

**Oregon Court of Appeals' Decision Says Medical Service Providers May Accept a Lower Rate than Otherwise Payable under Workers' Compensation Fee Schedule**

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On September 25, 2013, the Oregon Court of Appeals held that the Oregon Administrative Rules set a maximum for fees paid for medical services of injured workers in Oregon, and is not intended to prevent parties from agreeing on a lower rate than would normally be paid under the fee schedule. *Cascade Physical Therapy v. Hartford Cas. Ins.*, Case No. A148032.

In *Cascade Physical Therapy*, a medical service provider (Cascade) appealed a final order of the director of Department of Consumer and Business Services (DCBS). Cascade had a contract with a preferred provider organization, which stipulated that clients of the PPO would pay a reduced fee for medical services. Hartford was a PPO client. After providing medical services to workers covered by Hartford, Cascade billed at its usual rate for workers' compensation claims. Hartford paid Cascade a lesser amount—as stipulated by the PPO and provider contract. After Cascade challenged the payments with the DCBS, the DCBS concluded that Hartford properly paid the discounted amount. Cascade appealed to the Oregon Court of Appeals, arguing that the DCBS erroneously interpreted the administrative rule when it found that Hartford may apply a private fee discount contract to the amount billed.

The DCBS had concluded that the administrative rule sets an upper limit on how much a medical provider may charge for services to injured workers, but does not prevent parties from agreeing to a lower rate than is normally charged. After noting that it must defer to DCBS's plausible interpretation of its rule, the Court of Appeals held that DCBS's interpretation of the rule was plausible, and was therefore a valid interpretation of the rule. It then affirmed the DCBS's interpretation.