Texas Department of Insurance, Division of Workers' Compensation
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1609

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: RS Medical P.O. Box 872650 Vancouver, WA 98687-2650	MDR Tracking No.: M4-05-B234-01 Claim No.: Injured Employee's Name:
Respondent's Name and Address: ACE American Ins. Co., Box #: 15	Date of Injury: Employer's Name: Insurance Carrier's No.:

PART II: REQUESTOR'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

Requestor's Position Summary: "Payment has been made based on old fee guidelines for E0745; which had a D code in the pre 1996 fee schedule, which is not a comparable device as it provides only muscle stimulation. The Commission has not established a maximum allowable for the RS4I Sequential Stimulator. The RS4I provides 2 modalities…4 channel muscle stimulation plus interferential electrotherapy, providing equivalent therapy of 2 devices, therefore a higher fee allowance is reasonable and warranted."

Principle Documentation:

1. DWC-60/Table of Disputed Service
2. CMS-1500's
3. EOBs

PART III: RESPONDENT'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

Respondent's Position Summary: "…The reimbursement for the RSI Sequential stimulator a combination 4 channel muscle stimulator/interferential electrotherapy device does not have an established fee schedule amount. However, our fair and reasonable rate is comparable to HCPCS code E0745 for a monthly rental fee of a Neuromuscular Stimulator of $111.89…"

Principle Documentation: 1. Position Summary
2. EOBs

PART IV: SUMMARY OF DISPUTE AND FINDINGS

Date(s) of Service	Denial Code	CPT Code(s) or Description	Part V Reference	Additional Amount Due (if any)
9-9-04 – 10-8-04	F & O	E-1399-RR x 2 months	1-10	$00.00
10-9-04 – 11-9-04	F & S			$00.00
TOTAL DUE				$00.00

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

1. The disputed issue: whether additional payment is due the Requestor for rental of DME known as the RS4i.

2. The Respondent EOB denial code(s) asserts: "F Reduction According to Medical Fee Guideline", "O Denial After Reconsideration" and "S Supplemental Payment".

3. The HCPCS Level II CPT Code E1399 is used for billing of miscellaneous DME, when a specific code for the DME is not available. Reimbursement for DME billed using this code will vary, as it does not have an established value set by the Centers for Medicare and Medicaid Services (CMS) or the Division.

4. For date(s) of service on or after August 1, 2003, Division Rule 134.202(b), 2002 Medical Fee Guideline, requires health care providers to apply the Medicare program reimbursement methodologies for coding, billing, reporting and reimbursement of professional services, including DME. CMS partnered with the Statistical Analysis Durable Medical Equipment Regional Carrier (SADMERC) to provide guidance to manufacturers and suppliers on the proper use of the Healthcare Common Procedure Coding System (HCPCS), the means by which durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) are identified for Medicare billing. Manufacturers and suppliers are instructed by CMS and through the Durable Medical Equipment Regional Carrier (DMERC) supplier manual and advisories to contact the SADMERC HCPCS Unit to obtain proper billing codes for DMEPOS items.
(Reference to website: http://www.cms.hhs.gov/DMEPOSFeeSched/LSDMEPOSFEE/list.asp)

SADMERC representatives have determined that the RS4i is properly coded using CPT code E1399. According to SADMERC, no other more specific HCPCS billing code accurately describes this piece of equipment. With this decision, SADMERC established that the RS4i is not the same as a transcutaneous electrical nerve stimulator (TENS) unit. However, according to industry experts and product information, the RS4i is substantially similar to muscle stimulator such as E0745, with features such as programmable treatment plans, four channels with up to eight pads to cover larger areas.

5. According to Division Rule 134.202 (c)(6), for products and services which CMS or the Division does not have an established reimbursement value; the carrier shall assign a relative value. The relative value may be based on nationally recognized published relative value studies, published commission medical dispute decisions, and values assigned for services involving similar work or resource commitment.

6. The Requestor did not provide evidence to indicate how a relative value was selected.

7. The Respondent did not provide evidence indicating how the relative value was selected.

8. RS Medical has submitted product features and states that due to the unique features of the product as compared to other muscle stimulators, higher reimbursement is warranted. RS Medical also provided EOB(s) from other carriers who have reimbursed the full amount billed at $250.00 for monthly rental. The EOB(s) provided by RS Medical illustrate the highest amount paid by carriers, but do not show the full range of reimbursements made by all carriers. RS Medical seeks 100% of its billed charges.

9. MDR does not concur that reimbursement of 100% of the provider charges for the RS4i is fair and reasonable. Allowing reimbursement of 100% of charges gives the manufacturer sole control over the amount billed and reimbursed and therefore, does not achieve effective medical cost control as required by Texas Labor Code §413.011. Cost information is used in a variety of reimbursement systems to determine fair and reasonable reimbursement (e.g. CMS's Durable Medical Equipment Prosthetics, Orthotics, and Supplies (DMEPOS) fee schedule, and other Division fee guidelines) However, no cost information was submitted.

10. Because the RS4i is substantially similar to a muscular stimulator unit (E0745, Neuromuscular Stimulator) the Division considered various established values for the E0745 from a variety of sources to determine a fair and reasonable reimbursement for monthly rental of the RS4i. Using commercially available data on average commercial reimbursement rates for the E0745 code, the Divisions workers' compensation carrier reimbursement paid for code E0745 for dates of service in 2004, and 125% of the 2004 CMS assigned relative value for code E0745, the Division determined a reimbursement range of $101.02 to $182.16 for this code. The midpoint of that range, $141.59 per month was determined to be a fair and reasonable reimbursement for rental of the RS4i. Reimbursement higher than the DMEPOS E0745 Neuromuscular Stimulator rate x 125% is used to recognize the unique features of the RS4i, as described in #4.

The Respondent made a total payment in the amount of $300.00 ($150.00 for 9-9-04 –10-8-04 and $150.00 ($111.89 + $38.11) for 10-9-04 – 11-9-04). Therefore, no additional reimbursement is due to the Requestor, RS Medical.

PART VI: GENERAL PAYMENT POLICIES/REFERENCES IMPACTING DECISION

Texas Labor Code §413.011(a-d)
28 Texas Administrative Code Sec. §134.1
28 Texas Administrative Code Sec. §134.202 (b),(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 not** entitled to reimbursement.

Decision by:

	Roy Lewis	6-26-06
Authorized Signature	Typed Name	Date of Decision

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.