

# MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

## PART I: GENERAL INFORMATION

<b>Type of Requestor:</b> ( X ) HCP ( ) IE ( ) IC		<b>Response Timely Filed?</b> ( X ) Yes ( ) No	
Requestor Name and Address  Vista Medical Center Hospital 4301 Vista Road Pasadena, TX 77504		MDR Tracking No.: M4-05-3302-01	
		TWCC No.:	
		Injured Employee's Name:	
Respondent Name and Address BOX 42  Association Casualty Insurance PO Box 162443 Westlake Station Austin, TX 78716		Date of Injury:	
		Employer's Name: LCS Concrete	
		Insurance Carrier's No.: 38176	

## PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
1/13/04	1/18/04	Surgical Admission	\$42,743.23	\$5,651.52

## PART III: REQUESTOR'S POSITION SUMMARY

Payment is not in accordance with TWCC Acute Care Hospital Inpatient Fee Guideline (ACHIFG). M-code (no MAR) improperly used to designate stop-loss reimbursement per ACHIFG. The health care provider was given pre-authorization for the treatment and or service pursuant to TAC134.600.

The carrier denied charges with code "F" (Fee Guideline MAR Reduction); however, the carrier has not provided the proper payment exception code in this instance, which is in violation of the TAC. Payment is not in accordance with ACHIFG. Carrier utilized code "M" (no MAR) to improperly designate stop-loss per the ACHIFG. Carrier denied charges with code "A" when preauthorization approval was obtained under #79510103-01. The health care provider was given preauthorization approval for the treatment and or service pursuant to the TAC134.600.

TWCC Rule 134.401 requires payment of 75% of audited charges for billed charges that reach the stop-loss threshold of \$40,000. The TWCC Rule 134.401(c)(6) defines "audited charges" as the total charges minus deducted charges. TWCC Rule 134.401(c)(6) also states that the only charges for which a carrier is allowed to deduct are: (1) personal items, (2) services which are not documented as rendered during the admission (if an on-site audit is conducted) and, (3) items and services which are not related to the compensable injury.

## PART IV: RESPONDENT'S POSITION SUMMARY

Section 413.011(d) of the TLC states that guidelines should be designed "to achieve effective cost control". If the provider is allowed to control its reimbursement by charging 100% (and being reimbursed at 75% of that charge), then the statutorily mandated medical cost control cannot be achieved. In regards to the Stop-Loss Method of reimbursement, under section ©(6) of the ACIHF, it states that the stop-loss methodology was "established to ensure fair and reasonable compensation to the hospital for unusually costly services...". It further states in subsection (A)(ii) of the same section that stop-loss is established for "unusually extensive services". **The services rendered to this injured worker were not usually costly or extensive.**

It is CorVel's policy to audit stop-loss bills by removing the cost of carve-outs, determine if stop-loss or per diem is appropriate, and pay cost plus 10% for implantables. It was found to be over the usual and customary rate allowed for service or supply by \$23,631.13. The remaining balance of \$43,032.36 was considered for review, however, \$13,280.00 was deducted from the balance due to the implantables. Implants are not a cost that is part of the actual treatment for the length of stay. It is a durable medical item purchased by the hospital for the patient. This is clearly recognized by TWCC, as the implants are one of the carve-outs according to the TWCC ACIHF. This left a balance of \$28,233.91, well below the stop-loss limitations.

After further review, it was determined that the preauthorization (#7959228) that was approved included a two-day length of stay, only. Additional reductions were made to reflect the non-payment for dates of service 1/16/04, 1/17/04, and 1/18/04. the remaining bill was paid at the per diem surgical rate allowed by TWCC. Therefore, additional allowance is not recommended at this time, and we feel our review is accurate and in accordance with rules and regulations set forth by TWCC.

## 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-(ACIHF)]. 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.” Although the patient was in-house for 6 days, including one day for surgery, the hospital failed to provide sufficient documentation to support “unusually extensive services”. Therefore, 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 ACIHFG rule. Regarding the preauthorization issue, while the carrier initially preauthorized only two days, their second preauthorization granted a longer period (Preauthorization Request #79510103-1) and stated “Pt admitted on 01-13-04 and was preauthorized through 01-15-04. Additional LOS x 1 day needed...”

Accordingly, the surgical per diem amount (per the ACIHFG) due for this admission, based on preauthorization for 4 days, (13<sup>th</sup> – the surgery date, 14<sup>th</sup>, 15<sup>th</sup>, and additional preauthorization for the 16<sup>th</sup>) is equal to \$4,472.00 (\$1,118.00 times 4 days). In addition, the hospital is entitled to additional reimbursement for implantables and pharmaceuticals.

Calculations indicate that the hospital should be reimbursed the following amounts:

Standard Surgical Per Diem Amount \$1,118X 4	\$4,472.00
<u>Implantables, \$5,356.38 per hospital invoice plus 10% (\$535.64)</u>	<u>\$5,892.02</u>
Total	\$10,364.02
<u>Paid (Minus)</u>	<u>\$ 4,712.50</u>
<b>Balance Due</b>	<b>\$ 5,651.52</b>

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 a reimbursement amount for these services equal to **\$5,651.52**.

#### **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 \$ **5,651.52**. 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 C. McDonald, Jr.

05/20/2005

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 05/20/2005. 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, Mail Stop 35, 7551 Metro Center Dr., 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 and Order in the Austin Representative’s box.

Signature of Insurance Carrier: \_\_\_\_\_ Date: \_\_\_\_\_