



## **Texas Department of Insurance**

### **Division of Workers' Compensation**

Medical Fee Dispute Resolution, MS-48

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## **AMENDED MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION**

### **GENERAL INFORMATION**

#### **Requestor Name and Address**

VISTA MEDICAL CENTER HOSPITAL  
4301 VISTA ROAD  
PASADENA TEXAS 77504

#### **Carrier's Austin Representative Box**

Box 14

#### **MFDR Date Received**

NOVEMBER 9, 2006

#### **Respondent Name**

MID-CENTURY INSURANCE CO

#### **MFDR Tracking Number**

M4-07-1599-02

### **REQUESTOR'S POSITION SUMMARY**

**Requestor's Position Summary Dated November 22, 2006:** "if the total audited charges *for the entire admission* are above \$40,000, the Carrier shall reimburse using the 'Stop-Loss Methodology in accordance with plain language of the rule contained in § 134.401(c)(6)(A)(iii). This rule does not require a hospital to prove that services provided during the admission were unusually extensive or unusually costly to trigger the application of the Stop Loss Methodology."

**Requestor's Supplemental Position Summary Dated February 15, 2013:** "Please allow this letter to serve as a supplemental statement to Vista Medical Center Hospital's (VMCH) originally submitted request for dispute resolution in consideration of the Texas Third Court of Appeals' Final Judgment. On this date of service, pre-authorized hospital inpatient services were provided to the compensable area to the above-referenced Claimant for an injury suffered during the course and scope of employment. According to the Third Court of Appeals' opinion, a provider is entitled to reimbursement under the 'Stop-Loss' exception in the Acute Care Inpatient Hospital Fee Guideline if the audited billed charges exceed \$40,000 and if the surgery(ies) performed on the claimant were unusually extensive and unusually costly. *Texas Mutual Ins. Co. v. Vista Comm. Med. Ctr.*, 275 +S.W.3d 538 (Tex. App.-Austin 2008, pet. denied). When these elements are proven, then the provider is entitled to be paid 75% of billed charges."

**Amount in Dispute:** \$44,663.22

### **RESPONDENT'S POSITION SUMMARY**

**Respondent's Position Summary Dated November 27, 2006:** "We have been retained by Mid-Century Insurance Company to represent its interests in the above-referenced medical dispute."

**Respondent's Supplemental Position Summary Dated December 11, 2006:** "There is simply no evidence that would justify application of the stop-loss exception. Moreover, Vista has not furnished any evidence or even suggested that the services it provided were unusually extensive and costly."

**Respondent's Supplemental Position Summary Dated December 14, 2012:** "The inpatient hospital facility services provided by Vista Medical Center Hospital (Requestor) were not unusually costly and unusually extensive. Therefore, Requestor is not entitled to reimbursement under the stop-loss exception but should instead be reimbursed under the standard per diem reimbursement method...The medical records do not

demonstrate that this was an outlier case. There is no evidence that Requestor provided services in this case that would not normally be provided to someone receiving the same type of surgery and that were unusually extensive and unusually costly. Furthermore, Requestor has not identified any specific services it contends were unusually extensive and it has not established the unusual cost of those services. In short, Requestor has not met its burden of proof. For these reasons, the Division should not approve reimbursement under the stop-loss exception but should affirm that reimbursement should be pursuant to the standard per diem method.”

**Responses Submitted by:** Stone, Loughlin & Swanson, L.L.P.

### **SUMMARY OF FINDINGS**

Disputed Dates	Disputed Services	Amount In Dispute	Amount Due
June 8, 2006 through June 12, 2006	Inpatient Hospital Services	\$44,663.22	\$0.00

### **FINDINGS AND DECISION**

This **amended** findings and decision supersedes all previous decisions rendered in this medical payment dispute involving the above requestor and respondent.

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers’ Compensation.

#### **Background**

1. 28 Texas Administrative Code §133.305 and §133.307, 27 *Texas Register* 12282, applicable to requests filed on or after January 1, 2003, sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.401, 22 *Texas Register* 6246, effective August 1, 1997, sets out the fee guidelines for inpatient services rendered in an acute care hospital.
3. 28 Texas Administrative Code §134.1, 27 *Texas Register* 4047, effective May 16, 2002, sets out the guidelines for a fair and reasonable amount of reimbursement in the absence of a contract or an applicable division fee guideline.
4. Texas Labor Code §413.011 sets forth provisions regarding reimbursement policies and guidelines.
5. The services in dispute were reduced/denied by the respondent with the following reason codes:
  - 226-Included in global charge.
  - 42-Charges exceed our fee schedule or maximum allowable amount.
  - 480-Reimbursement based on the Acute Care Inpatient Hospital Fee Guideline per diem rate allowances.
  - 790-This charge was reimbursed in accordance to the Texas medical fee guideline.
  - 97-Payment is included in the allowance for another service/procedure.
  - W1-Workers compensation state fee schedule adjustment.
6. Dispute M4-07-1599 History
  - Dispute was originally decided on January 4, 2013.
  - M4-07-1599-01 was withdrawn by the Division on January 18, 2013 and was re-docketed under M4-07-1599-02.
  - M4-07-1599-02 is hereby reviewed.

#### **Issues**

1. Did the audited charges exceed \$40,000.00?
2. Did the admission in dispute involve unusually extensive services?
3. Did the admission in dispute involve unusually costly services?
4. Is the requestor entitled to additional reimbursement?

#### **Findings**

This dispute relates to inpatient surgical services provided in a hospital setting with reimbursement subject to the provisions of Division rule at 28 Texas Administrative Code §134.401, titled *Acute Care Inpatient Hospital Fee*

*Guideline*, effective August 1, 1997, 22 Texas Register 6264. The Third Court of Appeals' November 13, 2008 opinion in *Texas Mutual Insurance Company v. Vista Community Medical Center, LLP*, 275 South Western Reporter Third 538, 550 (Texas Appeals – Austin 2008, petition denied) addressed a challenge to the interpretation of 28 Texas Administrative Code §134.401. The Court concluded that “to be eligible for reimbursement under the Stop-Loss Exception, a hospital must demonstrate that the total audited charges exceed \$40,000 and that an admission involved unusually costly and unusually extensive services.” Both the requestor and respondent in this dispute supplemented the original MDR submissions. The division received supplemental positions as noted above. Positions were exchanged among the parties as appropriate. Documentation filed by the requestor and respondent to date is considered in determining whether the admission in dispute is eligible for reimbursement under the stop-loss method of payment. Consistent with the Third Court of Appeals' November 13, 2008 opinion, the division will address whether the total audited charges **in this case** exceed \$40,000; whether the admission and disputed services **in this case** are unusually extensive; and whether the admission and disputed services **in this case** are unusually costly. 28 Texas Administrative Code §134.401(c)(2)(C) states, in pertinent part, that “Independent reimbursement is allowed on a case-by-case basis if the particular case exceeds the stop-loss threshold...” In that same opinion, the Third Court of Appeals states that the stop loss exception “...was meant to apply on a case-by-case basis in relatively few cases.” 28 Texas Administrative Code §134.401(c)(6) puts forth the requirements to meet the three factors that will be discussed.

1. 28 Texas Administrative Code §134.401(c)(6)(A)(i) states “to be eligible for stop-loss payment the total audited charges for a hospital admission must exceed \$40,000, the minimum stop-loss threshold.” Furthermore, 28 Texas Administrative Code §134.401(c)(6)(A)(v) states that “Audited charges are those charges which remain after a bill review by the insurance carrier has been performed.” Review of the explanation of benefits issued by the respondent finds that the carrier did not deduct any charges in accordance with §134.401(c)(6)(A)(v); therefore the audited charges equal \$66,481.77. The Division concludes that the total audited charges exceed \$40,000.00.
2. 28 Texas Administrative Code §134.401(c)(2)(C) allows for payment under the stop-loss exception on a case-by-case basis only if the particular case exceeds the stop-loss threshold as described in paragraph (6). Paragraph (6)(A)(ii) states that “This stop-loss threshold is established to ensure compensation for unusually extensive services required during an admission.” The Third Court of Appeals' November 13, 2008 opinion states that “to be eligible for reimbursement under the Stop-Loss Exception, a hospital must demonstrate that the total audited charges exceed \$40,000 and that an admission involved...unusually extensive services” and further states that “independent reimbursement under the Stop-Loss Exception was meant to apply on a case-by-case basis in relatively few cases.” In its position, the requestor states:

This complex spine surgery is unusually extensive for at least three reasons: first, Medicare's length of stay for this DRG is 3.2 days and the median length of stay for workers' compensation inpatient admissions is three days, whereas the length of stay for this admission was 4 days, exceeds both the Medicare LOS and the median LOS for workers' compensation; second, the patient post-operatively developed several complications including: a dural tear which caused severe headaches and vomiting requiring a longer need for strong medication with a PCA pump; he further developed anemia and required several days of increased oxygen nasal cannula to keep the O2 saturation above 93%; and third this patient required special nursing care post-operatively and neuromonitoring was needed during the procedure.

The requestor discusses some case-specific medical factors in support of its contention that the disputed services are unusually extensive; however, the requestor fails to discuss or demonstrate how these factors may be considered unusually extensive when compared to similar spinal surgeries, services, or admissions. Furthermore, the requestor has not provided information or documentation to support the basis for its conclusion of a median length of stay for workers' compensation inpatient admissions as being three days. The Requestor does not specify whether any such data concerned Texas hospitals and addressed services in the year 2006 when the services in this matter were provided. No additional information was found to substantiate why this surgical operation involved unusually extensive services compared with similar operations; therefore, the division finds that the requestor did not meet the requirements of 28 Tex. Admin. Code § 134.401 (c)(6)(A)(ii).

3. 28 Texas Administrative Code §134.401(c)(6) states that “Stop-loss is an independent reimbursement methodology established to ensure fair and reasonable compensation to the hospital for unusually costly services rendered during treatment to an injured worker.” The Third Court of Appeals' November 13, 2008 opinion affirmed that in order to be eligible for reimbursement under the stop-loss exception, a hospital must demonstrate that an admission involved unusually costly services. The court further held that “What is unusually costly and unusually extensive in any particular fee dispute remains a fact-intensive inquiry best left to the Division's determination on a case-by-case basis...The scope of this authority includes the discretion to determine whether those standards have been met.” The Division hereby examines the information and

documentation available for the purpose of determining whether the requestor sufficiently supports that the services in dispute were unusually costly.

In its position, the requestor contends that "The medical and billing records on file with MDR and additional records attached hereto, also show that this admission was unusually costly as it was necessary to supply special nursing care and additional resources were utilized as patient length of stay was beyond 3 days."

Although the requestor adds that the costs to the hospital were "increased" due to the extended length of stay beyond three days, the requestor fails to discuss or demonstrate how these costs were unusual when compared to similar surgeries or admissions. For all the reasons stated, the Division concludes that the requestor has failed to support that the services in dispute were unusually costly.

4. For the reasons stated above, the services in dispute are not eligible for the stop-loss method of reimbursement. Consequently, reimbursement shall be calculated pursuant to 28 Texas Administrative Code §134.401(c)(1) subtitled *Standard Per Diem Amount* and §134.401(c)(4) subtitled *Additional Reimbursements*. The Division notes that additional reimbursements under §134.401(c)(4) apply only to bills that do not reach the stop-loss threshold described in subsection (c)(6) of this section.
- 28 Texas Administrative Code §134.401(c)(3)(ii) states, in pertinent part, that "The applicable Workers' Compensation Standard Per Diem Amount (SPDA) is multiplied by the length of stay (LOS) for admission." Review of the submitted documentation finds that the length of stay for this admission was four surgical days, all of which were preauthorized by the workers' compensation insurance carrier; therefore, the standard per diem amount of \$1,118.00 applies. The per diem rate multiplied by the length of stay results in a total allowable amount of \$4,472.00.
  - 28 Texas Administrative Code §134.401(c)(4)(C) states "Pharmaceuticals administered during the admission and greater than \$250 charged per dose shall be reimbursed at cost to the hospital plus 10%. Dose is the amount of a drug or other substance to be administered at one time." A review of the submitted itemized statement finds that the requestor billed \$330.05/unit for Thrombin 5,000 unit. The requestor did not submit documentation to support what the cost to the hospital was for these pharmaceuticals. For that reason, additional reimbursement for these items cannot be recommended.

The division concludes that the total allowable reimbursement for this admission is the SPDA of \$4,472.00. The respondent issued payment in the amount of \$5,198.11. Based upon the documentation submitted, no additional reimbursement is recommended.

**Conclusion**

For the reasons stated above, the Division finds that the requestor has not established that additional reimbursement is due. As a result, the amount ordered is \$0.00.

**ORDER**

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code §413.031, the Division has determined that the requestor is entitled to \$0.00 additional reimbursement for the services in dispute.

**Authorized Signature**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Medical Fee Dispute Resolution Officer

01/16/2014  
\_\_\_\_\_  
Date

## **YOUR RIGHT TO APPEAL**

Either party to this medical fee dispute may appeal this decision by requesting a contested case hearing. A completed **Request for a Medical Contested Case Hearing** (form **DWC045A**) must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party.**

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