

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 Lynne Sassi, Attorney On behalf of MEMORIAL HERMANN HOSPITAL SYSTEM 3200 SW Freeway, Suite 2200 Houston, TX 77027	MDR Tracking No.: M4-05-4500-01
	TWCC No.:
	Injured Employee's Name:
Respondent's Name and Address James M. Loughlin, Attorney On behalf of AMERICAN CASUALTY COMPANY 6836 Austin Center Blvd., Suite 280 Austin, TX 78731 Austin Representative Box 47	Date of Injury:
	Employer's Name: Personnel Group of American, Inc.
	Insurance Carrier's No.: 3C808127

PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
02/20/04	02/24/04	Inpatient Hospitalization	\$29,613.63	\$0.00

PART III: REQUESTOR'S POSITION SUMMARY

The hospital submitted its UB-92 and itemized statement to the insurance company in the amount of \$105,761.25. The carrier issued an underpayment of \$49,707.31. An itemized EOB reflecting the reimbursement of each item on the UB-92 was not received. Pursuant to the TWCC Acute Care Inpatient Hospital Fee Guideline, this claim exceeds the stop-loss threshold. Further, pursuant to section (6)(A)(V), provides what can be deducted by the carrier in any audit. Carve-out items such as implants are not permitted to be deducted from the total amount of the bill. Therefore, the expected reimbursement should have been 75% of billed charges or \$79,320.94, leaving an additional balance due of \$29,613.63. The carrier continues to deny any additional payment. It is the hospital's position that the hospitalization and surgery pertaining to dates of service 02/20/04 thru 02/24/04 were in fact medically necessary, the charges exceeded the stop-loss threshold, and is entitled to additional reimbursement of \$29,613.63.

PART IV: RESPONDENT'S POSITION SUMMARY

The stop-loss method for outlier cases does not apply because the services provided to the claimant were not unusually extensive and costly. This case did not involve an unusually lengthy stay, unusually extensive services by provider, or services that were unusually costly to provider. In other words, it is not the type of outlier case for which the Commission developed the stop-loss reimbursement method. Rather, this case involves a routine hospital stay in which provider performed routine services for a routine operation. The standard per diem reimbursement method should be applied. Provider did not include copies of the implant invoices with its bill submission. There is no justification for reimbursement of implants at 75% of provider's grossly inflated charges. However, on June 9, 2004, carrier subsequently issued an additional payment of \$4,510.25, presumably for implants for which invoices were provided. Therefore, the total amount paid to the provider is \$49,707.31. Provider seeks additional reimbursement of \$29,613.63, which represents payment of the remaining implants at 75% of billed charges. Provider has already been overpaid and is not entitled to additional reimbursement.

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."

Based on discussions with medical staff and 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.

Reimbursement is based on surgical procedure codes 81.06, anterior lumbar fusion and 81.08 posterior lumbar fusion. The total length of stay for this admission was 4 days (consisting of 2 days in the intensive care unit and 2 days in the surgical unit). Accordingly, the standard per diem for this admission is equal to \$5,356 (2 times \$1,118 plus 2 times \$1,560). In addition, the hospital is entitled to reimbursement for (Implantables/MRIs/CAT Scans/Blood). The hospital submitted charges \$1,950.75 for revenue code 350 – CT Scan and \$768 for revenue code 390 – Blood.

In determining the total audited charges, it must be noted that the insurance carrier indicated some question regarding the charges for the implantables. The requestor billed \$45,498.50 for the implantables. The carrier issued an additional payment of \$4,510.25 for implantables, although unable to determine how this reimbursement was derived. 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 neither the requestor nor the respondent provided any documentation regarding the cost of the implantables, we will apply this average mark-up to the charged amount in order to determine the amount to use in the decision. Based on a charge of \$45,498.50, it appears that the cost for these implantables was approximately \$22,749.25 (charged amount divided by 200%). Since the reimbursement for implantables is cost plus 10%, the amount due for the implantables would equal \$25,024.17.

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:

Allen McDonald

May 4, 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 in the Austin Representative's box.

Signature of Insurance Carrier: _____ Date: _____

