ACIP **Arizona Counties Insurance Pool**
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July 3, 2019

Jacqueline Kurth, Manager
Medical Resource Office
PO Box 19070
Phoenix, AZ 85005-9070

RE: ICA Recommendations- Arizona Pharmaceutical Fee Schedule

Dear Ms. Kurth:

Please consider this letter our response to the request for comments regarding the ICA recommendations to the Arizona Pharmaceutical Fee Schedule. The Arizona County Insurance Pool (ACIP) was created by statute in 1992 to manage the liability and workers' compensation programs for the rural 12 counties in Arizona[1]. Currently, we represent more than 10,000 County employees.

ACIP supports the Industrial Commission recommendations for the pharmacy fee schedule in several areas:

Patient Safety:

ACIP supports the recommendation of medication distribution through commercially available pharmacies. The use of a pharmacy provides additional security and safety for county employees:

- The physician must rely on the patient's memory and honesty in informing the provider of any other medications, supplements or over the counter medications they may be taking.

  Since pharmacies are prevalent in grocery stores or readily available even in the rural areas, it is likely the patient will use their local pharmacy for all medications prescribed, whether it is through their group health plan, Medicare or workers' compensation.

  Commercial pharmacies have the technology and infrastructure to detect drug to drug interactions, allergies, dose alerts and duplications across all providers seen by the employee.

The six (6) physicians who have dispensed medication for ACIP county employees in FY '19 are not primary care physicians- they are pain management or orthopedic physicians who only see the patient for their worker's compensation injury. Therefore, they are dependent on the employee to inform them of other medications they are taking.

[1] Apache, Cochise, Gila, Graham, Greenlee, La Paz, Mohave, Navajo, Pinal, Santa Cruz, Yavapai and Yuma

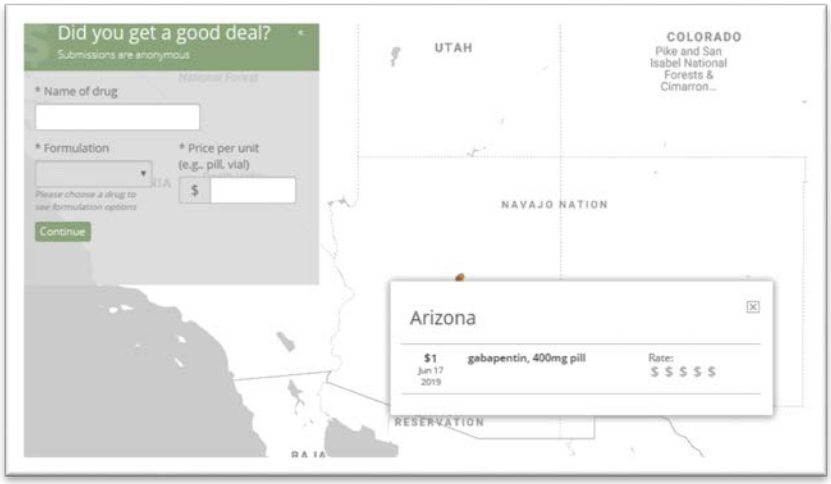
- Commercial pharmacies also provide an independent check on potential prescription errors. Multiple studies support the effectiveness of pharmacist intervention to detect possible prescription errors. In one study, "*Nearly half of reported errors were prevented by clinical pharmacists before the drugs reached the patients, and the majority of clinical pharmacist interventions and recommendations to prevent or ameliorate drug errors were accepted by prescribers…*"[2]

  "…At least half of these prescribing errors are detected and corrected when pharmacists review the safety and appropriateness of the medication. But having the same physician prescribe and dispense eliminates that safety net before the error reaches the patient. In reality, it may not even be the doctor who does the dispensing. It could be ancillary office personnel, instead, and dispensed medications may not be given a final check."[3]

The potential for error is increased when the provider is not only determining the type of medication to prescribe but is also distributing the medication directly to the patient without any independent review or oversight that a clinical pharmacist provides.

<u>Potential for Abuse by Patient</u>:

With the advent of the opioid crisis, the potential for prescription drug abuse has increased exponentially. Since the physicians who dispense medications only see the patient for their workers' compensation injury and do not have the safety-nets provided by commercial pharmacy systems, physician dispensing increases the potential for 'doctor-shopping' by patients who obtain multiple prescriptions for medications to possibly sell or to abuse. Although opioids are tightly monitored, medications such as gabapentin, Seroquel and promethazine are increasing in street value and potential for abuse- https://streetrx.com:



[2] Good Intentions, Uncertain Outcomes https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4606851/ Drug Errors and Related Interventions Reported by United States Clinical Pharmacists- https://www.accp.com/docs/positions/research/MEDAP_Drug_Errors.pdf;

[3] https://www.inquirer.com/philly/health/Do-consumers-benefit-when-doctors-dispense-medications-instead-of-pharmacists-.html

Medications distributed by a commercial pharmacy are based on 'point of sale'- the employee will not receive their medicine unless the prescription has been approved and payment by the workers' compensation payor has been guaranteed.

Medications dispensed through a physician's office do not go through an authorization process and are only billed after the patient has received the medication. Therefore, another layer of oversight is avoided with physician dispensing. The potential for abuse is greater without the safety net of a commercial pharmacy.

AHCCCS does not allow physician dispensing and, according to Blue Cross/Blue Shield of Arizona, physicians are only allowed to dispense medications in group health plans if they register as a pharmacy through their Pharmacy Benefit Manager (usually oncologists and infectious disease physicians). This ensures the physician adheres to the strict protocol of a commercial pharmacy that includes audits, inventory, inspections and storage.

Medicare and Medicaid also prohibit the practice if the physician has a financial interest in distributing medications.

Potential for Abuse by Provider:

Due to the financial incentives behind physician-dispensed medications, several studies indicate there are concerns for either overprescribing of medications or prescribing more expensive medications in physician-dispensing practices[4].

Cost:

Unlike private self-insured employers, government entities are prohibited from directing medical care. Therefore, we are not able to create a 'network' of providers like a group health plan and are limited in our ability to negotiate discounts for medical and pharmacy services.

Medications billed directly from a physician are charged at the ICA Fee Schedule rate with no discount. Medications received from a commercially available pharmacy, however, are typically 31% less, or a reduction of $50.00 per medication[5].

ACIP has experienced a 13% increase in pharmacy costs since FY '15. Any increase in medical costs are passed on to the rural counties through their premium contributions to the Pool.

[4] Do doctors in dispensing practices with a financial conflict of interest prescribe more expensive drugs? https://bmjopen.bmj.com/content/9/2/e026886 Physicians' Conflict of Interest in Japan and the United States: Lessons for the United States Marc A. Rodwin Indiana University; AtoZ (Etsuji) Okamoto; Kindai University 2000

[5] ACIP Drug Usage 07/01/2018 through 6/25/2019

In Fiscal Year 2019:

- ACIP received $39,000 in direct savings through the use of commercial pharmacies. If *all* prescriptions had gone through a commercially available pharmacy, the savings would have been $89,300.00.

- 1054 prescriptions for County employees were received, written by a total of 178 physicians throughout Arizona. Only 6 of these physicians- or 3%- dispensed medications out of their office.

These 6 physicians represent 10% of all prescriptions written but 22% of the total cost of medications paid by ACIP during FY '19. Had these patients gone through a commercially available pharmacy, ACIP's total pharmacy cost would have been 33% less this year alone.

- ACIP has also seen an increase in compound medications. We also support the ICA's recommendation regarding reimbursement for compound medications via physician dispensing:

  One employee receives New Terocin lotion- we paid $3,292.36 for a 60-day supply. Medicare excludes this under their plans, but the lotion can be purchased for approximately $267 at Walmart or other retailers. There are also over the counter alternatives that are significantly less.

I have included Attachment A to illustrate other examples of paid medications (through our PBM) and the difference between medications distributed through a pharmacy and those dispensed by a provider.

Based on the information contained in this letter, ACIP supports the ICA's proposed changes to the Pharmaceutical Fee Schedule since they will provide additional patient safety, reduce the potential for abuse and reduce costs for the rural Counties represented by ACP.

Thank you for the opportunity to submit our comments. Please feel free to contact me if you have any questions or wish to discuss this further.

Sincerely,

Susan Strickler

WC Claims Manager
Arizona Counties Insurance Pool