



## Medical Fee Dispute Resolution Findings and Decision

### General Information

**Requestor Name**

EZ Scripts LLC

**Respondent Name**

Arch Indemnity Insurance Co.

**MFDR Tracking Number**

M4-25-0411-01

**Carrier's Austin Representative**

Rep Box 19

**DWC Date Received**

October 21, 2024

### Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
April 9, 2024	51672302002	\$289.71	\$289.70

### Requestor's Position

"Lidocaine External Ointment 5% was an Y drug on the ODG formulary in April 2024 and did not require preauthorization. MyMatrixx denied the medication with code 197 'Precertification/ authorization/notification/pre-treatment absent.' EZ Scripts submitted an appeal of the denial which was upheld."

**Amount in Dispute:** \$289.71

### Respondent's Position

The Austin carrier representative for Arch Indemnity Insurance Co. is Flahive, Ogden & Latson. The representative was notified of this medical fee dispute on October 29, 2024.

Per 28 Texas Administrative Code §133.307(d)(1), if DWC does not receive the response within 14 calendar days of the dispute notification, then DWC may base its decision on the available information.

As of today, no response has been received from the insurance carrier or its representative. We will base this decision on the information available.

# 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 §133.307](#) sets out the procedures for resolving medical fee disputes.
2. [28 TAC §134.503](#) effective October 23, 2011, 36 TexReg 6949 sets out the fee guidelines for pharmaceutical services prior to November 28, 2024.
3. 28 Texas Administrative Codes §§[134.530](#) and [134.540](#) effective January 17, 2011, 35 TexReg 11344 set out the closed formulary requirements for pharmaceutical services prior to November 28, 2024.

## **Denial Reasons**

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

- 197 - Precertification/authorization/notification/pre-treatment absent.

## **Issues**

1. Is insurance carrier's denial reason supported?
2. Is the requestor entitled to reimbursement for the drug in question?

## **Findings**

1. EZ Scripts LLC is seeking payment in the amount of \$289.71, for Lidocaine 5% dispensed on April 9, 2024.

Submitted documentation indicates that the insurance carrier denied the disputed drugs 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 Lidocaine is not identified with a status of "N" in the applicable edition of the

ODG, *Appendix A*. Therefore, this drug does not require preauthorization for this reason.

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

The submitted documentation does not support that the disputed drug is experimental or investigational. Therefore, this drug does 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.

2. Because Arch Indemnity Insurance Co. failed to support its denial reason for the service in this dispute, DWC finds that EZ Scripts LLC is entitled to reimbursement.

The reimbursement considered in this dispute is calculated according to 28 TAC §134.503(c)(1)(A), with relevant formula for generic drugs: ((AWP per unit) x (number of units) x 1.25) + \$4.00 dispensing fee per prescription = reimbursement amount.

Lidocaine 5%:  $(7.61867 \times 30 \times 1.25) + \$4.00 = \$289.70$

The total reimbursement is \$289.70. 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 \$289.70 is due.

### **Order**

Under 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 Arch Indemnity Insurance Co. must remit to EZ Scripts LLC \$289.70 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC §134.130.

### **Authorized Signature**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Medical Fee Dispute Resolution Officer

May 7, 2025  
\_\_\_\_\_  
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).