



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
7551 Metro Center Drive, Suite 100, Austin, Texas 78744-1645
(512) 804-4000 | F: (512) 804-4811 | (800) 252-7031 | TDI.texas.gov | @TexasTDI

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Memorial Compounding Pharmacy

Respondent Name

Texas Mutual Insurance Company

MFDR Tracking Number

M4-18-3720-01

Carrier's Austin Representative

Box Number 54

MFDR Date Received

June 4, 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: \$555.68

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The requester listed five different medications in powder form on its bill. Compound powders typically require an agent such as ethoxy diglycol to deliver the compound medication to the skin surface for absorption. Texas Mutual declined to issue payment absent billing for such an agent as required by Rule 134.502."

Response Submitted by: Texas Mutual Insurance Company

SUMMARY OF FINDINGS

Table with 4 columns: Dates of Service, Disputed Services, Amount In Dispute, Amount Due. Row 1: September 15, 2017, Compound Medication, \$555.68, \$555.68

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 §133.10 sets out the requirements for a complete pharmacy bill.
2. 28 Texas Administrative Code §133.210 sets out the documentation requirements for medical bills.
3. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
4. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
5. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
6. 28 Texas Administrative Code §134.530 sets out the closed formulary requirements for claims not subject to

certified networks.

7. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - CAC-P12 – Workers’ compensation jurisdictional fee schedule adjustment.
 - CAC-16 – Claim/service lacks information or has submission/billing error(s) which is needed for adjudication.
 - CAC-197 – Precertification/authorization/notification absent.
 - CAC-45 – Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement.
 - 784 – Service exceeds recommendations of treatment guidelines (ODG)
 - 872 – Rule 134.502 requires compound drugs be billed by listing each drug included and calculating the charge for each drug separately
 - 874 – Documentation does not support use of the medication in topical form.
 - 930 – Pre-authorization required, reimbursement denied.
 - CAC-193 – Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly.
 - 891 – No additional payment after reconsideration.

Issues

1. Is the insurance carrier’s reason for denial of payment based on billing errors supported?
2. Is the insurance carrier’s reason for denial of payment based on documentation supported?
3. Is the insurance carrier’s reason for denial of payment based on preauthorization supported?
4. Is the requestor entitled to reimbursement for the compound in question?

Findings

1. Memorial is seeking reimbursement for a compound dispensed on September 15, 2017. Texas Mutual Insurance Company (Texas Mutual) denied the disputed compound with claim adjustment reason code 16 – “CLAIM/SERVICE LACKS INFORMATION OR HAS SUBMISSION/BILLING ERROR(S) WHICH IS NEEDED FOR ADJUDICATION.”

Review of the submitted pharmacy bills finds no submission or billing errors.¹ The insurance carrier failed to support this denial in its position statement.

2. Texas Mutual also denied the disputed service with claim adjustment reason code 874 – “DOCUMENTATION DOES NOT SUPPORT USE OF THE MEDICATION IN TOPICAL FORM.”

Documentation is not required to be submitted with pharmacy bill.² If the insurance carrier requires additional documentation to process the medical bill, the request must:

- be in writing;
- be specific to the bill;
- specifically describe the information to be included in the response;
- be relevant and necessary for the resolution of the bill;
- be for information that is part of the injured employee's medical or billing record maintained by the health care provider, in this case, Memorial Compounding Pharmacy;
- indicate the specific reason for which the insurance carrier is requesting the information; and
- include a copy of the medical bill requiring the documentation.³

The insurance carrier may request a letter of medical necessity if “the insurance carrier could reasonably support a denial based upon extent of, or relatedness to the compensable injury, or based upon an adverse

¹ 28 Texas Administrative Code §133.10(f)(3)

² 28 Texas Administrative Code §133.210(c)

³ 28 Texas Administrative Code §133.210(d)

determination” without the letter of medical necessity.⁴ A request for a letter of medical necessity from the prescribing physician must be copied to the billing party, in this case, Memorial Compounding Pharmacy, when the request is made.

No documentation was found to support that the carrier made an appropriate request for additional documentation or a letter of medical necessity. The Texas Department of Insurance, Division of Workers’ Compensation (DWC) concludes that Texas Mutual failed to support this denial reason.

3. Texas Mutual also 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 A⁵;
- 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.⁶

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

The determination of a service’s investigational or experimental nature is determined on a case by case basis through utilization review.⁷ Texas Mutual provided no evidence that it engaged in a prospective or retrospective utilization review to establish that the specific compound considered in this review is investigational or experimental. The insurance carrier’s preauthorization denial is therefore not supported.

4. Because the insurance carrier failed to sufficiently 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.⁸ Each ingredient is listed below with its reimbursement amount.⁹ 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
Baclofen	38779038809	G	\$35.63	5.4	\$240.50	\$190.78	\$190.78
Amantadine	38779041105	G	\$24.23	3	\$90.84	\$72.69	\$72.69
Gabapentin	38779246109	G	\$59.85	3.6	\$269.33	\$204.66	\$204.66
Bupivacaine	38779052405	G	\$45.60	1.2	\$68.40	\$54.72	\$54.72
Amitriptyline	38779018904	G	\$18.24	1.8	\$41.04	\$32.83	\$32.83
						Total	\$555.68

The total allowable for the disputed compound is \$555.68. 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 \$555.68.

⁴ 28 Texas Administrative Code §134.502(e)

⁵ ODG Treatment in Workers’ Comp (ODG) / Appendix A, ODG Workers’ Compensation Drug Formulary

⁶ 28 Texas Administrative Code §134.540(b)

⁷ Texas Insurance Code §19.2005(b)

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

⁹ 28 Texas Administrative Code §134.503(c)

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 \$555.68, 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 30, 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.