



State of Missouri

John Ashcroft, Governor


Department of Economic Development

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Bulletin Number 90-10

**TO:** All Companies Transacting Insurance Business in the State of Missouri  
**FROM:** Lewis E. Melahn, Director   
**RE:** Medical Claims Consultants/Billing Audit Services  
**DATE:** October 4, 1990

It has come to the attention of the Missouri Division of Insurance that numerous companies are utilizing the services of external medical claims consultants. These services are being rendered in conjunction with both accident and health coverages and casualty coverages.

**RESCINDED AND INOPERATIVE**

The services include evaluation of the claim to determine the reasonableness of the medical charge when compared to "the usual and customary" amount charged for like medical care.

Additionally, the services often include providing legal assistance to the recipient of the care if the medical care providers indicate that they intend to pursue the recipient for any remaining balance above the allowed "usual and customary" amount.

The legalities of such practices are still under consideration by the MDI. The utilization of such services raises numerous questions regarding contingent financial liabilities and inappropriate extension of contractual coverages by the insurance companies.

However, as an immediate issue, the MDI does feel that organizations providing these services would be subject to the requirements of Missouri's third party administrator laws (section 375.925 to 375.929 RSMo Cumulative Supplement, 1989) as pertains to life, health or workers' compensation coverage.

Consequently, any licensed accident and health insurance company utilizing the services of an independent medical billing review firm should require proof that the firm is appropriately registered as a TPA.

If you have any questions, contact Charles F. Renn, Deputy Director of Company Regulation at 314-751-2562.