



Texas Department of Insurance

Division of Workers' Compensation

Medical Fee Dispute Resolution, MS-48
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645
512-804-4000 telephone • 512-804-4811 fax • www.tdi.texas.gov

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Victory Healthcare

Respondent Name

Zurich American Insurance

MFDR Tracking Number

M4-15-0576-01

Carrier's Austin Representative

Box Number 19

MFDR Date Received

October 10, 2014

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "With the total payment of \$76,498.96 that we have received from Zurich, we calculate we are still entitled to an additional payment of \$6,213.28 based on how we requested this claim be processed."

Amount in Dispute: \$6,213.28

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The carrier asserts that it has paid according to applicable fee guidelines and challenges whether the disputed charges are consistent with applicable fee guidelines."

Response Submitted by: Flahive, Ogden & Latson

SUMMARY OF FINDINGS

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
January 27, 2014	Outpatient Hospital Services	\$6,213.28	\$472.86

FINDINGS AND DECISION

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

- 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
- 28 Texas Administrative Code §134.403 sets out the fee guidelines for outpatient acute care hospital services.
- The services in dispute were reduced/denied by the respondent with the following reason codes:
 - 59 – Processed based on multiple or concurrent procedure rules
 - W1 – Workers' compensation jurisdictional fee schedule adjustment

Issues

1. What is the applicable rule for determining reimbursement for the disputed services?
2. What is the recommended payment amount for the services in dispute?
3. Is the requestor entitled to reimbursement?

Findings

1. This dispute relates to facility services performed in an outpatient hospital setting with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables was requested. Therefore, per §134.403(f)(1)(B), the facility specific reimbursement amount including outlier payments is multiplied by 130 percent. Per §134.403(f)(2), when calculating outlier payment amounts, the facility's total billed charges shall be reduced by the facility's billed charges for any item reimbursed separately under §134.403(g). The facility's total billed charges for the separately reimbursed implantable items are \$149,922.50. Accordingly, the facility's total billed charges shall be reduced by this amount for the purpose of calculating any outlier payments below.
2. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published quarterly in the OPPS final rules which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
 - Procedure code 63650 has a status indicator of S. These services are classified under APC 0040, which, per OPPS Addendum A, has a payment rate of \$4,626.50. Medicare pays for multiple surgeries by ranking from the highest MPFS amount to the lowest MPFS amount. When the same physician performs more than one surgical service at the same session, the allowed amount is 100 percent for the surgical code with the highest MPFS amount. This procedure has the highest MPFS and will be paid at 100% or \$4,626.50. This amount multiplied by 60% yields an unadjusted labor-related amount of \$2,775.90. This amount multiplied by the annual wage index (statewide urban rate) of 0.9884 yields an adjusted labor-related amount of \$2,743.70. The non-labor related portion is 40% of the APC rate or \$1,850.60. The sum of the labor and non-labor related amounts is \$4,594.30. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$4,594.30. This amount multiplied by 130% yields a MAR of \$5,972.59.
 - Procedure code 63650 has a status indicator of S. Medicare pays for multiple surgeries by ranking from the highest MPFS amount to the lowest MPFS amount. When the same physician performs more than one surgical service at the same session, the allowed amount is 100 percent for the surgical code with the highest MPFS amount. The allowed amount for the subsequent surgical codes is based on 50 percent of the MPFS amount. This code will be reimbursed at 50% or \$2,313.25. This amount multiplied by 60% yields an unadjusted labor-related amount of \$2,775.90. This amount multiplied by the annual wage index (statewide urban rate) of 0.9884 yields an adjusted labor-related amount of \$2,743.70. The non-labor related portion is 40% of the APC rate or \$1,850.60. The sum of the labor and non-labor related amounts is \$4,594.30. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$2,297.15. This amount multiplied by 130% yields a MAR of \$2,986.30.
 - Procedure code 63685 has as a status indicator of S. Medicare pays for multiple surgeries by ranking from the highest MPFS amount to the lowest MPFS amount. When the same physician performs more than one surgical service at the same session, the allowed amount is 100 percent for the surgical code with the highest MPFS amount. The allowed amount for the subsequent surgical codes is based on 50 percent of the MPFS amount. This code will be reimbursed at 50% or \$8,616.45. This amount multiplied by 60% yields an unadjusted labor-related amount of \$5,169.87. This amount multiplied by the annual wage index (statewide urban rate) of 0.9884 yields an adjusted labor-related amount of \$5,109.90. The non-labor related portion is 40% of the APC rate or \$3,446.58. The sum of the labor and non-labor related amounts is \$8,556.48. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$8,556.48. This amount multiplied by 130% yields a MAR of \$11,123.42.
 - Procedure code 95972 has a status indicator of S paid under OPPS with separate APC payment. These services are classified under APC 0692, which, per OPPS Addendum A, has a payment rate of \$115.82. This amount multiplied by 60% yields an unadjusted labor-related amount of \$69.49. This amount multiplied

by the (statewide urban rate) of 0.9884 yields an adjusted labor-related amount of \$68.68. The non-labor related portion is 40% of the APC rate or \$46.33. The sum of the labor and non-labor related amounts is \$115.01. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$115.01. This amount multiplied by 130% yields a MAR of \$149.51.

3. Additionally, the provider requested separate reimbursement of implantables. Per the requestor's position statement these charges are not in dispute.
4. The total allowable reimbursement for the services in dispute is \$76,971.82. This amount less the amount previously paid by the insurance carrier of \$76,498.96 leaves an amount due to the requestor of \$472.86. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$472.86.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$472.86, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

		April , 2051
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MDR decision shall deliver a copy of the request 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 §141.1(d).

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