under this workers' compensation claim, with or without a permanent impairment. The form requires the completion of items 1-5, 6.B, C, 7, 8 and 10. If the injured worker has sustained a permanent impairment, then item 9 must also be completed and the following additional information shall be attached to the bill at the time MMI is determined:
 - 1) All necessary permanent impairment rating reports when the authorized treating physician (generally the designated or selected physician) managing the total workers' compensation claim of the patient is Level II Accredited; or
 - 2) Referral to a Level II Accredited physician requested to perform the permanent impairment rating when a rating is necessary and the authorized treating physician (generally the designated or selected physician) managing the total workers' compensation claim of the patient is not determining the permanent impairment rating.
- (c) At no charge, the physician shall supply the injured worker with one legible copy of all completed "Physician's Report of Workers' Compensation Injury" (WC 164) forms at the time the form is completed.
- (d) The provider shall submit to the payer the completed WC 164 form as specified in section 16-7(E), no later than 14 days from the date of service.

- (2) Providers, other than hospitals, shall provide the payer with all supporting documentation at the time of submission of the bill unless other agreements have been made between the payer and provider. This shall include copies of the examination, surgical, and/or treatment records.
 - (3) Hospital documentation shall be available to the payer upon request. Payers shall specify what portion of a hospital record is being requested. (For example, only the emergency room (ER) chart notes, in-patient physician orders and chart notes, x-rays, pathology reports, etc.)
 - (4) In accordance with section 16-11, the payer may contest payment for billed services until the provider completes and submits the relevant required accompanying documentation as specified by section 16-7(E).
- (F) Providers shall submit their bills for services rendered within 120 days of the date of service or the bill may be denied unless extenuating circumstances exist. Extenuating circumstances may include, but are not limited to, delays in compensability being decided or the provider has not been informed where to send the bill.

16-8 REQUIRED MEDICAL RECORD DOCUMENTATION

- (A) A treating provider shall maintain medical records for each injured worker when the provider intends to bill for the provided services.
- (B) All medical records shall contain legible documentation substantiating the services billed. The documentation shall itemize each contact with the injured worker and shall detail at least the following information per contact or, at a minimum for cases where contact occurs more than once a week, be summarized once per week:
 - (1) Patient's name;
 - (2) Date of contact, office visit or treatment;
 - (3) Name and professional designation of person providing the billed service;
 - (4) Assessment or diagnosis of current condition with appropriate objective findings;
 - (5) Treatment status or patient's functional response to current treatment;
 - (6) Treatment plan including specific therapy with time limits and measurable goals and detail of referrals;
 - (7) Pain diagrams, where applicable;
 - (8) If being completed by an authorized treating physician, all pertinent changes to work and/or activity restrictions which reflect lifting, standing, stooping, kneeling, hot or cold environment, repetitive motion or other appropriate physical considerations; and
 - (9) All prior authorization(s) for payment received from the payer (i.e., who approved the prior authorization for payment, services authorized, dollar amount, length of time, etc.).

16-9 PRIOR AUTHORIZATION

- (A) Granting of prior authorization is a guarantee of payment when in accordance with Rule 18, RBRVS and CPT® for those services/procedures requested by the provider per section 16-9 (F).
- (B) Prior authorization for payment shall be requested by the provider when:
 - (1) A prescribed service exceeds the recommended limitations set forth in the Medical Treatment Guidelines;
 - (2) The Medical Treatment Guidelines otherwise require prior authorization for that specific service;
 - (3) A prescribed service is identified within the Medical Fee Schedule as requiring prior authorization for payment; or
 - (4) A prescribed service is not identified in the Medical Fee Schedule as referenced in section 16-6(C).
- (C) Prior authorization for a prescribed service or procedure may be granted immediately and without medical review. However, the payer shall respond to all providers requesting prior authorization within seven (7) business days from receipt of the provider's completed request, as defined in section 16-9(F). The duty to respond to a provider's written request applies without regard for who transmitted the request.
- (D) The payer, upon receipt of the "Employer's First Report of Injury" or a "Worker's Claim for Compensation," shall give written notice to the injured worker stating that the requirements for obtaining prior authorization for payment are available from the payer.
- (E) The payer, unless they have previously notified said provider, shall give notice to the provider of these procedures for obtaining prior authorization for payment upon receipt of the initial bill from that provider.
- (F) To complete a prior authorization request, the provider shall concurrently explain the reasonableness and the medical necessity of the services requested, and shall provide relevant supporting medical documentation. Supporting medical documentation is defined as documents used in the provider's decision-making process to substantiate the need for the requested service or procedure.
 - (1) When the indications of the Medical Treatment Guidelines are met, no prior authorization is required. If the provider requests prior authorization for payment, the following documentation is recommended:
 - (a) An adequate definition or description of the nature, extent, and necessity for the procedure;
 - (b) Identification of the appropriate Medical Treatment Guideline application to the requested service;
 - (c) Medical Treatment Guideline indications have been met; and
 - (d) Final diagnosis.

- (2) When the service/procedure does not fall within the Medical Treatment Guidelines and/or past treatment failed functional goals; or if the requested procedure is not identified in the Medical Fee Schedule or does not have an established value under the Medical Fee Schedule, such as any unlisted procedure/service with a BR value or an RNE value listed in the RBRVS, authorization requests may be made using the "Authorized Treating Provider's Request for Prior Authorization" (Form WC 188).
- (G) To contest a request for prior authorization, the payer is required to comply with the provisions outlined in section 16-10.
- (H) The Division recommends payers confirm in writing, to providers and all parties, when a request for prior authorization is approved.
- (I) If, after the service was provided, the payer agrees the service provided was reasonable and necessary, lack of prior authorization for payment does not warrant denial of payment. However, the provider is still required to provide, with the bill, the documentation required by section 16-9(F) for any unlisted valued service or procedure for payment.
- (J) All medical records should be signed by the rendering provider. Electronic signatures are accepted.

16-10 CONTEST OF A REQUEST FOR PRIOR AUTHORIZATION

- (A) If the payer contests a request for prior authorization for non-medical reasons as defined under section 16-11(B)(1), the payer shall notify the provider and parties, in writing, of the basis for the contest within seven (7) business days from receipt of the provider's completed request as defined in section 16-9(F). A certificate of mailing of the written contest must be sent to the provider and parties.

If an ATP requests prior authorization and indicates in writing, including their reasoning and relevant documentation, that they believe the requested treatment is related to the admitted workers' compensation claim, the insurer cannot deny based solely on relatedness without a medical review as required by section 16-10(B).

- (B) If the payer is contesting a request for prior authorization for medical reasons, the payer shall, within seven (7) business days of the completed request:
 - (1) Have all the submitted documentation under section 16-9(F) reviewed by a physician or other health care professional, as defined in section 16-5(A)(1)(a), who holds a license and is in the same or similar specialty as would typically manage the medical condition, procedures, or treatment under review. The physicians or chiropractors performing this review shall be Level I or Level II accredited.
 - (2) After reviewing all the submitted documentation, the reviewing provider may call the requesting provider to expedite communication and processing of prior authorization requests. However, the written contest or approval still needs to be completed within the specified seven (7) business days under section 16-10(B).
 - (3) Furnish the provider and the parties with a written contest that sets forth the following information:

- (a) An explanation of the specific medical reasons for the contest, including the name and professional credentials of the person performing the medical review and a copy of the medical reviewer's opinion;
 - (b) The specific cite from the Medical Treatment Guidelines exhibits to Rule 17, when applicable;
 - (c) Identification of the information deemed most likely to influence the reconsideration of the contest when applicable; and
 - (d) A certificate of mailing to the provider and parties.
- (C) Prior Authorization Disputes
- (1) The requesting party or provider shall have seven (7) business days from the date of the certificate of mailing on the written contest to provide a written response to the payer, including a certificate of mailing. The response is not considered a "special report" when prepared by the provider of the requested service.
 - (2) The payer shall have seven (7) business days from the date of the certificate of mailing of the response to issue a final decision, including a certificate of mailing to the provider and parties.
 - (3) In the event of continued disagreement, the parties should follow dispute resolution and adjudication procedures available through the Division or Office of Administrative Courts.
- (D) An urgent need for prior authorization of health care services, as recommended in writing by an authorized treating provider, shall be deemed good cause for an expedited hearing.
- (E) Failure of the payer to timely comply in full with the requirements of section 16-10(A) or (B), shall be deemed authorization for payment of the requested treatment unless:
- (1) A hearing is requested within the time prescribed for responding as set forth in section 16-10(A) or (B); and
 - (2) The requesting provider is notified that the request is being contested and the matter is going to hearing.
- (F) Unreasonable delay or denial of prior authorization, as determined by the Director or an administrative law judge, may subject the payer to penalties under the Workers' Compensation Act.

16-11 PAYMENT OF MEDICAL BENEFITS

- (A) Payer Requirements for Processing Medical Service Bills
- (1) For every medical service bill submitted by a provider, the payer shall reply with a written notice or explanation of benefits. In those instances where the payer reimburses the exact billed amount, identification of the patient's name, the payer, the paid bill, the amount paid and the dates of service are required. If any adjustments are made then the payer's written notice shall include:
 - (a) Name of the injured worker or patient;

- (b) Specific identifying information coordinating the notice with any payment instrument associated with the bill;
 - (c) Date(s) of service(s), if date(s) was (were) submitted on the bill;
 - (d) Payer's claim number and/or Division's workers' compensation claim number, if one has been created;
 - (e) Reference to the bill and each item of the bill;
 - (f) Notice that the billing party may submit corrected bill or appeal within 60 days;
 - (g) For compensable services for a work-related injury or occupational disease the payer shall notify the billing provider that the injured worker shall not be balance-billed for services related to the work-related injury or occupational disease;
 - (h) Name of insurer with admitted, ordered or contested liability for the workers' compensation claim, when known;
 - (i) Name, address, e-mail (if any), phone number and fax of a person who has responsibility and authority to discuss and resolve disputes on the bill;
 - (j) Name and address of the employer, when known; and
 - (k) Name and address of the Third Party Administrator (TPA) and name and address of the bill reviewer if separate company when known; and
 - (l) If applicable, a statement that the payment is being held in abeyance because a relevant issue is being brought to hearing.
- (2) The payer shall send the billing party written notice that complies with sections 16-11(A)(1) and (B) or (C) if contesting payment for non-medical or medical reasons within 30 days of receipt of the bill. Any notice that fails to include the required information set forth in sections 16-11(A)(1) and (B) or (C) if contesting payment for non-medical or medical reasons is defective and does not satisfy the payer's 30-day notice requirements set forth in this section.
 - (3) Unless the payer provides timely and proper reasons as set forth by the provisions outlined in sections 16-11(B) - (D), all bills submitted by a provider are due and payable in accordance with the Medical Fee Schedule within 30 days after receipt of the bill by the payer.
 - (4) If the payer discounts a bill and the provider requests clarification in writing, the payer shall furnish to the requester the specifics of the discount within 30 days including a copy of any contract relied on for the discount. If no response is forthcoming within 30 days, the payer must pay the maximum Medical Fee Schedule allowance or the billed charges, whichever is less.
 - (5) Date of receipt of the bill may be established by the payer's date stamp or electronic acknowledgement date; otherwise, receipt is presumed to occur three (3) business days after the date the bill was mailed to the payer's correct address.

- (6) Unreasonable delay in processing payment or denial of payment of medical service bills, as determined by the Director or an administrative law judge, may subject the payer to penalties under the Workers' Compensation Act.
- (7) If the payer fails to make timely payment of uncontested billed services, the billing party may report the incident to the Division's Carrier Practices Unit who may use it during an audit.

(B) Process for Contesting Payment of Billed Services Based on Non-Medical Reasons

- (1) Non-medical reasons are administrative issues. Examples of non-medical reasons for contesting payment include the following: no claim has been filed with the payer; compensability has not been established; the billed services are not related to the admitted injury; the provider is not authorized to treat; the insurance coverage is at issue; typographic, gender or date errors are in the bill; failure to submit any medical documentation at all; unrecognized CPT® code.
- (2) If an ATP bills for medical services and indicates in writing, including their reasoning and relevant documentation that they believe the medical services are related to the admitted WC claim, the payer cannot deny based solely on relatedness without a medical review as required by section 16-11(C).
- (3) In all cases where a billed service is contested for non-medical reasons, the payer shall send the billing party written notice of the contest within 30 days of receipt of the bill. The written notice shall include all of the notice requirements set forth in section 16-11(A)(1) and shall also include:
 - (a) Date(s) of service(s) being contested, if date(s) was(were) submitted on the bill;
 - (b) If applicable, acknowledgement of specific uncontested and paid items submitted on the same bill as contested services;
 - (c) Reference to the bill and each item of the bill being contested; and
 - (d) Clear and persuasive reasons for contesting the payment of any item specific to that bill including the citing of appropriate statutes, rules and/or documents supporting the payer's reasons for contesting payment.

Any notice that fails to include the required information set forth in this section is defective. Such defective notice shall not satisfy the payer's 30 day notice requirement set forth in this section.

- (4) Prior to modifying a billed code, the payer must contact the billing provider and determine if the modified code is accurate.
 - (a) If the billing provider agrees with the payer, then the payer shall process the service with the agreed upon code and shall document on their explanation of benefits (EOB) the agreement with the provider. The EOB shall include the name of the person at the provider's office who made the agreement.
 - (b) If the provider is in disagreement, then the payer shall proceed according to section 16-11(B) or 16-11(C), as appropriate.

- (5) Lack of prior authorization for payment does not warrant denial of liability for payment.
- (6) When no established fee is given in the Medical Fee Schedule and the payer agrees the service or procedure is reasonable and necessary, the payer shall list on their written notice of contest (see section 16-11(A)(1)) one of the following payment options:
 - (a) A reasonable value based upon the similar established code value recommended by the requesting provider;
 - (b) The provider's requested payment based on an established similar code value as required by section 16-9(F); or
 - (c) The billed charges.

If the payer disagrees with the provider's recommended code value, the payer's notice of contest shall include an explanation of why the requested fee is not reasonable and what their recommendation is, based on the payment options.

If the payer is contesting the medical necessity of any non-valued procedure after a prior authorization was requested, the payer shall follow section 16-11(C).

(C) Process for Contesting Payment of Billed Services Based on Medical Reasons

When contesting payment of billed services based on medical reasons, the payer shall:

- (1) Have the bill and all supporting medical documentation under section 16-7(E) reviewed by a physician or other health care professional as defined in section 16-5(A)(1)(a), who holds a license and is in the same or similar specialty as would typically manage the medical condition, procedures, or treatment under review. After reviewing the supporting medical documentation, the reviewing provider may call the billing provider to expedite communication and timely processing of the contested or paid medical bill.
- (2) In all cases where a billed service is contested for medical reasons, the payer shall send the provider and the parties written notice of the contest within 30 days of receipt of the bill. The written notice shall include all of the notice requirements set forth in section 16-11(A)(1) and shall also include:
 - (a) Date(s) of service(s) being contested, if date(s) was (were) submitted on the bill;
 - (b) If applicable, acknowledgement of specific uncontested and paid items submitted on the same bill as contested services;
 - (c) Reference to the bill and each item of the bill being contested;
 - (d) An explanation of the clear and persuasive medical reasons for the decision, including the name and professional credentials of the person performing the medical review and a copy of the medical reviewer's opinion;
 - (e) The specific cite from the Medical Treatment Guidelines exhibits to Rule 17, when applicable; and

- (f) Identification of the information deemed most likely to influence the reconsideration of the contest, when applicable.
 - (3) Any notice that fails to include the required information set forth in this section is defective. Such defective notice shall not satisfy the payer's 30-day notice requirement set forth in this section.
 - (4) If the payer is contesting the medical necessity of any non-valued procedure provided without prior authorization, the payer shall follow the procedures given in sections 16-11(C)(1) and (2).
- (D) Process for Ongoing Contest of Billed Services
- (1) The billing party shall have 60 days to respond to the payer's written notice under section 16-11(A) – (C). The billing party's timely response must include:
 - (a) A copy of the original or corrected bill;
 - (b) A copy of the written notice or EOB received;
 - (c) A statement of the specific item(s) contested;
 - (d) Clear and persuasive supporting documentation or clear and persuasive reasons for the appeal; and
 - (e) Any available additional information requested in the payer's written notice.
 - (2) If the billing party responds timely and in compliance with section 16-11(D)(1), the payer shall:
 - (a) When contesting for medical reasons, have the bill and all supporting medical documentation and reasoning under section 16-7(E) and, if applicable, section 16-11(D)(1) reviewed by a physician or other health care professional as defined in section 16-5(A)(1)(a), who holds a license and is in the same or similar specialty as would typically manage the medical condition, procedures, or treatment under review. After reviewing the provider's documentation and response, the reviewing provider may call the billing provider to expedite communication and timely processing of the contested or paid medical bill.
 - (b) When contesting for non-medical reasons, have the bill and all supporting medical documentation and reasoning under section 16-7(E) and, if applicable, section 16-11(D)(1) reviewed by a person who has knowledge of the bill. After reviewing the provider's documentation and response, the reviewing person may call the billing provider to expedite communication and timely processing of the contested or paid medical bill.
 - (3) If before or after conducting a review pursuant to section 16-11(D)(2), the payer agrees with the billing party's response, the billed service is due and payable in accordance with the Medical Fee Schedule within 30 days after receipt of the billing party's response. Date of receipt may be established by the payer's date stamp or electronic acknowledgement date; otherwise, receipt is presumed to

occur three (3) business days after the date the response was mailed to the payer's correct address.

- (4) After conducting a review pursuant to section 16-11(D)(2), if there is still a dispute regarding the billed services, the payer shall send the billing party written notice of contest within 30 days of receipt of the response. The written notice shall include all of the notice requirements set forth in section 16-11(A)(1) and shall also include:
 - (a) Date(s) of service(s) being contested, if date(s) was(were) submitted by the provider;
 - (b) If applicable, acknowledgement of specific uncontested and paid items submitted on the same bill as contested services;
 - (c) Reference to the bill and each item of the bill being contested;
 - (d) An explanation of the clear and persuasive medical or non-medical reasons for the decision, including the name and professional credentials of the person performing the medical or non-medical review and a copy of the medical reviewer's opinion when the contest is over a medical reason; and
 - (e) The explanation shall include the citing of appropriate statutes, rules and/or documents supporting the payer's reasons for contesting payment.
 - (5) Any notice that fails to include the required information set forth in this section is defective. Such defective notice shall not satisfy the payer's 30-day notice requirement set forth in this section.
 - (6) In the event of continued disagreement, and within 12 months of the date the original bill should have been processed in compliance with section 16-11, the parties should follow dispute resolution and adjudication procedures available through the Division or Office of Administrative Courts.
- (E) When seeking dispute resolution from the Division's Medical Policy Unit (MPU), the requesting party must complete the Division's "Medical Billing Dispute Resolution Intake Form" (Form WC 181) found on the Division's web page. The items listed on the bottom of the form must be provided at the time of submission. If necessary items are missing or if more information is required, the Division will forward a request for additional information and initiation of the process may be delayed.

When the request is properly made and the supporting documentation submitted, the Division will issue a confirmation of receipt. If after reviewing the materials the Division believes the dispute criteria have not been met, the Division will issue an explanation of those reasons. If the Division determines there is cause for facilitating the disputed items, the other party will be sent a request for a written response, allowing the other party ten (10) business days to respond.

The MPU will facilitate the dispute by reviewing the parties' compliance with Rules 16 and 18 within 30 days of receipt of the complete supporting documentation; or as soon thereafter as possible.

Upon review of all submitted documentation, disputes resulting from violation of Rules 16 and/or 18, as determined by the Director, may result in a Director's Order that cites the specific violation.

Evidence of compliance with the order shall be provided to the Director. If the party does not agree with the findings, it shall state with particularity and in writing its reasons for all disagreements by providing a response with all relevant legal authority, and/or other relevant proof upon which it relies in support of its position(s) concerning disagreements with the order.

Failure to respond or cure violations may result in penalties in accordance with § 8-43-304. Daily fines up to \$1000/day for each such offence will be assessed until the party complies with the Director's Order.

Resolution of disputes not pertaining to Rule violations will be facilitated by the MPU to the extent possible. In the event both parties cannot reach an agreement, the parties will be provided additional information on pursuing resolution and adjudication procedures available through the Office of Administrative Courts. Use of the dispute resolution process does not extend the 12 month application period for hearing.

(F) Retroactive review of Medical Bills

- (1) All medical bills paid by a payer shall be considered final at 12 months after the date of the original explanation of benefits unless the provider is notified that:
 - (a) A hearing is requested within the 12 month period, or
 - (b) A request for utilization review has been filed pursuant to § 8-43-501.
- (2) If the payer conducts a retroactive review to recover overpayments from a provider based on medical reasons, the payer shall have the bill and all supporting documentation reviewed by a physician or other health care professional as defined in section 16-5(A)(1)(a), who holds a license and is in the same or similar specialty as would typically manage the medical condition, procedures, or treatment under review. The payer shall send the billing party written notice that shall include all of the notice requirements set forth in section 16-11(A)(1) and shall also include:
 - (a) Reference to each item of the bill where payer seeks to recover overpayments;
 - (b) Clear and persuasive medical reason(s) for seeking recovery of overpayment(s). The explanation shall include the citing of appropriate statutes, rules, and/or other documents supporting the payer's reason for seeking to recover overpayment; and
 - (c) Evidence that these payments were in fact made to the provider.
- (3) If the payer conducts a retroactive review to recover overpayments from a provider based on non-medical reasons, the payer shall send the billing party written notice that shall include all of the notice requirements set forth in section 16-11(A)(1) and shall also include:
 - (a) Reference to each item of the bill where payer seeks to recover overpayments;

- (b) Clear and persuasive reason(s) for seeking recovery of overpayment(s). The explanation shall include the citing of appropriate statutes, rules, and/or other documents supporting the payer's reason for seeking to recover overpayment; and
 - (c) Evidence that these payments were in fact made to the provider.
- (4) In the event of continued disagreement, the parties may follow dispute resolution and adjudication procedures available through the Division or Office of Administrative Courts.
- (G) An injured worker shall never be required to directly pay for admitted or ordered medical benefits covered under the Workers' Compensation Act. In the event the injured worker has directly paid for medical services that are then admitted or ordered as covered under the Workers' Compensation Act, the payer shall reimburse the injured worker for the amounts actually paid for authorized services within 30 days after receipt of the bill. If the actual costs exceed the maximum fee allowed by the Medical Fee Schedule, the payer may seek a refund from the medical provider for the difference between the amount charged to the injured worker and the maximum fee. Each request for a refund shall indicate the service provided and the date of service(s) involved.
- (H) To the extent not otherwise precluded by the laws of this state, contracts between providers, payers and any agents acting on behalf of providers or payers shall comply with section 16-11.

16-12 ONSITE REVIEW OF HOSPITAL OR OTHER MEDICAL CHARGES

- (A) The payer may conduct a review of billed and non-billed hospital or medical facility charges related to a specific workers' compensation claim.
- (B) The payer shall comply with the following procedures:

Within 30 days of receipt of the bill, notify the hospital or other medical facility of its intent to conduct a review. Notification shall be in writing and shall set forth the following information:

 - (1) Name of the injured worker;
 - (2) Claim and/or hospital or other medical facility I.D. number associated with the injured worker's bill;
 - (3) An outline of the items to be reviewed; and
 - (4) If applicable, the name, address and telephone number of any person who has been designated by the payer to conduct the review (reviewer).
- (C) The hospital or other medical facility shall comply with the following procedures:
 - (1) Allow the review to begin within 30 days of the payer's notification;
 - (2) Upon receipt of the patient's signed release of information form, allow the reviewer access to all items identified on the injured worker's signed release of information form;

- (3) Designate an individual(s) to serve as the primary liaison(s) between the hospital or other medical facility and the reviewer who will acquaint the reviewer with the documentation and charging practices of the hospital or other medical facility;
 - (4) Provide a written response to each of the preliminary review findings within ten (10) business days of receipt of those findings; and
 - (5) Participate in the exit conference in an effort to resolve discrepancies.
- (D) The reviewer shall comply with the following procedures:
- (1) Obtain from the injured worker a signed information release form;
 - (2) Negotiate the starting date for the review;
 - (3) Assign staff members who are familiar with medical terminology, general hospital or other medical facility charging and medical records documentation procedures or have a level of knowledge equivalent at least to that of an LPN;
 - (4) Establish the schedule for the review which shall include, at a minimum, the dates for the delivery of preliminary findings to the hospital or other medical facility, a ten (10) business day response period for the hospital or other medical facility, and the delivery of an itemized listing of discrepancies at an exit conference upon the completion of the review; and
 - (5) Provide the payer and hospital or other medical facility with a written summary of the review within 20 business days of the exit conference.