

ADVISORY NO. 379
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TOPIC: TWCC ISSUES STAFF REPORT RE: HOSPITAL STOP LOSS CASES

In May of 2003, our firm sent out Advisory 350 reporting a new decision from SOAH applying the Hospital Fee Guideline to limit stop loss reimbursement of hospital fee bills to “unusual” cases. Because hospitals have substantially increased their charges, most bills now exceed the stop loss threshold. That was not the intention of the Commission when the adopted the 1997 HFG containing the exception to the standard per diem reimbursement.

In response to Chairman Mike Hachtman’s request, Allen McDonald, Director of the Medical Review Division, has issued a Staff Report announcing that TWCC will adopt this SOAH interpretation and require that hospitals prove that services provided by the hospital were unusually costly and unusually extensive.

The Hospital Fee Guideline states:

Stop loss is an independent reimbursement methodology established to insure fair and reasonable compensation to the hospital for *unusually costly services* rendered during treatment to an injured worker.

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This stop loss threshold is established to ensure compensation for unusually extensive services required during an admission.

Rule 134.401(c)(6).

To qualify for stop loss, the services provided by the hospital must be unusually costly to the hospital as opposed to unusually priced to the carrier. The services provided by the hospital (not by a physician attending a patient while in the hospital) must be unusually extensive. Exceptional cases will be entitled to reimbursement under the stop loss exception. If it is not unusual, reimburse at per diem plus carve outs.

Mr. McDonald identified extraordinary events to include “complications, infections, or multiple surgeries.” TWCC may also rely upon medical advice of the TWCC Medical Advisor, statistical surveys regarding length of stay, or other evidence based guidelines to identify unusual cases meriting reimbursement under the stop loss exception. The TWCC methodology is instructive for all bill reviewers.

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The rule has not changed in eight years. The Staff Report announced the analysis that TWCC will now follow in applying the rule. We have advocated this analysis since the SOAH decisions first supported it. We recommend that all clients apply this analysis to all hospital bills presented regardless of the date of the billing. If you have paid monies in excess of the amount owed under this analysis, we recommend requesting reimbursement from the hospital and if the overpayments are not reimbursed, to file a request for refund (TWCC 60) within one year from the date of service.