

THIS DECISION HAS BEEN APPEALED. THE FOLLOWING IS THE RELATED SOAH DECISION NUMBER:

SOAH DOCKET NO. 453-04-5186.M5

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Division regarding a medical fee dispute between the requestor and the respondent named above. This dispute was received on 7-7-03.

**I. DISPUTE**

Whether there should be reimbursement for inpatient hospital services.

**II. FINDINGS**

- a. The request for medical dispute resolution was received by the Medical Review Division on 7-7-03. Based upon Rule 133.305 and 133.307 the disputed dates of service 7-5-02 and 7-6-02 were submitted untimely and will not be considered in this Findings and Decision.
- b. The respondent’s representative, Forte, gave preauthorization approval on 6-11-02 for an inpatient hospital stay of three (3) days. Then on 7-9-02, an additional two (2) days were authorized. Forte gave preauthorization approval for a total length of stay of 5 days. Therefore, the insurance carrier violated Rule 133.301(a) by retrospectively denying preauthorized treatment based upon not medically necessary.
- c. The respondent denied reimbursement based upon “F – Payment based on the assigned Per Diem amount per the 1997 Texas Inpatient Hospital Fee Guideline; F – Payment based on the Assigned Per Diem amount per the Texas hospital fee schedule; M – Payment reduced according to fair and reasonable; V Payment has been denied because the carrier deems the treatment(s) and/or service(s) to be medically unreasonable and or unnecessary based on a peer review judgment; G – Payment for these services is included in the Per Diem amount; and M – The amount charges exceeds the maximum usual and customary fee for the same
- d. The Provider billed the insurance carrier \$116,175.60 for inpatient hospitalization 7-5-02 through 7-10-02. Based upon the itemized bill, the total amount billed from 7-7-02 through 7-10-02 was the following:

Room and Board \$715.00 X 3 =	\$2,145.00
Supplies	\$ 164.50
Supplies	\$1,510.85
Supplies	\$ 470.35
Supplies	\$1,810.67
Supplies	\$ 709.24
Supplies	\$ 529.56
Pharmacy	\$3,061.80
<b>TOTAL</b>	<b>\$10,401.97</b>

- e. The insurance carrier paid \$22,432.40 for inpatient hospitalization from 7-5-02 through 7- 10-02.
- f. The claimant was admitted on 7-5-02 with a principal diagnosis of 722.10 for spinal surgery to \_\_\_\_.

### III. RELEVANT STATUTE

- a. Rule 134.401(b)(1)(B), “Inpatient services – Health care, as defined by the Texas Labor Code § 401.011(19), provided by an acute care hospital and rendered to a person who is admitted to an acute care hospital and whose length of stay exceeds 23 hours in any unit of the acute care hospital.”
- b. Rule 134.401(b)(1)(F), “Stop-Loss Payment – An independent method of payment for an unusually costly or lengthy stay.”
- c. Rule 134.401(b)(1)(G), “Stop-Loss Reimbursement Factor (SLRF) – A factor established by the Commission to be used as a multiplier to establish a reimbursement amount when total hospital charges have exceeded specific stop-loss thresholds.”
- d. Rule 134.401(b)(1)(H), “Stop-Loss Threshold (SLT) – Thresholds of total charges established by the Commission, beyond which reimbursement is calculated by multiplying the applicable Stop-Loss Reimbursement Factor by the total charges identifying that particular threshold.”
- e. Rule 134.401(c)(6), “Stop-Loss Method. Stop-loss is an independent reimbursement methodology established to ensure fair and reasonable compensation to the hospital for unusually costly services rendered during treatment to an injured worker. This methodology shall be used in place of and not in addition to the per diem based reimbursement system. The diagnosis codes specified in (c)(5) are exempt from the stop-loss methodology and the entire admission shall be reimbursed at a fair and reasonable rate.”
- f. Rule 134.401(c)(5), “Reimbursement for Certain ICD-9 Codes. When the following ICD-9 diagnosis codes are listed as the primary diagnosis, reimbursement for the entire admission shall be at a fair and reasonable rate:
  - (A) Trauma (ICD-9 codes 800.0 – 959.50);
  - (B) Burns (ICD-9 codes 940 – 949.9); and
  - (C) Human Immunodeficiency Virus (HIV) (ICD-9 codes 042 – 044.9).”
- g. Rule 134.401(c)(6)(A)(i), “To be eligible for stop-loss payment for the total audited charges for a hospital admission must exceed \$40,000, the minimum stop-loss threshold.”

- h. Rule 134.401(c)(6)(A)(iii), “If audited charges exceed the stop-loss threshold, reimbursement for the entire admission shall be paid using a Stop-Loss Reimbursement Factor (SLRF) of 75%.
- i. Rule 134.401(c)(6)(A)(v), “Audited charges are those charges which remain after a bill review by the insurance carrier has been performed. Those charges which may be deducted are personal items (e.g., telephone, television). If an on-site audit is performed, charges for services which are not documented as rendered during the admission may be deducted. Items and services which are not related to the compensable injury may be deducted. The formula to obtain audited charges is as follows: Total Charges – Deducted Charges = Audited Charges.
- j. Rule 134.401(c)(6)(B), “Formula. Audited Charges X SLRF – WCRA.”

#### IV. RATIONALE

- a. Based upon the EOB the total charges were \$116,175.60 for inpatient hospitalization. Per Rule 134.401(c)(6)(A)(i), to be eligible for stop-loss payment the total audited charges for a hospital admission must exceed \$40,000. \$116,175.60 exceeds \$40,000; therefore, the stop loss methodology applies to this admission.
- b. The principal diagnosis noted on the UB-92 was 722.10. Per Rule 134.401(c)(6), diagnosis code 722.10 is not a diagnosis identified in section (c)(5). Therefore, the inpatient hospitalization is not exempt from the Stop-loss methodology.
- c. Based upon the submitted records, the insurance carrier did not perform an on-site audit per Rule 134.401(c)(6)(A)(v).
- d. Based upon the EOBs the insurance carrier paid for inpatient hospitalization, based upon fair and reasonable reimbursement and per-diem. Per Rule 134.401(c)(6), Stop-loss methodology shall be used in place of and not in addition to the per diem based reimbursement system. The insurance carrier did not reimburse the provider based upon stop-loss methodology.
- e. Based upon the EOB the insurance carrier paid \$3354.00 for Room-Board/Semi and \$19,078.40 for supply/implants for a total reimbursement of \$22,432.40. The Medical Review Division reviewed the itemized statement and the supply/implant was rendered on 7-5-02, which is not eligible for review. Based upon a five day stay, the insurance carrier paid the provider \$670.80 per day. The total amount reimbursed of \$670.80 X three (3) days = \$2,012.40. The insurance carrier paid \$2,012.40 for dates of service 7-7-02 through 7-10-02.
- f. The total amount billed for dates of service 7-7-02 through 7-10-02 was \$10,401.97.

- g. Per Rule 134.401(c)(6)(B), the Stop-Loss Formula results in an appropriate reimbursement of  $\$10,401.97 \times 75\% = \$7,801.48$ .
- h. Since the insurance carrier paid \$2,012.40 for dates of service 7-7-02 through 7-10-02. The difference between appropriate reimbursement of \$7,801.48 and amount paid of \$2,012.40 = \$5,789.08.

#### V. DECISION & ORDER

Based upon the review of the disputed healthcare services within this request, the Division has determined that the requestor **is** entitled to reimbursement for inpatient hospitalization in the amount of **\$ 5789.08**. Pursuant to Sections 402.042, 413.016, 413.031, and 413.019 the Division hereby ORDERS the Respondent to remit **\$5,789.08** plus all accrued interest due at the time of payment to the Requestor within 20 days receipt of this Order.

The above Findings, Decision and Order are hereby issued this 04th day of March 2004.

Elizabeth Pickle  
Medical Dispute Resolution Officer  
Medical Review Division

Roy Lewis, Supervisor  
Medical Dispute Resolution  
Medical Review Division