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

General Information

Requester Name

TrustRX Pharmacy

Respondent Name

AIU Insurance Co

MFDR Tracking Number

M4-26-2526-01

Insurance Carrier's Austin Representative

BOX 19 Flahive Ogden & Latson

DWC Date Received

May 7, 2026

Summary of Findings

Date(s) of Service	Disputed Services	Amount in Dispute	Amount Due
June 11, 2025	MAPAP-NDC00904-6720-60	$10.86	$6.43
June 11, 2025	LIDOCAINE-NDC7 1662-0000-20	$108.96	$41.79
July 17, 2025	LIDOCAINE-NDC81877-0514-15	$348.85	$348.85
August 14, 2025	ACETAMIN-NDC70512-0014-30	$9.91	$9.91
August 14, 2025	LIDOCAINE-NDC70512-0014-30	$253.80	$253.80
September 11, 2025	LIDOCAINE-NDC70512-0014-30	$253.80	$253.80
October 8, 2025	LIDOCAINE-NDC81877-0514-15	$348.85	$348.85
	Total	$1,335.03	$1,263.43

Requester's Position

"TrustRx timely submitted all bills and reconsideration requests with supporting documentation, including detailed billing breakdowns and Red Book pricing documentation where applicable.

Despite multiple reconsideration submissions, Sedgwick improperly denied and/or underpaid the disputed medications."

Amount In Dispute: $1,335.03

Respondent's Position

"It remains the Carrier's position that no additional monies are owed."

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. 28 TAC Sections 134.530 and 134.540 set out the preauthorization requirements for pharmaceutical services.

Adjustment Reasons

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

- D2(P12) – The charge for the over-the-counter medication exceeds the retail price.
- XD(29) – The bill was submitted after the billing timelines guidelines provided.
- 5264 – Payment is denied-service not authorized.
- HE75/197 – Payment denied/reduced for absence of precertification/authorization.
- 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.
- 193 – Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly.

- 197 – Payment denied/reduced for absence of precertification/authorization.
- W3 – Bill is a reconsideration or appeal.
- 5085 – Payment is denied as the billed diagnosis is not allowed in this claim.
- 96 – Non-covered charge(s).
- VL (B13) The provider has billed for the exact services on a previous bill under review and in-progress.
- N3(B20) – A reduction was made because a different provider has billed for the exact services on a previous bill.
- ZR(P12) – The provider or a different provider has billed for the exact service on a previous bill where no allowance was originally recommended.

Issues

1. What is DWC considering in this medical fee dispute?
2. Are the denials listed on the explanation of benefits supported?
3. What rule(s) are applicable to disputed services?
4. Has DWC determined whether the requester is due reimbursement for the disputed charges.

Findings

1. The requester seeks additional reimbursement for date of service June 11, 2025, July 17, 2025 and October 8, 2025. Full reimbursement is sought for date of service August 14, 2025 and September 11, 2025. The total amount in dispute is $1,335.03. The insurance carrier made a reduction stating the charge for the over-the-counter medication exceeds the retail price. Denials were made for lack of prior authorization and bill was submitted after the billing timeliness and duplicate. DWC will review the applicable reimbursement policies applicable to the disputed services.
2. Regarding the reductions made by the insurance carrier. 28 TAC Section 134.503(d) states, Reimbursement for nonprescription drugs or over-the-counter medications must be the retail price of the lowest package quantity reasonably available that will fill the prescription.

   Based on the documentation provided by the insurance carrier, DWC found no evidence that the drug in question was an over-the-counter medication, nor did it provide a retail price which could be applied in this case to support its reduction.

   Regarding lack of prior authorization. 28 TAC Section 134.530(b)(1)(A-C) states, Closed Formulary for Claims Not Subject to Certified Networks

   (b) Preauthorization for claims subject to the division's closed formulary.

(1) Preauthorization is only required for:

(A) drugs identified with a status of "N" in the current edition of the ODG Treatment in Workers' Comp (ODG) / Appendix A, ODG Workers' Compensation Drug Formulary, and any updates;
(B) any prescription drug created through compounding; and
(C) any investigational or experimental drug for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, but that is not yet broadly accepted as the prevailing standard of care as defined in Labor Code §413.014(a).

Review of the applicable Appendix A found the following.

- Acetaminophen – 00904-6720-60 – "Y"
- Lidocaine – 7051-0014-30 – "Y"

Based on this review, neither of these medications are "N" drugs, insufficient evidence was found to support they are compounds or investigational or experimental. The insurance carrier's lack of prior authorization is not supported and will not be considered in this review.

The denials of past timely filing and duplicates were not supported. These denials will not be considered in this review.

3. 28 TAC Section 134.503(c)(1)(A)(B) states in pertinent part, 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 or the billed amount.

(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;

Name	NDC	Brand Generic name	AWP/Units	AWP	Billed Amount	Lesser of billed amount/AWP	Insurance Paid	Amount Due
MAPAP/ Acetaminophen	00904672060	G	0.054/180	$16.17	$20.60	$16.17	$9.74	$6.43
Lidocaine	71662000020	G	13.995/30	$461.64	$528.81	$461.64	$419.85	$41.79
Lidocaine	81877051415	G	45.98/30	$1728.25	$1728.25	$1728.25	$1379.40	$349.10
Acetaminophen	00904672059	G	0.026/180	$9.92	$9.91	$9.91	$0.00	$9.91
Lidocaine	70512001430	G	6.66/30	$253.80	$253.80	$253.80	$0.00	$253.80

4. Based on the above, DWC finds the insurance carrier's reduction of payment and denial reasons were not supported. The applicable fee guideline was reviewed and found the following.
   - Date of service June 11, 2025. MAPAP – AWP $16.17. Carrier paid $9.74. Amount due $6.43
   - Date of service June 11, 2025. Lidocaine – AWP $461.64. Carrier paid $419.85. Amount due $41.79
   - Date of service July 17, 2025. Lidocaine – AWP $1728.25. Carrier paid $1379.40. Amount due $349.10. Amount requested $348.85. This is amount due.
   - Date of service August 14, 2025. Acetaminophen – AWP $9.92. Requester billed $9.91. Amount due $9.91
   - Date of service August 14, 2025. Lidocaine – AWP $253.80. Requester billed $253.80. Amount due $253.80
   - Date of service September 11, 2025. Lidocaine – AWP $253.80. Requester billed $253.80. Amount due $253.80
   - Date of service October 8, 2025. Lidocaine – AWP $1728.25. Carrier paid $1379.40. Amount due $349.10. Amount requested $348.85. This is the amount due.
   - Total amount due ($6.43 + $41.79 + $348.85 + $9.91 + 253.80 + $253.80 + $348.85) = $1,263.43.

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 reimbursement is due.

Order

Under Texas Labor Code Sections 413.031 and 413.019, DWC has determined the requester is entitled to reimbursement for the disputed services. It is ordered that AIU Insurance Co must remit to TrustRX $1,263.43 plus applicable accrued interest within 30 days of receiving this order in accordance with 28 TAC Section 134.130.

Authorized Signature

		June 23, 2026
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 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.