MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

PART I: GENERAL INFORMATION

Type of Requestor: (X) HCP ( ) IE ( ) IC	**Response Timely Filed?** () Yes (X) No
Requestor Spring Branch Medical Center c/o Hollaway & Gumbert 3701 Kirby Dr., Ste. 1288 Houston, TX 77098-3926	MDR Tracking No.: M4-05-1531-01 TWCC No.: Injured Employee's Name:
Respondent Texas Mutual Insurance Co. Rep. Box # 54	Date of Injury: Employer's Name: Mechanical Contracting Services Insurance Carrier's No.: 99C-323818

PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
10-27-03	11-2-03	Inpatient Hospitalization	$27,517.27	$24,681.95

PART III: REQUESTOR'S POSITION SUMMARY

Carrier failed to pay per TWCC Rule 134.401 Acute Care Inpatient Hospital Fee Guideline and SOAH decision 453-04-3600.M4…Per TWCC Rule 134.401(c)(6)…claim pays @ 75% of total charges as charges exceed $40,000.00 stop-loss threshold. Carrier further failed to audit according to TWCC Rule 134.401(C)(6)(A)(v).

PART IV: RESPONDENT'S POSITION SUMMARY

Position statement not submitted.

PART V: MEDICAL DISPUTE RESOLUTION REVIEW SUMMARY, METHODOLOGY, AND/OR EXPLANATION

This dispute relates to inpatient services provided in hospital setting with reimbursement subject to the provisions of Rule 134.401 (Acute Care Inpatient Hospital Fee Guideline). The hospital has requested reimbursement according to the stop-loss method contained in that rule. Rule 134.401(c)(6) establishes that the stop-loss method is to be used for "unusually costly services." The explanation that follows this paragraph indicates that in order to determine if "unusually costly services" were provided, the admission must not only exceed $40,000 in total audited charges, but also involve "unusually extensive services."

Operative report indicates claimant underwent, "Subtotal laminectomy L5-S1, foraminotomy bilateral L5-S1, diskectomy bilateral L5-S1, posterior lumbar interbody fusion L5-S1 using autogenous bone graft and allograft, posterolateral fusion L5-S1 using autogenous iliac crest bone graft, segmental spinal fixation using EBI pedicle screw and rod system, spinal instrumentation performed under fluoroscopic control, harvesting left iliac crest bone graft for spinal fusion, reconstruction of left iliac crest with cancellous allograft."

Discharge summary indicates that, "Surgery went uneventfully. Postoperatively, this patient started having high fevers and the second day postop he was treated as atelectasis, then continued with high fevers and also significant congestion and occasional productive cough. It was not until the fourth day postop that I decided to perform an x-ray since CBC showed elevated white count of 17,000…This x-ray showed bilateral basilarly infiltrates consistent with pneumonia."

After reviewing the documentation provided by both parties, it **does** appear that this particular admission involved "unusually extensive services." In particular, this admission resulted in a hospital stay of 6 days based upon claimant had pneumonia. Accordingly, the stop-loss method does apply and the reimbursement is to be based on the stop-loss methodology.

The requestor billed $59,326.91 for the hospitalization. In determining the total audited charges, it must be noted that the insurance carrier has indicated some question regarding the charges for the implantables. The requestor billed $20,530.00 for the implantables.

The carrier paid $7,659.30 for the implantables based on a cost plus 10% approach. The key issue is what amount would represent the usual and customary charges for these implantables in determining the total audited charges. The requestor did not provide the Commission with any documentation on the actual cost of implantables or how their charges were derived.

Based on a review of numerous medical disputes and our experience, the average markup for implantables in many hospitals is 200%. Since the requestor did not present any documentation supporting their cost or charge, we will apply this average mark-up to the cost amount derived from the carrier's payment in order to determine the amount to use in the total audited charges. Based on a reimbursement of $7,659.30, it appears that the carrier found that the cost for the implantables was $6,963.00 (reimbursed amount divided by 110%). This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to $13,926.00.

The audited charges for this admission, excluding implantables, equals $38,796.91. This amount plus the above calculated audited charges for the implantables equals $52,722.91, the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to $39,542.18.

Based on the facts of this situation, the parties' positions, and the application of the provisions of Rule 134.401(c), we find that the health care provider is entitled to additional reimbursement amount for these services equal to $24,681.95 ($39,542.18 minus amount paid $14,860.23).

PART VI: COMMISSION DECISION AND ORDER

Based upon the review of the disputed healthcare services, the Medical Review Division has determined that the requestor is entitled to additional reimbursement in the amount of $24,681.95. The Division hereby **ORDERS** the insurance carrier to remit this amount plus all accrued interest due at the time of payment to the Requestor within 20-days of receipt of this Order.

Ordered by:

	Allen McDonald, Director	May 04, 2005
Authorized Signature	Typed Name	Date of Order

Decision by:

	Elizabeth Pickle	May 04, 2005
Authorized Signature	Typed Name	Date of Order

PART VII: YOUR RIGHT TO REQUEST A HEARING

Either party to this medical dispute may disagree with all or part of the Decision and has a right to request a hearing. A request for a hearing must be in writing and it must be received by the TWCC Chief Clerk of Proceedings/Appeals Clerk within 20 (twenty) days of your receipt of this decision (28 Texas Administrative Code § 148.3). This Decision was mailed to the health care provider and placed in the Austin Representatives box on _____. This Decision is deemed received by you five days after it was mailed and the first working day after the date the Decision was placed in the Austin Representative's box (28 Texas Administrative Code § 102.5(d)). A request for a hearing should be sent to: Chief Clerk of Proceedings/Appeals Clerk, P.O. Box 17787, Austin, Texas, 78744 or faxed to (512) 804-4011. A copy of this Decision should be attached to the request.

The party appealing the Division's Decision shall deliver a copy of their written request for a hearing to the opposing party involved in the dispute.

Si prefiere hablar con una persona in español acerca de ésta correspondencia, favor de llamar a 512-804-4812.

PART VIII: INSURANCE CARRIER DELIVERY CERTIFICATION

I hereby verify that I received a copy of this Decision in the Austin Representative's box.

Signature of Insurance Carrier: _____ Date: _____