



# 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**

Baptist Hospitals of Southeast Texas

**MFDR Tracking Number**

M4-18-3996-01

**Carrier's Austin Representative**

Box Number 19

**MFDR Date Received**

June 15, 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:** \$498.15

#### RESPONDENT'S POSITION SUMMARY

**Respondent's Position Summary:** "The actual bill received by the Carrier originally and upon reconsideration is attached hereto. The amount billed was \$150.00, not \$498.15. Drugs in the compound were combined into one non-existent descriptor (MELO0.3FLUR8TRAM10CYCLO3BUP2%), and using only a single drug code for Meloxicam powder."

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

#### SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
July 14, 2017	Pharmacy Service – Compound	\$498.15	\$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**

- 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
- 28 Texas Administrative Code §134.502 sets out the requirements for billing pharmaceutical services.
- 28 Texas Administrative Code §134.530 sets out the closed formulary requirements for claims not subject to certified networks.
- The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
  - 137 – Disallowed: Not authorized by TPA

**Issues**

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

**Findings**

1. Memorial Compounding Pharmacy is seeking reimbursement for a compound dispensed on July 14, 2017. Baptist Hospitals of Southeast Texas denied the disputed compound with claim adjustment reason code 137 – “Disallowed: Not authorized by TPA.”

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<sup>1</sup>

The division finds that the compound in question does not include a drug identified with a status of “N” in the current edition of the *ODG, Appendix A*. The insurance carrier failed to articulate any arguments to support its denial for preauthorization. Therefore, the division concludes that the compound in question did not require preauthorization and the insurance carrier’s denial of payment for this reason is not supported. Therefore, the disputed compound will be reviewed for reimbursement.

2. Documentation presented to the division by the insurance carrier indicates that the compound was billed as a single line item with NDC #38779274601. In box 27 of the Statement of Pharmacy Services (DWC066), Memorial indicated that the drug name and strength was “MELO0.3FLUR8TRAM10CYCLO3BUP2%.”

Compounds are required to “be billed by listing each drug included in the compound and calculating the charge for each drug separately.”<sup>2</sup> Documentation submitted by Memorial indicates that the compound in question was billed in this manner. Flahive, Ogden & Latson asserted that the insurance carrier had no record of receipt of the bills as represented by Memorial.

The division finds that the submitted documentation does not sufficiently support that Memorial billed by listing each drug in this 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. For the reasons stated above, the Division finds that the requestor has not established that additional reimbursement is due. As a result, the amount ordered is \$0.00.

***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**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Laurie Garnes  
Medical Fee Dispute Resolution Officer

\_\_\_\_\_  
August 2, 2018  
Date

<sup>1</sup> 28 Texas Administrative Code §134.530(b)(2)

<sup>2</sup> 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.**