



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name

Baylor Orthopedic & Spine Hospital

Respondent Name

Znat Insurance Co

MFDR Tracking Number

M4-24-0162-01

Carrier's Austin Representative

Box Number 47

DWC Date Received

September 19, 2023

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
September 29, 2022	111-278	\$7,298.48	\$4,675.00
Total		\$7,298.48	\$4,675.00

Requestor's Position

The requestor did not submit a position statement with this request for MFDR. They did submit a document titled "Reconsideration" addressed to Texas Department of Insurance.

Reconsideration requests must be submitted to the insurance carrier, not TDI. This document states, "Per EOB received payment was disallowed for Rev code 278 due to missing implant invoices. According to TX workers compensation guidelines, implants should be reimbursed at manual cost plus 10% which the allowed amount for Rev code 278 is \$7,298.48."

Amount in Dispute: \$7,298.48

Respondent's Position

"The provider included copies of screen shots to review item cost (Materials Mgmt. Item Inquire), the implant log and purchase/sales order, but not the manufacturer's invoice to support the cost of each implant. In addition, the submitted screen shots "Materials Mgmt. Item Inquire" does not meet the definition of manufacturer's invoice. The provider failed to comply with

§133.210 (c)(4). Therefore, no additional reimbursement is due for the disputed service 278.”

Response Submitted by: TheZenith

Findings and Decision

Authority

This medical fee dispute is decided according to [Texas Labor Code §413.031](#) and applicable rules of the Texas Department of Insurance, Division of Workers’ Compensation (DWC).

Statutes and Rules

1. [28 TAC §133.307](#) sets out the procedures for resolving medical fee disputes.
2. [28 TAC Code §134.404](#) sets out the acute care hospital fee guideline for inpatient services.

Denial Reasons

The insurance carrier reduced and/or denied the payment for the disputed services with the following claim adjustment codes:

- 252 – An attachment/other documentation is required to adjudicate this claim/service.
- P12 – Workers’ compensation jurisdictional fee schedule adjustment.
- 468 – Reimbursement is based on the medical hospital inpatient prospective payment system methodology.
- W3 – In accordance with TDI-DWC Rule 134.804, this bill has been identified as a request for reconsideration or appeal.

Issues

1. Did the requestor support the cost of the implants?
2. Is requestor entitled to additional reimbursement?

Findings

1. The requestor is seeking additional payment of implants provided as part of an inpatient hospital surgical procedure on September 29, 2022. The insurance carrier denied the claim line for implants (Rev Code 278) stating missing invoices to support the cost as required by Division Rule 134.404.

Review of the documents submitted with this request for MFDR found several screen shots of materials management item inquire. A “Smith+Nephew” sales order for three of the implants utilized in the procedure was submitted with this request for MFDR. This invoice will be utilized in the review of the disputed charges.

2. DWC Rule 28 TAC §134.404(f), requires the maximum allowable reimbursement (MAR) to be the Medicare facility specific amount (including outlier payments) applying Medicare Inpatient

Prospective Payment System (IPPS) formulas and factors, as published annually in the Federal Register, with modifications set forth in the rules. Medicare IPPS formulas and factors are available from the Centers for Medicare and Medicaid Services at <http://www.cms.gov>.

The division calculates the Medicare facility specific amount using Medicare's *Inpatient PPS PC Pricer* as a tool to efficiently identify and apply IPPS formulas and factors. This software is freely available from www.cms.gov.

Review of the submitted documentation finds that separate reimbursement for implantables was requested; for that reason, the MAR is calculated according to §134.404(f)(1)(B) which requires the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment by 108%.

The DRG code assigned to the services in dispute is 502. The services were provided at Baylor Orthopedic and Spine Hospital. Based on the submitted DRG code, the service location, and bill-specific information, the Medicare facility specific amount is \$8,542.72. This amount multiplied by 108% results in a MAR of \$9226.14.

DWC Rule 28 TAC §134.404(g) states in pertinent part, Implantables, when billed separately by the facility or a surgical implant provider in accordance with subsection (f)(1)(B) of this section, shall be reimbursed at the lesser of the manufacturer's invoice amount or the net amount (exclusive of rebates and discounts) plus 10 percent or \$1,000 per billed item add-on, whichever is less, but not to exceed \$2,000 in add-on's per admission.

Review of the submitted documentation finds that the separate implantables include:

- "Anchors Bone 3 W Arthro" as identified in the itemized statement and labeled on the invoice as "Bone Anchors 3 W/Arthro" with a cost per unit of \$850.00.
- "Staple Tendon" as identified in the itemized statement and labeled on the invoice as "Tendon Anchors" with a cost per unit of \$650.00.
- "Implant Mesh" as identified in the itemized statement and labeled on the invoice as "Bioinductive Implant W/Arth" with a cost per unit of \$2,750.00.

The total net invoice amount (exclusive of rebates and discounts) is \$4,250.00. The total add-on amount of 10% or \$1,000 per billed item add-on, whichever is less, but not to exceed \$2,000 in add-on's per admission is \$425.00. The total recommended reimbursement amount for the implantable items supported by invoice is \$4,675.00.

The total allowable reimbursement for the services in dispute is \$13,901.14. The amount previously paid by the insurance carrier is \$9,226.14. The remaining balance is \$4,675.00. This amount is due to the requestor.

Conclusion

The outcome of this medical fee dispute is based on the evidence presented by the requestor and the respondent at the time of adjudication. Though all evidence may not have been discussed, it was considered.

DWC finds the requester has established that additional reimbursement is due.

Order

Under Texas Labor Code §§413.031 and 413.019, DWC has determined the requestor is entitled to additional reimbursement for the disputed services. It is ordered that Znat Insurance Co must remit to Baylor Orthopedic & Spine Hospital \$4,675.00 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

Authorized Signature

_____ Signature	_____ Medical Fee Dispute Resolution Officer	_____ October 18, 2023 Date
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Your Right to Appeal

Either party to this medical fee dispute has a right to seek review of this decision under 28 TAC §133.307, which applies to disputes filed on or after **June 1, 2012**.

A party seeking review must submit DWC Form-045M, *Request to Schedule, Reschedule, or Cancel a Benefit Review Conference to Appeal a Medical Fee Dispute Decision (BRC-MFD)* and follow the instructions on the form. You can find the form at www.tdi.texas.gov/forms/form20numeric.html. DWC must receive the request within **20 days** of when you receive this decision. You may fax, mail, or personally deliver your request to DWC using the contact information on the form or the field office handling the claim. If you have questions about DWC Form-045M, please call CompConnection at 1-800-252-7031, option 3 or email CompConnection@tdi.texas.gov.

The party seeking review of the MFDR decision must deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with DWC. **Please include a copy of the Medical Fee Dispute Resolution Findings and Decision** with any other required information listed in 28 TAC §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 1-800-252-7031, opción 3 o correo electrónico CompConnection@tdi.texas.gov.