

**ADVISORY NO. 325**  
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**TOPIC: COMPLIANCE & PRACTICES MEDICAL ISSUES**

We have noticed a dramatic increase in warning letters and violations having to do with alleged carrier failures to comply with various provisions of the Medical Rules. Some of the recurring violations monitored by our firm are identified below with a short description of the issue for each. We strongly recommend that you share this advisory with your medical bill payment vendors and any claims staff that may be handling medical issues on your behalf.

**Late Payment**

The most frequent violation has to do with late payments. Carriers must pay medical bills within 45 days, and for payments made after 59 days, carriers must pay interest.

**Negotiated Contracts**

Carriers may only utilize a negotiated contract discount with a healthcare provider if a negotiated contract exists between the carrier and the healthcare provider. Carrier X may not rely upon an agreement between the healthcare provider and Carrier Y. Some agreements are location specific. Thus, a bill payment vendor must be certain that the contract exists for the carrier involved, and that the contract exists for the location of the provider delivering the service.

**Claims Specific Denials**

Rule 133.304(c) was changed to prohibit a generic statement of defense to payments of healthcare provider bills, and to require a “sufficient explanation to allow the sender to understand the reasons for the carrier’s actions.” It is unclear whether TWCC will adopt a strict interpretation of this requirement. It would certainly be onerous for carriers to have to tailor claims specific denials on medical bills as is required for notice of refusals. Yet, that certainly appears to be the requirement in the rule. Healthcare providers are complaining about generic EOBs (TWCC-62s) and, for that reason, TWCC is addressing these on a case-by-case basis. You should certainly have no problem reducing a bill for a stated reason that it constitutes “unnecessary treatment” if the opinion is supported by a guideline recited in the bill, or supported by a peer review attached to the EOB. TWCC rules require that the insurance carrier “provide a copy of the peer reviewer’s report to the sender of the bill with the explanation of benefits.” Rule 133.304(h). Certainly, the failure to attach a peer review report to an EOB would constitute an inadequate explanation of the basis for the denial.

**Incomplete HCFA-1500s**

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Carriers must review the medical bill and determine whether or not the bill is “complete” within fourteen days of receipt. If the incomplete information can be supplied by a review of the carrier claim file, carriers now have a duty to complete the bill and process it. Compliance & Practices has inquired about the efforts made by carriers to determine incomplete information on returned bills and have requested a copy of any transmittal letter returning an invoice. TWCC is inquiring whether the notice specifies the reasons for the return of the bill.

**Requests for Reconsideration**

A healthcare provider must file a request for reconsideration as a predicate for dispute resolution. Carriers must respond to the request within 21 days.

**Denial of Voluntary Certification Efforts**

Voluntary certification of treatment is permitted by statute and by rule. A carrier may refuse to voluntarily certify medical care for any reason. However, it is less clear whether a carrier may prospectively decide that future medical treatment for a service not specified as requiring preauthorization is unreasonable and unnecessary. Carriers have a clear right to decline to voluntarily precertify a medical treatment, but should not respond to a request for voluntary certification by denying prospective medical care on the basis that it is unnecessary. When denying to certify future care for a nonpreauthorization service, carriers should respond with language substantively similar to the following:

Your request for voluntary certification of \_\_\_\_\_ is denied. If you perform this service, and submit appropriate billing and documentation for the service, we will retrospectively review the invoice in accordance with Commission Rules.