MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

PART I: GENERAL INFORMATION

Type of Requestor: (x) HCP ( ) IE ( ) IC	**Response Timely Filed?** (x) Yes ( ) No
Requestor's Name and Address Memorial Hermann Hospital System 3200 SW Freeway, Ste. 2200 Houston, TX 77027	MDR Tracking No.: M4-05-3307-01 TWCC No.: Injured Employee's Name:
Respondent's Name and Address Texas Mutual Insurance Co. Box 54	Date of Injury: Employer's Name: Bishop Plastering Co., Inc. Insurance Carrier's No.: 99A0000242202

PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
01/14/04	01/20/04	Inpatient Hospitalization	$113,928.17	$81,663.94

PART III: REQUESTOR'S POSITION SUMMARY

Position Summary states in part, "…Memorial Hermann submits its previous Request for Reconsideration along with its UB92, itemized statement, and the carrier's EOBs. It is the hospital's position that the hospitalization and surgery were in fact medically necessary and the charges exceeded the stop-loss threshold for reimbursement at 75% of billed charges. The billed charges were $166,755.75. The carrier issued an underpayment of $11,138.64, and the hospital is entitled to additional reimbursement of $113,928.17 pursuant to the Acute Care Fee Guideline."

PART IV: RESPONDENT'S POSITION SUMMARY

Position Summary states in part, "…This dispute involves this carrier's payment for dates of service in dispute for which the requester charged $166,755.75 for a six day inpatient stay for services that were NOT unusually extensive or costly. This carrier reimbursed the requester one day per diem ($1,118 times) based on the TWCC Acute Care In-Patient Fee Guideline. On day is the length of stay that was preauthorized. This carrier also reimbursed the requester fair and reasonable reimbursement plus 10% for implantables and 62% of the amount billed for blood processing… The issues in this case are whether or not this bill meets the criteria necessary to receive reimbursement at a stop loss ate, this carrier's right to audit the charges, and fair and reasonable reimbursement for implants. It is this carrier's position the requester has not supported reimbursement in the amount billed, that the amount billed is due for the implants, or that the charges in dispute were unusually costly or that the services were unusually extensive…"

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** appear that this particular admission involved "unusually extensive services." In particular, this admission resulted in a hospital stay of 6 days based upon the procedures performed which include partial corpectomy at L3, L4, L5 and S1; use of Core-Lock biomechanical device at L3-4, L4-5, and L5-S1; anterior interbody fusion at L3-4, L4-5, and L5-S1; use of anterior spinal instrumentation over four lumbar segments, L3-S1; and augmentation of fusion at each level with crushed cancellous bone and DBX putty. Accordingly, the stop-loss method does apply and the reimbursement is to be based on the stop-loss methodology.

While this is a stop-loss case, the carrier has raised a crucial issue which must be addressed. On the explanation of benefits and in the response, the carrier denied payment, in part, based on the length of stay that was preauthorized – one day. The requestor has provided no documentation to show that more than one day was preauthorized or that concurrent review was approved. Consistent with the provisions of Rule 134.600, the carrier is not liable for this non-emergency admission absent appropriate preauthorization or concurrent review. Unfortunately, this presents me from ordering any more than a one-day admission. Since most of the costs were incurred on 01/14/04, I have selected that day for reimbursement.

Based on a review of numerous medical disputes and our experience, the average markup for implantables in many hospitals is 200%.

The implantables invoices totaled $54,954.00; this amount multiplied by 200% equals $109,909.10. The health care provider charged $107,767.25, which reflects a mark up of a little over 196.101%.

The total audited charges associated with a one-day admission equals $146,224.75 ($38,457.50+ $107,767.50, implantables). This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to $98,529.93 ($109,668.57 - $11,138.64).

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 $98,529.93.

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 $98,529.93. 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	04/15/05
Authorized Signature	Typed Name	Date of Order

Decision by:

	Marguerite Foster	04/15/05
Authorized Signature	Typed Name	Date of Decision

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 and Order in the Austin Representative's box.

Signature of Insurance Carrier: _____ Date: _____