



MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

PART I: GENERAL INFORMATION

Type of Requestor: (x) Health Care Provider () Injured Employee () Insurance Carrier	
Requestor's Name and Address: Twelve Oaks Medical Center C/o Hollaway & Gumbert 3701 Kirby Dr., Suite 1288 Houston, TX 77098	MDR Tracking No.: M4-05-A183-04
	Claim No.:
	Injured Employee's Name:
Respondent's Name and Address: American Zurich Ins. Co./Rep. Box #: 19	Date of Injury:
	Employer's Name: Insteel Industries Inc.
	Insurance Carrier's No.: 2720032600

PART II: REQUESTOR'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

Position summary as stated on the Table of Disputed Services, "IC failed to pay per TWCC TWCC Rule 134.401 Acute Care Inpatient Hospital Fee Guideline and SOAH decision 453-04-36--.M4. Per TWCC Rule 134.401(c)(6) and SOAH decision 453-04-3600.M4. claim pays @ 75% of total charges as charges exceed \$40,000 stop-loss threshold. IC further failed to audit according to TWCC Rule 134.401(c)(6)(A)(v). Further, services were unusually extensive based on 13 surgical operations related to IE's spinal surgery; IE admitted for spondylolisthesis with instability L4-5 and L5-S1."

PART III: RESPONDENT'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

Position summary of July 27, 2005 states, "There is no evidence submitted by the hospital demonstrating that the services provided by the hospital were unusually extensive. There is no evidence of "complications, infections, or multiple surgeries" requiring additional services by the hospital... there is no evidence that the services provided by the hospital were unusually costly to the hospital... using the per diem method, this 6 day surgical admission qualified for \$6708.00 (\$1118 * 6 days)..."

PART IV: SUMMARY OF DISPUTE AND FINDINGS

Date(s) of Service	CPT Code(s) or Description	Part V Reference	Additional Amount Due (if any)
7-7-04 – 7-13-04	Inpatient Hospitalization	1	\$6,341.70

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

1 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 six days based upon a right and left lumbar hemilaminectomy, foraminotomy and nerve decompression, L5-S1. Right and left lumbar hemilaminectomy, foraminotomy and nerve decompression L4-5. Posterior lumbar interbody instrumentation (2 Brannigan cages) L4-5. and 2 Harms cages L5-S1. Posterior lumbar interbody arthrodesis L4-5 and L5-S1. Posterior lateral arthrodesis L4-5 and L5-S1. Posterior spinal segmental instrumentation with DePuy Moss SI titanium rods and screws L5-S1. Harvesting right posterior iliac crest morcellized autograft through a separate fascial incision. Insertion lumbar epidural catheter at L3 for postop pain management. Accordingly, the stop-loss method does apply and the reimbursement is to be based on this 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 \$47,563.00 for the implantables. The carrier paid \$17,439.68 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, \$15,854.25

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 \$31,708.50.

The audited charges for this admission, excluding implantables, equals \$57,191.39. This amount plus the above calculated audited charges for the implantables equals \$88,899.89 the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to \$6,341.70 (\$66,674.92 - \$60,333.22 (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 \$6,341.70.

PART VI: GENERAL PAYMENT POLICIES/REFERENCES IMPACTING DECISION

28 Texas Administrative Code Sec. 134.401(c)(6)

PART VII: DIVISION DECISION AND ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code, Sec. 413.031, the Division has determined that the requestor is entitled to additional reimbursement in the amount of \$6,341.70. 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 30-days of receipt of this Order.

Ordered by:

Roy Lewis

1-26-06

Authorized Signature

Typed Name

Date of Order

PART VIII: YOUR RIGHT TO REQUEST JUDICIAL REVIEW

Appeals of medical dispute resolution decisions and orders are procedurally made directly to a district court in Travis County [see Texas Labor Code, Sec. 413.031(k), as amended and effective Sept. 1, 2005]. An appeal to District Court must be filed not later than 30 days after the date on which the decision that is the subject of the appeal is final and appealable. The Division is not considered a party to the appeal.

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.