OFFICE OF THE GOVERNOR

Department of Workers' Claims

(Amendment)

120 KAR 001:089. Workers' compensation medical fee schedule for physicians.

RELATES TO: KRS 342.0011(32), 342.019, 342.020, 342.035

STATUTORY AUTHORITY: KRS 342.020, 342.035(1), (4)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation is in compliance with the requirements of 2025 RS HB 6, Section 8(2) because this administrative regulation is being promulgated to meet a deadline established by KRS 342.035(1). The commissioner is required to promulgate administrative regulations to ensure that all fees, charges, and reimbursements for medical services under KRS Chapter 342 are limited to charges that are fair, current, and reasonable for similar treatment of injured persons in the same community for like services, where treatment is paid for by general health insurers. KRS 342.035 requires a schedule of fees to be reviewed and updated, if appropriate, every two (2) years on July 1.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 342.035(1) requires the commissioner of the Department of Workers' Claims to promulgate administrative regulations to ensure that all fees, charges, and reimbursements for medical services under KRS Chapter 342 are limited to charges that are fair, current, and reasonable for similar treatment of injured persons in the same community for like services, where treatment is paid for by general health insurers. KRS 342.035(4) requires the commissioner to promulgate an administrative regulation to adopt a schedule of fees to regulate charges by medical providers and other health care professionals.

[~~establishing the workers' compensation medical fee schedule for physicians. Pursuant to~~] KRS 342.035 requires the [~~a~~] schedule of fees to be reviewed and updated, if appropriate, every two (2) years on July 1. This administrative regulation adopts [~~establishes~~] the medical fee schedule for physicians.

Section 1. Definitions.

(1) "Medical fee schedule" means the 2026 [~~2024~~] Kentucky Workers' Compensation Schedule of Fees for Physicians produced and published by FAIR Health, Inc.

(2) "Physician" is defined by KRS 342.0011(32).

Section 2. Purpose and Adoption.

(1) The purpose of the schedule of fees is to regulate charges by medical providers and other health care professionals providing services for work-related injuries and occupational diseases. The commissioner shall review and update the schedule of fees every two years as required by KRS 342.035.

(2) The commissioner adopts the 2026 Kentucky Workers' Compensation Schedule of Fees for Physicians, produced and published by FAIR Health, Inc. The fee schedule may be obtained directly from FAIR Health, Inc., at https://orders.fairhealth.org/.

Section 3 [~~2~~]. Services Covered.

(1) The medical fee schedule shall govern all medical services provided to injured employees by physicians under KRS Chapter 342.

(2) The medical fee schedule shall also apply to other health care or medical services providers to whom a listed CPT, HCPCS, or Transportation code, is applicable unless:

(a) Another fee schedule of the Department of Workers' Claims applies;

(b) A lower fee is required by KRS 342.035 or a managed care plan approved by the commissioner pursuant to 120 KAR 001:110; or

(c) An insurance carrier, self-insured group, or self-insured employer has an agreement with a physician, medical bill vendor, or other medical provider to provide reimbursement of a medical bill at an amount lower than the medical fee schedule.

Section 4 [~~3~~]. Fee Computation.

(1) The appropriate fee for a procedure or item covered by the medical fee schedule shall be the Maximum Allowable Reimbursement (MAR) listed in the 2026 Kentucky Workers' Compensation Schedule of Fees for Physicians for those procedures or items for which a specific monetary amount is listed.

(2) Procedures Listed Without Specified Maximum Allowable Reimbursement Monetary Amount. The appropriate fee for a procedure or item for which no specific monetary amount is not listed shall be determined and calculated in accordance with numerical paragraph seven (7) of the General Instructions of the medical fee schedule unless more specific Ground Rules are applicable to that service or item, in which case the fee shall be calculated in accordance with the applicable Ground Rules.

(3) The resulting fee shall be the maximum fee allowed for the service provided.

Section 5 [4]. Services performed outside the boundaries of Kentucky.

(1) A physician or healthcare or medical services provider located outside the boundaries of Kentucky shall be deemed to have agreed to comply with this administrative regulation if it treats a patient who is covered under KRS Chapter 342.

(2) Pursuant to KRS 342.035, medical fees due to an out-of-state physician or healthcare or medical services provider shall be calculated under the fee schedule in the same manner as for an in-state physician.

[~~Section 5. Incorporation by Reference.~~

~~(1) "2024 Kentucky Workers' Compensation Schedule of Fees for Physicians", July 1, 2024 Edition, is incorporated by reference.~~

~~(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Workers' Claims, Mayo-Underwood Building 3rd Floor, 500 Mero Street, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.~~

~~(3) The fee schedule may be obtained directly from FAIR Health, Inc., at https://orders.fairhealth.org/. A link to FAIR Health, Inc., may be found on the Department of Workers' Claims Web site at https://elc.ky.gov/Workers-Compensation/Pages/Medical-Services.aspx.~~]

This is to certify the Commissioner has reviewed and recommended this administrative regulation prior to its adoption, as required by KRS 342.260, 342.270 and 342.285.

Scott C. Wilhoit
Commissioner
Department of Workers' Claims

6/26/2026
Date

Certified pursuant to 2025 RS HB 6, Section 8.

Andy Beshear
Governor

6/18/2026
Date

Scott C. Wilhoit
Commissioner
Department of Workers' Claims

6/26/2026
Date

CONTACT PERSON: B. Dale Hamblin, Jr., Assistant General Counsel
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PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on September 22, 2026, at 10:00 a.m. (EDT) at the Department of Workers' Claims, 500 Mero Street, Frankfort, KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through September 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

120 KAR 001:089
Contact Person: B. Dale Hamblin, Jr.
Phone: (502) 782-4404
Email: dale.hamblin@ky.gov

Subject Headings: Workers' Claims and Compensation, Labor and Industry, Occupational Safety and Health.

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation adopts the medical fee schedule for physicians and provides guidance for its use.

(b) The necessity of this administrative regulation:

Pursuant to KRS 342.035, the commissioner is required to promulgate an administrative regulation adopting fee schedules.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

This administrative regulation adopts the extensive fee schedule for physicians and provides guidance for its use.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

It is imperative to have fee schedules to control the medical costs of the workers' compensation system. Injured employees should receive quality medical care and physicians should be appropriately paid.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

The medical fee schedule has been updated to 2026 standards and the administrative regulation adopts the updated fee schedule.

(b) The necessity of the amendment to this administrative regulation:

KRS 342.035 requires the schedule of fees to be reviewed and updated every two (2) years, if appropriate.

(c) How the amendment conforms to the content of the authorizing statutes:

The schedule of fees has been appropriately updated to ensure that medical fees are fair, current, and reasonable for similar treatment in the same community in which general health insurance makes payments for similar treatment.

(d) How the amendment will assist in the effective administration of the statutes:

The schedule of fees assists the workers' compensation program by updating fees for physicians to ensure injured employees get qualified and appropriate medical treatment.

(3) Does this administrative regulation or amendment implement legislation from the previous five years?

No, it does not.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

All physicians and medical providers providing services to injured employees pursuant to KRS Chapter 342, injured employees, insurance carriers, self-insurance groups, self-insured employers and third-party administrators.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:

Insurance carriers, self-insured groups, self-insured employers, third party administrators, and medical providers must purchase the new schedule of fees to accurately bill and pay for medical services. Other parties to workers' compensation claims are only indirectly impacted by the new fee schedule.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):

Insurance carriers, self-insured groups, self-insured employers or third-party administrators and medical providers can purchase the fee schedule book for $150, a portable document format ("PDF") version for $75 for the first user and $60 for each user

thereafter, or an electronic version for $175 for the first user and $60 for each user thereafter.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):

Medical providers will receive fair, current, and reasonable fees for services provided to injured employees. Injured employees will be treated by qualified medical providers.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

The contract for reviewing and updating the physicians fee schedule is $88,365.

(b) On a continuing basis:

No continuing costs.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:

The Department of Workers' Claims normal budget is the source of funding.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

No increase in fees or funding is necessary to implement this administrative regulation or the amendments.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation sets forth a current schedule of fees to be paid to physicians. Fees have been updated to be fair, current, and reasonable for similar treatment in the same community as paid by health insurers.

(10) TIERING: Is tiering applied?

Tiering is not applied, because the updated fee schedule applies to all parties equally.

FISCAL IMPACT STATEMENT

120 KAR 001:089

Contact Person: B. Dale Hamblin, Jr.

Phone: (502) 782-4404

Email: dale.hamblin@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:

KRS 342.035. KRS 342.260.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:

Yes. KRS 342.035.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:

The promulgating agency is the Department of Workers' Claims within the Office of the Governor. Every state unit, part, or division, with one employee subject to KRS Chapter 342, is affected; specifically, this administrative regulation governs the allowable reimbursements a medical provider may charge, and a payment obligor pay, for physician services provided under KRS Chapter 342.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year:

The contract for reviewing and updating the physicians fee schedule is $88,365.00.

For subsequent years:

None. There will be no continuing expenditures related to the 2026 Workers' Compensation Medical Fee Schedule for Physicians; however, the Department is statutorily required to reevaluate the fee schedule every two years and additional expenditures will be required to perform the subsequent evaluations.

2. Revenues:

For the first year:

This administrative regulation does not generate revenue; although, ensuring that charges and fees are fair, current, and reasonable for similar treatment of injured persons in the same community for like services where treatment is paid for by general health

insurers, helps ensure injured employees receive treatment by qualified medical providers while maintaining premium costs.

For subsequent years:

None

3. Cost Savings:

For the first year:

There are no direct cost savings related to the 2026 Workers' Compensation Medical Fee Schedule for Physicians; however, ensuring that charges and fees are fair, current, and reasonable for similar treatment of injured persons in the same community for like services where treatment is paid for by general health insurers, helps ensure injured employees receive treatment by qualified medical providers while maintaining premium costs.

For subsequent years:

There are no direct cost savings related to the 2026 Workers' Compensation Medical Fee Schedule for Physicians; however, ensuring that charges and fees are fair, current, and reasonable for similar treatment of injured persons in the same community for like services where treatment is paid for by general health insurers, helps ensure injured employees receive treatment by qualified medical providers while maintaining premium costs.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):

All local entities with one employee subject to KRS Chapter 342, are affected; specifically, this administrative regulation governs the allowable reimbursements a medical provider may charge, and a payment obligor pay, for physician services provided under KRS Chapter 342.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year:

The fee schedule in portable document format ("PDF") may be purchased for $75 for the first user and $60 for each user thereafter, or an electronic version for $175 for the first user and $60 for each user thereafter. There may be increased medical costs for self-insured employers; however, without knowing what medical services will be required, it is not possible to estimate any increase. Employers that have obtained a workers' compensation insurance policy will not experience expenditures outside of insurance premiums.

For subsequent years:

There may be a slight increase in medical costs for self-insured employers; however, without knowing what medical services will be required, it is not possible to estimate any increase. Employers that have obtained a workers' compensation insurance policy will not experience expenditures outside of insurance premiums.

2. Revenues:

For the first year:

None.

For subsequent years:

None.

3. Cost Savings:

For the first year: None. There are no direct cost savings related to the 2026 Workers' Compensation Medical Fee Schedule for Physicians; however, ensuring that charges and fees are fair, current, and reasonable for similar treatment of injured persons in the same community for like services where treatment is paid for by general health insurers, helps ensure injured employees receive treatment by qualified medical providers while maintaining premium costs.

For subsequent years: None

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):

All local entities with one employee subject to KRS Chapter 342, are affected; specifically, this administrative regulation governs the allowable reimbursements a medical provider may charge, and a payment obligor pay, for physician services provided under KRS Chapter 342.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year:

The fee schedule in portable document format ("PDF") may be purchased for $75 for the first user and $60 for each user thereafter, or an electronic version for $175 for the first user and $60 for each user thereafter. There may be increased medical costs for self-insured employers; however, without knowing what medical services will be required, it is not possible to estimate any increase. Employers that have obtained a workers' compensation insurance policy will not experience expenditures outside of insurance premiums.

For subsequent years:

None, until the 2028 Workers' Compensation Medical Fee Schedule for Physicians is promulgated, if necessary, and it provides increased reimbursements.

2. Revenues:

For the first year:

None.

For subsequent years:

None.

3. Cost Savings:

For the first year:

None. There are no direct cost savings related to the 2026 Workers' Compensation Medical Fee Schedule for Physicians; however, ensuring that charges and fees are fair, current, and reasonable for similar treatment of injured persons in the same community for like services where treatment is paid for by general health insurers, helps ensure injured employees receive treatment by qualified medical providers while maintaining premium costs.

For subsequent years:

None. There are no direct cost savings related to the 2026 Workers' Compensation Medical Fee Schedule for Physicians; however, ensuring that charges and fees are fair, current, and reasonable for similar treatment of injured persons in the same community for like services where treatment is paid for by general health insurers, helps ensure injured employees receive treatment by qualified medical providers while maintaining premium costs.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation:

Minimal. Few reimbursement amounts were affected and all increases were limited to 7.5%.

(b) Methodology and resources used to reach this conclusion:

Review of the fee schedule and responses from stakeholders during a stakeholder meeting. All increases were limited to 7.5%. This administrative regulation governs the charges and reimbursement for medical treatment provided to injured employees. The CPT codes used in the Fee Schedule were updated to the 2026 version. The Fee Schedule is based on Fair Health Commercial Database Values at the 45th percentile with no fees in the 2026 Fee Schedule being reduced from those in the 2024 Fee Schedule and there was a 7.5% cap on any increase in rates over those in the 2024 Fee

Schedule for the same procedure code, with the exception of home health, which is designated By Report, and dental codes, which have no cap. Fair Health benchmarks are based on actual charge data as reported on claims, which are collected and aggregated from over 60 national and regional insurers across the country. After the data is run through a vigorous validation process, charges are organized by procedure code and geographic areas. The charges are arrayed from lowest to highest and assigned a percentile. In a case where the frequency of collected data for a particular procedure code/geographic area combination is not sufficient to produce a benchmark based on the actual data for that code, a benchmark is derived for that code using a relative value and conversion factor methodology applied to charges for codes in a related procedure code group. When necessary, usual and customary rates may also be obtained from a nationally recognized source that accounts for the rural areas of Kentucky.

The conversion factor for Anesthesia is $78.53. Increases to transportation fees are based upon current CMS values. Ground transportation is assigned 145% of Medicare and air transportation is assigned 210% of Medicare. Codes were added to this fee schedule at the request of the stakeholders for ease of billing and reimbursement purposes. There are 9,689 codes in the 2026 Kentucky Workers' Compensation Schedule of Fees for Physicians.

Employers that have obtained a workers' compensation insurance policy will not experience expenditures outside of insurance premiums.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):

No, it will not. There is no direct fiscal impact on state or local government because the fee schedule governs the cost of medical services between medical treatment providers and payment obligors. Where an employer is self-insured and directly paying workers' compensation benefits, there may be some increased costs for medical services; however, without knowing what medical services will be required, it is not possible to fully estimate the fiscal impact. Employers that have obtained a workers' compensation insurance policy will not experience expenditures outside of insurance premiums.

(b) The methodology and resources used to reach this conclusion:

Review of the fee schedule and responses from stakeholders during a stakeholder meeting. All increases were limited to 7.5%. This administrative regulation governs the charges and reimbursement for medical treatment provided to injured employees. The CPT codes used in the Fee Schedule were updated to the 2026 version. The Fee Schedule is based on Fair Health Commercial Database Values at the 45th percentile with no fees in the 2026 fee schedule being reduced from those in the 2024 Fee Schedule and there was a 7.5% cap on any increase in rates over those in the 2024 Fee Schedule for the same procedure code, with the exception of home health, which is designated By

Report, and dental codes, which have no cap. Fair Health benchmarks are based on actual charge data as reported on claims, which are collected and aggregated from over 60 national and regional insurers across the country. After the data is run through a vigorous validation process, charges are organized by procedure code and geographic areas. The charges are arrayed from lowest to highest and assigned a percentile. In a case where the frequency of collected data for a particular procedure code/geographic area combination is not sufficient to produce a benchmark based on the actual data for that code, a benchmark is derived for that code using a relative value and conversion factor methodology applied to charges for codes in a related procedure code group. When necessary, usual and customary rates may also be obtained from a nationally recognized source that accounts for the rural areas of Kentucky.

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