



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name

North Central Surgical Hospital

Respondent Name

Great American Alliance Insurance Co.

MFDR Tracking Number

M4-25-2109-01

Carrier's Austin Representative

Box Number 19

DWC Date Received

May 5, 2025

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
January 22, 2025	25440	\$3,056.19	\$3,056.19

Requestor's Position

"Per EOB received, CPT code 25440 was not paid correctly per TX work comp guidelines. According to TX Workers Compensation Fee Schedule the expected reimbursement for CPT 25440 is \$13,740.54. Previous payment received totaled \$10,684.35. Please reprocess and remit payment for remaining balance due.

25440-UB TX O/P: Surgical @200%GARR=\$13,740.54."

Amount in Dispute: \$3,056.19

Respondent's Position

"The provider has been paid pursuant to the Medical Fee Guidelines. 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 §134.403](#) sets out the fee guidelines for outpatient hospital services.

Adjustment Reasons

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

- 370 - THIS HOSPITAL OUTPATIENT ALLOWANCE WAS CALCULATED ACCORDING TO THE APC RATE, PLUS A MARKUP.
- 397 - ALLOWANCE IS BASED ON UTILIZATION REVIEW PRE-AUTHORIZATION.
- 45 - CHARGE EXCEEDS FEE SCHEDULE/MAXIMUM ALLOWABLE OR CONTRACTED/ LEGISLATED FEE ARRANGEMENT. USAGE: THIS ADJUSTMENT AMOUNT CANNOT EQUAL THE TOTAL SERVICE OR CLAIM CHARGE AMOUNT; AND MUST NOT DUPLICATE PROVIDER ADJUSTMENT AMOUNTS (PAYMENTS AND CONTRACTUAL)
- G14 - PRICING IS CALCULATED BASED ON THE MEDICAL PROFESSIONAL FEE SCHEDULE FACILITY SITE OF SERVICE VALUE.
- J16 - THIS PROCEDURE CODE WAS RANKED AS THE PRIMARY SERVICE WHEN CONSIDERED FOR MULTIPLE PROCEDURE REDUCTION. AS A RESULT, NO REDUCTION WAS TAKEN.
- P12 – WORKERS' COMPENSATION JURISDICTIONAL FEE SCHEDULE ADJUSTMENT.
- W3 & 350 - IN ACCORDANCE WITH TDI-DWC RULE 134.804, THIS BILL HAS BEEN IDENTIFIED AS A REQUEST FOR RECONSIDERATION OR APPEAL.

Issues

1. What rules apply to the services in dispute?
2. Have the services in dispute been previously reimbursed?
3. Is the requester entitled to additional reimbursement?

Findings

1. The requester is seeking additional reimbursement in the amount of \$3,056.19 for outpatient surgical facility charges rendered January 22, 2025.

DWC Rule 28 TAC §134.403 (d), which applies to the services in dispute, 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).

DWC Rule 28 TAC §134.403 (e) states in pertinent part, "regardless of billed amount, when no specific fee schedule or contract exists, reimbursement shall be the maximum allowable reimbursement (MAR) amount under subsection (f) of this section including any applicable outlier payment amounts and reimbursement for implantables."

DWC Rule 28 TAC §134.403 (f) states in pertinent part "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...

(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-ons per admission."

2. A review of the submitted explanation of benefits (EOB) dated March 4, 2025 allowed a total amount of \$10,684.35 reimbursement to the requestor, for outpatient surgical facility charges, for the disputed date of service.

DWC finds that the outpatient surgical services in this facility dispute have been previously reimbursed in the total amount of \$10,684.35.

3. The requestor is seeking additional reimbursement in the amount of \$3,056.19 for outpatient surgical facility services rendered January 22, 2025. Specifically, the requestor is seeking additional reimbursement for procedure code 25440.

Procedure code 25440 is described as "Repair of nonunion, scaphoid carpal (navicular) bone,

with or without radial styloidectomy (includes obtaining graft and necessary fixation)" and has a payment status indicator of J1. For codes designated with payment status indicator J1, a single payment is provided for the primary service, and payment for all adjunctive services reported on the same claim are packaged into the payment for the primary service.

Separate reimbursement of the surgical implantable product was not requested on the medical bill in accordance with 28 TAC §134.403, therefore the Medicare facility specific reimbursement amount shall be multiplied by 200 percent for the calculation of the MAR, in accordance with 28 TAC §134.403(f).

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 applicable 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.

Review of the submitted medical bill in accordance with the applicable fee guidelines referenced above is shown below.

- Procedure code 25440 has status indicator J1, for outpatient comprehensive packaging.
- This code is assigned APC 5114. The OPPS Addendum A rate on the disputed date of service is \$7,143.73 multiplied by 60% for an unadjusted labor amount of \$4,286.238.
- The unadjusted labor amount of \$4,286.238 is in turn multiplied by the applicable facility wage index 0.9362 for an adjusted labor amount of \$4,012.776.
- The non-labor portion is 40% of the OPPS APC rate, or \$2,857.492.
- The sum of the adjusted labor amount and the non-labor portion is \$6,870.268. Therefore, the Medicare facility specific amount is \$6,870.268.
- The facility provider did not request separate reimbursement for implantable items on the medical bill. Therefore, in accordance with 28 TAC §134.403, the Medicare facility specific amount is multiplied by 200% for a MAR of \$13,740.54.
- A review of the submitted EOBs finds that the insurance carrier allowed reimbursement in the total amount of \$10,684.35 for outpatient surgical services rendered on the disputed date of service.
- Additional reimbursement in the amount of \$3,056.19 is recommended for the disputed outpatient surgical facility services rendered on January 22, 2025.

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 that the requestor has established that additional reimbursement is due in the amount of \$3,056.19.

Order

Under Texas Labor Code §§413.031 and 413.019, DWC has determined the requestor is entitled to additional reimbursement for the disputed date of service January 22, 2025. It is ordered that the Respondent, Great American Alliance Insurance Co., must remit to the Requestor, North Central Surgical Hospital, \$3,056.19 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

Authorized Signature

_____	_____	May 30, 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 electrónico CompConnection@tdi.texas.gov.