

Proposed amendments to Minn. Stat. § 176.1362 for calculation of inpatient hospital bills

Revised draft for discussion at the WCAC meeting on Feb. 24, 2021

Minn. Stat. § 176.1362. Inpatient hospital payment.

1 Subdivision 1. **Payment based on Medicare MS-DRG system.**

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3 (a) Except as provided in subdivisions 2 and 3, the maximum reimbursement for inpatient hospital
4 services, articles, and supplies is 200 percent of the amount calculated for each hospital under the
5 federal Inpatient Prospective Payment System developed for Medicare, using the inpatient
6 Medicare PC-Pricer program or the Inpatient PPS Web Pricer for the applicable MS-DRG as provided
7 in this subdivision. All adjustments included in the PC-Pricer program or the Inpatient PPS Web
8 Pricer are included in the amount calculated, including but not limited to any outlier payments.

9 (b) Payment under this section is effective for services, articles, and supplies provided to patients
10 discharged from the hospital on or after January 1, 2016. Payment for services, articles, and
11 supplies provided to patients discharged on January 1, 2016, through December 31, 2016, must be
12 based on the Medicare PC-Pricer program in effect on January 1, 2016.

13 (c) For patients discharged on or after May 31, 2017, payment for inpatient services, articles, and
14 supplies must be calculated according to the PC-Pricer program identified on Medicare's website as
15 FY 2016.1, updated on January 19, 2016.

16 (d) For patients discharged on or after October 1, 2017, payment for inpatient services, articles, and
17 supplies must be calculated according to the PC-Pricer program or the Inpatient PPS Web Pricer
18 posted on the Department of Labor and Industry's website as follows:

19 (1) No later than October 1, 2017, and October 1 of each subsequent year until October 1,
20 2021 or 2022, the commissioner must post on the department's website the version of the
21 PC-Pricer program that is most recently available on Medicare's website as of the preceding
22 July 1. If no PC-Pricer program is available on the Medicare website on any July 1, the PC-Pricer
23 program most recently posted on the department's website remains in effect.

24 ~~(2)~~ The commissioner must publish notice of the applicable PC-Pricer program in the State
25 Register no later than October 1 of each year.

26 (2) Beginning on Oct. 1, 2021 or 2022, payment for inpatient services, articles, and supplies
27 must be calculated using the Inpatient PPS Web Pricer available on Medicare's website, using

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28 the applicable dates of inpatient hospitalization. The department must publish the link to the
29 Inpatient PPS Web Pricer on its website.

30 (e) The MS-DRG grouper software or program that corresponds to or is included with the applicable
31 version of the PC-Pricer program or Inpatient PPS Web Pricer must be used to determine payment
32 under this subdivision.

33 (f) Hospitals must bill workers' compensation insurers using the same codes, formats, and details
34 that are required for billing for hospital inpatient services by the Medicare program. The bill must
35 be submitted to the insurer within the time period required by section 62Q.75, subdivision 3. For
36 purposes of this section, "insurer" includes both workers' compensation insurers and self-insured
37 employers.

38 [See statute for subdivisions 2-5 <https://www.revisor.mn.gov/statutes/cite/176.1362>]

39 **Subd. 6. Postpayment audits; records; interest.**

40 (a) The insurer may conduct a postpayment audit if both of the following requirements are met:

41 (1) the insurer paid the hospital's bill within 30 days according to the PC-Pricer program or
42 Inpatient PPS Web Pricer amount described in subdivision 1; and

43 (2) the amount paid according to the PC-Pricer program or Inpatient PPS Web Pricer in
44 subdivision 1 included an outlier payment.

45 (b) If an audit is permitted under paragraph (a), the insurer must request any additional records
46 needed to conduct the audit within six months after payment. The records requested may include
47 an itemized statement of charges. Within 30 days of the insurer's request, the hospital must
48 provide the additional documentation requested. An insurer must not request additional
49 information from a hospital more than three times per audit.

50 (c) An insurer must pay the hospital interest at an annual rate of four percent if it is determined that
51 the insurer is liable for additional hospital charges following a postpayment audit. A hospital must
52 pay the insurer interest at an annual rate of four percent if it is determined that the hospital owes
53 the insurer reimbursement following the insurer's audit. Interest is payable by the insurer from the

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54 date payment was due under this section or section [176.135](#). Interest is payable by the hospital
55 from the date the overpayment was made.

56 Effective Date: This section is effective the day following final enactment.

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