

Supporting Analysis:

Per Labor Code Section 5307.1(e)(2), any compounded drug product shall be billed by the compounding pharmacy or dispensing physician at the ingredient level, with each ingredient identified using the applicable National Drug Code (NDC) of the ingredient and the corresponding quantity, and in accordance with regulations adopted by the California State Board of Pharmacy. Ingredients with no NDC shall not be separately reimbursable. The ingredient-level reimbursement shall be equal to 100 percent of the reimbursement allowed by the Medi-Cal payment system and payment shall be based on the sum of the allowable fee for each ingredient plus a dispensing fee equal to the dispensing fee allowed by the Medi-Cal payment systems. If the compounded drug product is dispensed by a physician, the maximum reimbursement shall not exceed 300 percent of documented paid costs, but in no case more than twenty dollars (\$20) above documented paid costs.

The dispute regards the payment amount for a compound drug product billed using NDC 62991-1403-05 (Morphine Sulfate) and 38779-0561-04 (Clonidine HCL). The final explanation of review (EOR) indicated a prior reimbursement of \$5.15 for the compound drug product with the following explanation:

After review of this bill it has been determined that nothing further was due. The medication appears to have been calculated correctly according to the Pump Status After Update 375: Reimbursement includes the consolidation of all valid National Drug Codes (NDC) per the Department of Workers Compensation (DWC) Website Pharmacy Fee Schedule "Compound Prescription Pricing sections" Price Calculator AND/OR the Underlying NDC located in the State Certified Medi-Cal Pharmacy Data Base AND/OR the AWP found on Enhanced Medispan Database to calculate the total allowable price. NDC #38779056104 Clonidine This medication is priced per gram per the DWC Pharmacy Fee Schedule. The Provider is billing 2 units and the actual quantity used to refill the pump is 0.002 grams (1mcg = 0.000001gm) $100 \text{ mcg/ml} \times 20 \text{ (refill quantity)} = 2000 \text{ mcg} / 0.000001 = 0.002 \text{ gm}$ NDC # 62991140305 MORPHINE This medication is priced gram per the DWC Pharmacy Fee Schedule. The provider is billing 100 units and the accrual quantity used to refill the pump is 0.01 grams (1mg = 0.001 gm) $10 \text{ mg/ml} \times 20 \text{ (refill quantity)} = 200 \text{ mg} / 0.001 = 0.1 \text{ gm}$

The medication was prescribed for an intrathecal pump fill and adjustment. The medications were ordered by the Provider and delivered to the Provider's office. The worker's pump was refilled and reprogrammed to deliver the medication: Morphine and Clonidine for date of service 8/13/2013.

The Provider submitted an Invoice for: Morphine (NDC 62991-1403-05), strength 5mg/ml; and Clonidine (NDC 38779-0561-04), strength 0.1000 mg/ml, volume 20ml and invoice price of \$40.00. The documented paid costs plus \$20.00 is \$60.00. The Workers' Compensation Pharmacy allowance is based on the sum of the fee for each ingredient plus the compound dispensing fee. The Workers' Compensation fee schedule allowance is \$13.43 (total cost of ingredients + dispensing fee). Additional reimbursement for NDC 62991-1403-05 and 38779-0561-04 is recommended based on the Workers' Compensation Pharmacy fee allowance of \$13.43.

The chart below provides a comparison of billed charges and reimbursement rates for the codes and date of services at issue.

Validated Code	Validated Units	Dispute Amount	Total Fee Schedule Allowance	Provider Paid Amount	Allowed Recommended Reimbursement	Fee Schedule Utilized
62991-1403-05	.1gm	\$131.15	\$4.86	\$4.85	\$0.01	OMFS
38779-0561-04	.002gm	\$148.20	\$0.33	\$0.30	\$0.03	OMFS
Compounding Fee		\$.	\$8.24.	\$0.00	\$8.24	OMFS
Total		\$.	\$13.43	\$5.15	\$8.28	OMFS

MAXIMUS Federal Services, as the Independent Bill Review Organization, has determined the Claims Administrator owes the Provider additional reimbursement. The Claims Administrator is required to reimburse the Provider for the IBR application fee (**\$335.00**) and the OMFS amount for NDC 62991-1403-05 and 38779-0561-04 (\$8.28) for a total of \$343.28.

The Claims Administrator is required to reimburse the provider \$343.28 within 45 days of date on this notice per section 4603.2 (2a). This decision constitutes the final determination of the Division of Workers' Compensation Administrative Director, is binding on all parties, and is not subject to further appeal except as specified in Labor Code section 4603.6(f).

Sincerely,

██████████, RHIT
Chief Coding Reviewer

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