

Supporting Analysis:

Pursuant to Labor Code Section 5307(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 denial for a compounded drug product billed as NDC #49452003202, 38779052409 and 62991142202. The explanation of review (EOR) indicated the billed compounded drug NDCs were denied with the following explanation “The service has been disallowed due to lack of invoice. Several attempts have been made in trying to obtain the information from your office. Please resubmit invoice for further review. The report for the above noted date of service was not received with your request for reconsideration. This charge will be reconsidered upon receipt of the report. We cannot review this service without necessary documentation. Please resubmit with indicated documentation as soon as possible. (Resubmit invoice for review) Claim/Service lacks information which is needed for adjudication.”

The Provider is billing for a compounded drug product (Fentanyl, Bupivacaine and Clonidine), the medications were administered and dispensed in the office for an Intrathecal Drug Delivery System (IDDS) pump refill.

The documented paid cost/invoice for the billed medications was not submitted as part of the original documentation. MAXIMUS requested a copy of the invoice and/or proof of paid costs. The Provider did not submit the requested information and indicated in a response to MAXIMUS “Pharmacy invoicing pricing will not be provided.” The documented paid costs are necessary to determine reimbursement. The Claims Administrator requested the documentation in order to determine appropriate reimbursement; the requested information was not supplied. Due to the lack of the requested documentation, reimbursement is not warranted.

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

Validated Code	Dispute Amount	Total Fee Schedule Allowance	Provider Paid Amount	Allowed Recommended Reimbursement	Fee Schedule Utilized
49452003202	\$8,640.00	\$0.00	\$0.00	\$0.00	OMFS
38779052409	\$32.00	\$0.00	\$0.00	\$0.00	OMFS
62991142202	\$20.00	\$20.00	\$0.00	\$0.00	OMFS
Compound Fee	\$60.00	\$0.00	\$0.00	\$0.00	OMFS

Chief Coding Specialist Decision Rationale:

This decision was based on medical record, explanation of review and comparison with Official Medical Fee Schedule Pharmacy. This was determined correctly by the Claims Administrator and the payment of \$0.00 is upheld.

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,

[Redacted signature]

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