



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, LLC

Respondent Name

Property and Casualty Insurance Co. of Hartford

MFDR Tracking Number

M4-17-0315-01

Carrier's Austin Representative

Box Number 47

MFDR Date Received

October 6, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "The insurance carrier, The University of Texas System c/o CCMSI failed to take final action within the 45-day period set forth in TAC §134.240 [sic]. Specifically the claim was submitted on 7/5/16 and it was received by the provider on 7/11/16 ... and no action was taken on the claim. Sentrix made a good faith effort to notify the carrier of their failure to respond to the bill on 8/26/16 and it was received by the provider on 8/30/16 ... Again, no action was taken on the claim."

Amount in Dispute: \$2,568.98

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Carrier submits that its reason for denial of payment is supported and that no reimbursement is due to the Provider ...

Texas Administrative Code §133.20 sets out the procedures for medical bill submission, and it requires that the provider 'shall submit the medical bill to the correct workers' compensation insurance carrier.'"

Response Submitted by: White Espey, PLLC

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
July 5, 2016	Pharmacy Services – Compound	\$2,568.98	\$2,568.98

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 §133.2 defines terms used in the medical billing and processing chapter.
3. 28 Texas Administrative Code §133.200 sets out the insurance carrier's procedures for receipt of medical

bills.

4. 28 Texas Administrative Code §133.210 sets out the procedures for medical documentation.
5. 28 Texas Administrative Code §133.240 sets out the procedure for medical bill processing by the workers' compensation insurance carrier.
6. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
7. 28 Texas Administrative Code §134.503 sets out the fee guideline for pharmacy services.
8. Texas Labor Code §408.027 sets out provisions related to payment of health care providers.
9. Submitted documentation does not include explanations of benefits.

Issues

1. What are the services in dispute?
2. Did Property and Casualty Insurance Company of Hartford reduce or deny the disputed services not later than the 45th day after receiving the medical bill?
3. Is Sentrix Pharmacy and Discount LLC entitled to reimbursement for the disputed services?

Findings

1. Sentrix Pharmacy and Discount LLC (Sentrix) is seeking reimbursement of \$2,568.98 for a compound dispensed on date of service July 5, 2016 with the following ingredients:
 - Salt Stable LS Base, NDC 00395602157, 145.92 grams
 - Baclofen, NDC 38779038808, 9.6 grams
 - Amantadine, NDC 38779041109, 19.2 grams
 - Clonidine, NDC 38779056105, 0.48 grams
 - Dimethyl Sulfoxide, NDC 38779061409, 12.0 milliliters
 - Amitriptyline, NDC 58597800308, 4.8 grams
 - Gabapentin, NDC 58597801407, 12.0 grams
 - Ketoprofen, NDC 58597801707, 24.0 grams
 - Lidocaine, NDC 58597802007, 12.0 grams
2. Sentrix contends that the insurance carrier "failed to take final action within the 45-day period set forth in TAC §134.240 [sic]." Furthermore, in its reconsideration request, Sentrix also alleges that "Sentrix has not ... received any sort of notification or EOBR."

White Espey, PLLC (White Espey), in its position statement on behalf of Property and Casualty Insurance Company of Hartford (Property and Casualty), argued that Sentrix included the wrong insurance information and employer information on the pharmacy bill. Documentation submitted by Sentrix included a copy of a USPS receipt postmarked July 5, 2016, tracking number 9414 8118 9956 3095 3697 47, addressed to Cannon Cochran Management Services, Inc. (CCMSI). Based on available information, the division finds that CCMSI is an agent of Property and Casualty for this claim. 28 Texas Administrative Code §133.210(e) states:

It is the insurance carrier's obligation to furnish its agents with any documentation necessary for the resolution of a medical bill. **The Division considers any medical billing information or documentation possessed by one entity to be simultaneously possessed by the other** [emphasis added].

Possession of the pharmacy bill by CCMSI is therefore considered to be simultaneously possessed by the Property and Casualty. Property and Casualty was not relieved of its requirement to pay, reduce, or deny the disputed services not later than the 45th day after it received the pharmacy bill from Sentrix, in accordance with Texas Labor Code Sec. 408.027(b). Corresponding 28 Texas Administrative Code §133.240(a) also required Property and Casualty to take **final action** by issuing an explanation of benefits not later than the statutorily-required 45th day. 28 Texas Administrative Code §133.2(6) defines final action as follows:

- (6) Final action on a medical bill—
 - (A) sending a payment that makes the total reimbursement for that bill a fair and reasonable reimbursement in accordance with §134.1 of this title (relating to Medical Reimbursement); and/or

(B) denying a charge on the medical bill.

The following evidence supports the written statement from Sentrax that the pharmaceutical bill for the service in dispute was initially received by CCMSI, agent of Property and Casualty on May 9, 2016: A USPS tracking document indicating that CCMSI received USPS tracking number 9414 8118 9956 3095 3697 47 on Monday, July 12, 2016 at the location listed on the USPS receipt.

When the insurance carrier receives a medical bill, it is obligated to take the following actions pursuant to 28 Texas Administrative Code §133.240:

- (a) An insurance carrier **shall take final action** [emphasis added] after conducting bill review on a complete medical bill...**not later than the 45th day** [emphasis added] after the insurance carrier received a complete medical bill...
- (e) The insurance carrier **shall send the explanation of benefits** [emphasis added] in accordance with the elements required by §133.500 and §133.501 of this title...The explanation of benefits shall be sent to:
 - (1) the health care provider when the insurance carrier makes payment or denies payment on a medical bill...

In its position statement on behalf of Property and Casualty, White Espey argued that Sentrax “failed to include a paper copy of the explanation of benefits related to the dispute.” White Espey asserted that “payment for the disputed services was reduced/denied for several reasons” and that “the reason for denial of payment is supported.” 28 Texas Administrative Code §133.307(d)(2) requires the following:

Response. Upon receipt of the request, the respondent shall provide any missing information not provided by the requestor and known to the respondent. The respondent shall also provide the following information and records:

- (B) a paper copy of all initial and appeal EOBs related to the dispute, as originally submitted to the health care provider in accordance with this chapter, related to the health care in dispute not submitted by the requestor or a statement certifying that the respondent did not receive the health care provider's disputed billing prior to the dispute request

All workers compensation insurance carriers are expected to fulfill their duty to take final action as required by the divisions Laws and adopted administrative rules. The division finds that:

- no evidence was presented to the division to support that Property and Casualty took final action by paying, reducing, or denying the services in dispute within 45 days; and
- no evidence was presented to the division to support that Property and Casualty timely presented **any** defenses to Sentrax on an explanation of benefits as required under 28 Texas Administrative Code §133.240.

Failure to provide evidence that Property and Casualty timely issued an explanation of benefits to Sentrax creates a waiver of defenses that White Espey raised in its response to medical fee dispute resolution under 28 Texas Administrative Code §133.307(d)(2)(F):

The [carrier's] response shall address only those denial reasons presented to the requestor prior to the date the request for MFDR was filed with the division and the other party. Any new denial reasons or defenses raised shall not be considered in the review...

Absent any evidence that Property and Casualty raised defenses that conform with the requirements of Title 28, Part 2, Chapter 133, Subchapter C and Chapter 134, Subchapter F, the division concludes that the defenses presented in Property and Casualty's position statement, as submitted by White Espey, shall not be considered for review because those assertions constitute new defenses pursuant to 28 Texas Administrative Code §133.307(d)(2)(F).

- 3. 28 Texas Administrative Code §134.503 applies to the compound in dispute and states, in pertinent part:
 - (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: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \4.00 dispensing fee per prescription = reimbursement amount;
 - (B) Brand name drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 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; or
 - (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2).

Each ingredient is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Salt Stable LS Base	00395602157 Generic	\$3.36	145.92 gm	$\$3.36 \times 145.92 \times 1.25 = \612.87	\$490.29	\$490.29
Baclofen	38779038808 Generic	\$35.63	9.6 gm	$\$35.63 \times 9.6 \times 1.25 = \427.56	\$342.05	\$342.05
Amantadine	38779041109 Generic	\$24.225	19.2 gm	$\$24.225 \times 19.2 \times 1.25 = \581.40	\$465.12	\$465.12
Clonidine	38779056105 Generic	\$206.625	0.48 gm	$\$206.625 \times 0.48 \times 1.25 = \123.98	\$93.48	\$93.48
Dimethyl Sulfoxide	38779061409 Generic	\$1.24	12.0 ml	$\$1.24 \times 12 \times 1.25 = \18.60	\$14.88	\$14.88
Amitriptyline	58597800308 Generic	\$19.15	4.8 gm	$\$19.15 \times 4.8 \times 1.25 = \114.90	\$91.92	\$91.92
Gabapentin	58597801407 Generic	\$62.84	12.0 gm	$\$62.84 \times 12 \times 1.25 = \942.60	\$754.08	\$754.08
Ketoprofen	58597801707 Generic	\$10.97	24.0 gm	$\$10.97 \times 24 \times 1.25 = \329.10	\$263.28	\$263.28
Lidocaine	58597802007 Generic	\$4.49	12.0 gm	$\$4.49 \times 12 \times 1.25 = \67.35	\$53.88	\$53.88
Compounding Fee	NA	NA	NA	\$15.00	\$0.00	\$0.00
Total						\$2,568.98

The total reimbursement is therefore \$2,568.98. This amount is recommended.

Conclusion

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 \$2,568.98.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Sec. 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 \$2,568.98, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this Order.

Authorized Signature

_____	_____ Laurie Garnes _____	_____ December 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.