

# 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's Name and Address Leon E. Peggy, Attorney On Behalf of HCA TEXAS ORTHOPEDIC HOSPITAL 3701 Kirby Drive, Suite 1288 Houston, TX 77098-3926	MDR Tracking No.: M4-05-3745-01
	TWCC No.:
	Injured Employee's Name:
Respondent's Name and Address H. Douglas Pruett, Attorney On behalf of TRANSPORTATION INSURANCE COMPANY 6836 Austin Center Blvd, Ste 280 Austin, TX 78731 Austin Commission Representative Box 47	Date of Injury:
	Employer's Name: Commercial Drywall Inc
	Insurance Carrier's No.: 3C039766

## PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
01/21/04	02/02/04	Inpatient Hospitalization	\$96,577.48	\$96,577.47

## PART III: REQUESTOR'S POSITION SUMMARY

This request for medical dispute resolution pertains to medical services and treatment provided during the period 01/21/04 through 02/02/04 relating to an infected tibial fracture. To date, a total of \$11,403.60 has been paid in connection with this claim. It is our position that reimbursement was improperly determined pursuant to the Acute Care Inpatient Fee Guideline. Because the admission was an inpatient admission, this claim would be reimbursed pursuant to TWCC Rule 134.401, Acute Care Inpatient Fee Guideline and then reimbursed at the stop-loss rate of 75% as the total audited charges exceed the minimum stop-loss threshold of \$40,000. 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's audit agent, Concentra Integrated Services, appears to have allowed the full charges for pharmacy only, while denying all else claiming "G – Unbundling." Concentra fails to explain why all other charges on the claim should be considered as included in other billed services. Furthermore, Concentra fails to identify any of the hospital's charges that are not in conformity with the commission's audit rules; hence, their reductions are improper under the rules of the TWCC. Also, the EOB shows the carrier took a PPO discount through Beech Street Network. The hospital has no contractual relationship with Beech Street for workers' compensation claims. Per Rule 134.401(c)(6), 75% of the total audited charges of \$143,974.77 result in a MAR of \$107,981.08. The carrier is liable for an additional sum in the amount of \$96,577.48.

## PART IV: RESPONDENT'S POSITION SUMMARY

The issue in dispute is reimbursement for hospital services provided from 01/21/04 – 02/02/04 by the Requestor. Requestor has billed a total of \$143,974.77 and is seeking reimbursement of 75% of the amount billed. The Requestor was reimbursed a total of \$11,403.60 for these services, and is seeking additional reimbursement of \$96,577.48. Carrier has reimbursed these services at the per diem rate established by TWCC, with a 15% reduction based upon a negotiated contract. The Requestor billed in excess of the Acute Care Inpatient Fee Guideline, and has improperly unbundled the services from the established per diem. Requestor is not entitled to additional reimbursement in this case. Requestor was properly reimbursed under the per diem reimbursement methodology because this does not qualify as a "stop-loss" case. Although the audited charges exceeded \$40,000, there is no evidence that the services provided were unusually extensive and costly.

## 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.” This admission resulted in a hospital stay of 12 days based upon an admitting diagnosis of Infected tibial fracture. Additionally the patient underwent the following procedures: on 01/21/04 – irrigation and debridement of skin, subcutaneous tissue, muscle and bone, right tibia, partial excision and craterization of right tibia, placement of antibiotic beads to right infected cavity, complex wound closure, 10 cm, right lower extremity; on 01/23/04 – irrigation and debridement of skin, subcutaneous tissue, muscle and bone of right tibia, antibiotic bead exchange of right tibia, partial excision and craterization of right tibia; on 01/26/04 – irrigation and debridement of skin, subcutaneous tissue, muscle and bone of the right tibia, intramedullary reaming from proximal to distal of the right tibial canal with removal of retained intramedullary hardware, antibiotic bead exchange of right tibia, complex wound closure, 10 cm, of right lower extremity; on 01/27/04 – treatment of nonunion with posterior iliac crest graft tibia, osteoplasty transport lengthening of right tibia, application of Ilizarov external fixator of right tibia, removal of antibiotic beads to the right tibia; on 01/28/04 – decortication of proximal and distal fragments at cavitary defect nonunion site, setting of bone graft impaction of the right tibia. Accordingly, the stop-loss method does apply and the reimbursement is to be based on the stop-loss methodology.

While the carrier has asserted that the reimbursement may be reduced based on a contractual relationship, the health care provider has denied that any such contract exists for workers’ compensation. Since the carrier provided no documentation to confirm the existence of a negotiated contract, the additional 15% reduction cannot be considered in calculating the reimbursement amount.

The total audited charges associated with this admission equals \$143,974.77. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers’ compensation reimbursement amount equal to \$107,981.07. The requestor billed the Respondent \$143,974.77 and received payments of \$11,403.60.

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 \$96,577.47.

**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 \$ 96,577.47. 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

May 3, 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, 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 en 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: \_\_\_\_\_