



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name

Memorial Wellness Pharmacy

Respondent Name

American Zurich Insurance Co.

MFDR Tracking Number

M4-24-0120-01

Carrier's Austin Representative

Box Number 19

DWC Date Received

September 14, 2023

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
June 5, 2023	Diclofenac Sodium 1% Gel NDC: 21922-0009-09	\$115.85	\$76.94

Requestor's Position

"The carrier denied the original bill as well as the reconsideration based on (LACK OF PREAUTHORIZATION). Memorial did not receive any additional denial codes for the rejection of this bill from the carrier."

Amount in Dispute: \$115.85

Respondent's Supplemental Position

"Our supplemental response for the above referenced medical fee dispute resolution is as follows: the bills in question were escalated and a review completed. Our bill audit company has determined no further payment is due. The rationale for this determination is found below.

D.OS: 06/05/2023 - 06/05/2023 Rationale: Per PLN 11 filed."

Response Submitted by: Gallagher Bassett

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 service with the following claim adjustment codes:

- 197 – Precertification/authorization/notification/pre-treatment absent.
- 75 – Prior Authorization required.

Issues

1. Did the insurance carrier raise a new defense in its response?
2. Is the insurance carrier's denial of payment based on preauthorization supported?
3. Is the requestor entitled to reimbursement?

Findings

1. In its supplemental position statement, Gallagher Bassett upholds the denial of this disputed service by raising the issue of a PLN-11 on file. The PLN-11 submitted by the respondent addresses an extent of injury dispute.

The response from the insurance carrier is required by 28 TAC §133.307 (d)(2)(F) to address only the denial reasons presented to the health care provider before the request for medical fee dispute resolution (MFDR) was filed with DWC. Any new denial reasons or defenses raised shall not be considered in this review.

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

2. The requestor, Memorial Wellness Pharmacy, is seeking reimbursement for 100 units of Diclofenac Sodium 1% Gel, dispensed on June 5, 2023.

The submitted documentation indicates that the insurance carrier denied Diclofenac Sodium 1% Gel based on absence of preauthorization. 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 the absence of preauthorization is not supported for the date of service in question.

3. Because the insurance carrier failed to support its denial reason for the service in dispute, DWC finds that Memorial Wellness Pharmacy is entitled to reimbursement.

DWC finds that 28 TAC §134.503(c) applies to the reimbursement of 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 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; ..."

DWC finds that for the generic drug Diclofenac Sodium 1% Gel dispensed on June 5, 2023: AWP per unit = 0.58350; units dispensed = 100

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

- Diclofenac Sodium 1% Gel: $(0.58350 \text{ AWP} \times 100 \text{ units} \times 1.25) + \$4.00 = \$76.94$

The total allowable reimbursement for 100 units of Diclofenac Sodium 1% Gel dispensed on June 5, 2023, is \$76.94. 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 that the requestor has established that reimbursement in the amount of \$76.94 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 American Zurich Insurance Co., must remit to Memorial Wellness Pharmacy \$76.94 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

Authorized Signature

October 13, 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.