

## ADVISORY NO. 241

### TOPIC: NEW PLAYER IN THE HOSPITAL DISPUTE ARENA

A group of hospitals has retained an organization identified to us as Resource Recovery Consultants to come up with an alternative method of calculating fair and reasonable reimbursement. FO&L has received filings from approximately 25 of these hospitals who were responding to the August 15 deadline for initial filings. Resource Recovery Consultants has outlined a modified scheme based on Medicaid's system. This new scheme uses the diagnosis related groups and standard dollar amount (reimbursement rate per hospital) in a calculation to determine the "fair and reasonable" rate of reimbursement.

The reason this new system is important is that it attempts to provide a reasoned alternative to the per diem system we have been defending. It is possible that the TWCC will adopt this or a similar fee schedule or database in an effort to establish a compromise definition of a fair and reasonable rate of reimbursement. FO&L is in the process of gathering information with which to defend the per diem against this new attack.

Initial estimates of the sums involved by Resource Recovery Consultants' calculations are around \$100 million. Of course, these estimates are not apportioned to carriers yet. Resource Recovery Consultants' submissions do not clearly indicate which carriers are responsible for adjusting these claims. The filing appears to be an effort to convince TWCC to adopt their scheme across the board, and they will bill carriers accordingly later.

FO&L has also received new filings from the Columbia hospital system and the Tenet hospital system. Columbia has claimed \$20 million from just one of our clients; our information is that the Tenet system is also claiming about \$20 million in fees due. However, neither Columbia nor Tenet has produced an alternate method of calculating fair and reasonable reimbursement as yet.

Our information from TWCC is that approximately 7,000 new disputes were filed on the August 15 deadline. Please be aware that you will most likely be receiving a proportionate share of these disputes shortly; we have until September 15, 1998 to respond.

We want to emphasize again that if at any point since 1992, you have had a PPO or managed care contract with any of the following hospitals, please send us a copy of the terms of that contract.

We have been successful in getting these disputes withdrawn if we can show that the bills were paid in accordance with a PPO contract. The hospitals involved in the Resource Recovery Consultants scheme appear to be as follows:

Baptist Memorial - San Antonio  
Baylor University Medical Center - Dallas  
Baylor University Medical Center  
Columbia Medical Arts - Texarkana  
Harris Methodist Hospital - Bedford  
Harris Methodist Hospital - Erath County  
Harris Methodist Hospital - Fort Worth  
Harris Methodist Hospital - Northwest (Azle)  
Harris Methodist Hospital - Southwest  
Hermann Hospital  
Irving Healthcare System  
John Peter Smith Hospital  
McKenna Memorial Hospital - New Braunfels  
Mesquite Community Hospital  
Northwest Healthcare - Amarillo  
Presbyterian Hospital - Greenville  
St. Elizabeth Hospital - Beaumont  
St. Joseph's Hospital - Houston  
St. Joseph's Hospital - Paris  
St. Luke's Hospital - San Antonio  
St. Mary's Hospital - Port Arthur  
St. Paul Medical Center  
Titus Regional Medical Center  
Wadley Regional Medical Center  
Walls Regional Hospital

If you have any questions concerning the hospital disputes or the medical dispute resolution process in general, please call Frank Clary at 512/435-2266 or Erin Allen at 512/435-2181.