



Hospital Outpatient Fee Schedule (HOFS) timeliness update

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Background

- Minnesota Statutes § 176.1364, subdivision 6 – Study on accuracy and timeliness of bill payment
 - Based on the results of the study, the Workers' Compensation Advisory Council (WCAC) shall consider whether there is a minimum 80% compliance and any statutory amendments, including:
 1. a maximum 10% reduction in payments under HOFs; and
 2. an increase in indemnity benefits to injured workers.

Background, continued

- HOFS set at overall payment neutral in 2018
 - **Minn. Stat. § 176.1364, subd. 3 (b):** “The amount listed for each of the procedures in the HOFS as described in paragraph (a) shall be the relative weight for the procedure multiplied by a HOFS conversion factor that results in the same overall payment for hospital outpatient services under this section as the actual payments made in the most recent 12-month period available before Oct. 1, 2018.”
- Transition from charge-based fee regulation to fee schedule generally is implemented to control costs of medical payments; Legislation in 2018 foresaw future discussion on providing cost savings to system associated with HOFS implementation.

Findings from HOFs study

- Hospitals reported 67% of bills were paid timely.
- Payers reported 92% of bills were paid timely.

Timeliness revisited

- Hospitals and payers were asked to submit medical bill transaction data.
- Submissions were for the same time period as the original HOFS report.

Results of documentation submitted

- Forty-six direct hospital and payer matches (bills-EORs)
- Hospitals reported five of the 46 bills paid later than 30 days
 - 90% timely
- Payers reported three of the 46 bills paid later than 30 days
 - 94% timely

Results of documentation submitted, continued

- Where there is no direct hospital and payer matches (bills-EORs)
- Hospitals sent in 126 bills-EORs with 47 paid later than 30 days
 - 63% timely
- Payers sent in 69 bills-EORs with three paid later than 30 days
 - 96% timely

Summary

- While the individual bill results from hospitals and payers show similarities to the original study results, where the Department of Labor and Industry could compare the data from both hospitals and payers on the same encounter there was a high percentage of timeliness according to the statutory mandate.