

# MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

## PART I: GENERAL INFORMATION

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| <b>Type of Requestor:</b> (x) HCP ( ) IE ( ) IC  | <b>Response Timely Filed?</b> ( ) Yes (x) No |
| Requestor's Name and Address<br>Twelve Oaks Medical Center<br>C/o Hollaway & Gumbert<br>3701 Kirby Drive, Suite 1288<br>Houston, TX 77098-3926 | MDR Tracking No.: M4-05-6878-01              |
|  | TWCC No.:                                    |
|  | Injured Employee's Name:                     |
| Respondent's Name and Address<br>Continental Casualty Co./Rep. Box #: 47<br>P.O. Box 26300<br>Austin, TX 78755-0300                            | Date of Injury:                              |
|  | Employer's Name: Schwans Ice Cream           |
|  | Insurance Carrier's No.: 3A964109            |

## PART II: SUMMARY OF DISPUTE AND FINDINGS

| Dates of Service |         | CPT Code(s) or Description | Amount in Dispute | Amount Due  |
|------------------|---------|----------------------------|-------------------|-------------|
| From             | To      |                            |                   |             |
| 4-28-04          | 4-30-04 | Inpatient Hospitalization  | \$59,931.07       | \$51,584.58 |
|                  |         |                            |                   |             |

## 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 threshold of \$40,000 resulting in a reimbursement of \$61,049.07. 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 \$59,931.07...".

## PART IV: RESPONDENT'S POSITION SUMMARY

Position statement was not submitted.

## 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 2 days. The operative report of April 28, 2004 indicated the patient underwent "...1. Removal of anterior cervical hardware. 2. Exploration of anterior cervical mass. 3. Excision pseudoarthrosis C5-6. 4. Anterior cervical interbody arthrodesis C5-6 with iliac crest allograft. 5. Anterior cervical instrumentation C5-6 with DePuy titanium plate. 6. Anterior cervical discectomy decompression spinal cord nerve root C3-4. 7. Anterior cervical interbody arthrodesis C3-4 with a iliac crest allograft. 8. Anterior cervical instrumentation with a DePuy titanium place and screws C3-4. 9. Posterior spinal segmental instrumentation with DePuy titanium rods and screws C3-6. 10. Posterior arthrodesis C3-4. 11. Posterior arthrodesis C5-6. 12. Iliac crest allograft. 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 \$40,718.25 for the implantables. The carrier did not allow any reimbursement 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 provided the Commission with documentation on the actual cost of implantables, \$14,794.80.

Based on a review of numerous medical disputes and our experience, the average markup for implantables in many hospitals is 200%. This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to \$29,589.60.

The audited charges for this admission, excluding implantables, equals \$40,680.51. This amount plus the above calculated audited

charges for the implantables equals \$70,270.11, the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to \$51,584.58 (\$52,702.58-\$1,118.00 (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 \$51,584.58.

**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 \$51,584.58. 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

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: \_\_\_\_\_