



Medical Fee Dispute Resolution Findings and Decision

General Information

Requestor Name

EZ Scripts LLC

Respondent Name

XL Specialty Insurance Company

MFDR Tracking Number

M4-25-1057-01

Carrier's Austin Representative

Rep Box 19

DWC Date Received

January 17, 2025

Summary of Findings

Dates of Service	Disputed Services	Amount in Dispute	Amount Due
January 26, 2024	NDC # 00603-1880-16 / Lidocaine Patch 5%	\$93.92	\$93.91
February 13, 2024	NDC # 00527-1435-01 / Metaxalone 800 MG	\$108.82	\$0.00
Total		\$202.64	\$93.91

Requestor's Position

"Enclosed are the outstanding pharmacy bills from EZ Scripts, which were submitted to Sedgwick CMS, in a timely manner after each prescription was filled. Lidocaine 5% Patch filled on 01/26/2024 was denied with the code '197 precertification/authorization/notification/pre-treatment absent./' Lidocaine 5% Patch was a Y drug on the ODG formulary and did not require preauthorization.

"Metaxalone 800 MG filled on 02/13/2024 was denied with the code '197 precertification/authorization/notification/pre-treatment absent./' Metaxalone 800 MG was a Y drug on the ODG formulary and did not require preauthorization."

Amount in Dispute: \$202.64

Respondents' Position

"We are attaching a copy of the provider's DWC 66s and the carrier's EOBs. It remains the carrier's position that the provider is not entitled to reimbursement as indicated on the EOBs."

Received by: Flahive, Ogden & Latson

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 effective October 23, 2011, 36 TexReg 6949](#) sets out the fee guidelines for pharmaceutical services prior to November 28, 2024.
4. 28 Texas Administrative Codes §§[134.530](#) and [134.540](#) effective April 22, 2018, 43 TexReg 2275 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 the insurance carrier's denial reason supported?
2. Is the requestor entitled to reimbursement for Lidocaine Patch 5%?

Findings

1. The requestor is seeking reimbursement in the amount of \$202.64 for drugs dispensed on January 26, 2024, and February 13, 2024. The insurance carrier denied reimbursement due to 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 Lidocaine 5% Patch 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. DWC finds that Lidocaine 5% Patch is not a compound, investigational, or experimental. Therefore, this drug does not require preauthorization under these conditions. DWC concludes that the insurance carrier's denial of payment for Lidocaine 5% Patch based on preauthorization is not supported.

DWC finds that prescription for Metaxalone is identified with a status of "N" in the applicable edition of the ODG, Appendix A. Therefore, this drug requires preauthorization. No evidence was provided that the requestor obtained preauthorization to dispense this drug. DWC concludes that the insurance carrier's denial of payment for Metaxalone based on preauthorization is supported. No reimbursement is recommended.

2. Because the insurance carrier failed to support its denial of payment for Lidocaine Patch 5%, the requester 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% Patch: $(10.27567 \times 7 \times 1.25) + \$4.00 = \$93.91$

The total reimbursement is \$93.91. 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 \$93.91 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 XL Specialty Insurance Company must remit to EZ Scripts LLC \$93.91 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 8, 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, call CompConnection at 1-800-252-7031, option 3 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 3 o correo electrónico CompConnection@tdi.texas.gov.