



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Pine Creek Medical Center

Respondent Name

Insurance Co of the State of PA

MFDR Tracking Number

M4-15-3244-01

Carrier's Austin Representative

Box Number 19

MFDR Date Received

June 16, 2015

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "In regards to the above mentioned Medical Fee Dispute Pine Creek Medical Centers position remains the same. The Medical Fee Dispute that I had filed was only addressing CPT code 62362 which remains to be under paid."

Amount in Dispute: \$13,260.68

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "CPT Codes 62350 and 62362 were reimbursed in the amount of \$8,737.44 which we calculate as being the correct reimbursement for these codes."

Response Submitted by: AIG, P.O. Box 25974, Shawnee Mission, KS 66225

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
November 11, 2014	62362	\$13,260.68	\$10,330.79

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

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - 1 – Workers' compensation jurisdictional fee schedule adjustment
 - 2 – The charge exceeds the APC rate for this service
 - 4 – The allowance for the device intensive procedure as paid at an adjusted rated

- 5 – The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated
- 6 – Your billing has been reviewed using the Correct Coding Initiative (CCI)
- 7 – The service is incidental with payment packaged or bundled into another service or APC payment

The requestor submitted only CPT code 62352 on the DWC060. However as each line of the submitted medical claim is affected by OPSS payment rules a calculation of the applicable allowable was done for each line.

Issues

1. What is the applicable rule for determining reimbursement for the disputed services?
2. What is the recommended payment amount for the services in dispute?
3. What is the additional recommended payment for the implantable items in dispute?
4. Is the requestor entitled to additional reimbursement?

Findings

1. This dispute relates to outpatient hospital facility services 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 (OPSS) 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 was requested. Therefore, per §134.403(f)(1)(B), the facility specific reimbursement amount including outlier payments is multiplied by 130 percent. Per §134.403(f)(2), when calculating outlier payment amounts, the facility's total billed charges shall be reduced by the facility's billed charges for any item reimbursed separately under §134.403(g). The facility's total billed charges for the separately reimbursed implantable items are \$38,200.00. Accordingly, the facility's total billed charges shall be reduced by this amount for the purpose of calculating any outlier payments below.
2. Under the Medicare Outpatient Prospective Payment System (OPSS), 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 OPSS 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 C1722 has 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 76000 has a status indicator of Q1, which denotes STVX-packaged codes; payment for these services is packaged into the payment for any other procedures with status indicators S, T, V, or X that are billed for the same date of service. This code may be separately payable only if no other such procedures are billed for the same date. Separate payment is not recommended.
- Procedure code 62362 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 100%. These services are classified under APC 0227, which, per OPSS Addendum A, has a payment rate of \$14,649.77. This amount multiplied by 60% yields an unadjusted labor-related amount of \$8,789.86. This amount multiplied by the annual wage index for this facility of 0.9512 yields an adjusted labor-related amount of \$8,360.91. The non-labor related portion is 40% of the APC rate or \$5,859.91. The sum of the labor and non-labor related amounts is \$14,220.82.

Per 42 Code of Federal Regulations §419.43(d) and Medicare Claims Processing Manual, CMS Publication 100-04, Chapter 4, §10.7.1, if the total cost for a service exceeds 1.75 times the OPPS payment and also exceeds the annual fixed-dollar threshold of \$2,900, the outlier payment is 50% of the amount by which the cost exceeds 1.75 times the OPPS payment. Per the OPPS Facility-Specific Impacts file, CMS lists the cost-to-charge ratio for this provider as 0.191. This ratio multiplied by the billed charge of \$23,231.50 yields a cost of \$4,437.22. The total cost of all packaged items is allocated proportionately across all separately paid OPPS services based on the percentage of the total APC payment. The APC payment for these services of \$14,220.82 divided by the sum of all APC payments is 89.56%. The sum of all packaged costs is \$497.56. The allocated portion of packaged costs is \$445.61. This amount added to the service cost yields a total cost of \$4,882.83. The cost of these services exceeds the annual fixed-dollar threshold of \$2,900. The amount by which the cost exceeds 1.75 times the OPPS payment is \$0.00. The total Medicare facility specific reimbursement amount for this line is \$14,220.82. This amount multiplied by 130% yields a MAR of \$18,487.07.

- Procedure code 62350 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 50%. These services are classified under APC 0224, which, per OPPS Addendum A, has a payment rate of \$3,415.65. This amount multiplied by 60% yields an unadjusted labor-related amount of \$2,049.39. This amount multiplied by the annual wage index for this facility of 0.9512 yields an adjusted labor-related amount of \$1,949.38. The non-labor related portion is 40% of the APC rate or \$1,366.26. The sum of the labor and non-labor related amounts is \$3,315.64. 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, including multiple-procedure discount, is \$1,657.82. This amount multiplied by 130% yields a MAR of \$2,155.17.
- Procedure code Q9966 has 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 G0378 has 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.

3. Additionally, the provider requested separate reimbursement of implantables. Per §134.403(g), "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:

- "Cath 8598SC kit" as labeled on the invoice with a cost per unit of \$400.00;
- "Pump 8637-20" as labeled on the invoice with a cost per unit of \$10,640.00.

The total net invoice amount (exclusive of rebates and discounts) is \$11,040.00. 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 \$1,040.00. The total recommended reimbursement amount for the implantable items is \$12,080.00.

4. The total allowable reimbursement for the services in dispute is \$32,722.23. This amount less the amount previously paid by the insurance carrier of \$22,391.44 leaves an amount due to the requestor of \$10,330.79. 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 \$10,330.79.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$10,330.79 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

June 30, 2015
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 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.