

MAXIMUS FEDERAL SERVICES, INC.

Independent Bill Review
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Independent Bill Review Final Determination Reversed

9/3/2014

████████████████████
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████████████████

IBR Case Number:	CB13-0000586	Date of Injury:	10/09/1999
Claim Number:	██████████	Application Received:	10/14/2013
Claims Administrator:	████████████████████		
Date(s) of service:	01/02/13 – 01/11/13		
Provider Name:	██		
Employee Name:	██		
Disputed Codes:	DRG 458		

Dear ██████████

Determination:

A Request for Independent Bill Review (IBR) was assigned to MAXIMUS Federal Services on 03/14/2014, by the Administrative Director of the California Division of Workers' Compensation pursuant to California Labor Code section 4603.6. MAXIMUS Federal Services has determined that the **Claims Administrator's determination is reversed. The Claims Administrator is required to reimburse you the IBR fee of \$335.00 and the amount found owing of \$22,449.08, for a total of \$22,784.08.**

Pertinent Records and Other Appropriate Information Relevant to the Determination Reviewed:

- The original billing itemization
- Supporting documents submitted with the original billing
- Explanation of Review in response to the original bill
- Request for Second Bill Review and documentation
- Supporting documents submitted with the request for second review
- The final explanation of the second review
- Official Medical Fee Schedule or negotiated contract:
- Other: CMS' Hospital Inpatient Prospective Payment System (IPPS)

Supporting Analysis:

Pursuant to Labor Code section 5307.1(g)(2), the Administrative Director of the Division of Workers' Compensation orders that to the extent references to the Federal Register or Code of Federal Regulations are made in any sections starting from section 9789.20 through 9789.24 of Title 8 of the California Code of Regulations, said section is hereby amended to incorporate by reference the applicable Federal Register final rule (including notices, correction notices, and revisions) and Federal Regulations in effect as of the date this Order becomes effective, to be applied to discharges occurring on or after December 1, 2011. Based on the adoption of the CMS coding guidelines, the Federal Register final rule, and the OMFS Inpatient Hospital Fee Schedule were referenced during the review of this Independent Bill Review (IBR) case.

The dispute regards the payment for surgical facility services from 1/2/2013 through 1/11/2013. The facility services were billed by the provider utilizing UB-04/CMS1450 using revenue codes for services and supplies related to DRG458. The provider was reimbursed by the carrier for \$54,231.98. The provider believes the submitted DRG458 qualifies for an outlier reimbursement rate and is due additional reimbursement of \$17,627.15.

After a second review by the Claims Administrator, the provider has asked Maximus to review and provide a final determination of the claim in question. This review will present a complete analysis and a recommendation for resolution to this claim.

On October 14, 2013, Maximus received a formal request for Independent Bill Review from the provider. The provider is requesting resolution to the following questions:

1. Non-payment of MSDRG outlier reimbursement
2. Extraordinary medical circumstances, length of stay and unreasonable reimbursement.
3. Unpaid orthotic charges.

The Claims Administrator reviewed the claim in question a second time and provided the following explanation for the initial allowances:

1. This charge was adjusted to comply with the rate and rules of the contract indicated.
2. The charge exceeds the Official medical Fee Schedule allowance. The charge has been adjusted to the scheduled allowance.

Upon second review by the Claims Administrator, no additional reimbursement was provided for DRG458.

On January 2, 2013 through January 11, 2013, the patient was admitted by the surgeon and the following operations were performed:

1. Removal of hardware from pedicle screws from L2 – L5.

2. Posterolateral fusion from T8-S1.
3. Application of pelvic screw fixation.
4. Pedicle screw instrumentation from T8-S1
5. Bilateral laminotomy L5-S1 with decompression of S1 nerve root.
6. Posterior thoracic and lumbar fusion using allograft and bone morphogenetic protein.

For the above procedures and related services, DRG 458 was submitted to the Claims Administrator by the provider.

CMS' Hospital Inpatient Prospective Payment System (IPPS) defines DRG 458 as follows:

“SPINAL FUS EXC CERV W SPINAL CURV/MALIG/INFEC OR 9+ FUS W/O CC/MCC
MDC Description: Musculoskeletal System And Connective Tissue (08), TYPE: SURG, weight 5.0565., LOS 9 days.”

The provider is seeking reimbursement for two additional inpatient hospital days. According to the provided documentation, the patient's length of stay was eleven (11) days, exceeding the maximum allowable of nine (9). Given this DRG parameter, two (2) days reimbursement is not recommended as an additional allowance for the submitted DRG 458.

Additional reimbursement for in-house transfer from one unit to another is also in question. Post-surgical, documentation states the patient was transferred from one unit inside the hospital, to a Rehab Unit. The surgeon is seeking reimbursement for this in- house transfer. Title 8, California Code of Regulations, Chapter 4.5, Subchapter 1, Article 5.2, §9789.22 (a), paragraph (A) states, “When an acute care patient is discharged to a post-acute care provider which is a rehabilitation hospital or a distinct part rehabilitation unit of an acute care hospital or a long-term hospital, and the patient's discharged is assigned to one of the qualifying DRGs as specified in the Federal Register, payment to the transferring hospital shall be made... in accordance with §9789.25(b), FY2012 Final Rule.”

DRG 458 is not listed as a qualifying DRG in Rule FY2012. Given the parameters of FY2012, further reimbursement for this in-house transfer is not recommended as an additional allowance for DRG 458.

Based on the submitted documentation and billed inpatient charges, this case qualifies for additional payment under Title 8, California Code of Regulations, Chapter 4.5, Subchapter 1, Article 5.2, §9792.5 (f) (1) “Cost Outlier Cases.” The qualifying charges and additional reimbursement owed was determined based on the following OMFS Inpatient Hospital formula:

(f) (1) Cost Outlier cases. Inpatient services for cost outlier cases, shall be reimbursed as follows:

1) (DRG weight x 1.2 x hospital specific composite factor).

2) (total billed charges - charges for spinal devices) x total cost-to charge ratio + documented paid spinal device costs, net of discounts and rebates, plus any sales tax and/or shipping and handling charges actually paid.

3) (Inpatient Hospital Fee Schedule payment amount + hospital specific outlier factor + any new technology pass-through payment determined under

Section 9789.22(h) + any additional allowance for spinal devices

under . 4) If costs exceed the outlier threshold, the case is a cost

outlier case. The additional allowance for the outlier case equals 0.8 x (costs - cost outlier threshold).

The outlier was calculated below utilizing this formula.

1)	DRG WEIGHT	X	1.2	X	Hospital Specific Composite Factor	TOTAL		
	5.0565		6.0678		9120.07	\$55,338.76		
2)	Total Billed Charges	(-)	Documented Paid Spinal Device Costs	TOTAL	x .200 Cost to Charge	+	Documented Paid Spinal Devices	Total
	\$517,141.85		\$154,014.88	\$363,126.97	\$72,625.39		\$46,588.64	\$486,338.87
3)	Inpatient Hospital Fee Schedule Payment Amount	(+)	Hospital Spec. Outlier	Total				
	\$55,338.76		\$25,605.97	\$80,944.73				
	Costs	(-)	Outlier Threshold	X	0.08	Total		
	\$486,338.87		\$405,394.14		\$32,431.53	\$32,431.53		
4)	Cost Exceed Threshold Amount	(-)	98% PPO	(-)	Reimbursed Amount	TOTAL		
	\$32,431.53		\$31,782.90		\$54,231.98	\$22,449.08		

For the “Documented Paid Spinal Devices” total, all of the invoices provided were reviewed and abstracted from both the operative and nursing intraoperative report. The accounting of these devices is provided below.

Product Description	Units	Verified Per Op	Unit Price	Claim Total Price	Total Price Verified
5.6 TI Cort Fix 6 X45MM	7	7	\$ 720.00	\$ 5,040.00	\$5,040.00
5.5 TI Cort Fix 6 x40MM	2	2	\$ 720.00	\$ 1,440.00	\$1,440.00
5.5 TI Cort Fix 7 x50MM	7	7	\$ 720.00	\$ 5,040.00	\$5,040.00
EXP TI Foly Screw 8mmx80MM	7	7	\$ 600.00	\$ 1,200.00	\$4,200.00
5.5 TI Cort Fix 7x45MM	2	2	\$ 720.00	\$ 1,440.00	\$1,440.00
5.5 TI Cort Fix 5x40MM	2	2	\$ 720.00	\$ 1,440.00	\$1,440.00
5.5 Single-Inner Set Screw	22	22	\$ 80.00	\$ 1,760.00	\$1,760.00
Viper2 Straight Rod 600MM	2	2	\$ 800.00	\$ 1,600.00	\$1,600.00
Wide Blade Hook 8.0	2	2	\$ 600.00	\$ 1,200.00	\$1,200.00
SFX 5.5 TI LAT Size A3	1	1	\$ 400.00	\$ 400.00	\$400.00
ROD, 120MM	1	0	\$ 240.00	\$ 240.00	Not Found In Report
Cancellous Chips	30cc	0	\$ 295.00	\$ 295.00	Serial Number and Inv Do Not Match
Cruched Cancellos	30cc	0	\$ 627.00	\$ 627.00	Serial Number and Inv Do Not Match
Custom Fabricated Orthotics		1	\$ 1,363.22	\$ 1,974.50	\$1,363.22
Bone Graft Kit			\$ 21,665.42	\$ 21,665.42	\$21,665.42
				\$ 45,361.92	\$46,588.64

The chart below provides a comparison of billed charges and reimbursement rates for the codes and date of services at issue.

Validated Code	Validated Units	Dispute Amount	Total Fee Schedule Allowance	Provider Paid Amount	Allowed Recommended Reimbursement	Fee Schedule Utilized
DRG458	1	\$18,990.37	\$76,681.06	\$54,231.98	\$22,449.08	PPO Contract

MAXIMUS Federal Services, as the Independent Bill Review Organization, has determined the Claims Administrator owes the Provider additional reimbursement. The Claims Administrator is required to reimburse the Provider for the IBR application fee (**\$335.00**) and the OMFS amount for DRG 458 (**\$22,449.08**) for a total of **\$22,784.08**.

*The Claims Administrator is required to reimburse the provider \$22,784.08 within **45 days of date on this notice per section 4603.2 (2a)**. This decision constitutes the final determination of the Division of Workers’ Compensation Administrative Director, is binding on all parties, and is not subject to further appeal except as specified in Labor Code section 4603.6(f).*

Sincerely,

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