



## Medical Fee Dispute Resolution Findings and Decision

### General Information

**Requestor Name**

ProximaRx

**Respondent Name**

Indemnity Insurance Co of North America

**MFDR Tracking Number**

M4-25-0004-01

**Carrier's Austin Representative**

Rep Box 15

**DWC Date Received**

September 4, 2024

### Summary of Findings

| Dates of Service | Disputed Services   | Amount in Dispute | Amount Due |
|------------------|---------------------|-------------------|------------|
| February 5, 2024 | NDC # 65162-0918-38 | \$357.50          | \$357.50   |

### Requestor's Position

"ProximaRX has received several denials for the bill with date of service 02/05/2024. The carrier denied the original bill as well as the reconsideration based on (LACK OF PREAUTHORIZATION)."

**Amount in Dispute:** \$357.50

### Respondent's Position

"Respondent denied payment for the prescription of Lidocaine ointment 5% for lack of preauthorization. Currently, only Lidocaine 5% patches (brand name Lidoderm) and 1.8% patches (brand name ZTlido) are Y drugs and are the only two forms of Lidocaine included on Appendix A."

**Response Submitted by:** Down & Stanford, P.C.

## Findings and Decision

### **Authority**

This medical fee dispute is decided according to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation (DWC).

### **Statutes and Rules**

1. [28 Texas Administrative Code §133.305](#) sets out the general procedures for medical dispute resolution.
2. [28 TAC §133.307](#) sets out the procedures for resolving medical fee disputes.
3. [28 TAC §134.503](#) sets out the fee guidelines for pharmacy.
4. 28 TAC §§134.530 and 134.540 set out the preauthorization requirements for pharmaceutical services.

### **Denial Reasons**

The insurance carrier denied the payment for the disputed services with the following claim adjustment codes:

- 70 – Drug not on formulary.
- 75 – Prior authorization required.
- 197 – Precertification/authorization/notification/pre-treatment absent.

### **Issues**

1. Is insurance carrier's denial reason(s) supported?
2. Is the requestor entitled to additional reimbursement?

### **Findings**

1. The requestor is seeking reimbursement in the amount of \$357.50 for prescription dispensed on February 5, 2024. The insurance carrier is denying reimbursement due to the denial reasons indicated above.

The insurance carrier in their position summary states, "Respondent denied payment for the prescription of Lidocaine ointment 5% for lack of preauthorization."

Submitted documentation indicates that the insurance carrier denied Lidocaine 5% patch based on preauthorization.

Per 28 TAC §134.530 (b)(1) and §134.540 (b), preauthorization is only required for:

- drugs identified with a status of "N" in the current edition of the ODG Appendix A;
- any compound prescribed before July 1, 2018, that contains a drug identified with a status of "N" in the current edition of the ODG Appendix A;
- any prescription drug created through compounding prescribed and dispensed on or after July 1, 2018; and
- any investigational or experimental drug

DWC finds that the drug in question was not identified with a status of "N" in the applicable edition of the ODG, Appendix A for the date of service reviewed in this dispute. Therefore, this drug did not require preauthorization for this reason.

The submitted documentation does not support that the disputed drug was a compound. Therefore, this drug did not require preauthorization for this reason.

The submitted documentation does not support that the disputed drug was experimental or investigational. Therefore, this drug did not require preauthorization for this reason.

DWC concludes that the insurance carrier's denial of payment of the disputed drug based on preauthorization is not supported for the date of service in question

2. Because the insurance carrier failed to support its denial reason for the service in this dispute, DWC finds that the requestor is entitled to reimbursement.

The DWC finds that 28 TAC §134.503 (c) applies to the reimbursement for the drug in dispute, which states"(c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:

- Generic drugs:  $((AWP \text{ per unit}) \times (\text{number of units}) \times 1.25) + \$4.00$  dispensing fee per prescription = reimbursement amount;

| Drug         | NDC         | Generic(G) / Brand(B) | Price / Unit | Units Billed | AWP Formula | Billed Amt | Lesser of AWP and Billed Amt |
|--------------|-------------|-----------------------|--------------|--------------|-------------|------------|------------------------------|
| Lidocaine 5% | 65162091838 | G                     | 8.46         | 35           | \$374.34    | \$357.50   | \$357.50                     |
| TOTAL        |             |                       |              |              | \$374.34    | \$357.50   | \$357.50                     |

The total reimbursement is \$357.50. This amount is recommended.

### **Conclusion**

The outcome of this medical fee dispute is based on the evidence presented by the requestor and the respondent at the time of adjudication. Though all evidence may not have been discussed, it was considered.

DWC finds the requester has established that reimbursement of \$357.50 is due.

## Order

Pursuant to the Texas Labor Code §§413.031 and 413.019, DWC has determined the requestor is entitled to reimbursement for the disputed services. It is ordered that the respondent must remit to the requestor \$357.50 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

### Authorized Signature

|           |                                        |                  |
|-----------|----------------------------------------|------------------|
| _____     | _____                                  | October 31, 2024 |
| 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 under 28 TAC §133.307, which applies to disputes filed on or after **June 1, 2012**.

A party seeking review must submit DWC Form-045M, *Request to Schedule, Reschedule, or Cancel a Benefit Review Conference to Appeal a Medical Fee Dispute Decision (BRC-MFD)* and follow the instructions on the form. You can find the form at [www.tdi.texas.gov/forms/form20numeric.html](http://www.tdi.texas.gov/forms/form20numeric.html). DWC must receive the request within **20 days** of when you receive this decision. You may fax, mail, or personally deliver your request to DWC using the contact information on the form or the field office handling the claim. If you have questions about DWC Form-045M, call CompConnection at 1-800-252-7031, option 3 or email [CompConnection@tdi.texas.gov](mailto:CompConnection@tdi.texas.gov).

The party seeking review of the MFDR decision must deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with DWC. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** with any other required information listed in 28 TAC §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 1-800-252-7031, opción 3 o correo electrónico [CompConnection@tdi.texas.gov](mailto:CompConnection@tdi.texas.gov).