

# 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 Twelve Oaks Medical Center C/o Hollaway & Gumbert 3701 Kirby Drive, Suite 1288 Houston, TX 77098-3926	MDR Tracking No.: M4-05-8377-01
	TWCC No.:
	Injured Employee's Name:
Respondent's Name and Address Liberty Mutual Fire Ins. /Rep. Box #: 28 P.O. Box 40460 Houston, TX 77240	Date of Injury:
	Employer's Name: Sears Roebuck & Co.
	Insurance Carrier's No.: 949703749

## PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Amount in Dispute	Amount Due
From	To			
5-21-04	5-26-04	<b>Inpatient Hospitalization</b>	\$13,377.24	\$2,899.97

## PART III: REQUESTOR'S POSITION SUMMARY

Position summary of June 20, 2005 states, "... It is our position that reimbursement was improperly determined pursuant to the acute care inpatient hospital fee guidelines... Because \_\_\_'s 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 \$64,781.64. 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 \$13,377.24...".

## PART IV: RESPONDENT'S POSITION SUMMARY

Position summary of June 7, 2005 states, "... Liberty Mutual does not believe that Twelve Oaks Medical Center is due any further reimbursement for services rendered to \_\_\_ for the admission between dates of service 5/21/04-5/26/04...".

## 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 5 days. The operative report of May 21, 2004 indicated the patient underwent "...1. Bilateral laminectomy and foraminotomy, L5-S1. 2. Bilateral laminectomy and foraminotomy, L4-5. 3. Posterior lumbar interbody arthrodesis L5-S1. 4. Posterior lumbar interbody arthrodesis L4-5. 5. Posterior lumbar interbody instrumentation L5-S1. 6. Posterior lumbar interbody instrumentation L4-5. 7. Posterior lumbar arthrodesis L5-S1. 8. Posterior lumbar arthrodesis L4-5. 9. Posterior lumbar instrumentation L4-S1 (pedicle screws DePuy Miami – Moss SI). 10. Harvesting large right iliac crest bone graft, morcellized through separate fascial incision...". Accordingly, the stop-loss method does apply and the reimbursement is to be based on the stop-loss methodology.

The audit report of July 23, 2004 and September 9, 2004 lists the "U" denial code for Y9900 (patient convenience) with denial code "F". The denial reason listed on both audit report states, "The Charge For This Procedure, Material, And/Or Service Is Not Normally Billed." The Requestor nor the Respondent raised or discussed the "U" denial code in their submitted positions. Therefore, the "U" denial code is moot and will not be addressed.

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 \$47,049.00 for the implantables. The carrier reimbursed \$9,809.33 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. However, the invoice identified the surgeon name as "Fugal". The operative report of May 21, 2004 lists the surgeon as Guy Fogel, M.D. and Assistance Surgeon as John J. De Bender. The invoice did not identify the patient to receive the implants. Therefore, the submitted invoice will not be used in this review.

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 \$9,809.33, it appears that the carrier found that the cost for the implantables was \$8,917.57 (reimbursed amount divided by 110%). This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to \$17,835.15.

The audited charges for this admission, excluding implantables, equals \$46,837.43. This amount plus the above calculated audited charges for the implantables equals \$64,672.58, the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to \$2,899.97 (\$48,504.44 - \$51,404.40 (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 \$2,899.97.

#### 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 2,899.97\$. 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

6-24-05

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 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: \_\_\_\_\_

