



**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**

Doctors Hospital at Renaissance

**Respondent Name**

Texas Municipal League Intergovernmental Risk Pool

**MFDR Tracking Number**

M4-17-3166-01

**Carrier's Austin Representative**

Box Number 19

**MFDR Date Received**

June 27, 2017

**REQUESTOR'S POSITION SUMMARY**

**Requestor's Position Summary:** "According to TWCC guidelines, Rule §134.403 states that the reimbursement calculation used for establishing the MAR shall be by applying the Medicare facility specific amount. After review the account we have concluded that reimbursement received was inaccurate."

**Amount in Dispute:** \$316.97

**RESPONDENT'S POSITION SUMMARY**

**Respondent's Position Summary:** "Subject to further review, the carrier asserts that it has paid according to applicable fee guidelines."

**Response Submitted By:** Flahive, Ogden & Latson

**SUMMARY OF FINDINGS**

| Dates of Service | Disputed Services   | Amount In Dispute | Amount Due |
|------------------|---------------------|-------------------|------------|
| March 28, 2017   | 26746, J0690, 96374 | \$316.97          | \$9.97     |

**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**

- 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
- 28 Texas Administrative Code §134.403 sets out the reimbursement guidelines for outpatient hospital services.

- The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
  - 97 – Payment is included in the allowance for
  - P12 - Workers' compensation jurisdiction fee
  - W3 – Additional payment made on appeal/reconsideration
  - 193 – Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly

### **Issues**

1. What is the applicable rule that pertains to reimbursement?
2. Is the requestor entitled to additional reimbursement?

### **Findings**

1. The requestor is seeking \$316.97 for outpatient hospital services with date of service March 28, 2017. The carrier reduced the payment amount as 97 – “Payment adjusted because the benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated.”

The requestor states in pertinent part, “...we have concluded that reimbursement received was inaccurate.”

The Respondent states in pertinent part, “The Carrier asserts that it has paid according to applicable fee guidelines...”

Therefore, the service in dispute will be reviewed per applicable Rules and Fee Guidelines discussed below.

The relevant portions of 28 Texas Administrative Code 134.403 are:

(b) Definitions for words and terms, when used in this section, shall have the following meanings, unless clearly indicated otherwise

(3) "Medicare payment policy" means reimbursement methodologies, models, and values or weights including its coding, billing, and reporting payment policies as set forth in the Centers for Medicare and Medicaid Services (CMS) payment policies specific to Medicare.

(d) 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 with any additions or exceptions specified in this section, including the following paragraphs.

(f) 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 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 OPPS/ASC proposed and final rules each year. The status indicator for each HCPCS code is shown in OPPS Addendum B.*

– **10.2 - APC Payment Groups**

*Each HCPCS code for which separate payment is made under the OPPS 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 OPPS).*

- **Composite** - *Composite APCs provide a single payment for a comprehensive diagnostic and/or treatment service that is defined, for purposes of the APC, as a service typically reported with multiple HCPCS codes. When HCPCS codes that meet the criteria for payment of the composite APC are billed on the same date of service, CMS makes a single payment for all of the codes as a whole, rather than paying individually for each code.*

Review of the submitted medical claim finds the submitted procedure code 26746 – “Open treatment of articular fracture, involving metacarpophalangeal or interphalangeal joint, includes internal fixation, when performed, each.”

Review of the Addendum B – “Final OPPS payment by HCPCS Code” found at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates.html>, for this date of service shows this code to have a “J1” status indicator which is defined as;

*J1 – “Hospital Part B services paid through a comprehensive APC. Paid under OPPS; all covered Part B services on the claim are packaged with the primary “J1” service for the claim...”*

The Medicare Payment Policy regarding Comprehensive APCs at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c04.pdf>, has a direct impact on the codes in dispute of J0690 and 96374 as described below.

10.2.3 - Comprehensive APCs

*Comprehensive APCs provide a single payment for a primary service, and payment for all adjunctive services reported on the same claim is packaged into payment for the primary service. With few exceptions, all other services reported on a hospital outpatient claim in combination with the primary service are considered to be related to the delivery of the primary service and packaged into the single payment for the primary service.*

*HCPCS codes assigned to comprehensive APCs are designated with status indicator J1, See Addendum B at [www.cms.hhs.gov/HospitalOutpatientPPS/](http://www.cms.hhs.gov/HospitalOutpatientPPS/) for the list of HCPCS codes designated with status indicator J1.*

*Claims reporting at least one J1 procedure code will package the following items and services that are not typically packaged under the OPPTS:*

- *major OPPTS procedure codes (status indicators P, S, T, V)*
- *lower ranked comprehensive procedure codes (status indicator J1)*
- *non-pass-through drugs and biologicals (status indicator K)*
- *blood products (status indicator R)*
- *DME (status indicator Y)*
- *therapy services (HCPCS codes with status indicator A reported on therapy revenue centers)*

The status indicator shown at Addendum B for the services in dispute are as follows:

- Procedure code 26746 has status indicator J1, denoting packaged services paid at a comprehensive rate. All covered services on the bill are packaged with the primary "J1" procedure (except those with status indicator F, G, H, L or U; certain inpatient and preventive services; ambulance and mammography). This is assigned APC 5113. The OPPTS Addendum A rate is \$2,438.34. This is multiplied by 60% for an unadjusted labor-related amount of \$1,463.00, which is multiplied by the facility wage index of 0.8060 for an adjusted labor amount of \$1,179.18. The non-labor related portion is 40% of the APC rate, or \$975.34. The sum of the labor and non-labor portions is \$2,154.52. The cost of these services does not exceed the fixed-dollar threshold of \$3,825. The outlier payment is \$0. The Medicare facility specific amount of \$2,154.52, is multiplied by 200% for a MAR of \$4,309.04.
  - Procedure code J0690 has status indicator N, denoting packaged codes integral to the total service package with no separate payment; reimbursement is included in the payment for the primary services. The carrier's denial is supported.
  - Procedure code 96374 has a status indicator of S. However as seen above this service is packaged into the primary procedure. The carrier's denial is supported.
2. The total recommended reimbursement for the disputed services is \$4,309.04. The insurance carrier has paid \$4,299.07 leaving an amount due to the requestor of \$9.97. 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 \$9.97.

### ***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 \$9.97, plus applicable accrued interest per 28 Texas Administrative Code §134.130 due within 30 days of receipt of this order.

### **Authorized Signature**

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Signature

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Medical Fee Dispute Resolution Officer

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July 27, 2017  
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.**