

Hospital outpatient fee schedule (HOFS) – errors on bills with one or more J1 service

Payment errors	Correct payment practice
Category 1: Paying rates other than those in the HOFS table for a J1 service	
<p>The insurer paid:</p> <ul style="list-style-type: none"> • for a J1 service at the amount of the line charge; • for a J1 service at 85% of the line charge; • for a J1 service using the relative-value fee schedule; or • 85% of the HOFS amount for a J1 service. 	<ul style="list-style-type: none"> • If a service is included on the HOFS table with a J1 status indicator, then the amount paid must be the amount listed (for the applicable hospital size) in the HOFS table, regardless of the amount charged. • If the bill includes more than one service listed in the HOFS table with a J1 status indicator, pay the service with the highest amount in the HOFS table at 100% of that amount and pay any other service with a J1 status indicator at 50% of its HOFS amount, regardless of the amounts charged. • With one exception, other services (without a J1 status indicator) are packaged and not paid separately.¹
Category 2: Paying for packaged services	
<p>On a bill with one or more J1 services, the insurer paid for a non-J1 service (a surgical or nonsurgical service or one without a HCPCS code) without an H status indicator (for example, by using the relative value fee schedule, paying at a percentage of charge or paying the line charge).</p>	<ul style="list-style-type: none"> • When a bill includes one or more services with a J1 status indicator, no separate payment is made for any non-J1 service, including services listed in the HOFS with a J2 status indicator.² • Payment for other services is packaged into payment for the service or services with the J1 status indicator.

¹Under Minnesota Statutes § 176.1364, subdivision 5, if an implantable device with an H status indicator is included on a bill with a J1 service, and is properly billed with another HCPCS code if required under Medicare’s OPPS system, it is paid at 85% of the hospital’s usual and customary charge for that device. Services with an H status indicator in the HOFS, if any, will be identified in the HOFS table. The HOFS is updated each Oct. 1 to include any codes payable under Minn. Stat. § 176.1364, subd. 5.

²See note 1.

Category 3: Unawareness of HOFs requirements and updates

The insurer:

- paid the overall bill at 85% of the total charge;
- paid the overall bill at 100% of the total charge; or
- used the payment rate for the wrong hospital size for a J1 service.

- Hospital outpatient services must be paid according to HOFs table and the statutory language in Minnesota Statutes § 176.1364.
- Payment for J1 and J2 hospital outpatient services, where applicable, is the amount listed in the HOFs table, regardless of the amount charged.
- Under Minn. Stat. § 176.1364, subdivision 3 (b), the Department of Labor and Industry is required to establish separate payment rates for HOFs services at noncritical access hospitals of 100 or fewer licensed beds and for hospitals with more than 100 licensed beds.
- Use the [Minnesota Department of Health directory](#) to determine hospital size to make sure you are paying the correct HOFs rate for the hospital that provided the service.