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:	
Renaissance Hospital P.O. Box 11586 Houston, TX 77293	MDR Tracking No.: M4-05-B252-01 Claim No.: Injured Employee's Name:
Respondent's Name and Address: Zurich American Ins. Co./Rep. Box #: 19	Date of Injury: Employer's Name: Linde BOC Process Plants LLC Insurance Carrier's No.: 2230111400

PART II: REQUESTOR'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

Position summary as stated on the Table of Disputed Services, "Carrier didn't pay the claim at usual & customary. Hospital is requesting we be reimbursed at usual & customary. Carrier Denied Request for Reconsideration Stop Loss not applies."

PART III: RESPONDENT'S PRINCIPLE DOCUMENTATION AND POSITION SUMMARY

Position summary of August 26, 2005 states, "…The Requestor asserts it is entitled to reimbursement in the amount of the total bill according to the Table of Disputed Services. Requestor has not shown entitlement to even the stop-loss method, the alternative, exceptional method of calculating reimbursement and has not otherwise properly calculated the audited charges… Having already reimbursed Requestor $55, 958.50… Carrier request an Order of Reimbursement…"

PART IV: SUMMARY OF DISPUTE AND FINDINGS

Date(s) of Service	CPT Code(s) or Description	Part V Reference	Additional Amount Due (if any)
11-2-04 – 11-12-04	Inpatient Hospitalization	1	$82,725.22

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 10 days based upon "… a 2 – stage fusion procedure with the first stage being an anterior L4-5 and L5-S1 diskectomy with utilization of LT cages and Infuse bone graft material. This will be followed 4 to 5 days later by a posterior percutaneous pedicle fixation of L4-S1…" Accordingly, the stop-loss method does apply and the reimbursement is to be based on the per diem plus carve-out methodology described in the same rule.

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 $88,711.00 for the implantables. The carrier paid $41,684.50 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 $41,684.50, it appears that the carrier found that the cost for the implantables was $37,895.00 (reimbursed amount divided by 110%). This amount multiplied by the average mark-up of 200% results in an audited charge for implantables equal to $75,790.00.

The audited charges for this admission, excluding implantables, equals $109,121.63. This amount plus the above calculated audited charges for the implantables equals $184,911.63 the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to $82,725.22 ($138,683.72-$55,958.50 (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 $82,725.22.

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 $82,725.22. 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:

	Allen C. Mc Donald, Jr.	1-2-06
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.