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
East Texas Medical Center

Respondent Name
Zurich American Insurance Co

MFDR Tracking Number
M4-19-2834-01

Carrier's Austin Representative
Box Number 19

MFDR Date Received
January 22,2019

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "CPT Code 26735 has been underpaid."

Amount in Dispute: 4,385.82

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "CorVel performed a bill review and rendered final action on 01-24-2019 by maintaining denial for insufficient documentation to substantiate the services billed as the provider failed to provide the required medical documentation."

Response Submitted by: Corvel

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
April 4 – 6, 2018	Outpatient Hospital Services	$4,385.82	$4,385.82

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:
   - 150 – Payment adjusted/unsupported service level
   - 16 – Svc lacks info needed or has billing error(s)

Issues

1. Is the insurance carrier's denial supported?
2. What is the applicable rule for determining reimbursement for the disputed services?
3. Is the requestor entitled to additional reimbursement?

Findings

1. The requestor is seeking additional reimbursement in the amount of $4,385.82 for outpatient hospital services rendered on April 4 – 6, 2018. The insurance carrier reduced disputed services with claim adjustment reason code 150 – "Payment adjusted/unsupported service level" and 16 – "Svc lacks info needed or has billing error(s)."

   The carrier states, "provider failed to provide the required medical documentation." Review of the submitted documents with the request for MFDR found the document, "Operation Procedure" for date of service April 6, 2018. The preformed procedures were;

   1. Correction of right index finger proximal phalangeal neck malunion via open reductions and internal fixation
   2. Right index finger extensor tendon tenolysis and
   3. Right index finger proximal interphalangeal joint capsular release.

   The code in dispute (26735) has a definition of – "Open treatment of phalangeal shaft fracture, proximal or middle phalanx, finger or thumb, includes internal fixation, when performed, each."

   The carrier's denial is not supported. The service in dispute will be reviewed per the applicable fee guideline.

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

   For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided

   The Medicare payment policy applicable to the services in dispute is found at www.cms.gov, Claims processing Manual, Chapter 4, Section 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.

   28 TAC §134.403, (f) states,

   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 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.

   The maximum allowable reimbursement per the above is calculated as follows:

   - Procedure code 26735 has status indicator J1, for procedures paid at a comprehensive rate. This code is assigned APC 5113. The OPPS Addendum A rate is $2,645.23, multiplied by 60% for an unadjusted labor

amount of $1,587.14, in turn multiplied by the facility wage index of 0.787 for an adjusted labor amount of $1,249.08. The non-labor portion is 40% of the APC rate, or $1,058.09. The sum of the labor and non-labor portions is $2,307.17.

Per the OPPS Facility-Specific Impacts file, CMS lists the cost-to-charge ratio for this provider as 0.102. This ratio is multiplied by the billed charge of $20,405.50 for a cost of $2,081.36. The cost of packaged items is allocated proportionately across all separately paid OPPS services based on percentage of the total APC payment. The APC payment of $2,307.17 divided by the sum of APC payments is 100.00%. The sum of packaged costs is $2,953.83. The allocated portion of packaged costs is $2,953.83, which is added to the service cost for a total cost of $5,035.19.

The cost of services exceeds the fixed-dollar threshold of $4,150. The amount by which the cost exceeds 1.75 times the OPPS payment is $997.64. Half of this amount is $498.82. The Medicare facility specific amount (including outlier payment) of $2,805.99 is multiplied by 200% for a MAR of $5,611.98.

3. The total recommended reimbursement for the disputed services is $5,611.98. The insurance carrier paid $205.98. The requestor is seeking additional reimbursement of $4,385.82. 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 $4,385.82.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor $4,385.82, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

Signature	Medical Fee Dispute Resolution Officer	February 15, 2019 Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §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 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. **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.