

MEDICAL DISPUTE RESOLUTION FINDINGS AND DECISION

Retrospective Medical Necessity Dispute

PART I: GENERAL INFORMATION

Type of Requestor: (x) HCP () IE () IC	Response Timely Filed? () Yes (x) No
Requestor's Name and Address Vista Medical Center Hospital 4301 Vista Rd. Pasadena, TX 77504	MDR Tracking No.: M5-02-2672-01
	TWCC No.:
	Injured Employee's Name:
Respondent's Name and Address Hartford Ins Co of the Midwest/Rep. Box #: 27 C/o Hartford Financial Services 9020-II N Capital of Texas Hwy, Suite 555 Austin, TX 78759	Date of Injury:
	Employer's Name:
	Insurance Carrier's No.:

PART II: SUMMARY OF DISPUTE AND FINDINGS

Dates of Service		CPT Code(s) or Description	Did Requestor Prevail?
From	To		
7-25-01	7-30-01	Inpatient Hospitalization	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No

PART III: MEDICAL DISPUTE RESOLUTION REVIEW SUMMARY, METHODOLOGY, AND/OR EXPLANATION

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code and Commission Rule 133.308 (relating to Medical Dispute Resolution by Independent Review Organization), the Medical Review Division assigned an Independent Review Organization (IRO) to conduct a review of the medical necessity issues between the requestor and respondent.

The Division has reviewed the enclosed IRO decision and determined that the requestor **prevailed** on the disputed medical necessity issues.

Based on review of the disputed issues within the request, the Medical Review Division has determined that **medical necessity was not the only issue** to be resolved. The inpatient services were found to be medically necessary. This dispute also contained services that were not addressed by the IRO and will be reviewed by the Medical Review Division.

The Respondent denied Rev. Codes 120, 250, 251, 270, 272, 460, 480 and 710 with "H – Reimbursement is based upon half of the Fee Amount Pending Decision of Audit Review".

This dispute relates to inpatient services provided in hospital setting with reimbursement subject to the provisions of Rule 134.401 (Acute Care Inpatient Hospital Fee Guideline). The hospital has requested reimbursement according to the stop-loss method contained in that rule. Rule 134.401(c)(6) establishes that the stop-loss method is to be used for "unusually costly services." The explanation that follows this paragraph indicates that in order to determine if "unusually costly services" were provided, the admission must not only exceed \$40,000 in total audited charges, but also involve "unusually extensive services."

After reviewing the documentation provided by both parties, it does appear that this particular admission involved "unusually extensive services." In particular, this admission resulted in a hospital stay of 5 days. The UB-92 lists the "Principal Procedure 81.08", lumbar and lumbosacral fusion, posterior technique". The Notice of Independent Review Decision indicates a posterior lumbar interbody fusion at L4-5 and L5-S1.

In determining the total audited charges, it must be noted that the insurance carrier has indicated some question regarding the charges for the implantables. The requestor billed \$65,320.00 for the implantables. The carrier did not allow any

reimbursement the implantables. The key issue is what amount would represent the usual and customary charges for these implantables in determining the total audited charges.

Based on a review of numerous medical disputes and our experience, the average markup for implantables in many hospitals is 200%. Since neither the requestor nor the respondent provided any documentation regarding the cost of the implantables, we will apply the average markup to the charged amount in order to determine the amount to use in the decision. Based on a charge of \$65,320.00, it appears that the cost for these implantables was approximately \$32,660.00 (charged amount divided by 200%). Since the reimbursement for implantables is cost plus 10%, the amount due for the implantables would equal \$35,926.00.

The audited charges for this admission, excluding implantables, equals 64,388.49. This amount plus the above calculated audited charges for the implantables equals \$100,314.49, the total audited charges. This amount multiplied by the stop-loss reimbursement factor (75%) results in a workers' compensation reimbursement amount equal to \$39,586.30 (amount in dispute per the requestor's table of disputed services) (75,235.87 – 24,171.00 (amount paid by respondent)).

Based on the facts of this situation, the parties' positions, and the application of the provisions of Rule 134.401(c), we find that the health care provider is entitled to a reimbursement amount for these services equal to \$39,586.30.

PART IV: COMMISSION DECISION AND ORDER

Based upon the review of the disputed healthcare services, the Medical Review Division has determined that the requestor is entitled to a refund of the paid IRO fee in the amount of \$650.00. The Division hereby **ORDERS** the insurance carrier to remit the amount of \$39,586.30, plus all accrued interest due at the time of payment to the Requestor within 20-days of receipt of this Order.

Ordered by:

Allen McDonald

7-19-05

Authorized Signature

Typed Name

Date of Order

PART V: INSURANCE CARRIER DELIVERY CERTIFICATION

I hereby verify that I received a copy of this Decision in the Austin Representative's box.

Signature of Insurance Carrier: _____ Date: _____

PART VI: YOUR RIGHT TO REQUEST A HEARING

Either party to this medical dispute may disagree with all or part of the Decision and has a right to request a hearing. A request for a hearing must be in writing and it must be received by the TWCC Chief Clerk of Proceedings/Appeals Clerk within 20 (twenty) days of your receipt of this decision (28 Texas Administrative Code § 148.3). This Decision was mailed to the health care provider and placed in the Austin Representatives box on _____. This Decision is deemed received by you five days after it was mailed and the first working day after the date the Decision was placed in the Austin Representative's box (28 Texas Administrative Code § 102.5(d)). A request for a hearing should be sent to: Chief Clerk of Proceedings/Appeals Clerk, P.O. Box 17787, Austin, Texas, 78744 or faxed to (512) 804-4011. A copy of this Decision should be attached to the request.

The party appealing the Division's Decision shall deliver a copy of their written request for a hearing to the opposing party involved in the dispute.

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

Envoy Medical Systems, LLC

1726 Cricket Hollow
Austin, Texas 78758

Ph. 512/248-9020
IRO Certificate #4599

Fax 512/491-5145

NOTICE OF INDEPENDENT REVIEW DECISION

August 26, 2003

Re: IRO Case # M5-02-2672

Texas Worker's Compensation Commission:

Envoy Medical Systems, LLC (Envoy) has been certified as an independent review organization (IRO) and has been authorized to perform independent reviews of medical necessity for the Texas Worker's Compensation Commission (TWCC). Texas HB. 2600, Rule 133.308 effective January 1, 2002, allows a claimant or provider who has received an adverse medical necessity determination from a carrier's internal process, to request an independent review by an IRO.

In accordance with the requirement that TWCC assign cases to certified IROs, TWCC assigned this case to Envoy for an independent review. Envoy has performed an independent review of the proposed care to determine if the adverse determination was appropriate. For that purpose, Envoy received relevant medical records, any documents obtained from parties in making the adverse determination, and any other documents and/or written information submitted in support of the appeal.

The case was reviewed by a physician who is Board Certified in Neurological Surgery. He or she has signed a certification statement attesting that no known conflicts of interest exist between him or her and any of the treating physicians or providers, or any of the physicians or providers who reviewed the case for a determination prior to referral to Envoy for independent review. In addition, the certification statement further attests that the review was performed without bias for or against the carrier, medical provider, or any other party to this case.

The determination of the Envoy reviewer who reviewed this case, based on the medical records provided, is as follows:

History

The patient is a now 31-year-old female who was lifting 25 pound bags from the floor and developed mid back pain. The pain persisted despite extensive conservative measures. MRI evaluation on 3/31/99 and 8/3/00 showed some relatively minor changes, possibly more pronounced at L5-S1 and to some extent at L4-5. Discographic evaluation on 2/23/01 showed concordant pain and annular tears at L4-5 and L5-S1, suggesting these as the potential sources of her discomfort. Because of the patient's persistent difficulty without help from conservative measures over a long period of time, and a positive discogram at L4-5 and L5-S1, posterior lumbar interbody fusion was performed at L4-5 and L5-S1 on 7/25/01. The patient has indicated less pain since then, but the discomfort that she has continues to interfere with work.

Requested Service(s)

Facility services / supplies 7/25/01

Decision

I disagree with the carrier's decision to deny the requested treatment.

Rationale

The surgical procedure was reasonable and necessary, primarily because long term attempts at conservative management were unsuccessful, and there were some changes on testing that suggested the last two levels of the lumbar spine as the possible source of trouble. Fusion at those levels had a reasonable chance of being significantly helpful. The disputed services rendered in connection with the surgery were necessary. The IRO does not review the appropriateness of fees charged.

This medical necessity decision by an Independent Review Organization is deemed to be a Commission decision and order.

Sincerely,

Daniel Y. Chin
President