



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name

Injured Workers Pharmacy LLC

Respondent Name

American Casualty Co. of Reading PA

MFDR Tracking Number

M4-25-0620-01

Carrier's Austin Representative

Box Number 57

DWC Date Received

November 13, 2024

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
April 16, 2024	70512010610	\$307.46	\$307.46
May 30, 2024	70512010610	\$610.93	\$610.93
Total		\$918.39	\$918.39

Requestor's Position

"The insurance carrier has denied the medication for no pre-authorization/pre-certification. The medication is a 'Y' status drug per the Texas formulary, so would not require approval prior to filling. We sent an appeal explaining this, but the medication continues to deny for the same reason of no-preauthorization/certification."

Amount in Dispute: \$918.39

Respondent's Position

"... Carrier has forwarded this to our bill review vendor, Conduent, to be reaudited. To date, Carrier has not received a response from the URA regarding this matter. At this time, Carrier maintains any and all denials as represented in the attached EORs."

Response Submitted by: Law Office of Brian J. Judis

Findings and Decision

Authority

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

Statutes and Rules

1. [28 Texas Administrative Code \(TAC\) §133.240](#) sets out the procedures for payment and denial of medical bills.
2. [28 TAC §133.305](#) sets out the procedures for resolving medical disputes.
3. [28 TAC §133.307](#) sets out the procedures for resolving medical fee disputes.
4. [28 TAC §134.503](#) effective October 23, 2011, 36 TexReg 6949 sets out the fee guidelines for pharmaceutical services prior to November 28, 2024.
5. 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.
6. [28 TAC, Chapter 19](#) sets out the requirements for utilization review.

Denial Reasons

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

- 197 – Payment denied/reduced for absence of precertification/authorization.
- 5026 – First Script has denied the line for utilization.
- 1 – A dispensing fee is not applicable to the allowance or payment of the medication.
- 3 – Charge for pharmaceuticals exceed the fees established by the fee schedule.
- 91 – Dispensing fee adjustment.
- 193 – Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly.
- P12 – Workers' compensation jurisdictional fee schedule adjustment.
- 1014 – the attached billing has been re-evaluated at the request of the provider. Based on this re-evaluation, we find our original review to be correct. Therefore, no additional allowance appears to be warranted.
- 2005 – No additional reimbursement allowed after review of appeal/reconsideration.

Issues

1. Is the insurance carrier's denial based on utilization review supported?
2. Is the insurance carrier's denial based on preauthorization supported?
3. Is Injured Workers Pharmacy entitled to reimbursement for the drug in question?

Findings

1. Injured Workers Pharmacy is seeking reimbursement for Diclofenac Sodium dispensed on April 16, 2024, and May 30, 2024. The insurance carrier denied payment, in part, stating, "First Script has denied the line for utilization."

According to 28 TAC §133.305(b), medical necessity disputes must be resolved prior to submission of a medical fee dispute. 28 TAC §133.240(q) requires the insurance carrier to perform a utilization review before a denial based on medical necessity, including giving the health care provider – in this case, Injured Workers Pharmacy LLC – an opportunity to discuss the treatment in question.

When responding to a medical fee dispute, 28 TAC §133.307(d)(2)(I) requires the respondent to submit documentation that supports a denial based on lack of medical necessity.

American Casualty Co. of Reading PA provided no evidence to support that it performed a utilization review on the drug in question to determine medical necessity in accordance with 28 TAC §§134.240 and 19.2009.

DWC finds that this denial reason is not supported.

2. The insurance carrier also denied payment for lack of 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 Diclofenac Sodium 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.

3. Because the insurance carrier failed to support its denial of payment for the drug in question, DWC finds that Injured Workers Pharmacy 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.

April 16, 2024 – Diclofenac Sodium 1% Gel: $(2.4277 \times 100 \times 1.25) + \$4.00 = \$307.46$

May 30, 2024 – Diclofenac Sodium 1% Gel: $(2.4277 \times 200 \times 1.25) + \$4.00 = \$610.93$

The total allowable reimbursement is \$918.39. 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 requestor has established that reimbursement of \$918.39 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 American Casualty Co. of Reading PA must remit to Injured Workers Pharmacy LLC \$918.39 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. 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, please call

CompConnection at 1-800-252-7031, option three or email 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 tres o correo electrónico CompConnection@tdi.texas.gov.