



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 | F: (512) 804-4811 | (800) 252-7031 | TDI.texas.gov | @TexasTDI

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

South Texas Health System

Respondent Name

Texas Mutual Insurance

MFDR Tracking Number

M4-16-2648-01

Carrier's Austin Representative

Box Number 54

MFDR Date Received

May 3, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "Based on their payment of \$3,837.63 for the APC a supplemental payment is still due of \$66.55 on the APC alone, at this time."

Amount in Dispute: \$66.00

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Texas Mutual believes it correctly paid \$3,837.63 for code 29822 and no additional payment is due."

SUMMARY OF FINDINGS

Table with 4 columns: Dates of Service, Disputed Services, Amount In Dispute, Amount Due. Row 1: August 28, 2015 – September 1, 2015, Outpatient hospital services, \$66.55, \$0.00

FINDINGS AND DECISION

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

Background

- 1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403 sets out the reimbursement guidelines for outpatient hospital services.
3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
- P12 – Workers' compensation jurisdictional fee schedule adjustment
- 370 – This hospital outpatient allowance was calculated according to the APC rate, plus a markup
- 767 - Paid per O/P FG at 200%: Implants not applicable or separate reimbursement (with cert) not requested per Rule 134.403(g)
- 193 – Original payment decision is being maintained

## Issues

1. What is the applicable Medicare payment policy?
2. What is the applicable Division fee rule?
3. Is the requestor entitled to additional reimbursement?

## Findings

1. The services in dispute are for Outpatient Hospital Services with dates of service August 28, 2015 through September 1, 2015. 28 Texas Administrative Code 134.403 (f) states in pertinent part,

The reimbursement calculation used for establishing the 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.

The Medicare facility specific reimbursement amount is explained at, <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/HospitalOutpaysysfctsh.pdf> as:

*“The payment rates for most separately payable medical and surgical services are determined by multiplying the prospectively established scaled relative weight for the service’s clinical APC by a conversion factor (CF) to arrive at a national unadjusted payment rate for the APC. The scaled relative weight for an APC measures the resource requirements of the service and is based on the geometric mean cost of services in that APC. The CF translates the scaled relative weights into dollar payment rates.*

*To account for geographic differences in input prices, the labor portion of the national unadjusted payment rate (60 percent) is further adjusted by the hospital wage index for the area where payment is being made. The remaining 40 percent is not adjusted. You may also receive the following payments in addition to standard OPPS payments:”*

The facility specific reimbursement amount is calculated as follows:

**Payment rate** found at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates.html>

### Geographic adjustment

Procedure Code	APC	Status Indicator	Payment Rate	60% labor related	2015 Wage Index Adjustment for provider	40% non-labor related	Payment
29822	041	T	\$2,151.57	2,151.57x 60%= \$1,290.94	\$1,290.94 x 0.8197= \$1,058.18	2,151.57 x 40%= \$860.63	\$1,058.18 + \$860.63 = \$1,918.81

The Medicare Claims processing Manual defines the terms, Status Indicators, APC Payment Groups and Composite APCs as follows:

### 10.1.1 - Payment Status Indicators

*An OPPS payment status indicator is assigned to every HCPCS code. The status indicator identifies whether the service described by the HCPCS code is paid under the OPPS and if so, whether payment is made separately or packaged. The status indicator may also provide additional information about how the code is paid under the OPPS or under another payment system or fee schedule. For example, services with status indicator A are paid under a fee schedule or payment system other than the OPPS. Services with status indicator N are paid under the OPPS, but their payment is packaged into payment for a separately paid service. Services with status indicator T are paid separately under OPPS but a multiple procedure payment*

reduction applies when two or more services with a status indicator of T are billed on the same date of service.

The full list of status indicators and their definitions is published in Addendum D1 of the OPPTS/ASC proposed and final rules each year. The status indicator for each HCPCS code is shown in OPPTS Addendum B.

**10.2 - APC Payment Groups**

Each HCPCS code for which separate payment is made under the OPPTS is assigned to an ambulatory payment classification (APC) group. The payment rate and coinsurance amount calculated for an APC apply to all of the services assigned to the APC. A hospital may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple surgical procedures furnished on the same day are subject to discounting. (See section 10.5 for discussion of multiple procedure discounting under the OPPTS).

Medicare Learning Network (MLN) Article MM9014 with an effective date of January 1, 2015 states the following in section “Changes to OPPTS Pricer Logic”;

**c) For hospital outlier payments under OPPTS, there will be no change in the multiple threshold of 1.75 for 2015. This threshold of 1.75 is multiplied by the total line-item APC payment to determine eligibility for outlier payments...**

**d) The fixed-dollar threshold decreases in CY 2015 relative to CY2014. The estimated cost of a service must be greater than the APC payment amount plus \$2,775 in order to qualify for outlier payments.”**

Reimbursement for any outliers is calculated as follows:

Code	OPPTS Payment	Estimated cost of service = Total OPPTS charges x 2015 Cost to charge rationale for facility	Line-item APC payment x 1.75	2015 Fixed-dollar threshold plus APC	Both thresholds met?
29822	\$1,918.81	\$55,616.00 x 0.081 = <b>\$4,504.90</b>	\$1,918.81 x 1.75 = \$3,357.92	\$2,775.00 + \$1,918.81 = <b>\$4,693.81</b>	No, as total cost does not exceed APC payment plus fixed-dollar threshold

Based on the above no additional outlier payment is due as both thresholds of the Medicare payment policy were not met.

2. 28 Texas Administrative Code 134.403 (f) states in pertinent part,

The reimbursement calculation used for establishing the 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 (OPPTS) reimbursement formula and factors as published annually in the Federal Register. The following minimal modifications shall be applied.

(1) The sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by:

(A) 200 percent; unless

(B) a facility or surgical implant provider requests separate reimbursement in accordance with subsection (g) of this section, in which case the facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 130 percent.

Review of the submitted medical claim finds implants were not requested. The maximum allowable reimbursement for the services in dispute listed on DWC 60 is calculated as follows:

- Procedure code 29822 has status indicator T. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 100%. The total Medicare facility specific reimbursement amount for this line is \$1,918.81. This amount multiplied by 200% = \$3,837.62.

3. The amount previously paid by the insurance carrier is \$3,838.63. No additional payment is due.

### **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**

_____	_____	June 13, 2016
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, 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 MFDR 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.**