

Medical records in workers' compensation training

“Training” means reading this document. Designated contacts are required to verify completion of this training via a link emailed to them.

Background and purpose of this training

For hospital inpatient discharges on or after Jan. 1, 2016, the workers' compensation law requires payment for the hospitalization at 200 percent of the amount payable under PC-Pricer program developed for the Medicare MS-DRG system.¹ This DRG law does not apply to outpatient treatment or inpatient treatment by critical access hospitals or to treatment of catastrophic injuries more than a specified dollar amount (\$196,201 as of Oct. 1, 2017).²

The DRG law also prohibits insurers, self-insured employers and third-party administrators (“payers”) from requesting or requiring hospital records to support the hospital bill for inpatient treatment if certain requirements are met.

The purpose of this training is to provide background information about the requirements in the law and to answer frequently asked questions.

Background about workers' compensation medical records

The Minnesota workers' compensation law allows an insurer, self-insured employer or third-party administrator (“payers”) to obtain medical records related to a claim for workers' compensation benefits without the employee's authorization in two circumstances.

1. A health care provider may release medical records related to a *current* workers' compensation claim in writing or by telephone discussion to a party to a claim (the employee, employer or insurer) or to the Department of Labor and Industry without the prior approval of a party to the claim.³ For existing medical records, the employee must be sent written notice of the request for the records at the same time the request is made to the health care provider. For discussions with a health care provider, the employee must be provided written notice of the request for the discussion or written confirmation of a discussion with the

¹Minn. Stat. § 176.1362 (2016), www.revisor.mn.gov/statutes/?id=176.1362.

²This amount is updated every Oct. 1.

³See, Minn. Stat. § 176.138, paragraph (a) (2016). www.revisor.mn.gov/statutes/?id=176.138. A current claim for compensation is “any claim for compensation under Minnesota Statutes, chapter 176, for which benefits are currently being paid or are being claimed by an employee, whether or not a claim petition has been filed.” See, Minnesota Rules, part 5220.2810, subp. 2 (A) (2016), www.revisor.mn.gov/rules/?id=5220.2810.

health care provider. The payer must provide a copy of any medical records it receives to the employee or the employee's attorney. The medical data must be treated as private data by the party receiving the data.

2. A health care provider must bill the payer electronically in the standard electronic transaction format. Health care providers must also submit copies of medical records or reports with the bill that substantiate the nature of the charge and its relationship to the work injury. The medical records or reports must be submitted to the payer using the ASC "275" electronic attachment transaction. Health care providers may charge for copies of any existing medical records that relate to the billed treatment.⁴
3. **Exception:** A payer is prohibited from requiring an itemization of charges or additional documentation to support a hospital's bill when *all* of the following requirements are met⁵:
 - the bill is for hospital inpatient services;
 - the hospital is not a critical access hospital;
 - the hospital's total charges are less than the threshold amount for catastrophic injuries (\$196,201 as of Oct. 1, 2017) as annually adjusted;
 - the hospital submits its charges to the insurer on the 837 institutional (837I) standard electronic transaction⁶ required by Minnesota law; and
 - an MS-DRG applies to the hospitalization.
4. If *all* of the requirements in number three above are met, the payer must, within 30 days of receipt of the hospital's bill:
 - pay the bill at 200 percent of the amount calculated according to the applicable PC-Pricer; or
 - 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 was hospitalized is not related to the insurer's admitted injury, *or*
 - the hospitalization was not reasonably required to cure and relieve the employee from the effects of the injury under Minn. Stat. § 176.135 or corresponding rules.

Denying payment because medical records were not submitted with the hospital's bill is not permitted.

⁴See, Minn. Stat. § 176.135, subd. 7 and 7a (2016), www.revisor.mn.gov/statutes/?id=176.135.

⁵See, Minn. Stat. § 176.1362, subd. 4 (2016).

⁶See, Minn. Stat. § 62J.536 (2016), www.revisor.mn.gov/statutes/?id=62J.536.

Frequently asked questions

1. I am a claims administrator. When can I request medical records for an inpatient hospital bill?

You can request medical records and documentation prior to payment of the inpatient bill if *any one* of the following applies:

- the bill is from a hospital with a critical access designation;
- the bill is for more than the dollar threshold amount;
- the bill was not sent electronically on an 837I by a hospital without a critical access designation; or
- an MS-DRG does not apply to the billed service.

2. May I request medical records for the inpatient hospital stay after the bill is processed?

After the bill has been paid or denied according to the requirements in number four above, a payer may request medical records from the hospital. A health care provider, including a hospital, must release medical records to the employee, employer or insurer, who are parties to a current claim for compensation, within seven working days of receiving the request. The employee must be provided written notice of the request for records at the time it is made.

3. When can I request medical records for an audit if the MS-DRG included an outlier payment on the inpatient bill?

If the bill is paid within 30 days according to the PC-Pricer program, and the PC-Pricer program included an outlier charge, the insurer has six months after the date of the payment to request medical records for the audit. See, Minn. Stat. § 176.1362, subd. 6.

4. Can penalties be issued if a claims administrator requests medical documentation for an inpatient hospital bill?

Penalties may be issued if an inpatient hospital bill is not paid or denied within 30 days because an itemized bill or other medical documentation was not provided with the electronically submitted bill.

More information

If you have further questions about medical records, contact the Department of Labor and Industry's medical policy staff at (651) 284-5052 or medical.policy.dli@state.mn.us.