

# House Research Act Summary

**CHAPTER:** 43

**SESSION:** 2015 Regular Session

**TOPIC:** Electronic payments and payments for inpatient hospital treatment in workers' compensation

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## Section

- 1 Electronic transactions in workers' compensation.** Requires health care providers, workers' compensation insurers, and self-insured employers to take certain actions to facilitate electronic processing of workers' compensation related payments to health care providers. Allows the Department of Labor and Industry to assess fees for noncompliance and to make rules as necessary to implement the new provisions.
- 2 Limitation of liability.** Amends the provisions limiting employer liability for medical treatment of a workers' compensation claimant to conform to the new provisions in section 3.
- 3 Payment for inpatient hospital treatment.** Provides that hospitals and workers' compensation insurers (including self-insurers) must use certain Medicare payment systems to determine payment amounts for inpatient treatment at hospitals. Payments will be based on the MS-DRG system (Medicare severity – diagnosis related group), which classifies medical conditions based on severity and complexity of treatment.

**Subd. 1. Payment amount.** Provides workers' compensation payment for inpatient treatment and supplies must be based on the patient's diagnosis, using the MS-DRG system. Subject to the exceptions in subdivisions 2 and 3, maximum payment will be 200 percent of the amount paid by Medicare for the applicable DRG.

**Subd. 2. Payment for high-cost injuries.** Provides an exception to subdivision 1; if the hospital's charge exceeds \$175,000 (indexed for average price changes over time), payment must be 75 percent of the hospital's usual and customary charges.

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**Subd. 3. Payment for treatment at Critical Access Hospitals.** Provides an exception to subdivision 1. For Critical Access Hospitals, which must be in rural areas and 35 miles or more away from another hospital among other requirements, payment must be 100 percent of the hospital's usual and customary charges.

**Subds. 4 and 5. Prompt payments.** When hospitals submit an electronic bill, and a DRG applies, workers' compensation insurers must, within 30 days, deny the entire bill or pay 200 percent of the Medicare payment amount. Insurers may not request additional documentation or challenge particular line items in the bill.

**Subd. 6. Post payment audits.** Provides for post-payment audits, which must be initiated within six months of payment.

**Subd. 7. Study.** Requires DLI to conduct a study analyzing the impacts of the changes in this act and report back to the legislature in January 2018.

**Subd. 8. Rulemaking.** Authorizes DLI to make rules to implement this act as well as payment systems for outpatient services.

- 4 Payment of periodic monetary benefits by electronic funds transfer.** Requires employers and insurers responsible for payment of periodic monetary benefits under the workers' compensation laws to make those payments by electronic funds transfer to the recipient's bank, if the recipient requests. Allows the Department of Labor and Industry to assess fees for noncompliance.
- 5 Time limits for reporting death or serious injury.** Changes the time periods in which employers must report an employee death or serious injury. The changes are required to be in compliance with federal law.