

Designated contact employee training: Responsibilities and hospital fee schedules

The following represents required training for workers' compensation designated contacts. After you have read the FAQs, you must verify you completed this training via the designated contact portal.

Responsibilities, inpatient billing and hospital outpatient fee schedule

The Department of Labor and Industry (DLI) reminds clearinghouses, hospitals, insurers, self-insurers and third-party administrators that [Minnesota Statutes section 176.135, subdivision 9](#) requires each organization to have a designated employee to answer questions related to the submission or payment of medical bills.

The designated employee is responsible for: completing training about the submission or payment of medical bills; and responding within 30 days to written DLI inquiries related to the submission or payment of medical bills. An organization should make sure its designated contact employee understands the training materials and can respond to DLI inquiries. If your organization uses a bill review company, it is your responsibility to make sure the bill review company is correctly applying the law when processing medical bills on your behalf.

Failure to designate an employee under the statute, complete required training or respond to an inquiry from DLI may subject your organization to penalties under Minn. Stat. § 176.135, subd. 9 (d).

More reminders of the requirements for designated contacts are available on the ["Work comp: Designated contacts" webpage](#).

Inpatient hospital payment

For hospital inpatient discharges on or after Jan. 1, 2016, workers' compensation law requires payment for the hospitalization at 200% of the amount payable under the applicable PC-Pricer program or inpatient PPS Web Pricer developed by Medicare. For services on or after Oct. 1, 2021, the [Medicare inpatient PPS Web Pricer](#) must be used to calculate the amount payable.

The DRG law in [Minn. Stat. § 176.1362](#) does not apply to inpatient treatment at a critical access hospital or to treatment of "catastrophic injuries" above the dollar threshold amount that is annually adjusted each year. If services are payable under the DRG law, then a payer may not request medical records for the bill except in limited circumstances.

Inpatient hospital payment FAQs

1. When can a payer request medical records for an inpatient hospital bill prior to payment?

A payer can request medical records and documentation prior to payment of the inpatient bill in any one of the following situations:

- the bill is from a critical access hospital;
- the bill includes a charge that is for more than the applicable annual dollar threshold amount under Minn. Stat. § 176.1362, subd. 2;
- the bill was not sent electronically on an 837 institutional standard electronic transaction; and
- an MS-DRG does not apply to the hospitalization.

2. What are my options as a payer if a bill meets the requirements in question 1?

Within 30 days of receiving the bill from the hospital, the payer must:

- pay the bill at the maximum reimbursement of 200% of the amount calculated using the Medicare inpatient PPS Pricer;
- deny payment for the entire bill for one of the following reasons:
 - the workers' compensation injury claim is denied,
 - the diagnosis for which the patient is hospitalized does not relate to the work injury or
 - the hospitalization was not reasonably required to cure or relieve the employee from the effects of their injury under Minn. Stat. § 176.135 or corresponding rules; or
- the payer may not deny payment because medical records were not submitted with the hospital's bill.

3. Can a payer request medical records after the inpatient bill is processed?

Yes, after the bill is paid or denied as described in question 2, a payer may request medical records from the hospital. The hospital must release medical records to the employee, employer or insurer who are parties to the current claim for compensation within seven working days of receiving the request. The employee must receive written notice of the request for records at the time it is made.

4. What happens if a payer requests medical documentation for an inpatient hospital bill?

If an inpatient hospital bill is not paid or denied within 30 days because the payer requests medical documentation, then DLI may issue penalties and interest.

Hospital outpatient fee schedule

The hospital outpatient fee schedule (HOFS) law in [Minn. Stat. § 176.1364](#), applies to outpatient medical services at any hospital licensed by the Department of Health under Minn. Stat. § 144.50, *except* a hospital that is certified as a Critical Access Hospital by Medicare.

The HOFS payment applies to charges for hospital outpatient surgical, emergency room and clinic services that are listed in the HOFS table. HOFS includes only hospital outpatient services with either a J1 or J2 status indicator under Medicare's Outpatient Prospective Payment System (OPPS) for the specific Healthcare Common Procedure Coding System (HCPCS) code.¹ HOFS indicates whether a HCPCS code has a J1 or J2 status indicator and the law addresses how to correctly pay for charges depending on whether a bill contains one or more services with a J1 or J2 code. If the charges do not include a service listed in the HOFS table, payment is the amount under the relative value fee schedule in Minn. Stat. § 176.136, subd. 1a or the liability provided in Minn. Stat. § 176.136, subd. 1b, paragraphs (b), (c) and (e), if it is not listed in the relative value fee schedule table.

Outpatient hospital payment FAQs

1. Why are there two dollar-amounts for services in the HOFS table?

Minn. Stat. § 176.1364 requires that separate conversion factors be established for two categories: non-critical access hospitals of 100 or fewer licensed beds; and hospitals with more than 100 licensed beds.

The DLI website includes a link to the Minnesota Department of Health's [health care provider directory](#) that specifies which payment category a specific hospital falls under.

2. How do I know if a service listed in the HOFS has a J1 or J2 status indicator?

The HOFS table on the DLI website designates whether the service has a J1 or J2 status indicator. Services are listed by their HCPCS code.

3. What if the amount listed on the HOFS table is more than the hospital billed amount?

Pay the amount listed on the HOFS table. There may be occasions when the payable amount on the HOFS table is more than the billed amount.

¹Medicare primarily applies J1 status indicators to surgical HCPCS codes and J2 status indicators to emergency room codes.

More information

Additional information about the hospital inpatient payment and HOFS is [available on the "Work comp: Medical fee sechedule" webpage](#).

If you have further questions about medical fee schedules, contact DLI's medical policy staff at 651-284-5052 or medical.policy.dli@state.mn.us.