

ADVISORY NO. 369
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TOPIC: PROCESSING MEDICAL AFTER SUBROGATION OFFSET

In Advisory 2004-02, TWCC has instituted a new requirement. Following a third-party resolution in which the carrier has a subrogation offset or an “advance” as a result of the third-party’s payment of monies in excess of the carrier’s lien at the time of resolution, the healthcare providers are directed to continue submitting preauthorization requests and medical bills to the carrier and the carrier is directed to continue to process the request and bills even though the carrier will not be paying the medical bills because of the advance pursuant to TEX. LAB. CODE § 417.002.

This directive is prompted by the refusal of some carriers to resume benefits after the claimant has paid unaudited medical bills in amounts exceeding the Medical Fee Guidelines. Carriers have refused to recognize the full amount of the claimant’s payment inasmuch as the carriers would not have paid the same amount had the bills been submitted to the carrier. Since the carrier has refused to recognize the amount paid by the claimant as a satisfaction of the advance or offset, carriers will be required to process the bills, audit them, then refer the audited amount to the claimant to pay to the provider.

Of course, that requires carriers to process medical bills that they do not intend to pay. It is certainly an administrative inconvenience and expense. Nevertheless, TWCC believes it to be necessary because of the claimant’s inability to convince carriers to resume compensation benefits after the claimant’s payments.