



Medical Fee Dispute Resolution Findings and Decision General Information

Requester Name

Memorial Hermann
Surgery Center Woodlands

Respondent Name

City of Houston

MFDR Tracking Number

M4-25-2602-01

Carrier's Austin Representative

Box Number 29

DWC Date Received

June 20, 2025

Summary of Findings

Date(s) of Service	Disputed Services	Amount in Dispute	Amount Due
January 23, 2025	29875-SG-RT	\$3,746.09	\$3,746.09
January 23, 2025	20680-SG-XS-RT	\$1,757.62	\$1,757.62
Total		\$5,503.71	\$5,503.71

Requester's Position

"The above claim was not paid correctly per TX workers compensation ambulatory fee guidelines. Per 28 TAC 134.402, Ambulatory Surgical Center Fee Guideline, payment was expected at 235% of the current year's Medicare rate which was \$6,597.25. City of Houston paid \$1,093,54, thus underpaying the claim by \$5,503.71. Procedure code 29875 was denied due to bundling, however, there is no CCI relationship between these codes. Our office submitted a request for reconsideration on 03/20/25 but received a denial from IMO upholding the original decision."

Amount in Dispute: \$5,503.71

Respondent's Position

"Following a comprehensive review of the claim and accompanying documentation, payment is not recommended. According to the Medicare National Correct Coding Initiative (NCCI) policy manual and coding guidelines, CPT code 29875 (arthroscopic limited synovectomy of the knee) shall not be reported with another arthroscopic knee procedure on the ipsilateral knee. Procedure code denied as not covered when performed during the same session/date as a previously processed service for the patient."

Response submitted by: Injury Management Organization (IMO)

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 §133.305](#) sets out general Medical Dispute Resolution guidelines.
3. [28 TAC §134.402](#) sets out the fee guidelines for ambulatory surgical centers.

Adjustment Reasons

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

- 222 - Charge exceeds Fee Schedule allowance.
- 225 - Separate procedures are not normally charged w/other services.
- 877 - Mod -XS Indicates "Separate structure", a service that is distinct because it was performed on a separate organ/structure.
- 97 - The benefit for this service is included in the payment/allowance for another service/procedure that has already been adjudicated.
- P12 - Workers' compensation jurisdictional fee schedule adjustment.
- NOTE-0001 M80 - Not covered when performed during the same session/date as a previously processed service for the patient.

Issues

1. What rule applies for determining reimbursement for the disputed services?
2. Is the insurance carrier's reason for denial of procedure code 29875 supported?
3. Is the requester entitled to reimbursement for the disputed procedure code 29875?
4. Is the requester entitled to additional reimbursement for the disputed procedure code 20680?

Findings

1. A review of the submitted documentation finds that this medical fee dispute involves reduced payment and/or non-payment for services rendered in a licensed ambulatory surgical center on January 23, 2025.

DWC finds that Rule 28 TAC §134.402 applies to the reimbursement of the services in dispute.

DWC Rule 28 TAC §134.402 (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 10.1.2 specifically Ambulatory Surgical Center Services on ASC list. Beginning with the implementation of the 2008 revised payment system, the labor related adjustments to the ASC payment rates are based on the Core-Based Statistical Area (CBSA) methodology. Payment rates for most services are geographically adjusted using the pre-reclassification wage index values that CMS uses to pay non-acute providers. The adjustment for geographic wage variation will be made based on a 50 percent labor-related share.

DWC Rule 28 TAC §134.402 (f) states in pertinent part "the reimbursement calculation used for establishing the MAR shall be the Medicare ASC reimbursement amount determined by applying the most recently adopted and effective Medicare Payment System Policies for Services Furnished in Ambulatory Surgical Centers and Outpatient Prospective Payment System reimbursement formula and factors as published annually in the Federal Register...

(1) Reimbursement for non-device intensive procedures shall be:

- (A) The Medicare ASC facility reimbursement amount multiplied by 235 percent; or
- (B) if an ASC facility or surgical implant provider requests separate reimbursement for an implantable reimbursement for the non-device intensive procedure shall be the sum of:

- (i) 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; and
- (ii) the Medicare ASC facility reimbursement amount multiplied by 153 percent."

A review of the submitted medical bills finds that the facility did not request separate reimbursement for surgical implantables in this case.

2. A review of the Explanation of Benefits (EOB) dated March 3, 2025, reveals that the insurance carrier denied reimbursement for CPT code 29875-SG-RT. The denial was based on the carrier's determination that this procedure is typically not performed in conjunction with the other services provided on the same date and is therefore not covered when performed during the same session.

CPT code 29875 is described as "Arthroscopy, knee, surgical; synovectomy, limited (eg, plica or

shelf resection) (separate procedure)". The provider appended this code with modifier "RT" to indicate the right (RT) anatomical side of the body and with modifier "SG" to indicate that the procedure was performed in an Ambulatory Surgical Center (ASC) facility.

On the same date of service, the requester reported CPT code 20680-SG-XS-RT on the medical bill. CPT code 20680 is described as "Removal of implant; deep (eg, buried wire, pin, screw, metal band, nail, rod or plate)". The provider appended this code with modifier "XS" indicating the procedure is distinct because it was performed on a separate body organ/structure.

In its position statement, the respondent defends the denial of CPT code 29875 asserting that National Correct Coding (NCCI) Guidelines prevent reporting CPT code 29875 with other arthroscopic knee procedures performed on the same anatomical (ipsilateral) side of the body.

DWC completed NCCI edits and found that on the disputed date of service no conflicts exist with the billing of CPT codes 29875 and 20680, as defined above, together on the same date of service.

DWC finds that the insurance carrier's denial reason based on NCCI edit conflict is not supported.

3. The requester, a licensed ambulatory surgical center, is seeking reimbursement in the amount of \$3,746.09 for surgical procedure code 29875-SG-RT rendered on January 23, 2025. Because the insurance carrier's reason for denial is not supported, DWC finds that the requester is entitled to reimbursement.

Procedure Code 29875 has a payment indicator of A2 indicating a surgical procedure on the ASC list in CY 2007; payment is based on OPPS relative payment weight.

DWC Rule 28 TAC 134.402 (f) (2) states in pertinent part "reimbursement for non-device intensive procedures shall be the Medicare ASC facility reimbursement amount multiplied by 235 percent." The following formula is used to calculate the MAR:

- The Medicare ASC reimbursement for CPT code 29875 on the applicable date of service is \$1,579.16.
- The Medicare ASC reimbursement is divided by 2 = \$789.58.
- This number multiplied by the CBSA index of 1.0189, for The Woodlands, TX = \$804.503.
- Add these two figures together = \$1,594.083, the geographically adjusted Medicare ASC rate.
- To determine the MAR for CPT code 29875, multiply the geographically adjusted Medicare ASC reimbursement of \$1,594.083 by the DWC payment adjustment factor of 235% = \$3,746.10.
- DWC finds that the MAR for the disputed CPT code 29875-SG-RT is \$3,746.10.
- The insurance carrier paid \$0.00.

- The requester is seeking reimbursement in the amount of \$3,746.09.
 - DWC finds that the requester is entitled to reimbursement in the amount of \$3,746.09 for CPT code 29875-SG-RT rendered on January 23, 2025.
4. The requester, a licensed ambulatory surgical center, is seeking additional reimbursement in the amount of \$1,757.62 for procedure code 20680-SG-XS-RT rendered on January 23, 2025.

Procedure Code 20680 has a payment indicator of A2 indicating a surgical procedure on the ASC list in CY 2007; payment is based on OPPS relative payment weight. This procedure code is not subject to multiple procedure payment reduction (MPPR) rules.

DWC Rule 28 TAC 134.402 (f) (2) states in pertinent part "reimbursement for non-device intensive procedures shall be the Medicare ASC facility reimbursement amount multiplied by 235 percent." The following formula is used to calculate the MAR:

- The Medicare ASC reimbursement for CPT code 20680 on the applicable date of service is \$1,201.90.
- The Medicare ASC reimbursement is divided by 2 = \$600.95.
- This number multiplied by the CBSA index of 1.0189, for The Woodlands, TX = \$612.308.
- Add these two together = \$1,213.258, the geographically adjusted Medicare ASC rate.
- To determine the MAR for CPT code 20680, multiply the geographically adjusted Medicare ASC reimbursement of \$1,213.258 by the DWC payment adjustment factor of 235% = \$2,851.16.
- DWC finds that the MAR for the disputed CPT code 20680-SG-XS-RT rendered on January 23, 2025, is \$2,851.16.
- The insurance carrier paid \$1,093.54.
- DWC finds that the requester is entitled to additional reimbursement in the amount of \$1,757.62 for CPT code 20680-SG-XS-RT rendered on January 23, 2025.

Conclusion

The outcome of this medical fee dispute is based on the evidence presented by the requester 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 in amount of \$5,503.71 is due.

ORDER

Under Texas Labor Code §§413.031, the DWC has determined the requester is entitled to additional reimbursement for the disputed services. It is ordered that City of Houston must remit to Memorial Hermann Surgery Center Woodlands, \$5,503.71 plus applicable accrued interest

within 30 days of receiving this order in accordance with 28 TAC §134.130.

Authorized Signature

Signature

Medical Fee Dispute Resolution Officer

September 11, 2025
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.