

HOUSE RESEARCH

Bill Summary

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Subject: Workers' compensation insurance payments for inpatient hospital treatment

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Overview

This bill requires workers' compensation insurance payments to hospitals for inpatient treatment be based on a patient's diagnosis using the Medicare MS-DRG system. It was approved by the Workers' Compensation Advisory Council on April 7, 2015.

Section

- 1** **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 2.
- 2** **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.

Section

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 bill and report back to the legislature in January 2018.

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