TDI Division of Workers' Compensation
PO Box 12050 | Austin, TX 78711 | 800-252-7031 | tdi.texas.gov/wc

Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name
UNIVERSITY MEDICAL CENTER

Respondent Name
ZURICH AMERICAN INSURANCE CO

MFDR Tracking Number
M4-25-1706-01

Carrier's Austin Representative
Box Number 19

DWC Date Received
March 28, 2025

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
June 8, 2024 to June 11, 2024	Inpatient Hospital	$951.45	$925.47

Requestor's Position

"This bill is for a 3-day inpatient stay that should be paid according to TDI rule 134.404. The carrier received an original bill and processed and paid $30237.62. We then submitted an appeal due to the bill was underpaid and the carrier denied the additional reimbursement."

Amount in Dispute: $951.45

Respondents' Position

"The provider filed a DWC 60, seeking medical fee dispute resolution for dates of service of June 8 through June 11, 2024. The provider billed $45,490.90. The provider acknowledges that the carrier has already paid the provider the amount of $30,237.62. The provider claims to be entitled to an additional $951.45... The carrier's EOR is based upon the Medicare inpatient prospective payment system (IPPS) reimbursement formula. The provider is not entitled to any additional monies."

Response Submitted by: Flahive Ogden & Latson

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 §134.404 sets out the acute care hospital fee guideline for inpatient services.

Denial Reasons

The insurance carrier reduced the payment for the disputed services with the following claim adjustment codes:

- 4896 – Payment made per Medicare's IPPS methodology w/the applicable state mark up.
- P12 – Workers Compensation Jurisdictional fee schedule adjustment.
- N900 – Adjusted based on the applicable fee schedule for the region in which the service was rendered.

Issues

1. What is the applicable rule for determining reimbursement for the disputed services?
2. Is the requestor entitled to additional payment?

Findings

1. A review of the explanation of benefits and medical bills finds that the requester billed for inpatient facility charges provided from June 8, 2024, to June 11, 2024, in the amount of $45,490.90. The insurance carrier issued a payment in the amount of $30,237.62, and the requester seeks an additional payment of $951.45.

   To determine if the requestor is entitled to additional reimbursement, the division refers to 28 TAC §134.404(f). This regulation outlines the criteria for reimbursement of inpatient medical services. The division will review the submitted evidence to determine if additional reimbursement is warranted.

   This dispute pertains to inpatient hospital facility services with payment subject to 28 TAC §134.404(f), requiring 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.

Note: the "VBP adjustment" listed in the *PC Pricer* was removed in calculating the facility amount for this admission. Medicare's Value-Based Purchasing (VBP) program is an initiative to improve quality of care in the Medicare system. However, such programs conflict with Texas Labor Code sections 413.0511 and 413.0512 regarding review and monitoring of health care quality in the Texas workers' compensation system. Rule §134.404(d)(1) requires that specific Labor Code provisions and division rules take precedence over conflicting CMS provisions for administering Medicare. Consequently, VBP adjustments are not considered in determining the facility reimbursement.

Separate reimbursement for implants was not requested. 28 TAC §134.404(f)(1)(A) requires that the Medicare facility specific amount be multiplied by 143%.

Review of the submitted medical bill and supporting documentation finds the assigned DRG code to be 908. The service location is Lubbock, TX. Based on DRG code, service location, and bill-specific information, the Medicare facility specific amount is $21,810.54 minus the value-based purchasing adjustment of $18.17 leaves a Medicare facility specific amount of $21,792.37. This amount multiplied by 143% results in a MAR of $31,163.09.

2. The total allowable reimbursement for the services in dispute is $31,163.09. The amount previously paid by the insurance carrier is $30,237.62. The requestor is therefore entitled to an additional reimbursement amount of $925.47.

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 of $925.47 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 Zurich American Insurance Company must remit to University Medical Center an additional payment of $925.47 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

Authorized Signature

[redacted] April 24, 2025

Signature Medical Fee Dispute Resolution Officer 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 electronico CompConnection@tdi.texas.gov.