TEXAS DEPARTMENT OF INSURANCE
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
Sentrix Pharmacy and Discount, L.L.C.

Respondent Name
Vanliner Insurance

MFDR Tracking Number
M4-16-1793-01

Carrier's Austin Representative
Box Number 1

MFDR Date Received
February 26, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "The insurance carrier, Vanliner Insurance, failed to take final action on the claim within the 45-day period set forth in TAC §133.240… As the insurance carrier took no action within the 45-day period as required by the applicable regulations, the Pharmacy now seeks payment of the claim in full."

Amount in Dispute: $12,607.46

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The compound medication in dispute in this matter was denied based on retrospective medical necessity."

Response Submitted by: Downs-Stanford, P.C.

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
December 23, 2015	Prescription Medication (Compound Cream)	$12,607.46	$12,607.46

FINDINGS AND DECISION

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

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §133.240 sets out the procedures for payment or denial of medical bills.
3. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
4. 28 Texas Administrative Code §134.530 sets out the requirements for use of the closed formulary for claims not subject to certified networks.
5. 28 Texas Administrative Code §19.2003 provides definitions for terms related to utilization reviews.
6. 28 Texas Administrative Code §19.2009 sets out the procedures for notices of determination of utilization

reviews.

7. 28 Texas Administrative Code §19.2010 provides the requirements prior to issuing adverse determinations of utilization review.
8. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - 216 – Based on the findings of a review organization.
   - 283 – Based on a peer review, payment is denied because the treatment(s)/service(s) is medically unreasonable/unnecessary.
   - 791 – This item is reimbursed as a brand-name prescribed drug.
   - 91 – Dispensing fee adjustment.

Issues

1. Did the insurance carrier appropriately raise medical necessity for this dispute?
2. What is the total allowance for the disputed services?
3. Is the requestor entitled to reimbursement for the disputed services?

Findings

1. The insurance carrier denied disputed services with claim adjustment reason code 216 – "BASED ON THE FINDINGS OF A REVIEW ORGANIZATION," and 283 – "BASED ON A PEER REVIEW, PAYMENT IS DENIED BECAUSE THE TREATMENT(S)/SERVICE(S) IS MEDICALLY UNREASONABLE/UNNECESSARY."

   28 Texas Administrative Code §134.530(d) states, in relevant part:

   > … Except as provided by this subsection, the prescribing of drugs shall be in accordance with §137.100 of this title (relating to Treatment Guidelines), the division's adopted treatment guidelines.
   > (1) Prescription and nonprescription drugs included in the division's closed formulary and recommended by the division's adopted treatment guidelines may be prescribed and dispensed without preauthorization.
   > (2) Prescription and nonprescription drugs included in the division's closed formulary that exceed or are not addressed by the division's adopted treatment guidelines may be prescribed and dispensed without preauthorization.
   > (3) Drugs included in the closed formulary that are prescribed and dispensed without preauthorization are subject to retrospective review of medical necessity and reasonableness of health care by the insurance carrier in accordance with subsection (g) of this section.

   The division finds that the medication in question is a compound composed of drugs included in the closed formulary. 28 Texas Administrative Code §134.530(g) states, in relevant part:

   > Except as provided in subsection (f)(1) of this section, drugs that do not require preauthorization are subject to retrospective review for medical necessity in accordance with §133.230 of this title (relating to Insurance Carrier Audit of a Medical Bill) and §133.240 of this title (relating to Medical Payments and Denials), and applicable provisions of Chapter 19 of this title.

   28 Texas Administrative Code §133.240(q) states, in relevant part,

   > When denying payment due to an adverse determination under this section, the insurance carrier shall comply with the requirements of §19.2009 of this title ... Additionally, in any instance where the insurance carrier is questioning the medical necessity or appropriateness of the health care services, the insurance carrier shall comply with the requirements of §19.2010 of this title …, including the requirement that prior to issuance of an adverse determination the insurance carrier shall afford the health care provider a reasonable opportunity to discuss the billed health care with a doctor ...

   Submitted documentation does not support that the insurance carrier followed the appropriate procedures for a retrospective review denial of the disputed services required by 28 Texas Administrative Code §133.240(q). Therefore, the insurance carrier did not appropriately raise medical necessity for this dispute.

2. The total reimbursement for the disputed services is established by the AWP formula pursuant to 28 Texas Administrative Code §134.503(c), which states, in relevant part:

The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:

(1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
   (A) Generic drugs: ((AWP per unit) x (number of units) x 1.25) + $4.00 dispensing fee per prescription = reimbursement amount;
   (B) Brand name drugs: ((AWP per unit) x (number of units) x 1.09) + $4.00 dispensing fee per prescription = reimbursement amount;
   (C) When compounding, a single compounding fee of $15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or

(2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
   (A) health care provider…

The requestor is seeking reimbursement for a compound of the drugs generic Propylene Glycol, NDC 38779051001; generic Gabapentin, NDC 38779246108; generic Fluticasone Propionate, NDC 38779276004; generic Methyl Salicylate, NDC 51927114000; brand name Pracasil Plus base cream, NDC 51927465500; and generic Naproxen, NDC 62991290401. The disputed medication was dispensed on December 23, 2015. The reimbursement is calculated as follows:

Date of Service	Prescription Drug	Calculation per §134.503 (c)(1)	§134.503 (c)(2)	Lesser of §134.503 (c)(1) & (2)	Carrier Paid	Balance Due
12/23/15	Propylene Glycol	(0.190 x 12.0 x 1.25) + $4.00 = $6.85	$3.79	$3.79	$0.00	$3.79
12/23/15	Gabapentin	(59.850 x 36.0 x 1.25) + $4.00 = $2697.25	$2153.35	$2153.35	$0.00	$2153.35
12/23/15	Fluticasone Propionate	(3449.35520 x 2.4 x 1.25) + $4.00 = $10,352.07	$8274.28	$8274.28	$0.00	$8274.28
12/23/15	Methyl Salicylate	(0.740 x 7.2 x 1.25) + $4.00 = $10.66	$5.04	$5.04	$0.00	$5.04
12/23/15	Pracasil Plus base cream	(12.720 x 170.4 x 1.09) + $4.00 = $2366.57	$2165.96	$2165.96	$0.00	$2165.96
12/23/15	Naproxen Sodium	(3.990 x 12.0 x 1.25) + $4.00 = $63.85	$5.04	$5.04	$0.00	$5.04

3. The total reimbursement for the disputed service is $12,607.46. The insurance carrier paid $0.00. A reimbursement of $12,607.46 is recommended.

Conclusion

The outcome of this medical fee dispute relied upon the evidence presented by the requestor and the respondent at the time of adjudication. Even though all the evidence was not discussed, it was considered. For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $12,607.46.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services in dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of $12,607.46 plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this Order.

Authorized Signature

	Laurie Garnes	April 14, 2016
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request 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 §141.1(d).

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