



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name

TOPS Surgical Specialty Hospital

Respondent Name

Security National Insurance Co

MFDR Tracking Number

M4-24-0469-01

Carrier's Austin Representative

Box Number 17

DWC Date Received

October 26, 2023

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
November 16, 2022	C1713	\$4,000.00	\$0.00
November 16, 2022	C1778	\$6,000.00	\$0.00
November 16, 2022	C1787	\$107,500.00	\$0.00
November 16, 2022	C1820	\$7,403.55	\$0.00
November 16, 2022	L8699	\$1,750.00	\$0.00
Total		\$126,653.55	\$0.00

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 the Texas Department of Insurance dated October 26, 2023 that states, "Per EOB received Rev code 278 for implants disallowed payment due to code considered bundled. Please note that per TX Rule 134.402, implants should be reimbursed separately at manual cost plus 10% which implant invoices are enclosed for review, and separate reimbursement was requested in Box 80 of UB-04 for implants."

Amount in Dispute: \$126,653.55

Respondent's Position

"Please see the attached EOBs. The Carrier has paid a total of \$59,668.80. This amount was inclusive of the entire surgical procedure, the APC rate plus the markup. Additionally, Requestor only provided two implant invoices: one for \$1,375.00 and one for \$1,393.56. This does not equal the amount they billed. In conclusion, Requestor is not owed any additional reimbursement for the surgical procedure."

Response submitted by: Downs Stanford, P.C.

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 Texas Administrative Code \(TAC\) §133.307](#) sets out the procedures for resolving medical fee disputes.
2. [28 TAC §134.403](#) sets out the fee guidelines for outpatient hospital services.

Denial Reasons

The insurance carrier reduced or denied the disputed service(s) with the following claim adjustment codes.

- P12 – Workers' compensation jurisdictional fee schedule adjustment.
- 305 – The implant is included in this billing and is reimbursed at the higher percentage calculation.
- 350 – Bill has been identified as a request for reconsideration or appeal.
- 370 – This hospital outpatient allowance was calculated according to the APC rate, plus a markup.
- 618 – The value of this procedure is packaged into the payment of other services performed on the same date of service.
- W3 – In accordance with TDI-DWC Rule 134.804, this bill has been identified as a request for reconsideration or appeal.
- W3 – Additional payment made on appeal/reconsideration.
- 18 – Duplicate claim/service.
- 252 – An attachment/other documentation is required to adjudicate this claim/service. At least one Remark Code must be provided (may be comprised of either the NCPDP Reject Reason Code or Remittance Advice Remark Code that is not an ALERT).

Issues

1. Did the requestor appropriately ask for separate reimbursement of implantables per TAC§ 134.403(g)?
2. What rule is applicable to reimbursement and what is the MAR?
3. Is the requestor entitled to additional reimbursement?

Findings

1. The disputed services in this medical fee dispute are implants that were used in an outpatient hospital surgical procedure. Specifically, the requestor is asking for payment of \$126,653.55 for codes C1713, C1778, C1787, C1820 and L8699. The requestor's reconsideration states in part "implants should be reimbursed separately at manual cost plus 10%...implant invoices are enclosed for review, and separate reimbursement was requested in Box 80..." Review of the submitted documentation shows that the requestor did request separate reimbursement of implantables per TAC§ 134.403(g).
2. The requestor is seeking reimbursement for implants rendered as part of an outpatient hospital surgery in November 2022. DWC Rule 28 TAC §134.403 (f)(1)(B) states that reimbursement for outpatient acute care hospital services shall be "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...shall be multiplied by 130 percent."

As the requestor asked for separate reimbursement for implantables, the Medicare facility specific amount shall be multiplied by 130 percent."

DWC Rule 28 TAC §134.403 (g) states, "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-ons per admission."

The reimbursement calculation used for establishing the MAR shall be the Medicare facility specific amount. DWC Rule 28 TAC §134.403 (d) requires Texas workers' compensation system participants when coding, billing, reporting and reimbursement to apply Medicare payment policies in effect on the date of service.

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. Specifically, Payment Status Indicators and Ambulatory Payment Category (APC).

The Medicare facility-specific amount is calculated when the APC payment rate is multiplied by 60% to determine the labor portion. This amount is multiplied by the facility wage index for

the date of service. The non-labor amount is determined when the APC payment rate is multiplied by 40%. The sum of the labor portion multiplied by the facility wage index and the non-labor portion determines the Medicare-specific amount. A review of the submitted medical bill and the applicable fee guidelines referenced above is shown below.

- Procedure code 63685 has status indicator J1, for procedures paid at a comprehensive rate. All covered services on the bill are packaged with the primary "J1" procedure.

This code is assigned APC 5465. The OPSS Addendum A rate is \$30,063.48 multiplied by 60% for an unadjusted labor amount of \$18,038.09, in turn multiplied by facility wage index 0.9873 for an adjusted labor amount of \$17,809.01.

The non-labor portion is 40% of the APC rate, or \$12,025.39.

The sum of the labor and non-labor portions is \$29,834.40.

The Medicare facility specific amount is \$29,834.40. Because the requestor asked for separate reimbursement of implantables, this is multiplied by 130% for a facility specific reimbursement amount of \$38,784.72.

DWC Rule 28 TAC §134.403 (g) states, "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-ons per admission."

The respondent states in their position statement, ". . . Requestor only provided two implant invoices: one for \$1,375.00 and one for \$1,393.56. This does not equal the amount they billed." A review of the submitted documentation supports this statement.

The following items were billed under Revenue Code 278 and listed on the itemized bill.

- "Anchor Sut Surg Anulex" as identified in the itemized statement and labeled on the invoice as "Anchor Sut Surg Anulex Imp" with a cost per unit of \$800.00;
- "Kit Lead 50 CM Contact" as identified in the itemized statement. No invoice to support the cost was submitted.
- "Control Kit Freelink" as identified in the itemized statement. No invoice to support the cost was submitted.
- "Kit Generator Sys Charger" as identified in the itemized statement. No invoice to support the cost was submitted.
- "Kit Charging Sys Charger" as identified in the itemized statement. No invoice to support the cost was submitted.
- "Set Anchor Lead Click" as identified in the itemized statement and labeled on the invoice as "Clik X Anchor Sterile Kit" with a cost per unit of \$350.00.

The total net invoice amount (exclusive of rebates and discounts) is \$1,150.00. 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 \$115.00. The total recommended reimbursement amount for the implantable items is \$1,265.00.

- 3. The total recommended reimbursement for the disputed services is \$40,049.72. The insurance carrier paid \$59,668.80. Additional payment is not recommended.

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 not established that reimbursement is due.

Order

Under Texas Labor Code §§413.031 and 413.019, DWC has determined the requestor is entitled to \$0.00 reimbursement for the disputed services.

Authorized Signature

_____	_____	<u>March 14, 2024</u>
Signature	Medical Fee Dispute Resolution Officer	Date
_____	_____	<u>March 14, 2024</u>
Signature	Director, Medical Dispute Resolution	Date

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.