# MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

## PART I: GENERAL INFORMATION

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|---|---|
| **Type of Requestor:** (X) HCP ( ) IE ( ) IC | **Response Timely Filed?** (X) Yes ( ) No |
| Requestor's Name and Address<br>Leon E. Pegg, Attorney for Holloway & Gumbert<br>on behalf of Kingwood Medical Center<br>3701 Kirby Drive, Ste. 1288<br>Houston, TX 77098 | MDR Tracking No.: M4-05-5015-01<br>TWCC No.:<br>Injured Employee's Name: |
| Respondent's Name and Address **Box 19**<br>Insurance Company of the State of Pennsylvania<br>Dean G. Pappas & Associates<br>PO Box 66655<br>Austin, TX 78766 | Date of Injury:<br>Employer's Name: Continental Airlines<br>Insurance Carrier's No.: 001534072736WC01 |

## PART II: SUMMARY OF DISPUTE AND FINDINGS

| Dates of Service | | CPT Code(s) or Description | Amount in Dispute | Amount Due |
|---|---|---|---|---|
| From | To | | | |
| 03/09/04 | 03/12/04 | Inpatient Hospitalization | $26,007.91 | $6,993.50 |

## PART III: REQUESTOR'S POSITION SUMMARY

The request for medical dispute resolution pertains to medical services and treatment provided from 3/9/04 to 3/12/04. To date at total of $7,047.55 has been paid in connection with this claim. It is our position that reimbursement was improperly determined pursuant to TWCC Rule 134.401(c)(6) which allows for reimbursement at the stop-loss rate of 75% of audited charges when those charges exceed $40,000.00. The carrier ignored the stop-loss rule by paying this claim using the per diem reimbursement methodology, and taking a 10% discount pursuant to a First Health PPO contract requiring payment at 90% of TWCC rates. Under Rule 134.401(c)(6), this claim would be reimbursed at the stop-loss rate of 75% of audited charges, resulting in a reimbursement of $36,728.29. An additional discount of 10% pursuant to the First Health PPO contract would result in a final reimbursement amount of $33,055.46. Therefore, the carrier is liable for an additional sum of $26,007.91.

## PART IV: RESPONDENT'S POSITION SUMMARY

It is the position of the carrier that no additional payment is due for the dates of service. The requestor has not provided documentation that the services provided were "unusually costly" or "unusually extensive." Explanation of Benefits indicates that payment is based on a negotiated contract price, and the carrier paid $7,047.55.

## PART V: MEDICAL DISPUTE RESOLUTION REVIEW SUMMARY, METHODOLOGY, AND/OR EXPLANATION

This dispute relates to inpatient services provided in a 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 must also involve "unusually extensive services."

The surgical intervention for this admission included a left total knee arthroplasty. It is also noted that the discharge summary states:

> At the time of discharge to rehab facility, incision is healing well. No complications were encountered.
> Further follow-up will be in the rehab facility.

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 surgical admission was 3 days (consisting of 3 days for surgical care and 0 days in intensive care) based upon a diagnosis of degenerative join disease of the left knee. Accordingly, the standard per diem amount due for this admission is equal to $3,354.00 (3 times $1,118, the surgical per diem). In addition, the hospital is entitled to additional reimbursement for implantables/MRIs/CAT Scans/pharmaceuticals as follows:

The requestor billed for charges relating to implantables in the total amount of $19,431.00, and received payments in the amount of

$68.80. The requestor provided no documentation pertaining to the actual costs of the implantables.

Based on a review of numerous medical disputes and our experience, the average mark-up for implantables in many hospitals is 200%. Since the requestor did not present any documentation supporting their costs, this average mark-up has been applied to the charged amount derived from the UB-92 and the EOB in order to determine if the requestor is entitled to further remuneration. Based on a charge of $19,431.00, it appears that the cost for these implantables was approximately $9,715.50 (charged amount divided by 200%). Since the reimbursement for implantables is cost plus 10%, the amount due for the implantables would equal $10,687.05.

Therefore, pursuant to Rule 134.401, this dispute is to be paid as follows:

$3,354.00 – per diem for a 3-day surgical stay
+ $10,687.05 – implantables
= $14,041.05 (Sub-Total)
- $7,047.55 – paid by carrier
= $6,993.50 (Total Amount Due)

We find that the requestor is entitled to a reimbursement for this dispute in the amount of $6,993.50.

**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 $6,993.50. The Division hereby **ORDERS** the insurance carrier to remit this amount plus all accrued interest due tat the time of payment to the Requestor within 20-days of receipt of this Order.

**Ordered by:**

| | Allen McDonald | May 12, 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 19 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 in the Austin Representative's box.

Signature of Insurance Carrier: _____ Date: _____