Texas Department of Insurance
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
7551 Metro Center Drive, Suite 100, Austin, Texas 78744-1645
(512) 804-4000 | F: (512) 804-4811 | (800) 252-7031 | TDI.texas.gov | @TexasTDI

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
MEMORIAL COMPOUNDING RX

Respondent Name
XL INSURANCE AMERICA INC

MFDR Tracking Number
M4-21-1828-01

Carrier's Austin Representative
Box Number 19

MFDR Date Received
June 11, 2021

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "The above patient was prescribed medication and the carrier received and processed the bill. Carrier denied the claim and the provider submitted a request for reconsideration. The request for reconsideration in accordance with Rule 133.250 was submitted to the carrier but claim was processed and denied again."

Amount in Dispute: $158.70

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Recommend Denial – until further evaluation has been conducted This script has been identified as a formulary medication per the ODG; however, it is recommended to evaluate the medication for injury relatedness prior to approving."

Response Submitted by: Gallagher Bassett

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
March 24, 2021	Pharmaceutical Services	$158.70	$130.50

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 (DWC).

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
3. 28 Texas Administrative Code §§134.530 and 134.540 sets out preauthorization requirements for pharmaceutical services.

4. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - 197 – Payment denied/reduced for absence of precertification/authorization.
   - 00663 – Reimbursement has been calculated according to state fee schedule guidelines
   - 438 – Payment denied/reduced for absence of precertification/authorization.
   - 5725 – First Script has denied the line for Utilization.

Issues

1. Did XL Insurance America, Inc. raise a new defense in its response?
2. Is the insurance carrier's denial of payment based on preauthorization supported?
3. Is Memorial Compounding Rx (Memorial) entitled to reimbursement for the drug in question?

Findings

1. In its position statement, Gallagher Bassett, on behalf of the insurance carrier, argued that "it is recommended to evaluate the medication for injury relatedness prior to approving."

   The response from the insurance carrier is required to address only the denial reasons presented to the health care provider before to the request for medical fee dispute resolution (MFDR) was filed with the DWC. Any new denial reasons or defenses raised shall not be considered in this review.[1]

   The submitted documentation does not support that a denial based on relatedness was provided to Memorial before this request for MFDR was filed. Therefore, the DWC will not consider this argument in the current dispute review.

2. Memorial is seeking reimbursement for omeprazole dispensed on March 24, 2021.

   Submitted documentation indicates that the insurance carrier denied the disputed drug based on preauthorization. Preauthorization is only required for:

   - drugs identified with a status of "N" in the current edition of the ODG Appendix A[2];
   - any compound prescribed before July 1, 2018, that contains a drug identified with a status of "N" in the current edition of the ODG Appendix A;
   - any prescription drug created through compounding prescribed and dispensed on or after July 1, 2018; and
   - any investigational or experimental drug.[3]

   The DWC finds that omeprazole is not identified with a status of "N" in the applicable edition of the ODG, *Appendix A*. Therefore, this drug does not require preauthorization for this reason.[4]

   The submitted documentation does not support that the disputed drug is a compound. Therefore, this drug does not require preauthorization for this reason.[5]

   The submitted documentation does not support that the disputed drug is experimental or investigational. Therefore, this drug does not require preauthorization for this reason.[6]

   The DWC concludes that the insurance carrier's denial of payment of the disputed drug based on preauthorization is not supported.

3. Because XL Insurance America, Inc. failed to support its denial reason for the service in this dispute, the DWC finds that Memorial is entitled to reimbursement.

---

[1] 28 TAC §133.307 (d)(2)(F)
[2] *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*
[3] 28 TAC §134.530(b)(1) and §134.540(b)
[4] 28 TAC §134.530(b)(1)(A) and §134.540(b)(1)
[5] 28 TAC §134.530(b)(1)(B) and (C), and §134.540(b)(2) and (3)
[6] 28 TAC §134.530(b)(1)(D) and §134.540(b)(4)

The reimbursement considered in this dispute is calculated as follows[7]:

- Omeprazole DR 20 mg capsules: (3.37338 x 30 x 1.25) + $4.00 = $130.50

The total allowable reimbursement is $130.50. This amount is recommended.

Conclusion

The outcome of each independent medical fee dispute relies upon the relevant evidence presented by the requestor and the respondent at the time of adjudication. Though all the evidence in this dispute may not have been discussed, it was considered. For the reasons stated above, the Texas Department of Insurance, Division of Workers' Compensation (DWC) finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $130.50.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the DWC has determined the requestor is entitled to additional reimbursement for the disputed services. The DWC hereby ORDERS the respondent to remit to the requestor $130.50, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

______________________	______________________	July 23, 2021
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 Rule §133.307, effective May 31, 2012, *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 DWC within **twenty** days of your receipt of this decision. The request may be faxed, mailed, or personally delivered to the DWC 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. **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.

[7] 28 TAC §134.503 (c)