



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name

EZ Scripts LLC

Respondent Name

North River Insurance Co.

MFDR Tracking Number

M4-23-2662-01

Carrier's Austin Representative

Box Number 53

DWC Date Received

June 19, 2023

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
06/20/2022	Cyclobenzaprine HCL oral - Rx# 501722	\$44.91	\$44.91
06/20/2022	Gabapentin oral cap – Rx# 501723	\$103.75	\$103.75
06/20/2022	Diclofenac Sodium gel 1% - Rx# 501724	\$150.00	\$149.88
06/20/2022	Biofreeze Gel 4% - Rx# 501726	\$11.26	\$0.00
06/20/2022	Acetaminophen 500mg – Rx# 501727	\$1.35	\$1.35
06/27/2022	Rx# 501896	\$34.64	\$0.00
Total		\$351.91	\$299.89

Requestor's Position

“The bills were denied because ‘Per TX rule 134.600 pre-auth is required’. However, these medications that were prescribed by their treating physician are on the Y formulary for Texas. Therefore, no certification is needed. EZ Scripts is asking that the Division of Workers’ Compensation order Gallagher Bassett to pay our outstanding balance.”

Amount in Dispute: \$351.91

Respondent's Position

"Carrier responds that the dates of service in dispute were reduced / denied because provider failed to obtain precertification / preauthorization. See attached EOBs. Note that Carrier has indicated on the EOBs that First Scrips has denied the line for utilization. Payment that was made was correctly calculated in accordance with pharmacy fee guidelines. Provider now seeks payment outside of fee guidelines, and the previous reductions / denials should be upheld on appeal."

Response Submitted by: Hoffman Kelley Lopez, LLP

Findings and Decision

Authority

This medical fee dispute is decided according to [Texas Labor Code §413.031](#) and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation (DWC).

Statutes and Rules

1. [28 Texas Administrative \(TAC\) Code §133.307](#) sets out the procedures for resolving medical fee disputes (MFDR).
2. [28 TAC §134.503](#) sets out the fee guidelines for pharmaceutical services.
3. [28 TAC §§134.530](#) and [134.540](#) set out the preauthorization requirements for pharmaceutical services.
4. [28 TAC §134.240](#) sets out guidelines of medical bill processing and auditing by insurance carriers.
5. [28 TAC, Chapter 19](#) sets out the requirements for utilization review.

Adjustment Reasons

The insurance carrier reduced or denied payment for the disputed services with the following claim adjustment codes:

- 197 – PAYMENT DENIED/REDUCED FOR ABSENCE OF PRECERTIFICATION/AUTHORIZATION.
- 5725 – First Script has denied the line for Utilization.
- 91 – DISPENSING FEE ADJUSTMENT.
- P12 – WORKERS' COMPENSATION JURISDICTIONAL FEE SCHEDULE ADJUSTMENT.
- 0663 – REIMBURSEMENT HAS BEEN CALCULATED ACCORDING TO STATE FEE SCHEDULE GUIDELINES.
- 4282 – DRUGS IDENTIFIED WITH A STATUS OF "Y" IN THE CURRENT EDITION OF THE "OFFICIAL DISABILITY GUIDELINES TREATMENT IN WORKERS' COMP" (ODG)/APPENDIX A, "ODG WORKERS' COMPENSATION DRUG FORMULARY" IDENTIFY A DRUG THAT CAN DISPENSED WITHOUT PREAUTHORIZATION. THE ALLOWANCE HAS BEEN DETERMINED IN ACCORDING TO THE PHARMACY FEE GUIDELINES.
- 1 – DEDUCTIBLE AMOUNT.

Issues

1. Does submitted documentation support that the drugs in dispute were submitted to the insurance carrier?
2. Have any of the drugs in dispute received payment?
3. Is the insurance carrier's denial of payment based on preauthorization supported?
4. Is the insurance carrier's denial of payment based on utilization supported?
5. Is EZ Scripts LLC entitled to reimbursement?

Findings

1. The requester is seeking reimbursement for multiple drugs dispensed on dates of service June 20 and 27, 2022.

28 TAC §133.307(c)(2) states in pertinent part, "(2) Health Care Provider or Pharmacy Processing Agent Request. The requestor must send the request to the division in the form and manner prescribed by the division by any mail service, personal delivery, or electronic transmission as described in §102.5 of this title. **The request must include:** ... (J) a copy of all medical bills related to the dispute, as described in §133.10 of this chapter (concerning Required Billing Forms/Formats) or §133.500 (concerning Electronic Formats for Electronic Medical Bill Processing) as originally submitted to the insurance carrier in accordance with this chapter...".

The requestor identified the disputed drugs on the DWC060 medical fee dispute request form using only Rx numbers. A review of the submitted documentation finds no evidence that a drug with Rx number 501896, rendered on June 27, 2022 was billed to the insurance carrier. Therefore, the drug with Rx number 501896, included on the requester's DWC060 MFDR request form, will not be reviewed. The medications provided on June 20, 2022 are eligible for review.

2. The requestor, EZ Scripts LLC, is seeking additional reimbursement for Biofreeze dispensed June 20, 2022. Per explanation of benefits dated October 3, 2022, the insurance carrier reduced the billed amount to a total payment of \$26.12, citing the workers' compensation fee schedule as the reason for the reduction.

28 TAC §134.503(c) requires the insurance carrier to pay the lesser of DWC's pharmacy formulary 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, or the billed amount.

The requestor, EZ Scripts LLC, is seeking additional reimbursement in the amount of \$11.26 for the disputed drug. The requestor has the burden of supporting its request for this amount. A review of the submitted documentation finds that EZ Scripts LLC did not demonstrate how it arrived at the requested amount or whether that amount is consistent with the methodology under 28 TAC §134.503(c). Therefore, the DWC finds that no additional reimbursement can be recommended.

3. Submitted documentation indicates that the insurance carrier denied the following drugs based on preauthorization: Cyclobenzaprine HCL, Gabapentin, Diclofenac Sodium Gel, Acetaminophen.

Per 28 TAC §134.530(b)(1) and §134.540(b), preauthorization is only required for:

- drugs identified with a status of "N" in the current edition of the ODG Appendix A;
- 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.

DWC finds that the drugs in question were not identified with a status of "N" in the applicable edition of the ODG, Appendix A, for the date of service reviewed in this dispute. Therefore, these drugs did not require preauthorization for this reason.

The submitted documentation does not support the claim that the disputed drugs were compounds. Therefore, the drugs did not require preauthorization for this reason.

The submitted documentation does not support the claim that the disputed drugs were experimental or investigational. Therefore, the drugs did not require preauthorization for this reason.

The DWC finds that for the drugs in this dispute, no preauthorization was required in accordance with 28 TAC §134.530(b)(1) and §134.540(b). Therefore, the DWC finds that the denial reason based on preauthorization is not supported.

4. Review of submitted documentation finds that the insurance carrier also denied the disputed drugs Cyclobenzaprine HCL, Gabapentin, Diclofenac Sodium Gel, and Acetaminophen with denial reason, "Denied the line for utilization."

When responding to a medical fee dispute, 28 TAC §133.307 (d)(2)(I), which sets out the respondent's required documentation to support a denial for lack of medical necessity, states in pertinent part, "On receipt of the request, the respondent must provide any missing information not provided by the requestor and known to the respondent. The respondent must also provide the following information and records: ... (I) If the medical fee dispute involves medical necessity issues, the insurance carrier must attach documentation that supports an adverse determination in accordance with §19.2005 of this title (concerning General Standards of Utilization Review)."

The insurance carrier provided no evidence to support the claim that it performed a utilization review on the drugs in dispute to determine medical necessity in accordance with 28 TAC §133.307 (d)(2)(I).

The DWC finds that the denial reason based on utilization is not supported.

5. The requestor is seeking reimbursement for drugs billed on disputed date of service June 20, 2022. Because the insurance carrier failed to support its denial reasons for the drugs Cyclobenzaprine HCL, Gabapentin, Diclofenac Sodium Gel, and Acetaminophen, the DWC finds that EZ Scripts LLC, is entitled to reimbursement.

The DWC finds that 28 TAC §134.503(c) applies to the reimbursement for the drugs in dispute, which states, "(c) 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 \text{ per unit}) \times (\text{number of units}) \times 1.25) + \4.00 dispensing fee per prescription = reimbursement amount;

(B) Brand name drugs: $((AWP \text{ per unit}) \times (\text{number of units}) \times 1.09) + \4.00 dispensing fee per prescription = reimbursement amount; ..."

Drug Name	Rx #	Units Billed	Price/ unit	Generic (G)/ Brand (B)	AWP Formula	Lesser of AWP and Billed = MAR
Cyclobenzaprine HCL	501722	30	1.09149	G	\$44.93	\$44.91
Gabapentin	501723	60	1.33	G	\$103.75	\$103.75
Diclofenac Sodium Gel 1%	501724	200	0.58350	G	\$149.88	\$149.88
Acetaminophen 500mg	501727	60	0.01758	G	\$5.32	\$1.35
Total MAR						\$299.89

The DWC finds the recommended reimbursement is \$299.89, as shown in calculations above, therefore this amount is recommended.

Conclusion

The outcome of this medical fee dispute is based on the evidence presented by the requestor and the respondent at the time of adjudication. Though all evidence may not have been discussed, it was considered.

The DWC finds the requester has established that reimbursement of \$299.89 is due.

Order

Under Texas Labor Code §§413.031 and 413.019, the DWC has determined the requestor is entitled to reimbursement for the disputed services. It is ordered that North River Insurance Co., must remit to EZ Scripts LLC, \$299.89 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

Authorized Signature

August 8, 2023

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 under 28 TAC §133.307, which applies to disputes filed on or after **June 1, 2012**.

A party seeking review must submit DWC Form-045M, *Request to Schedule, Reschedule, or Cancel a Benefit Review Conference to Appeal a Medical Fee Dispute Decision (BRC-MFD)* and follow the instructions on the form. You can find the form at www.tdi.texas.gov/forms/form20numeric.html. DWC must receive the request within **20 days** of when you receive this decision. You may fax, mail, or personally deliver your request to DWC using the contact information on the form or the field office handling the claim. If you have questions about DWC Form-045M, please call CompConnection at 1-800-252-7031, option 3 or email CompConnection@tdi.texas.gov.

The party seeking review of the MFDR decision must deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with DWC. **Please include a copy of the Medical Fee Dispute Resolution Findings and Decision** with any other required information listed in 28 TAC §141.1 (d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 1-800-252-7031, opción 3 o correo electrónico CompConnection@tdi.texas.gov.