



Minnesota Hospital Association

## **Serious Reportable Adverse Health Care Event Billing Policy Recommendations and Guidance for Implementation**

January 2008

The Minnesota Hospital Association (MHA) has been working with hospital members and payers to develop recommendations and guidance for implementing the Serious Reportable Adverse Health Care Event Billing Policy. In September, Minnesota became the first state to announce a statewide approach to billing for care made necessary by an adverse event.

This guidance builds on the practices hospitals currently have in place to handle billing for adverse events. The recommendations in this document serve only as guidance collected from discussions with hospitals and payers. As we gain experience with the billing policy, we expect that the recommendations and guidance will evolve and expand as various scenarios are encountered. If hospitals and payers find more effective methods for implementation, they are encouraged to share these learnings with MHA.

### **Clarifications**

- The Serious Reportable Adverse Health Care Event (AHE) Billing Policy applies only to the 28 Serious Reportable Adverse Health Care Events as defined under Minnesota’s Adverse Health Care Event Reporting Law.
- The policy does not apply to the entire episode of care – only the care made necessary by the events.
- The AHE Billing Policy does not apply if, after investigation by the hospital, it is determined that the event was not preventable by the hospital.
- The policy applies only to hospital services that would be billed by the hospital. Hospitals are encouraged to collaborate with other providers to the extent possible to minimize the financial impact to patient and payers.
- If there is a settlement, the terms of the settlement supersede the billing policy.
- The policy outlines the following services covered under this policy:
  - If re-admission is caused by a Serious Reportable Adverse Health Care Event (AHE) that occurred in that same facility, services provided directly related to that AHE will not be billed for the entire stay.
  - If an incorrect procedure is performed (e.g., a wrong site surgery), the incorrect procedure will not be billed.
  - If an additional procedure is performed to correct an error in the previous procedure (e.g. an object is retained during surgery), charges related to the additional procedure will not be billed.
  - If an AHE results in an increased LOS, level of care or significant intervention, the facility will “split out” those additional charges and either not bill them initially (if possible) or make the adjustments with the payer/patient as soon as possible.

- a. In the case of payers using the DRG system, if the AHE results in a higher DRG, adjustments will be made to bill for the lower DRG.

**Click below to view an outline of the Billing Implementation Process:**  
[\[Implementation Process Outline: PDF\]](#)

**Additional Issues and Recommendations**  
*(Recommendations will be added as additional issues are identified)*

<b>Issue</b>	<b>Reference</b> <i>(CTRL-click on link)</i>
Billing for Follow-up Care	– <a href="#">Recommendation 1</a>
DRG System Billing	– <a href="#">Recommendation 2</a>
AHEs Discovered from Previous Facility	– <a href="#">Recommendation 3</a>
Patient Transfers	– <a href="#">Recommendation 4</a>

## References

### Recommendation 1:

*Question/Issue Addressed:* If there are services needed beyond the current episode of care related to the Serious Reportable Adverse Health Care Event, how does this policy apply beyond discharge?

*Recommendation/ Guidance:*

- Short-term follow-up: Flag patient and review charges for billing.
- Long-term follow-up: Review on case by case basis for further claim settlement or judgment.
- If there is a settlement, the terms of the settlement supersede the billing policy.

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### Recommendation 2:

*Question/Issue Addressed:*

- How can adjustments be made for patient billing under the DRG system?

*Recommendation/ Guidance:*

- If all charges should be waived: Submit claim to payer with zero balance bill.
- If partial billing: Carve out any care related to the Serious Reportable Adverse Health Care Event that would put the episode of care in to a higher DRG and submit to payer the codes with zero charges for those codes.
- Include in the remarks section of the bill: “the following codes being submitted that have “0” charges should not be included in the calculation of the DRG payment.”

### **Recommendation 3:**

*Question/Issue Addressed:*

- If a facility is treating a patient and a Serious Reportable Adverse Health Care Event is discovered that occurred in a previously facility, how are the charges handled?

*Council Recommendation/  
Guidance:*

- The treating facility would bill payer for services.
- The treating facility notifies the previous facility.
- The previous facility should handle on a case by case basis with the payer and send an adjusted claim or refund to payer and patient if appropriate.

### **Recommendation 4:**

*Question/Issue Addressed:*

- If an adverse event occurs in one facility and the patient needs to be transferred to another facility, how are the charges in the second facility handled?

*Council Recommendation/  
Guidance:*

- Receiving facility should submit bills to payer for services rendered.
- The originating facility should submit bills to payer for services rendered.
- The originating facility should notify the payer that there may be charges that would necessitate the case going through the payer's subrogation process and work on a case by case basis with the payer.
- If transfer is not due to patient choice, patient should be encouraged to send related bills for "out-of-pocket" expenses to originating facility.
- In some cases, a claim settlement or judgment may be involved.