



# 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**

Memorial Compounding Pharmacy

**Respondent Name**

New Hampshire Insurance Company

**MFDR Tracking Number**

M4-18-1391-01

**Carrier's Austin Representative**

Box Number 19

**MFDR Date Received**

January 17, 2018

### REQUESTOR'S POSITION SUMMARY

**Requestor's Position Summary:** "These medications do not require preauthorization therefore do not need a retrospective review."

**Amount in Dispute:** \$328.71

### RESPONDENT'S POSITION SUMMARY

**Respondent's Position Summary:** "The requestor did not request and receive preauthorization for this investigational or experimental compound formulation."

**Response Submitted by:** Flahive, Ogden & Latson

### SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
August 9, 2017	Tramadol HCl 50 mg Tablets	\$132.46	\$97.70
August 9, 2017	Zolpidem Tartrate 5 mg Tablets	\$196.25	\$177.44
Total		\$328.71	\$275.14

### 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**

- 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
- 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
- 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
- 28 Texas Administrative Code §134.530 sets out the closed formulary requirements for claims not subject to certified networks.
- The insurance carrier denied payment based on the absence of preauthorization.

## Issues

1. Did the insurance carrier raise a new defense in its response?
2. Is the insurance carrier's reason for denial of payment supported?
3. Is Memorial Compounding Pharmacy (Memorial) entitled to reimbursement for the drugs in question?

## Findings

1. Memorial is seeking reimbursement for Tramadol HCl 50 mg Tablets and Zolpidem Tartrate 5 mg Tablets dispensed on August 9, 2017. In its position statement, Flahive, Ogden & Latson argued on behalf of the insurance carrier that "The attached retrospective Utilization Review ... finds the prescribed drugs unsupported by the scientific literature and not medically necessary for the compensable injury; and therefore, also unrelated to the compensable injury."

The response from the insurance carrier is required to address only the denial reasons presented to the requestor the request for medical fee dispute resolution (MFDR) was filed with the Texas Department of Insurance, Division of Workers' Compensation (DWC). Any new denial reasons or defenses raised shall not be considered in this review.<sup>1</sup>

The submitted documentation does not support that a denial based on medical necessity or 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. The insurance carrier denied the disputed drugs based on preauthorization. Preauthorization is only required for:
  - drugs identified with a status of "N" in the current edition of the ODG Appendix A<sup>2</sup>;
  - any compound that contains a drug identified with a status of "N" in the current edition of the ODG Appendix A; and
  - any investigational or experimental drug.<sup>3</sup>

The drugs in question are not identified with a status of "N" in the current edition of the ODG, Appendix A.

Flahive, Ogden & Latson, on behalf of the insurance carrier, argued that "Compound medications constitute a new, non-approved and non-recognized drug and is considered investigational/experimental."

The DWC finds no indication that the drugs reviewed in this dispute were used in a compound. However, the determination of a service's investigational or experimental nature is determined on a case by case basis through utilization review.<sup>4</sup> Utilization review, includes a prospective, concurrent, or **retrospective review to determine the experimental or investigational nature** of health care services.<sup>5</sup>

Flahive, Ogden & Latson provided **no evidence** that the insurance carrier engaged in a prospective or retrospective utilization review to establish that the specific drugs considered in this review are investigational or experimental.

Because the insurance carrier failed to perform utilization review on the disputed drugs, the requirement for preauthorization based on a premise that they are investigational or experimental **is not triggered** in this case. The insurance carrier's preauthorization denial is therefore not supported.

3. Because the insurance carrier failed to sufficiently support its denial of reimbursement, Memorial is entitled to reimbursement.

The DWC finds that reimbursement is calculated as follows:

- Zolpidem Tartrate 5 mg tablets:  $(4.6251 \times 30 \times 1.25) + \$4.00 = \$177.44$

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<sup>1</sup> 28 Texas Administrative Code §133.307(d)(2)(F)

<sup>2</sup> *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*

<sup>3</sup> 28 Texas Administrative Code §134.540(b)

<sup>4</sup> Texas Insurance Code §19.2005(b)

<sup>5</sup> Texas Insurance Code §4201.002(13)

- Tramadol HCl 50 mg tablets:  $(0.83289 \times 90 \times 1.25) + \$4.00 = \$97.70$

The total allowable reimbursement is \$275.14. 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 \$275.14.

**ORDER**

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor \$275.14, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

**Authorized Signature**

_____	Laurie Garnes	November 7, 2018
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 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. **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.**