



Position Paper

Invalid hospital bed claims to insurers

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Prepared by

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Hospital Claims - Preferred Accommodation

There is a crisis in health care and it is increasingly affecting the costs of private health plans. One of the areas affected is hospital benefits. The information in this discussion paper is of critical importance to the employers/plan sponsors who fund hospital plans and to the employees/plan members who have hospital stays.

Many Private Insurance/Benefit Payers Companies (Insurers) have been experiencing an increase in what they consider to be inappropriate claims from many hospitals. Provinces of specific concern are Ontario, Alberta, British Columbia and Quebec, although there are issues in most, if not all, of the remaining provinces.

According to the CHCAA's interpretation, the Ontario Health Insurance Act requires that public hospitals must provide overnight accommodation at the standard ward level at no charge to the patient. If a standard ward is not available, they must provide their next lowest available accommodation, at no charge to the patient. If the patient's doctor feels it is necessary for the patient to stay in a semi-private or private room for the benefit of the patient or other patients, the patient cannot be charged.

For your specific province's provincial health acts please see website links listed [here](#).

In addition, The Canada Health Act states that all Canadians are entitled to the level of accommodation required by the patient's medical condition at no charge. Funding - including Federal Transfer Payments - for these scenarios is provided to the hospitals by the province. Federal funding for provincial health plans requires compliance with the federal act.

Let us look at some scenarios, taken from real life examples:

Assume the patient has semi-private coverage. A semi-private room consists of two beds per enclosed room, as defined by the Canadian Life and Health Insurance Association and some provincial health acts.

Scenario 1: Hospital bills Insurer semi-private rate for a room with three or more beds.

Scenario 2: Patient stays in a semi-private room. The hospital has no three- or four-bed wardrooms on the unit where the patient is placed.

The hospital has the patient sign an agreement for direct billing to the Insurer, or the hospital charges the patient directly (with the expectation that the patient will make a claim) because the hospital knows that the patient has insurance,

Or

The hospital presents an Admission Form to the patient, which shows choices of semi-private and private accommodation. Patients who have semi-private coverage choose the semi-private option, not realizing that there should be no charge for this option. The non-availability of wardrooms results in semi-private rooms becoming their standard accommodation, for which there should be no charge to any patient.

Scenario 3: The hospital has no wardrooms available at time of admission because they are full.

Patient requests ward but there are none available. Patient is automatically placed in a semi-private or private room, and the hospital bills the Insurer because the hospital knows that the patient has some level of hospital benefit coverage.

In all of the above cases, this is inappropriate billing since the semi-private or private room is the lowest level of accommodation. As such, a patient without insurance would not be charged.

Scenario 4: Patient has limited hospital coverage (e.g. a dollar maximum/day or a percentage of the daily room rate).

The hospital and patient agree that the hospital can bill the Insurer for the limited coverage but the patient will not be required to pay the balance.

This is inappropriate billing because benefit plans agreements purchased by employers/plan sponsors require that hospitals collect the balance from patients so that there is a sharing of costs between the patients and employers/plan sponsors.

Scenario 5: Patient is in a private room due to his/her medical condition (e.g. a contagious disease), in intensive care, palliative care or any other area requiring an elevated level of care. This placement is not as a result of the patient's choice of accommodation. Some hospitals ask the patient

to sign an accommodation request form selecting semi-private or private accommodation and the hospital, then bill the Insurer for whatever level of coverage the patient has.

This is inappropriate billing. Note, however, that Quebec legislation may allow this form of billing.

Scenario 6: Patient is in a wardroom, hallway or emergency room. Patient requests semi-private or private accommodation but no such accommodation is available/provided. Hospital bills Insurer for private or semi-private accommodation even though the patient does not occupy a semi-private or private room. This is of particular concern in under-serviced areas.

Scenario 7: Patient does not request semi-private or private accommodation. Hospital bills the Insurer for semi-private or private accommodation.

Scenario 8: Hospital bills for holding a bed in a semi-private or private room while the patient is at home on a day/weekend pass, or in another area of the hospital.

Scenario 9: Hospital bills Insurers for full semi-private or private accommodation charges when the actual cost of accommodation is lower than the cost of semi-private or private accommodation due to the patient being in rehabilitative care, convalescent care, chronic care, or an alternative level of care.

Scenario 10: Hospital bills Insurer for both day of admission to and day of discharge from the semi-private or private accommodation. The hospital should be billing for one or the other but not both.

Scenario 11: Hospital bills Insurer for semi-private / private accommodation when the patient requests and receives ward accommodation.

In all the above scenarios a patient without insurance would not be charged. Remember, insurance covers financial loss... without insurance, there would be no financial loss.

A Related Issue

In some situations where Insurers decline claims based on the previous examples, they are finding that certain hospitals are charging the declined claim to the patient's / employee's credit card. If there is no credit card, they are billing the patient directly. In either situation, if the patient

disputes the claim, some hospitals are placing the patient's account into collection.

This creates an untenable position for patients who go to hospitals and, using the above example, stay overnight in a semi-private room or private room fully expecting charges to be covered, either by OHIP or their benefit plan.

Closing Thoughts

If Insurers or third party administrators pay what they consider to be eligible claims that are, in fact, ineligible claims, employers'/plan sponsors' claims experience increases more than it should resulting in higher costs to the plan. If the Insurers decline the claims, the employees/members may be put in the situation of having to pay/dispute an expensive claim they did not anticipate having to pay. In effect, they are caught in the middle of a payment dispute without having any clout in the matter.

In the province of Ontario, Insurers are active on a task force that includes member hospitals of the Ontario Hospital Association. Insurers are eager to work with all the provincial hospital associations.

What can we do? The CHCAA believes it is the responsibility of the Health Ministries to become part of this important discussion. To that end, Insurers, through both the Canadian Life & Health Insurance Association (CLHIA) and the Canadian Health Care Anti-Fraud Association (CHCAA), are making overtures to address this issue. For example, both organizations have met with the Ontario Assistant Deputy Minister.

The CHCAA is continuing to work with providers, Insurers and the government to resolve the situation. It is doing its best to ensure employers/plan sponsors as well as employees/plan members are treated fairly by helping to control benefit expenses. As well, the CHCAA is encouraging all stakeholders to increase their awareness of the issues and to become more knowledgeable as far as what they can do to help bring this situation to a timely conclusion.