



**Texas Department of Insurance**

**Division of Workers' Compensation**

Medical Fee Dispute Resolution, MS-48  
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645  
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**MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION**

**GENERAL INFORMATION**

**Requestor Name**

Willis Knighton Health Systems

**Respondent Name**

Indemnity Insurance Co of North

**MFDR Tracking Number**

M4-15-2071-01

**Carrier's Austin Representative**

Box Number 15

**MFDR Date Received**

March 10, 2015

**REQUESTOR'S POSITION SUMMARY**

**Requestor's Position Summary:** "In accordance with TDI-DWC Chapter 134 and CMS billing guidelines, we have calculated the total allowable for this claim to be \$3177.62."

**Amount in Dispute:** \$697.86

**RESPONDENT'S POSITION SUMMARY**

**Respondent's Position Summary:** "The Provider contends they are entitled to reimbursement for the services at issue. The Carrier has reviewed the file and agrees that additional reimbursement is due in the amount of \$62.56. The Carrier disagrees with the Provider's calculation of the Maximum Allowable Reimbursement as reflected in the Table of Disputed Services. The Carrier is issuing reimbursement in accordance with the Division-adopted fee schedule."

**Response Submitted by:** Indemnity Insurance Co of North

**SUMMARY OF FINDINGS**

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
April 16, 2014	Outpatient Hospital Services	\$697.86	\$0.00

**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:
  - 243 – Allowance included in another svc
  - 797 – Service not paid under Medicare OPPS
  - 5316 – Per the NCCI Outpatient Code Editor, yours services have been disallowed

## **Issues**

1. Under what authority is the request for medical fee dispute resolution considered?
2. What is the applicable rule for determining reimbursement for the disputed services?
3. What is the recommended payment amount for the services in dispute?
4. Is the requestor entitled to reimbursement?

## **Findings**

1. The requestor is a health care provider that rendered disputed services in the state of Louisiana to an injured employee with an existing Texas Workers' Compensation claim. The health care provider was dissatisfied with the insurance carrier's final action. The health care provider requested reconsideration from the insurance carrier and was denied payment after reconsideration. The health care provider has requested medical fee dispute resolution under 28 Texas Administrative Code §133.307. Because the requestor has sought the administrative remedy outlined in 28 Texas Administrative Code §133.307 for resolution of the matter of the request for additional payment, the Division concludes that it has jurisdiction to decide the issues in this dispute pursuant to the Texas Workers' Compensation Act and applicable rules.
2. 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 is not applicable.
3. 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 36415, 80048, 80076, 85025, 85610, 85730, 81003, J2270, and J2405 have a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code 80104 has a status indicator of E, which denotes non-covered items, codes or services that are not paid by Medicare when submitted on outpatient claims. Reimbursement is not recommended.
  - Procedure code 73520 has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. These services are classified under APC 0261, which, per OPPS Addendum A, has a payment rate of \$90.89. This amount multiplied by 60% yields an unadjusted labor-related amount of \$54.53. This amount multiplied by the annual wage index for this facility of 0.8234 yields an adjusted labor-related amount of \$44.90. The non-labor related portion is 40% of the APC rate or \$36.36. The sum of the labor and non-labor related amounts is \$81.26. 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 \$81.26. This amount multiplied by 200% yields a MAR of \$162.52.
  - Procedure code 71010 has a status indicator of Q3, which denotes conditionally packaged codes that may be paid through a composite APC if OPPS criteria are met; however, review of the submitted information finds that the criteria for composite payment have not been met. Therefore, this line may be paid separately. These services are classified under APC 0260, which, per OPPS Addendum A, has a payment rate of \$57.35. This amount multiplied by 60% yields an unadjusted labor-related amount of \$34.41. This amount multiplied by the annual wage index for this facility of 0.8234 yields an adjusted labor-related amount of \$28.33. The non-labor related portion is 40% of the APC rate or \$22.94. The sum of the labor and non-labor related amounts is \$51.27. 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 \$51.27. This amount multiplied by 200% yields a MAR of \$102.54.
  - Procedure code 74177, 72125, and 70450 have a status indicator of Q3, which denotes conditionally packaged codes that may be paid through a composite APC. If OPPS criteria are met, this service is

assigned to composite APC 8006. This service meets the criteria for composite payment. A service that is assigned to a composite APC is a major component of a single episode of care. The hospital receives one payment through a composite APC for multiple major separately identifiable services. Payment for any combination of designated procedures performed on the same date is packaged into a single payment. If a claim includes a composite payment that pays for more than one otherwise separately paid service, the charges for all services included in the composite are summed up to one line. To determine outlier payments, a single cost for the composite APC is estimated from the summarized charges. Total packaged cost is allocated to the composite line-item in proportion to other separately paid services on the claim. The payment for composite services is calculated below.

- Procedure code 99285 has a status indicator of Q3, which denotes conditionally packaged codes that may be paid through a composite APC if OPPS criteria are met; however, review of the submitted information finds that the criteria for composite payment have not been met. Therefore, this line may be paid separately. These services are classified under APC 0616, which, per OPPS Addendum A, has a payment rate of \$455.93. This amount multiplied by 60% yields an unadjusted labor-related amount of \$273.56. This amount multiplied by the annual wage index for this facility of 0.8234 yields an adjusted labor-related amount of \$225.25. The non-labor related portion is 40% of the APC rate or \$182.37. The sum of the labor and non-labor related amounts is \$407.62. 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 \$407.62. This amount multiplied by 200% yields a MAR of \$815.24.
- Per Medicare policy, procedure code 96374 may not be reported with procedure code 99284 billed on the same claim. Payment for this service is included in the payment for the primary procedure. Separate payment is not recommended.
- Procedure code 96375 has a status indicator of S, which denotes a significant procedure, not subject to multiple-procedure discounting, paid under OPPS with separate APC payment. These services are classified under APC 0437, which, per OPPS Addendum A, has a payment rate of \$43.78. This amount multiplied by 60% yields an unadjusted labor-related amount of \$26.27. This amount multiplied by the annual wage index for this facility of 0.8234 yields an adjusted labor-related amount of \$21.63. The non-labor related portion is 40% of the APC rate or \$17.51. The sum of the labor and non-labor related amounts is \$39.14. 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 \$39.14. This amount multiplied by 200% yields a MAR of \$78.28.
- Procedure code 96361 has a status indicator of S, which denotes a significant procedure, not subject to multiple-procedure discounting, paid under OPPS with separate APC payment. These services are classified under APC 0436, which, per OPPS Addendum A, has a payment rate of \$29.50. This amount multiplied by 60% yields an unadjusted labor-related amount of \$17.70. This amount multiplied by the annual wage index for this facility of 0.8234 yields an adjusted labor-related amount of \$14.57. The non-labor related portion is 40% of the APC rate or \$11.80. The sum of the labor and non-labor related amounts is \$26.37. 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 \$26.37. This amount multiplied by 200% yields a MAR of \$52.74.
- Procedure code 93005 has a status indicator of S, which denotes a significant procedure, not subject to multiple-procedure discounting, paid under OPPS with separate APC payment. These services are classified under APC 0099, which, per OPPS Addendum A, has a payment rate of \$27.12. This amount multiplied by 60% yields an unadjusted labor-related amount of \$16.27. This amount multiplied by the annual wage index for this facility of 0.8234 yields an adjusted labor-related amount of \$13.40. The non-labor related portion is 40% of the APC rate or \$10.85. The sum of the labor and non-labor related amounts is \$24.25. 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 \$24.25. This amount multiplied by 200% yields a MAR of \$48.50.
- Procedure codes 74177, 72125, and 70450 have a status indicator of Q3, which denotes conditionally packaged codes that may be paid through a composite APC. A service that is assigned to a composite APC is a major component of a single episode of care. The hospital receives one payment through a composite APC for multiple major separately identifiable services. Payment for any combination of designated procedures performed on the same date is packaged into a single payment. These services are assigned to composite APC 8006, for computed tomography (CT) services including contrast. If a “without contrast” CT procedure is performed on the same date of service as a “with contrast” CT, APC 8006 is assigned rather than APC 8005. If a claim includes a composite payment that pays for more than one otherwise separately paid service, the charges for all services included in the composite are summed up to one line. To determine outlier payments, a single cost for the composite APC is estimated from the summarized charges. Total packaged cost is allocated to the composite line-item in proportion to other separately paid services on the claim. This line is assigned status indicator S, which denotes a significant procedure, not subject to

multiple-procedure discounting, paid under OPSS with separate APC payment. These services are classified under APC 8006, which, per OPSS Addendum A, has a payment rate of \$548.28. This amount multiplied by 60% yields an unadjusted labor-related amount of \$328.97. This amount multiplied by the annual wage index for this facility of 0.8234 yields an adjusted labor-related amount of \$270.87. The non-labor related portion is 40% of the APC rate or \$219.31. The sum of the labor and non-labor related amounts is \$490.18. 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 \$490.18. This amount multiplied by 200% yields a MAR of \$980.36.

4. The total allowable reimbursement for the services in dispute is \$2,240.18. This amount less the amount previously paid by the insurance carrier of \$2,398.66 leaves an amount due to the requestor of \$0.00. No additional reimbursement can be 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 reimbursement for the disputed services.

### **Authorized Signature**

_____	_____	April 9, 2015
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.**