

ADVISORY NO. 245

TOPIC: BILLING PROCEDURES FOR EPIDURAL STEROID INJECTIONS CONDUCTED AT OUTPATIENT CARE FACILITIES

A recent decision issued by the State Office of Administrative Hearings reviewed certain billing procedures utilized by East Side Surgery Center (“East Side”) for charges related to injections administered at East Side’s facility. East Side operates an ambulatory surgical care center in Houston, Texas that provides surgical services to patients for procedures not requiring inpatient hospitalization. The dispute concerned a bill submitted by East Side for an elbow injection performed in July 1996, for which \$2,213.70 was billed. The Carrier reimbursed a total of \$860. The decision found that (1) the issue of medical necessity for use of the operating room was rendered moot by the Carrier’s preauthorization of those services, (2) East Side failed to prove that services other than the operating room charge and certain pharmacy charges were either medically necessary or not already included in the global charge for the operating room use, and (3) East Side failed to carry its burden of proving it was entitled to any additional reimbursement.

The focus of the dispute concerned East Side’s attempts to “unbundle” the various components of the outpatient procedure and charge a separate, additional fee for each component. “Unbundling” occurs when the charge for a specific procedure remains the same (a “global” charge), but one or more components of the procedure are separated from the global service package and given a separate, additional fee. The decision found that East Side’s attempt to “unbundle” the various charges was not reasonable and that the charges submitted by East Side for the procedure (\$2,213.70) were at least three to seven times higher than the reasonable charges submitted by other medical providers in the area (ranging from \$150-\$500) and the charge reimbursed by Medicare for such procedures (Medicare will reimburse \$312.00 for facility charges involving similar injection-type procedures). Moreover, the decision found that, if the same procedure had been done in a hospital (inpatient surgery), the maximum the hospital could have billed under the Commission’s Acute Care Inpatient Hospital Fee Guidelines would be \$1,118.00. This fee would include all charges for the patient’s hospital stay and treatment, including operating room charges, recovery room charges, pharmacy charges, and surgical supplies. 28 Tex. Admin. Code § 134.401. Thus, East Side billed twice the amount that the Commission allows for inpatient facility charges.

Based on this recent decision, we want to emphasize that it is imperative for you to scrutinize any preauthorization requests and all bills for outpatient services for epidural steroid injections or other injection-type procedures submitted by any surgical care center, treatment facility, or other medical care provider to determine (1) whether the charges are reasonable, and (2) whether the medical care provider has made an unreasonable attempt to “unbundle” the charges to increase the total fee charged.

If you have any questions concerning this fee dispute or the medical dispute resolution process, in general, please call:

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