



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

American Casualty Company of Reading PA

MFDR Tracking Number

M4-18-2467-01

Carrier's Austin Representative

Box Number 57

MFDR Date Received

March 9, 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: \$566.53

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Because the compound medication was investigational or experimental in nature and was not accepted as the prevailing standard of care, it required preauthorization."

Response Submitted by: Brian J. Judis

SUMMARY OF FINDINGS

| Dates of Service | Disputed Services | Amount In Dispute | Amount Due |
|------------------|-------------------------|-------------------|------------|
| July 27, 2017 | Pharmaceutical Compound | \$566.53 | \$210.62 |

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 §133.240 sets out the procedures for payment or denial of a medical bill.
2. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
3. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
4. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
5. 28 Texas Administrative Code §134.540 sets out the closed formulary requirements for claims subject to certified networks.
6. 28 Texas Administrative Code, Chapter 19 sets out the requirements for utilization review.

7. Texas Insurance Code, Chapter 4201 provides requirements related to utilization review.
8. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - 197 – Precertification/authorization/notification absent.
 - Notes: “This medication has been identified as a compound drug. As an investigational or experimental drug under Texas Labor Code 413.014(a), this medication requires preauthorization prior to fulfillment.”
 - 193 – Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly.
 - Notes: “We are unable to recommend an additional allowance since this claim was paid in accordance with the state’s fee schedule guidelines. First Health Bill Review’s usual and customary policies, and/or was reviewed in accordance with the provider’s contract with First Health.”

Issues

1. Is the insurance carrier’s reason for denial of payment supported?
2. Is requestor entitled to reimbursement for the compound in question?

Findings

1. Memorial Compounding Pharmacy (Memorial) is seeking reimbursement for a compound dispensed on July 27, 2017. The insurance carrier denied the disputed compound based on preauthorization. Preauthorization is only required for:
 - drugs identified with a status of “N” in the current edition of the ODG Appendix A;
 - 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.¹

The compound in question does not contain an ingredient identified with a status of “N” in the current edition of the ODG, Appendix A.

Brian J. Judis, on behalf of American Casualty Company of Reading PA, argued that “Compound medications constitute a new, non-approved and non-recognized drug and is considered investigational/experimental.”

The determination of a service’s investigational or experimental nature is determined on a case by case basis through utilization review.² Utilization review, includes a prospective, concurrent, or **retrospective review to determine the experimental or investigational nature** of health care services.³

Brian J. Judis provided **no evidence** that the insurance carrier engaged in a prospective or retrospective utilization review to establish that the specific compound considered in this review is investigational or experimental.

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

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

The compound in dispute was billed by listing each **drug** included in the compound and calculating the charge for each drug separately.⁴ Per explanations of benefits dated August 10 and 15, 2017, the insurance carrier reimbursed the requested Tramadol, Cyclobenzaprine and Bupivacaine in full. Therefore, these ingredients will not be considered for reimbursement.

¹ 28 Texas Administrative Code §134.540(b)

² Texas Insurance Code §19.2005(b)

³ Texas Insurance Code §4201.002(13)

⁴ 28 Texas Administrative Code §134.502(d)(2)

The ingredients Meloxicam and Flurbiprofen are listed below with their reimbursement amount.⁵ The calculation of the total allowable amount is as follows:

| Drug | NDC | Generic(G) /Brand(B) | Price /Unit | Units Billed | AWP Formula | Billed Amt | Lesser of AWP and Billed |
|--------------|-------------|-------------------------|-------------|-----------------|----------------|------------|-----------------------------|
| Meloxicam | 38779274601 | G | \$194.67 | 0.18 | \$43.80 | \$35.04 | \$35.04 |
| Flurbiprofen | 38779036209 | G | \$36.58 | 4.8 | \$219.48 | \$175.58 | \$175.58 |
| | | | | | | Total | \$210.62 |

The total reimbursement is therefore \$210.62. 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 \$210.62.

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 \$210.62, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

Signature

Laurie Garnes

Medical Fee Dispute Resolution Officer

October 15, 2018

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.

⁵ 28 Texas Administrative Code §134.503(c)