



Minnesota Hospital Association

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

**September 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.

Overarching Principles:

- 1) Encourage reporting of adverse health events in a culture of “if in doubt – report” to facilitate shared learning from reported events with a goal of preventing events from occurring.
- 2) Hospitals do not expect payment from patients or payers for care made necessary by a preventable adverse health care event.
- 3) Implementation of the billing policy is conducted collaboratively between hospitals and payers to create a system that achieves the goals of the billing policy while also supporting the goal of the adverse event reporting system.

### **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 or legal agreement, the terms of the settlement or agreement 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)*

Issue	Reference <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>
Payer/Provider Communication	– <a href="#">Recommendation 5</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 or legal agreement reached, the terms of the settlement or agreement supersede the billing policy.

[^top](#)

## Recommendation 2:

- Question/Issue Addressed:*
- How can adjustments be made for patient billing under the DRG system?
- Recommendation/ Guidance:*
- If partial billing: Carve out any care related to the Serious Reportable Adverse Health Care Event.
  - Populate the Billing Note at the claim level in NTE02 to state “Adverse Health Event Present”.
  - Use E-codes to report the external cause of injury if one is appropriate for the event that occurred.
  - Populate the Present on Admission indicator for only those diagnoses that were present at the time of admission.
  - Report charges for the services related to the Adverse Health Care Event either as a zero billed charge or by putting the charge amount also into the non-covered amount.

This billing practice has been approved by the Administrative Uniformity Committee and is posted at:

<http://www.health.state.mn.us/auc/bstprac06.pdf>

[^top](#)

## 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 should submit bills to payer for services rendered.
  - The treating facility should notify the facility in which the AHE occurred of the event.
  - The facility in which the AHE occurred should submit bills or may have already submitted bills to payer for services rendered.
  - The facility in which the AHE occurred 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.

[^top](#)

#### **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.

[^top](#)

#### **Recommendation 5:**

*Question/Issue Addressed:* • If there are questions about the process or regarding specific claims, who do payers or hospitals contact?

*Council Recommendation/ Guidance:*

- Hospitals and payers will appoint a point person for the AHE Billing Policy to facilitate communication regarding questions and individual cases.

[^top](#)