

# MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

## PART I: GENERAL INFORMATION

<b>Type of Requestor:</b> <input checked="" type="checkbox"/> HCP <input type="checkbox"/> IE <input type="checkbox"/> IC		<b>Response Timely Filed?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requestor's Name and Address Spring Branch Medical Center c/o Hollaway & Gumbert 3701 Kirby Drive, Ste. 1288 Houston, TX 77098		MDR Tracking No.: M4-05-2666-01	
		TWCC No.:	
		Injured Employee's Name:	
Respondent's Name and Address ZURICH AMERICAN INSURANCE CO PO BOX 13367 AUSTIN TX 78711-3367  Austin Commission Representative Box 19		Date of Injury:	
		Employer's Name: George M. Construction Inc.	
		Insurance Carrier's No.: 900000273	

## PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
12/08/03	12/15/03	Inpatient Hospitalization	\$35,513.26	\$0.00

## PART III: REQUESTOR'S POSITION SUMMARY

Spring Branch Medical Center's request for medical dispute resolution pertains to medical services and treatment provided to the injured employee, \_\_\_\_, during the period December 8, 2003 through December 15, 2003. To date, a total of \$7,826.00 has been paid in connection with this claim. It is our position that reimbursement was improperly determined pursuant to the acute care inpatient hospital fee guidelines of the Texas Workers' Compensation Commission ("TWCC"). Specifically on the dates December 8, 2003 through December 15, 2003, \_\_\_\_ received treatment at our client's facility relating to spinal surgery. Because Mr. \_\_\_\_'s admission was inpatient, this claim would be reimbursed pursuant to TWCC Rule 134.401 entitled "Acute Care Inpatient Hospital Fee Guideline." According to Rule 134.401 (c) (6), TWCC, this claim would then be reimbursed at the stop-loss rate of 75% as the total audited charges exceed the minimum stop-loss threshold of \$40,000.00. The TWCC established the stop-loss method as 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. Rule 134.401 (c) (6)(A)(v) describes those items, which may be audited. Per Rule 134.401(c)(6)(A)(v), the only charges that may be deducted from the total bill are those for personal items (i.e., television, telephone), those which are not documented as rendered during the admission, and those not related to the compensable injury. Furthermore, carriers may not exceed the scope of their auditing authority to audit stop-loss claims beyond what is specifically provided for by statute including the deduction of billed implants for separate consideration at cost plus 10%. The carrier totally ignored the stop-loss rule and improperly reimbursed the hospital using the per-diem reimbursement methodology. Per Rule 134.401 (c) (6), 75% of the total audited charges of \$47,785.68 result in a maximum allowable reimbursement of \$43,339.26. Based on the clear wording of the rules of the TWCC and recent SOAH decisions, the carrier is liable for an additional sum owed our client in the amount of \$35,513.26.

## PART IV: RESPONDENT'S POSITION SUMMARY

This is a medical fee dispute arising from an inpatient hospital surgical admission, dates of service 12/08/03 to 12/15/03. Requestor billed a total of \$57,785.68. The Requestor asserts it is entitled to reimbursement in the amount of \$43,339.26, which is 75% of the total charges. Requestor has not shown entitlement to this alternative, exceptional method of calculating reimbursement and has not otherwise properly calculated the audited charges. Medical bills in excess of \$40,000 do not automatically qualify for stop-loss reimbursement. Rather, the per diem rate is the default and preferred method of reimbursement that must be employed unless the hospital justified use of the stop-loss method in a particular case. The stop-loss methodology may be allowed, but only if the \$40,000 threshold of "audited charges" is exceeded and then only "on a case-by-case" basis. Here, the initial \$40,000 threshold has not been exceeded. The "total charges" less the "deducted charges" (including personal items, undocumented services, services unrelated to the compensable injury, duplicative charges, upcoded services, unbundled services, implantables, orthotics, prosthetics and pharmaceuticals in excess of \$250 per dose), results in "audited charges" which do not exceed \$40,000. Cost-plus reimbursement for the above-referenced services is applicable as such are included in "deducted charges". Using the per diem method, this three day surgical admission qualified for \$7,826 (\$1,118\*7 days) in reimbursement. Further, the Requestor is entitled to reimbursement for implantables (revenue codes 275, 276, and 278) and orthotics/prosthetics (revenue code 274) in the amount of \$984.50. This is based on the hospital's cost plus 10%. The Requestor may also be entitled to additional reimbursement for pharmaceuticals costing in excess of \$250 per dose. The Requestor must document the cost of such pharmaceuticals so Carrier may reimburse at cost plus 10%.

**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.”

After reviewing the documentation provided by both parties, it does **not** appear that this particular admission involved “unusually extensive services.” Accordingly, the stop-loss method does not apply and the reimbursement is to be based on the per diem plus carve-out methodology described in the same rule.

The total length of stay for this admission was 7 days (consisting of 0 days in an intense care unit and 7 days for surgical). Accordingly, the standard per diem amount due for this admission is equal to \$7,826 (0 times \$1,560 plus 7 times \$1,118). In addition, the hospital is entitled to additional reimbursement for (implantables/MRIs/CAT Scans/pharmaceuticals) as follows:

No documentation was provided by the Requestor.

The Requestor billed for \$57,785.68 and received payments for \$8,810.50. Considering the reimbursement amount calculated in accordance with the provisions of rule 134.401(c) compared with the amount previously paid by the insurance carrier, we find that no additional reimbursement is due for these services.

**PART VI: COMMISSION DECISION**

Based upon the review of the disputed healthcare services, the Medical Review Division has determined that the requestor is **not** entitled to additional reimbursement.

Findings and Decision by:

Gail A. Anderson

04/08/05

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, 7551 Metro Center Drive, Suite #100, 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: \_\_\_\_\_