



**Texas Department of Insurance**

**Division of Workers' Compensation**

Medical Fee Dispute Resolution, MS-48  
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645  
518-804-4000 telephone • 512-804-4811 fax • [www.tdi.texas.gov](http://www.tdi.texas.gov)

**MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION**

**GENERAL INFORMATION**

**Requestor Name and Address**

EDDIE S NG DBA ENG'S PHARMACY  
PO BOX 2686  
STAFFORD TX 77497

**Respondent Name**

AMERICAN ZURICH INSURANCE CO

**Carrier's Austin Representative Box**

Box Number: 19

**MFDR Tracking Number**

M4-10-4617-01

**MFDR Date Received**

JULY 2, 2010

**REQUESTOR'S POSITION SUMMARY**

**Requestor's Position Summary as stated on the Table of Disputed Services:** "carrier did not pay based on reimburse. Methodology: 134.503."

**Amount in Dispute:** \$193.05

**RESPONDENT'S POSITION SUMMARY**

**Respondent's Position Summary:** The insurance carrier or its agent did not respond to the request for medical fee dispute resolution.

**SUMMARY OF FINDINGS**

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
April 2, 2010	TRAMADOL HCL 50MG TABLET	\$111.59	\$111.59
April 2, 2010	MELOXICAM 15MG TABLET	\$81.46	\$81.44

**FINDINGS AND DECISION**

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

**Background**

- 28 Texas Administrative Code §133.307, effective May 25, 2008 33 Texas Register 3954 sets out the procedures for resolving a medical fee dispute.
- 28 Texas Administrative Code §134.503, 29 Tex. Reg. 2346, sets out the reimbursement for the pharmaceutical services in dispute

3. The services in dispute were reduced/denied by the respondent with the following reason codes:
  - AWPRx has paid the enclosed claims.
  - These claims were paid on behalf of North American Risk Services- NARS
  - This item is no considered paid in full No resubmission will be accepted.

### Issues

1. How is reimbursement established for the service(s) in dispute?
2. What does §134.503(c)(3)(A) require?
3. Did the requestor support its request for additional reimbursement?

### Findings

1. Reimbursement for the pharmaceutical services in dispute may be established by applying 28 Texas Administrative Code §134.503, effective from March 14, 2004 (29 Tex. Reg. 2346), which states, in pertinent part:
  - (a) The maximum allowable reimbursement (MAR) for prescription drugs shall be the lesser of:
    - (1) The provider's usual and customary charge for the same or similar service;
    - (2) The fees established by the following formulas based on the average wholesale price (AWP) determined by utilizing a nationally recognized pharmaceutical reimbursement system (e.g. Redbook, First Data Bank Services) in effect on the day the prescription drug is dispensed.
      - (A) Generic drugs:  $((AWP \text{ per unit}) \times (\text{number of units}) \times 1.25) + \$4.00$  dispensing fee = MAR;
      - (B) Brand name drugs:  $((AWP \text{ per unit}) \times (\text{number of units}) \times 1.09) + \$4.00$  dispensing fee = MAR;
      - (C) A compounding fee of \$15 per compound shall be added for compound drugs;  
or
    - (3) A negotiated or contract amount.

Review of the explanation of benefits, position statements, and other documentation provided by the parties finds that: (1) no contract exists between the parties; and that (2) there are no denial codes or assertions refuting that the amount charged is the usual and customary amount. Consequently, the MAR in this medical fee dispute is established by determining the lesser of the charged amount and the AWP formula pursuant to 28 Texas Administrative Code §134.503(a)(2).

2. 28 Texas Administrative Code §134.503(a)(2) states, in pertinent part, that "The fees established by the following formulas [are] based on the average wholesale price (AWP) determined by utilizing a nationally recognized pharmaceutical reimbursement system (e.g. Redbook, First Data Bank Services) in effect on the day the prescription drug is dispensed." The preamble to §134.503, adopted to be effective January 3, 2002, 26 Texas Register 10970, provides guidance on the requirement that the AWP must be "in effect on the day" the drug is dispensed.

COMMENT: Commenter contended that the nationally recognized pharmaceutical data is too broad. Some pharmacists use the daily AWP updates provided by First Data, some use weekly, and some use the monthly publication. Commenters recommend that the Commission specify a specific pharmaceutical reimbursement system that insurers must use to determine the AWP of drugs. Since pricing can differ daily, this will result in uniformity of reimbursed amounts and should prevent many medical disputes.

Some commenters recommend that the Commission adopt by reference First Data Bank's monthly "Price Alert" as modified for the Medicare system, as the reimbursement system publication to be used by insurers and bill review agents since it has recently been adjusted to reflect accurate and lower AWP's.

RESPONSE: The Commission disagrees with the suggestion to select one source for AWP. The Commission wishes to allow flexibility for whichever nationally recognized pharmaceutical reimbursement system the carrier selects and will monitor to determine if future changes are warranted.

COMMENT: Commenters requested clarification regarding whether AWP should be updated weekly or daily. Commenter recommends updating daily.

RESPONSE: The Commission agrees with daily updating, but disagrees that clarification is necessary. Section 134.503(a)(2) states that reimbursement is based on the average wholesale price in effect on the day the prescription drug is dispensed.

The January 3, 2002 adoption preamble establishes that the Division expects AWP prices to be updated daily. Because the requestor has the burden of proof in this medical fee dispute, it must provide evidence to support that any asserted AWP values used to calculate reimbursement pursuant to §134.503(a)(2) were in effect on the day the disputed drug was dispensed. A mere assertion of the rate in effect on the day that the drug is dispensed is not sufficient.

3. The pharmaceutical in dispute was dispensed on April 2, 2010. After thorough review of the information and documentation provided by the parties, the Division finds:
- The respondent did not provide any evidence to support the asserted AWP price or effective date.
  - In order to refute the carrier's payment in this medical fee dispute, the requestor alleged that a First Data Bank AWP pricing of 0.834 per unit for TRAMADOL HCL 50MG TABLET, 240 count, NDC number 00591050301 and 4.845 per unit for MELOXICAM 15MG TABLET, 30 count, NDC number 68382005101 should be used as a basis for additional reimbursement. The requestor did not provide any evidence to support the asserted First Data Bank AWP price or effective date; the maximum allowable reimbursement (MAR) is therefore determined by the Division as follows:

Dates of Service	Prescription Drug	§134.503 (a)(2)	Carrier Paid	Amount Due
April 2, 2010	TRAMADOL HCL 50MG TABLET NDC: 00591050301 200 count	$((0.83400 \times 240) \times 1.25) + \$4 = \$254.20$	\$142.61	\$111.59
April 2, 2010	MELOXICAM 15MG TABLET NDC: 68382005101 30 count	$((4.84490 \times 30) \times 1.25 + \$4 = \$185.68$	\$104.24	\$81.44
				\$193.03

The total MAR for the services in dispute is \$439.88. The respondent paid a total of \$246.85; therefore the requestor is entitled to additional reimbursement in the amount of \$193.03.

**Conclusion**

For the reasons stated above, the division finds that the requestor has supported its request for additional reimbursement. As a result, the amount ordered is \$193.03.

***ORDER***

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code §§413.031 and 413.019 (if applicable), the division has determined that the requestor is not entitled to additional reimbursement for the services involved in this dispute.

**Authorized Signature**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
January 28, 2014  
Date

### ***YOUR RIGHT TO REQUEST AN APPEAL***

Either party to this medical fee dispute may appeal this decision by requesting a contested case hearing. A completed **Request for a Medical Contested Case Hearing** (form **DWC045A**) must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party.**

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**