



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name
Injured Workers Pharmacy LLC

Respondent Name
City of Houston

MFDR Tracking Number
M4-23-2787-01

Carrier's Austin Representative
Box Number 29

DWC Date Received
July 3, 2023

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
07/13/2023	Lidocaine 5% patch NDC: 00591352530	\$355.01	\$355.01

Requestor's Position

"The insurance carrier denied the medication for no authorization prior to filling. However, our pharmacy did send the request for pre-authorization, and it was approved from 6/20/22 through 7/25/22 under pre-authorization number... . We sent an appeal explaining the authorization, however, the medication was denied again for the same reason."

Amount in Dispute: \$355.01

Respondent's Position

"Based on a review of the claim history and the submitted documentation no payment is being recommended for DOS 7/13/22. The preauthorization on file shows approval for a 30-day supply of the medication for the period of 6/20/22 to 7/25/22, refills were not addressed and not approved. A bill for date of service 6/20/22 was processed for the 30-day supply which fulfilled the approval. A copy of the explanation of benefits has been included for review."

Response Submitted by: Injury Management Organization, Inc.

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 Code \(TAC\) §133.307](#) sets out the procedures for resolving medical fee disputes.
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.

Denial Reasons

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

- 198 & 197 – Precertification/notification/authorization/pre-treatment exceeded.
- W3 - TDI Level 1 Appeal means a request for reconsideration under 133.250 of this title or an appeal of an adverse determination under Chapter 19, Subchapter U of this title.

Issues

1. Is the insurance carrier's denial of payment based on preauthorization supported?
2. Is the requestor entitled to reimbursement?

Findings

1. The requestor is seeking reimbursement for Lidocaine 5% patch x 30 units dispensed on July 13, 2022.

Submitted documentation indicates that the insurance carrier denied Lidocaine 5% patch based on preauthorization exceeded. 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 drug in question was 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, this drug did not require preauthorization for this reason.

The submitted documentation does not support that the disputed drug was a compound. Therefore, this drug did not require preauthorization for this reason.

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

DWC concludes that the insurance carrier's denial of payment of the disputed drug based on preauthorization is not supported for the date of service in question.

2. Because the insurance carrier failed to support its denial reason for the service in this dispute, DWC finds that the requestor is entitled to reimbursement.

The DWC finds that 28 TAC §134.503(c) applies to the reimbursement for the drug 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:** $((AWP \text{ per unit}) \times (\text{number of units}) \times 1.25) + \$4.00 \text{ dispensing fee per prescription} = \text{reimbursement amount};$

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

The DWC finds that for the generic drug Lidocaine 5% patch dispensed on July 13, 2022:
AWP per unit = 9.36033; units dispensed = 30

The maximum allowable reimbursement (MAR) is calculated according to 28 TAC §134.503 (c) using the formula above:

- Lidocaine 5% patch: $(9.36033 \text{ AWP} \times 30 \text{ units} \times 1.25) + \$4.00 = \$355.01$

The total MAR for Lidocaine 5% patch x 30 units is \$355.01. 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.

DWC finds the requester has established that reimbursement of \$355.01 is due.

Order

Under Texas Labor Code §§413.031 and 413.019, DWC has determined the requestor is entitled to reimbursement for the disputed services. It is ordered that City of Houston must remit to Injured Workers Pharmacy \$355.01 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

Authorized Signature

August 1, 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.