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 Twelve Oaks Medical Center C/o Hollaway & Gumbert 3701 Kirby Drive, Suite 1288 Houston, TX 77098-3926	MDR Tracking No.: M4-05-6674-01 TWCC No.: Injured Employee's Name:
Respondent's Name and Address Zurich American Ins. Co./Rep. Box #: 19 C/o Flahive, Ogden & Latson 505 West 12th Street Austin, TX 78701	Date of Injury: Employer's Name: Starwood Hotels & Resorts World Insurance Carrier's No.: 2730039270

PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
4-22-04	5-2-04	**Inpatient Hospitalization**	$20,831.85	$8,697.60

PART III: REQUESTOR'S POSITION SUMMARY

Position summary of May 23, 2005 states, "… It is our position that reimbursement was improperly determined pursuant to the acute care inpatient hospital fee guidelines… Because ___ admission was inpatient, this claim would be reimbursed pursuant to TWCC Rule 134.401… According to Rule 134.401(c)(6), this claim would be reimbursed at the stop-loss rate of 75% as the total audited charges exceed the minimum stop-loss treshold of $40,000 resulting in a reimbursement of $89,800.62. Based on the clear working of the rules of the TWCC, the carrier is liable for an additional sum owed our client in the amount of $20,831.85… ".

PART IV: RESPONDENT'S POSITION SUMMARY

Position summary of May 16, 2005 states, "… To qualify for stop loss, the services provided by the hospital must be unusually costly to the hospital as opposed to unusually priced to the carrier. The services provided by the hospital (not by a physician attending a patient while in the hospital) must be unusually extensive. Exceptional cases will be entitled to reimbursement under the stop loss exception…"

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 10 days. The operative report of April 22, 2004 indicated the patient underwent "… 1. Right lumbar hemilaminectomy, foraminotomy and nerve decompression L4-L5. 2. Left lumbar hemilaminectomy, foraminotomy and nerve decompression L4-L5. 3. Right lumbar hemilaminectomy, foraminotomy and nerve decompression L5-S1. 4. Left lumbar hemilaminectomy, foraminotomy and nerve decompression L5-S1. 5. Posterior lumbar interbody instrumentation (2 Brannigan cages) L4-L5. 6. Posterior lumber interbody instrumentation (2 Brannigan cages) L5-S1. 7. Posterior lumbar interbody arthrodesis L4-L5. 8. Posterior lumbar interbody arthrodesis L5-S1. 9. Posterolateral arthrodesis L4-L5. 10. Posterolateral arthrodesis L5-S1. 11. Posterior spinal segmental instrumentation with Depuy titanium rods and screws (Monarch type) L4-S1. 12. Harvesting right posterior iliac crest morcellize autograft through a separate fascial incision…" During the inpatient stay the "Patient needed close glucose monitoring... patient stated that one of her upper teeth has become loose… It was noted that the right upper dentition detached from the gum… He performed a dental procedure in hours on 04/29/04. He performed extraction of the tooth. Patient had some pedal edema for which venous Doppler ultrasound was obtained. This was negative for signs of deep venous thrombosis. The patient's blood glucose stabilized and she was subsequently discharged…" Accordingly, the stop-loss method does apply and the reimbursement is to be based on the stop-loss methodology.

In determining the total audited charges, it must be noted that the insurance carrier has indicated some question regarding the charges for

the implantables. The requestor billed $59,667.00 for the implantables. The carrier paid $23,918.40 for the implantables. 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%. Based on a reimbursement of $23,918.40 it appears that the carrier found that the cost for the implantables was $21,744.00 (reimbursed amount divided by 110%). This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to $43,488.00.

The audited charges for this admission, excluding implantables, equals $60,067.16. This amount plus the above calculated audited charges for the implantables equals $103,555.16, the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to $8,697.60 ($77,666.37-$68,968.77 (amount paid by respondent)).

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 $8,697.60.

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 $8,697.60. 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:

	Roy Lewis	6-6-05
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, 7551 Metro Center Drive, 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 in the Austin Representative's box.

Signature of Insurance Carrier: _____ Date: _____