



## Medical Fee Dispute Resolution Findings and Decision

### General Information

**Requester Name**

Memorial Hermann Surgery Center  
Woodlands

**Respondent Name**

Indemnity Insurance Co of North America

**MFDR Tracking Number**

M4-26-1402-01

**Insurance Carrier's Austin Representative**

BOX 15 Downs Stanford PC

**DWC Date Received**

January 16, 2026

### Summary of Findings

Date(s) of Service	Disputed Services	Amount in Dispute	Amount Due
September 17, 2025	27381	\$9,282.64	\$137.89
September 17, 2025	64445	\$120.09	\$64.61
September 17, 2025	C1762	\$0.00	\$0.00
September 17, 2025	C1713	\$0.00	\$0.00
<b>Total</b>		<b>\$9,402.73</b>	<b>\$202.50</b>

### Requester's Position

"The above claim was not paid correctly per TX workers compensation ambulatory fee guidelines. Payment was expected at the no implant device intensive procedure rate for the primary procedure as well as 235% of the applicable Medicare rate for the second procedure. We appealed to the carrier however, our appeal was denied."

**Amount In Dispute:** \$9,402.73

## Respondent's Position

"ESIS Med Bill Impact's Bill Review Department reviewed the above-mentioned date of service and found that the provider was not due additional money. It has been determined that ESIS Med Bill Impact will stand on the original recommendation..."

**Response Submitted By:** ESIS

## Findings and Decision

### Authority

This medical fee dispute is decided according to Texas Labor Code Section [413.031](#) and other applicable laws and rules of the Texas Department of Insurance, Division of Workers' Compensation (DWC).

### Statutes and Rules

1. 28 Texas Administrative Code (TAC) Section [133.307](#) sets out the procedures for resolving medical fee disputes.
2. 28 TAC Section [133.305](#) sets out the procedures for resolving medical disputes.
3. 28 TAC Section [134.402](#) sets out the guidelines for ambulatory surgical centers.

### Adjustment Reasons

The insurance carrier reduced payment for the disputed services due to the following reasons:

- 1 - Previous gross recommended payment amount on line; \$0; Previous recommended payment amount on line: \$0, Additional recommended allowance of \$7559.50 is being made based upon additional supporting documentation received.
- 2 - Previous gross recommended payment amount on line: \$0; Previous recommended payment amount on line: \$0, Additional recommended allowance of \$93.21 is being made based upon additional supporting documentation received.
- 4 - Multiple surgery rules allow for this procedure to be paid at 50%
- 5 - Mod -XP indicates "Separate practitioner", a service that is distinct because it was performed by a different practitioner.
- 7 - Device-intensive procedure added to ASC list in CY 2008 or later; paid at adjusted rate.
- 8 - This procedure is an Office-based surgical procedure added to ASC list in CY 2008 or later with MPFS nonfacility PE RVUs; payment based on Medical Fee Guidelines.
- 11 - P12 Workers' compensation jurisdictional fee schedule adjustment.
- W3 – Request for reconsideration under 133.250 of this title or an appeal of an adverse determination under Chapter 19, Subchapter U of this title.

### Issues

1. What is DWC considering in this medical fee dispute?

2. What rules apply to the services in dispute?
3. Is the requester entitled to additional reimbursement for CPT code 27381?
4. Is the requester entitled to additional reimbursement for CPT code 64445?

## Findings

1. This medical fee dispute resolution (MFDR) review involves facility charges for surgical services rendered in a licensed ambulatory surgical center (ASC) on September 17, 2025. The insurance carrier has previously allowed reimbursement for the disputed services in a reduced amount. The requester, Memorial Hermann Surgery Center Woodlands, is seeking additional reimbursement.

On the disputed date of service, the requester billed for one unit each of CPT codes 27381, 64445, C1762 and C1713. Specifically, the requester is seeking additional reimbursement for CPT codes 27381 and 64445. The requester is seeking \$0.00 reimbursement for CPT codes C1762 and C1713 (representing surgical implants).

DWC will only review CPT codes 27381 and 64445 as billed on date of service September 17, 2025, to determine if additional reimbursement is due in accordance with applicable DWC Statutes and Rules.

2. Because this MFDR review involves facility charges for surgical services provided in an ASC, DWC finds that 28 TAC Section 134.402 applies to 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](http://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 maximum allowable reimbursement (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.

Reimbursement shall be based on the fully implemented payment amount published in the Federal Register. Reimbursement for device intensive procedures shall be the sum of the ASC device portion and the ASC service portion multiplied by 235 percent.

3. The requester, a licensed ASC, is seeking additional reimbursement for CPT code 27381 rendered on September 17, 2025.

In accordance with 28 TAC §134.402, the MAR for the service in dispute is calculated as follows:

**CPT Code 27381** has an ASC payment indicator of J8 which indicates a device intensive procedure paid at an adjusted rate.

The following formula is used to calculate the MAR:

Step 1 calculating the **device portion** of the procedure:

Per 28 TAC §134.402 (b)(2), "ASC device portion" means the portion of the ASC payment rate that represents the cost of the implantable device and is calculated by applying the Centers for Medicare and Medicaid Services (CMS) Outpatient Prospective Payment System (OPPS) device offset percentage to the OPPS payment rate. The device offset percentage information can be found in the [CMS OPPS Addendum P](#).

- The national reimbursement is found in Addendum B for National Hospital Outpatient Prospective Payment System (OPPS). The rate for CPT code 27381 on the applicable date of service = \$7,143.73
- The device dependent APC offset percentage for National Hospital OPPS in Addendum P for code 27381 on the applicable date of service is 29.85 percent.
- Multiply the above  $\$7,143.73 \times 29.85\% = \$2,132.403$ , the device portion of the procedure.

Step 2 calculating the **service portion** of the procedure:

Per 28 TAC §134.402 (b)(3), "ASC service portion" means the Medicare ASC payment rate less the device portion.

- Per Addendum AA, the Medicare ASC reimbursement rate for CPT code 27381 for CY 2025 is \$4,458.35.

- This number is divided by 2 = \$2,229.175.
- This number multiplied by the CBSA for The Woodlands, Texas region of 1.0189 = \$2,271.306.
- The sum of these two, \$2,229.175 + \$2,271.306, is the geographically adjusted Medicare (MC) ASC reimbursement \$4,500.481.
- The service portion is found by subtracting the device portion \$2,132.403 from the geographically adjusted MC ASC rate \$4,500.481:  
4,500.481- \$2,132.403 = \$2,368.078.
- Multiply the service portion, \$2,368.078, by the DWC payment adjustment of 235% = \$5,564.983, the final DWC service portion amount.

Step 3 calculating the **MAR**:

- The MAR is determined by adding the sum of the device portion \$2,132.403 and the final DWC service portion \$5,564.983 = \$7,697.386.

DWC finds the MAR for the disputed CPT code 27381, rendered on September 17, 2025, is \$7,697.39. The insurance carrier paid \$7,559.50. Therefore, additional reimbursement in the amount of \$137.89 is recommended.

4. The requester, a licensed ASC, is seeking additional reimbursement for CPT code 64445 rendered on September 17, 2025.

Per 2025 ASC Addendum AA CPT code 64445 is assigned payment indicator P3, which indicates an Office-based surgical procedure added to ASC list in CY 2008 or later with Medicare Physician Fee Schedule (MPFS) non-facility PE RVUs; **payment is based on MPFS non-facility PE RVUs**.

DWC finds that CPT code 64445 billed on September 17, 2025, is subject to the Medicare multiple procedure payment discounting rule. A review of the [Medicare Claims Processing Manual – Chapter 14, Section 40.5 – Payment for Multiple Procedures](#), finds that when more than one surgical procedure is performed in the same operative session, special payment rules apply. When the ASC performs multiple surgical procedures in the same operative session that are subject to the multiple procedure discount, contractors pay 100 percent of the highest paying surgical procedure on the claim, plus 50 percent of the applicable payment rate(s) for the other ASC covered surgical procedures subject to the multiple procedure discount that are furnished in the same session.

Per CMS, multiple surgeries are reimbursed as follows:

- 100 percent of the fee schedule amount for the highest valued procedure; and

- 50 percent of the fee schedule amount for the second through the fifth highest valued procedures.

DWC finds that CPT code 27381 is the highest valued procedure billed on the disputed date of service. Therefore, CPT code 64445 shall receive fifty percent of the MPFS amount.

- DWC Rule 28 TAC Section 134.402(h) states, for medical services provided in an ASC, but not addressed in the Medicare payment policies as outlined in subsection (f) of this section, and for which Medicare reimburses using other Medicare fee schedules, reimbursement shall be made using the applicable Division Fee Guideline in effect for that service on the date the service was provided.
- DWC Rule 28 TAC Section 134.203(c)(1) states in pertinent part, to determine the maximum allowable reimbursement (MAR) for professional services, system participants shall apply the Medicare payment policies with minimal modifications. For service categories of Evaluation & Management, General Medicine, Physical Medicine and Rehabilitation, Radiology, Pathology, Anesthesia, and Surgery when performed in an office setting, the established conversion factor to be applied is the conversion factor applicable to the disputed date of service.
- To determine the MAR the following formula is used:  
(DWC Conversion Factor/Medicare Conversion Factor) X Medicare Payment = MAR.
- The disputed service was rendered in zip code 77380, locality 99, "Rest of Texas"
- The non-facility Medicare participating amount for **CPT code 64445** on the disputed date of service at this locality is \$145.47.
- Because the procedure was performed in the same session as another primary procedure, CPT code 64445 receives 50 percent of the Medicare non-facility amount or \$72.74.
- The 2025 DWC Conversion Factor is 70.18
- The 2025 Medicare Conversion Factor on the applicable date of service is 32.3465.
- Using the above formula, DWC finds the MAR is \$157.82 at the multiple procedure rate for CPT code 64445 on the disputed date of service.
- The insurance carrier paid \$93.21.
- Additional reimbursement in the amount of \$64.61 is recommended.

DWC finds the MAR for the disputed CPT code 64445, rendered on September 17, 2025, is

\$157.82. The insurance carrier paid \$93.21. Therefore, additional reimbursement in the amount of \$64.61 is recommended.

### Conclusion

The outcome of this medical fee dispute is based on the evidence requester and the respondent presented 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 is due.

### **Order**

Under Texas Labor Code Sections [413.031](#) and [413.019](#), DWC has determined the requester is entitled to additional reimbursement for the disputed services. It is ordered that Indemnity Insurance Co of North America must remit to Memorial Hermann Surgery Center Woodlands \$202.50 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC Section [134.130](#).

### **Authorized Signature**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Medical Fee Dispute Resolution Officer

March 31, 2026  
\_\_\_\_\_  
Date

### **Your Right to Appeal**

Either party to this medical fee dispute has a right to seek review of this decision under 28 TAC Section [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](http://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 800-252-7031, option three or email [CompConnection@tdi.texas.gov](mailto: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 this Medical Fee Dispute Resolution Findings and Decision** with any other required information listed in 28 TAC Section [141.1\(d\)](#).

Si prefiere hablar con una persona en español acerca de esta correspondencia, favor de llamar a 800-252-7031, opción tres o correo electrónico [CompConnection@tdi.texas.gov](mailto:CompConnection@tdi.texas.gov).