TDI Division of Workers' Compensation
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Medical Fee Dispute Resolution Findings and Decision

General Information

Requester Name

Injured Workers Pharmacy

Respondent Name

Texas Municipal League Intergovernmental Risk

MFDR Tracking Number

M4-26-1311-01

Insurance Carrier's Austin Representative

BOX 19 Flahive Ogden & Latson

DWC Date Received

January 12, 2026

Summary of Findings

Date(s) of Service	Disputed Services	Amount in Dispute	Amount Due
September 9, 2025	66993007996	$67.15	$67.15
August 12 , 2025	66993007996	$67.15	$67.15
July 14, 2025	66993007996	$67.15	$67.15
June 17, 2025	66993007996	$67.15	$67.15
May 23, 2025	66993007996	$67.15	$67.15
April 24, 2025	66993007996	$67.15	$67.15
March 26, 2025	66993007996	$67.15	$67.15
February 22, 2025	66993007996	$67.15	$67.15
January 24, 2025	66993007996	$67.15	$67.15
	Total	$604.35	$604.35

Requester's Position

"FLUTICASONE PROPIONATE HFA 110 MCG INHALER, NDC #6693007996 was not paid at the Texas fee schedule for a generic medication. See fee schedule/mark up information QTY (12) unit cost ($26.0142) x multiplier for generic (1.25) + dispensing fee ($4). IWP only received a payment of $327.06 for each date of service leaving a remaining balance of $47.44."

Amount In Dispute: $604.35

Respondent's Position

"The provider did not submit its original bills to the carrier nor to its pool. Instead, the provider submitted the original bills to the carrier's pharmacy benefit manager (PBM) which is OPTUM/TMEYSYS. The PBM has a contract with the provider. That contract determines the reimbursement rate. The provider was reimbursed their contracted rate of $337.38 for NDC # 66993007996 – Fluticasone Propionate HF AERO for each of the dates of service …

"This is a situation very similar to a network in which the Medical Review Division has no jurisdiction over network medical bills. HCNs are not allowed to cover medications. Pharmacy Benefit Managers are the substitute for those networks because they do cover medications. If a pharmacy, as in this case, has a contract with a PBM, the PBM contract controls. The provider is not entitled to any additional monies."

Response Submitted By: Flahive, Ogden & Latson

Findings and Decision

Authority

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

Statutes and Rules

1. 28 Texas Administrative Code (TAC) Section 133.307 sets out the procedures for resolving medical fee disputes.
2. 28 TAC Section 134.503 sets out the fee guidelines for services provided by a pharmacy.
3. Labor Code Section 408.0281 sets out the requirements for reimbursement of pharmacy services.

Adjustment Reasons

The insurance carrier reduced payment for the disputed services with the following reasons:

1. 45 – Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement. Usage: This adjustment amount cannot equal the total service or claim charge amount; and must not duplicate provider adjustment amounts (payments and contractual)

2. 793 – Reduction due to PPO contract

3. 18 – Exact duplicate claim/service

4. 224 – Duplicate charge

5. Note: "PREVIOUSLY PAID TO TMESYS

Issues

1. What is DWC considering in this medical fee dispute?

2. Is the insurance carrier's reduction based on PPO contract supported?

3. Is the requester entitled to additional reimbursement?

Findings

1. The requester is seeking additional reimbursement for drugs dispensed January 24, 2025, through September 9, 2025, which includes nine dates of service. The insurance carrier reduced payment based on a PPO contract. DWC will review this dispute in accordance with applicable rules.

2. The insurance carrier reduced payment stating, "Reduction due to PPO contract" and "PREVIOUSLY PAID TO TMESYS." Per 28 TAC Section 134.503 states,

   (c) The insurance carrier must reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:

      (1) 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:

         (A) Generic drugs: ((AWP per unit) x (number of units) x 1.25) + $4.00 dispensing fee per prescription = reimbursement amount;

         (B) Brand-name drugs: ((AWP per unit) x (number of units) x 1.09) + $4.00 dispensing fee per prescription = reimbursement amount;

         (C) When compounding, a single compounding fee of $15 per prescription must be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or

(2) notwithstanding §133.20(e)(1) of this title (Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:

(A) health care provider; or

(B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug, and the pharmacy processing agent is billing on behalf of the health care provider.

Labor Code Section 408.0281 states, in relevant part,

(b) Notwithstanding any provision of Chapter 1305, Insurance Code, or Section 504.053 of this code, prescription medication or services, as defined by Section 401.011(19)(E):

(1) may be reimbursed in accordance with the fee guidelines adopted by the commissioner or at a contract rate in accordance with this section; and

(2) may not be delivered through:

(A) a workers' compensation health care network under Chapter 1305, Insurance Code; or

(B) a contract described by Section 504.053(b)(2).

(c) Notwithstanding any other provision of this title, including Section 408.028(f), or any provision of Chapter 1305, Insurance Code, an insurance carrier may pay a health care provider fees for pharmaceutical services that are inconsistent with the fee guidelines adopted by the commissioner only if the carrier has a contract with the health care provider and that contract includes a specific fee schedule. An insurance carrier or the carrier's authorized agent may use an informal or voluntary network to obtain a contractual agreement that provides for fees different from the fees authorized under the fee guidelines adopted by the commissioner for pharmaceutical services. If a carrier or the carrier's authorized agent chooses to use an informal or voluntary network to obtain a contractual fee arrangement, there must be a contractual arrangement between:

(1) the carrier or authorized agent and the informal or voluntary network that authorizes the network to contract with health care providers for pharmaceutical services on the carrier's behalf; and

(2) the informal or voluntary network and the health care provider that includes a specific fee schedule and complies with the notice requirements of this section.

The insurance carrier failed to provide any evidence of a contract that would allow the insurance carrier to pay at a level inconsistent with the fee guidelines adopted by the commissioner. Therefore, this denial reason is not supported.

3. Because the insurance carrier failed to support its reduction of payment, DWC will review the services in question in accordance with the fee guidelines.

(26.01417 x 12 x 1.25) + $4.00 = $394.21

The total allowable reimbursement for the drug in question is $394.21 per date of service for a total of $3,547.89. The insurance carrier paid $327.06 per date of service for a total of $2,943.54. DWC recommends an additional reimbursement of $67.15 per date of service for a total of $604.35.

Conclusion

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

DWC finds the requester has established that additional reimbursement is due.

Order

Under Texas Labor Code Sections 413.031 and 413.019, DWC has determined the requester is entitled to additional reimbursement for the disputed services. It is ordered that Texas Municipal League Intergovernmental Risk must remit to Injured Workers Pharmacy $604.35 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC Section 134.130.

Authorized Signature

Signature	Medical Fee Dispute Resolution Officer	May 8, 2026 Date

Your Right to Appeal

Either party to this medical fee dispute has a right to seek review of this decision under 28 TAC Section 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 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 this *Medical Fee Dispute Resolution Findings and Decision*** with any other required information listed in 28 TAC Section 141.1(d).

Si prefiere hablar con una persona en español acerca de esta correspondencia, favor de llamar a 800-252-7031, opción tres o correo electronico CompConnection@tdi.texas.gov.