



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

Liberty Insurance Corporation

MFDR Tracking Number

M4-18-3151-01

Carrier's Austin Representative

Box Number 1

MFDR Date Received

April 30, 2018

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "These medications do not require preauthorization therefore do not need a retrospective review ... Memorial Compounding Pharmacy is not register as an outsourcing facility. Therefore 503A applies and exempts the compounding cream in dispute."

Amount in Dispute: \$489.96

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The bill has been reviewed and denial stands for DOS 4/30/2017 as per Peer Review ..."

Response Submitted by: Liberty Mutual Insurance

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
April 30, 2017	Baclofen 100%	\$489.96	\$0.00

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 §133.305 sets out the procedures for resolving medical disputes.
2. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
3. 28 Texas Administrative Code §133.240 sets out the procedures for payment or denial of a medical bill.
4. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical bills.
5. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
6. 28 Texas Administrative Code, Chapter 19 sets out the requirements for utilization review.

7. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - X435 – Based on peer review, further treatment is not recommended.
 - 216

Issues

1. Is this dispute subject to dismissal based on medical necessity?
2. Is Memorial Compounding Pharmacy (Memorial) entitled to reimbursement for the compound in dispute?

Findings

1. Memorial is seeking reimbursement for a compound dispensed on April 30, 2017. Liberty Insurance Corporation (Liberty) denied the compound based on medical necessity as determined by peer review.

Medical necessity disputes must be resolved prior to submission of a medical fee dispute.¹ The insurance carrier is required to perform a utilization review before a denial based on medical necessity, including giving the health care provider – in this case, Memorial – an opportunity to discuss the treatment in question.²

Liberty submitted a document dated May 25, 2017, to support its denial of the disputed compound. The division finds that the submitted document does not support that Liberty performed a utilization review as this document does not contain the following required elements of a utilization review:

- Sufficient evidence that Memorial was given an opportunity to discuss the compound prior to the insurance carrier’s denial based on medical necessity;
- A description of the appeal process, including immediate independent review for life-threatening conditions; and
- Notice of the independent review process.³

The division concludes that this dispute is not subject to dismissal based on medical necessity.

2. The position statement submitted to the division by Memorial indicates that the billed charges constitute a compound drug. Compounds are required to “be billed by listing each drug included in the compound and calculating the charge for each drug separately.”⁴

The submitted documentation does not support that Memorial listed each drug in the disputed compound, calculating the charge for each drug separately. Therefore, the division concludes that Memorial is not eligible for reimbursement of the compound in question.

Conclusion

The outcome of each independent medical fee dispute relies upon the relevant evidence presented by the requestor and the respondent at the time of adjudication. Though all the evidence in this dispute may not have been discussed, it was considered.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031, the division hereby determines the requestor is entitled to \$0.00 additional reimbursement for the services in dispute.

Authorized Signature

	Laurie Garnes	August 13, 2018
Signature	Medical Fee Dispute Resolution Officer	Date

¹ 28 Texas Administrative Code §133.305(b)
² 28 Texas Administrative Code §133.240(q)
³ 28 Texas Administrative Code §19.2009(b)
⁴ 28 Texas Administrative Code §134.502(d)(2)

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.