INDUSTRIAL COMMISSION OF ARIZONA

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REMOTE PUBLIC HEARING REGARDING THE 2021-2022 ARIZONA PHYSICIANS' AND PHARMACEUTICAL FEE SCHEDULE

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July 29, 2021
1:00 p.m.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Prepared For:
INDUSTRIAL COMMISSION OF ARIZONA

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THE PUBLIC HEARING REGARDING THE 2021-2022 ARIZONA PHYSICIANS' AND PHARMACEUTICAL FEE SCHEDULE was reported remotely by Nicola Bauman, CCR, Arizona Certified Court Reporter No. 50830, in and for the State of Arizona.

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COMMISSION MEMBERS PRESENT VIA TELECONFERENCE:

Dale L. Schultz, Chairman
Joseph M. Hennelly, Jr., Vice-Chairman
Scott P. LeMarr, Commissioner
D. Alan Everett, Commissioner

STAFF MEMBERS PRESENT VIA TELECONFERENCE:

James Ashley, Director
Gaetano Testini, Chief Legal Counsel
Trevor Laky, PIO and Legislative Affairs
Jason Porter, Deputy Director
Charles Carpenter, Medical Resource Office Manager
Renee Pastor, Self-Insurance
Jessie Atencio, ADOSH Director
Steve Black, ADOSH Compliance Officer
Ron Mills, ADOSH Compliance Officer
Hans Schmidt, ADOSH Compliance Officer
Anna Maria Stonerock, ADOSH Admin
Kara Dimas, Commission Secretary

PUBLIC COMMENTS

July 29, 2021
1:00 p.m.

PROCEEDINGS

CHAIRMAN SCHULTZ: Thank you. I'm Dale Schultz, and I'm Chairman of the Commission. Before we begin our public hearing and our meeting of the Industrial Commission today, I'd like to verify that we have a quorum and identify who we have on the phone with us today and what item on the agenda that they are interested in. So I'll start with the Commission.

Vice-Chair Joe Hennelly.

MR. HENNELLY: Chairman Schultz, I am on the phone.

CHAIRMAN SCHULTZ: Thank you, Joe.

Scott LeMarr.

MR. LEMARR: Yes, Dale, I'm here. Thank you.

CHAIRMAN SCHULTZ: Okay. Great, Scott. Thank you.

And our newest Commissioner, Alan Everett. Alan, are you there?

Alan, you have to hit "*6" to unmute yourself. Are you there, Alan?

MR. EVERETT: Yes, this is Alan speaking.

CHAIRMAN SCHULTZ: Terrific. Great. Thanks for becoming a member of the Commission, and thanks for joining us for our meeting today, Alan.

We now officially have a quorum.

Members of the staff.

James.

MR. ASHLEY: Good afternoon, Chairman and Commissioners, and good afternoon to everyone on the call.

CHAIRMAN SCHULTZ: Thanks, James.

Guy.

MR. TESTINI: Good afternoon.

CHAIRMAN SCHULTZ: Hey, Guy.

Trevor.

MR. LAKY: I'm here.

CHAIRMAN SCHULTZ: Great, Trevor.

Jason.

MR. PORTER: I'm here. Good afternoon.

CHAIRMAN SCHULTZ: Okay, Jason.

Charles.

MR. CARPENTER: I am here this afternoon. Thank you.

CHAIRMAN SCHULTZ: Great. Thank you, Charles.

Renee.

MS. PASTOR: I am here. I couldn't find the "unmute" button, but I am here.

CHAIRMAN SCHULTZ: Okay. And also Renee Englen. Renee, are you there, Englen?

Okay. We'll move on.

Jessie.

MR. ATENCIO: Good afternoon, Chairman. Hi, Commissioners. Can you hear me okay?

CHAIRMAN SCHULTZ: Absolutely, Jessie. Thank you.

Steve Black.

MR. BLACK: I'm here, Chairman Schultz.

CHAIRMAN SCHULTZ: Hi, Steve. Thanks for joining us.

Ron Mills.

MR. MILLS: Good afternoon, Chairman. I'm here.

CHAIRMAN SCHULTZ: Thank you.

Hans Schmidt.

MR. SCHMIDT: I'm here, Chairman.

CHAIRMAN SCHULTZ: Hans, thank you for joining us today.

Anna Maria.

MS. STONEROCK: Good afternoon, Chairman. I'm present.

CHAIRMAN SCHULTZ: Hi. Thank you.

And, of course, Kara we have.

Savannah Scharnhorst. Are you with us, Savannah?

Okay. Nicola Bauman.

MS. BAUMAN: I'm present, Chairman.

CHAIRMAN SCHULTZ: Thank you. Thank you for joining us and being our court reporter for the public hearing.

Others are joining us on the phone for some additional items, for our ADOSH items.

U & I Utility & Industrial, LLC, Joshua Schultz, Attorney.

MR. J. SCHULTZ: Yes, I'm here.

CHAIRMAN SCHULTZ: Okay. Thank you. Joshua, great name. Sorry we aren't related.

MR. J. SCHULTZ: Thank you. I agree with your sentiment, Mr. Chairman.

CHAIRMAN SCHULTZ: Okay. Also, PRJ Development, LLC, dba Riordan Framing, Pat Riordan.

Pat, are you there? You may have to hit "*6" to unmute yourself.

And Chelsey Markel.

Okay. Pat or Chelsey, you have to hit "*6" if you join us. If not, we'll check back with you

later.

And for Trafficade Service, Inc., I show Robert Sanchez. Robert, are you there?

MR. MERRETT: Excuse me, Mr. Chairman. This is André Merrett of the Thorpe Shwer Law Firm, and I represent Trafficade.

CHAIRMAN SCHULTZ: Great. And, André, could you spell your name for Kara so we can get it in the record?

MR. MERRETT: You bet. The first name is A-n-d-r-é, the last name is M-e-r-r-e-t-t. And the law firm name is spelled T-h-o-r-p-e, Shwer, S-h-w-e-r.

CHAIRMAN SCHULTZ: Thank you.

Did you get that, Kara?

MS. DIMAS: Yes, I did. Thank you.

CHAIRMAN SCHULTZ: Great. Thank you very much, all.

I also show as having put in a request to speak at the fee schedule hearing Christopher Dang.

MR. DANG: Present. Can you hear me?

CHAIRMAN SCHULTZ: Great. Yes, I can hear you fine, Christopher. Do you happen to be related to Doug Dang, ER physician?

MR. DANG: I don't believe so.

CHAIRMAN SCHULTZ: Okay. Thank you. Just

wondering.

And I show Nick Meza.

MR. MEZA: Yes, Chairman Schultz, I am present as well.

CHAIRMAN SCHULTZ: Great. Thank you, Christopher and Nick. Is anyone else from Quarles there?

MR. MEZA: Just us.

CHAIRMAN SCHULTZ: Perfect. You are certainly enough. Thanks for joining us.

I also show Deb Baker from Valley Schools Workers' Comp Group. Deb, are you there?

MS. BAKER: Yes, sir, I am here.

CHAIRMAN SCHULTZ: Great. Thanks, Deb. Thanks for joining us, as always.

I also show Brian Allen from Mitchell Pharmacy Solutions.

MR. ALLEN: I am here.

CHAIRMAN SCHULTZ: Hi, Brian. Good to hear your voice.

I also show Mike Colletto from Professional Firefighters of Arizona. Mike, are you there?

MR. COLLETTO: I am.

CHAIRMAN SCHULTZ: Great. Good to hear your voice, Mike. It has been quite a long time.

I also show Todd Delano. Todd, are you there?

MR. DELANO: Yes -- yes, I'm present. Good afternoon, everyone.

CHAIRMAN SCHULTZ: Great. Thanks, Todd.

I also show Laura Clymer. Laura, are you there?

MS. CLYMER: Good afternoon, everyone. I'm here.

CHAIRMAN SCHULTZ: Great. Thank you, Laura.

And I also show Steve Bennett.

MR. BENNETT: Chairman and Commissioners, Steve Bennett is here.

CHAIRMAN SCHULTZ: Great. Thank you.

Is there anyone else on the phone who wishes to speak at the fee schedule hearing?

MS. RICE: Mr. Commissioner, Emily Rice on behalf of the Arizona Self-Insurers Association.

CHAIRMAN SCHULTZ: Emily, thank you for joining us.

Anyone else?

MR. BARRATT: Mr. Chairman, this is Brett Barratt on behalf of NCCI.

CHAIRMAN SCHULTZ: Hey, Brett, thanks for joining us again.

Anyone else?

MS. SEXTON: This is Julie Sexton with CorVel.

CHAIRMAN SCHULTZ: Hi, Julie. How are you?

MS. SEXTON: Good. How are you?

CHAIRMAN SCHULTZ: Excellent. Thanks for joining us.

Anyone else?

MS. MARKEL: Hi. Yes, my name is Chelsey Markel. I'm here with my father, Pat Riordan.

CHAIRMAN SCHULTZ: Hi, Chelsey. Thanks. We passed you by before. I'm glad you can join us. Appreciate it.

MR. TRIBOUT: Hi. This is Kevin Tribout with Optum. Thank you for having me today.

CHAIRMAN SCHULTZ: Great. Thank you, Kevin.

Anyone else? Anyone else who wishes to speak at the fee schedule hearing or on any other item coming before the Commission today, now is the time to hit "*6," identify yourself and the issue you're interested in.

Okay. Hearing no one else, then I'd like to call this meeting of the Industrial Commission to order. Our first item on the agenda today is the public hearing regarding the 2021-2022 Arizona Physicians' and

Pharmaceutical Fee Schedule established under A.R.S. 23-908(B). This public hearing is being held to give members of the public and Commission stakeholders an opportunity to comment on staff proposals regarding the 2021-2022 Arizona Physicians' and Pharmaceutical Fee Schedule and to make additional recommendations for changes to the fee schedule. The staff proposal has been posted on the Commission's website for the last month.

To help with background noise, your phones have been put on mute. You will be given an opportunity to make comments later.

And so now I would like to move to Charles Carpenter, the Manager of the Medical Resource Office, who will provide a brief overview of the staff proposal.

Charles.

MR. CARPENTER: Good afternoon, Chairman, and good afternoon, Commissioners, Director Ashley, colleagues and guests. Thank you for the opportunity to present the staff recommendations for the 2021-2022 Physicians' and Pharmaceutical Fee Schedule.

First, staff recommends the updated service codes, relative value units, or RVUs, and reimbursement values as presented in the tables accompanying the

published proposal. The methodology used in computing the reimbursement values has not changed from previous years and is outlined in detail in the proposal. The proposed 2021-2022 fee schedule will continue to use the Center for Medicare & Medicaid Services', or CMS, global -- their surgical global periods, assign RVUs to consultation services and delineate codes that are unique to Arizona.

The proposal does not include a stop-loss or a stop-gain cap for any service code. A stop-loss has been implemented in previous years to assist in transitioning to the RBRVS system. The stop-loss has been incrementally increased, and after analyzing the impact of another increase to the stop-loss versus removing the stop-loss altogether, staff recommends that the stop-loss be removed since the change from another incremental stop-loss and removal of the stop-loss is negligible. Moreover, removal of the stop-loss will move Arizona to a fully deployed RBRVS system based only on RVUs and conversion factors.

Staff recommends updating the RBRVS conversion factors used in the 2020-2021 fee schedule. Staff recommends that the conversion factor for anesthesia remain unchanged, whereas the conversion factor for surgery and radiology be updated to $70 and

the conversion factor for all other services be increased to $65. Except for the Anesthesia section, the fee schedule uses RVUs from the current Medicare Physician Fee Schedule. CMS establishes the value of each RVU based on the work of a healthcare provider, the associated administrative and overhead costs to provide the service and the malpractice insurance costs.

CMS takes into account the expertise required to perform the service in their calculations. The RVUs are modified annually to reflect industry changes as appropriate. Due to this, Medicare maintains one conversion factor for all services except anesthesia.

In 2021, CMS initially reduced the conversion factor by 10 percent to remain budget neutral. The CMS conversion factor, however, was later increased by 3.75 percent for an overall conversion factor reduction of just over 6 percent. I mention this because the ICA's proposed conversion factor of $70 for surgery and radiology remains over 200 percent of the current Medicare conversion factor. Essentially, this means that providers who may be -- this means providers may be reimbursed over twice as much for the same service when it is performed on an injured worker in Arizona as compared to a Medicare patient.

Staff analyzed the conversion factors for other states' workers' compensation fee schedules that utilize an RBRVS system and adopt the RVUs from Medicare. Fourteen states have a single conversion factor for surgery. The average conversion factor for those fourteen states is $70.44. Nine of those fourteen states have conversion factors lower than $70. Similar analysis of the conversion factor for radiology yielded twenty states. The average conversion factor in those twenty states is $68.20. Thirteen of the twenty states have a conversion factor lower than $70.

Staff also analyzed data provided by FAIR Health on commercial health insurance allowed amounts for surgery and radiology services in Arizona to see where workers' compensation reimbursement values compared to commercial health insurance. The allowed amount represents the total reimbursement a healthcare provider receives for a specific service, and that includes any amount paid by the patient.

Staff received data on 94 of the most-billed surgical procedure codes and 105 of the most-billed radiology procedure codes. Respectively, these codes represent 75 percent and 87 percent of all billed procedures according to the billing frequency data from NCCI. Based on the data, the proposed 2021-2022

reimbursement values for surgery will be, on average, 143 percent of the allowed amount for the same procedures in the commercial health setting and 133 percent of the allowed amount for radiology for those same procedures.

Based on this data, staff recommends adjusting the conversion factor for surgery and radiology to $70. With this conversion factor, the fee schedule will allow payment for services to be over 200 percent of Medicare and an average of 143 percent for surgery and 133 percent for radiology of commercial health allowed amounts in Arizona. The staff proposal, including the changes to the RVUs and proposed conversion factors of $70 for surgery and radiology, $61 for anesthesia and $65 for all other services, will result in a projected 2 percent overall increase in medical expenditures throughout the next fee-schedule year.

Second, the proposed fee schedule continues to designate Medi-Span® as the source to determine average wholesale price, or AWP. In addition to AWP, the proposed fee schedule designates Medi-Span® to determine wholesale acquisition cost, or WAC, and generic equivalent average price, GEAP. These reference values are used to calculate reimbursement values for

pharmaceutical products.

Third, staff proposes a change to the format of the Arizona-specific codes. The current format consists of eight alphanumeric characters. Eliminating the "099" after the initial "AZ" prefix results in a five-character alphanumeric code that conforms to the current CPT® billing code format. This update is proposed in response to external stakeholder feedback.

Fourth, staff proposes to update all references to the American Medical Association's Current Procedural Terminology publication throughout the fee schedule as "CPT®."

Fifth, staff recommends the following amendments to the Introduction section of the 2021-2022 Fee Schedule: First, delete Section A(10). Consultation services are defined in the CPT®. The description and accompanying essential criteria of a consultation billing code governs how the service may be performed and when it may be billed. Deleting this section avoids potential confusion with Section H;

Add Section A(14). This clarifies that the fee schedule applies to the payment of telehealth services;

Add Section B(13). This provides guidance on reimbursing ambulance service providers;

Change the language in Section H from "difficult problems" to "complex cases" to clarify intent;

Update the language in Section I(4) to further clarify the required documentation for materials and supplies in order to receive appropriate reimbursement and also indicate that medications administered in a clinical setting should be billed using CPT® code 99070 and reimbursed according to the Pharmaceutical Fee Schedule Guidelines.

Sixth, the proposed fee schedule contains multiple amendments to the Pharmaceutical Fee Schedule Guidelines. Some of these amendments are based on research and recommendations presented in the Myers and Stauffer 2020 white paper titled *Pharmaceutical Reimbursement: Review of Pricing Methodologies within Workers' Compensation.* This white paper is published on the Medical Resource Office webpage.

Staff proposes to amend Section II of the Pharmaceutical Fee Schedule Guidelines by adding definitions for "National Average Drug Acquisition Cost," or "NADAC;" "Wholesale Acquisition Cost," or "WAC;" "Generic Equivalent Average Price," or "GEAP;" and "Therapeutically Similar" medication. In addition, staff proposes an update to the definitions of "Pharmacy

Accessible to the General Public" and "Pharmacy Not Accessible to the General Public" to be consistent with recent legislative changes to A.R.S. 23-908.

Next, staff proposes to amend the reimbursement methodology for prescription medication in Section III as follows: The reimbursement value for a generic medication, when the NDC for that specific medication is listed in NADAC, is calculated on a per-unit basis by multiplying the NADAC value per unit by 125 percent and then multiplying that value by the number of units.

When the NDC of a generic medication is not listed in NADAC, and the same medication manufactured by one or more companies is not listed in NADAC as well, the reimbursement value is calculated on a per-unit basis by determining the lesser value of either 80 percent of WAC, 60 percent of AWP or 60 percent of GEAP.

The reimbursement value for brand-name drugs that are listed in NADAC is calculated on a per-unit basis by multiplying the NADAC value per unit by 102 percent and then multiplying that value by the number of units. If the drug is not listed in NADAC, the reimbursement value is calculated on a per-unit basis by determining the lesser value of either

100 percent of WAC or 80 percent of AWP.

Chairman Schultz will have more on NADAC following my comments.

Staff also proposes to amend Section III to establish the reimbursement value for over-the-counter medications that are commercially available and not commercially available. The reimbursement value for commercially available over-the-counter medications is based on the retail price per unit of the over-the-counter medication in settings where the medication is commercially available. The retail value for medications that are not commercially available in pharmacies accessible to the general public shall be calculated on a per-unit basis based on the retail price per unit of the most therapeutically similar over-the-counter medication commercially available in pharmacies accessible to the general public.

The last amendment to Section III establishes the maximum reimbursement value for over-the-counter topical creams or lotions and topical patches that are not commercially available. Based on staff research of over-the-counter medications that are commercially available and their respective retail prices, the proposed maximum reimbursement for topical creams or lotions is $30 per thirty-day supply and the

maximum reimbursement for topical patches is $75 per thirty-day supply.

Staff proposes to amend Section VIII to update provisions pertaining to dispensing fees. Currently, a dispensing fee of $7 may be charged per prescription in settings where a dispensing fee is permitted. The proposed amendment increases the dispensing fee that may be charged for generic non-compound drugs to $11 per prescription when a NADAC value is used to determine the reimbursement value. The dispensing fee that may be charged in all other settings and using all other pricing methodologies remains the same.

Seventh, staff proposes to add language to the Surgery Guidelines to clarify how to determine the global period when multiple services are performed during the same operative session.

Eighth, staff proposes to add references to "ambulatory surgery centers" in the Radiology Guidelines to clarify that the services performed in an ambulatory surgery center are managed similarly to services performed in a hospital.

Ninth, staff proposes to amend the Physical Medicine and Rehabilitation Guidelines section of the fee schedule by clarifying proper billing practices for

the initial evaluation and subsequent reevaluations for both physical therapy and occupational therapy in Section A.

Staff proposes to amend the language in Sections B and C to clarify that therapeutic procedures and modalities are distinct and that time spent performing these services should be counted separately. Staff also proposes the addition of language to clarify the maximum amount of time and units of therapeutic procedures that may be billed in one session without prior approval. Additionally, the time spent performing modalities does not count towards the maximum allowable time and units of therapeutic procedures.

Staff proposes to amend Section B to allow three modalities without the need for prior approval. Staff also proposes to amend Section G to provide specific instructions on documentation expectations. Staff also proposes to amend Sections A through G to add clarifying language and examples consistent with the Medicare time-based billing standards that were adopted last year. Staff worked closely with external stakeholders in amending the Physical Medicine and Rehabilitation section to improve the guidelines and use language common to healthcare providers who perform these services.

Finally, staff proposes to add language in the Evaluation and Management Guidelines to clarify that documentation and review of records is inclusive to the performance of an evaluation and management service and to clarify the manner in which a physician may bill for time that is not already accounted for in an evaluation and management or consultation service. The American Medical Association updated the Evaluation and Management Guidelines in the CPT® this year. Staff proposes to update the Evaluation and Management Guidelines to conform to the current CPT® updates.

The Medical Resource Office appreciates your time considering this proposal, and I'm happy to take any questions from the Commission.

CHAIRMAN SCHULTZ: Thank you, Charles. And I really want to thank you and Renee. I know how much effort has gone into the review, how much you've spent with stakeholders taking their input, how much time you've spent looking at information from other states and from other payment systems before making this extremely complex but valuable proposal. And so thank you very, very much.

Do any of the Commissioners have any questions for Charles before I go, or would you like to hold your questions until later?

Okay. Hearing no questions from the Commissioners, then I truly want to thank everyone for being on this call for this very important public hearing. And I do want to remind everyone we are here to take your comments. We do want to hear your recommendations for positive improvements to the Physicians' and Pharmaceutical Fee Schedule. But before we begin, I would like to address a few issues that have been raised in the written comments, numerous comments which we've received in the month that the proposal has been posted on our website.

Number one, multiple comments have mentioned that pharmaceutical costs in Arizona are only 1 percent more than the costs countrywide and 2 percent more than the region. This is misleading and incomplete. Although Arizona's pharmaceutical costs in 2019 were 9 percent of the total medical spent in Arizona, compared to 8 percent nationally and 7 percent regionally, Arizona's medical spent has been increasing each year since 2010.

In 2018, according to NCCI, Arizona's medical expenses for an average lost-time claim climbed to $43,000 compared to only $23,000 regionally and $27,000 nationally. I want to repeat that. Average -- the medical expenses for an average lost-time claim

climbed to $43,000 compared to $23,000 regionally and $27,000 nationally. Obviously, 9 percent of Arizona's much higher medical costs is not 1 percent more than 7 percent of the region's far lower costs; in fact, it's about double. It's a truly dramatic, significant difference.

Another comment that was mentioned several times is that there may be delays in care because some drugs are not included in NADAC. If a drug isn't included in NADAC, we have AWP as a secondary tool covering those NDCs that are not included in NADAC. And in all the comments that were made, no one provided any data or even a single example of how there has been or would be a delay because of this change.

The third issue raised a number of times is the ICA doesn't have the statutory authority to change to NADAC. A.R.S. 23-908 does not require the pharmaceutical fee schedule to utilize AWP. In fact, the statute authorizes the Commission to adopt pricing benchmarks that have been validated and accepted in the industry.

Based upon the widespread usage of NADAC in states across the country, we disagree with the suggestion that NADAC is not validated and accepted in the pharmaceutical reimbursement industry. In fact,

Arizona's AHCCCS program has used NADAC for years.

Number four, comments have said that this would drive pharmacies and doctors out of the workers' compensation market. We have heard this before when we have implemented other changes, and it never comes true. We know of no pharmacy or doctor who is no longer serving workers' compensation patients. In fact, I've personally heard of a prominent pain management physician who has moved completely away from commercial and Medicare and is only doing workers' compensation.

Number five, multiple comments suggest that the ICA is trying to limit access to pharmaceutical care for injured workers. This is completely false. Access to care is a priority of the Commission. There are over 6,000 pharmacies in Arizona available to serve injured workers. Injured workers in Arizona are entitled to appropriate medical and pharmaceutical care. We want injured workers to get the care they need, to get better and return to work as quickly as possible.

We cannot, however, turn a blind eye to excessive billing practices and abuses. The Commission continues to see excessive pharmaceutical-invoicing practices driven, in part, by pharmacies that choose to dispense drugs with artificially inflated AWP. For those who comment today, please comment on how the

Commission can address this type of fraud and abuse without being accused of trying to infringe on the rights of injured workers.

Let me highlight a few examples. I won't mention any pharmacies by name. First, I'm looking now at a bill for ibuprofen that a pharmacy billed for $216. This cost should have been closer to $10; maximum, $20. Does anyone here think it is appropriate to bill $216 for ibuprofen? Please let me know when you make your comments if you think that is reasonable.

Second, here is a bill for ondansetron. This pharmacy charged $2,062 for something you could get at almost any other pharmacy for $20. Third -- and while I have plenty more, I'll make this my last example. We have a lot of material to get through. Here I have a bill for omeprazole, and this is 20 milligrams. You can go to a pharmacy and get this drug for $10; most of the time less. This particular pharmacy billed $378; $378. Hopefully you can understand that when I see these egregious examples that it just hurts me to the core that -- and cries out for reform.

With that being said, we have had countless phone calls and meetings with our stakeholders, as we always do. And the ICA has determined that the industry

is not ready for reforms like moving to NADAC at the moment. I do still believe that we should improve our reimbursement methodologies to crack down on the abuse we see in the system. In the meantime, we will be looking at other methods to prevent bad actors from taking advantage of our system in Arizona. This abuse in excessive pharmaceutical billing is disgusting and we will continue to work to cut it out of the system. It's not good for the system, and it's not good for injured workers.

With that, let's proceed with public comments. We now welcome you to present your oral comments and recommendations regarding the 2021-2022 Fee Schedule. We will start with a list of people that have already requested to speak per the instructions you received a month ago with a copy of the proposed updates. Others wishing to speak will then also be given an opportunity.

When your name is announced, press "*6" to unmute yourself; that's "*6." You'll have five minutes to speak. At the beginning of your comments, for the record and the court reporter, who is also on this call, please state your name again and spell it, and state who you represent. At the conclusion of your comments, the Commissioners and staff may ask you questions. In the

interest of time, please do not repeat what other speakers have stated. If you agree with what has been said, simply state as such.

Although the public hearing will end when oral comments have concluded, written comments will be accepted through the close of business on Thursday, August 5, 2021; that's Thursday, August 5, 2021. Once the record is closed, the Medical Resource Office and the Commission will carefully consider all comments already received, all comments made today, all comments -- written comments we receive before the 5th and available information and data prior to taking formal action related to the 2021-2022 Arizona Physicians' and Pharmaceutical Fee Schedule.

With that, we now begin with Christopher Dang.

MR. DANG: Thanks, Mr. Chairman. Christopher Dang here with Nick Meza. Last name is spelled D-a-n-g, and "Meza" is spelled M-e-z-a. And we're here, both, to speak today on behalf of RxDevelopment and ServRx. With that, I'll turn it over to my colleague, Nick Meza.

MR. MEZA: Chairman Schultz, Commissioners, Commission staff, thank you very much. By way of background, RxDevelopment and ServRx operate within the

workers' compensation space providing pharmacy services and prescription management services to pharmacies and dispensing practitioners. We're speaking here today to voice opposition to the proposed 2021-'22 Fee Schedule. Namely, we oppose the Commission's proposal to adopt NADAC as the primary methodology for determining reimbursement value for prescriptions. Note, in addition to our commentary here today, we have also submitted written comments.

We are primarily opposed to the adoption of NADAC because we believe it is an unproven methodology that is not accepted within the workers' compensation industry. As the Commission is aware, it is authorized by statute to consider the adoption of a fee schedule with provisions that involve specific prices, values and reimbursements for prescription drugs. Critically, per statute, A.R.S. 23-908, if the Commission considers the adoption of a fee schedule for prescription drugs, it must, quote, base the adoption on studies or practices that, one, are validated and, two, are accepted in the industry.

NADAC is neither validated nor commonly accepted in the workers' compensation space. If the Commission were to adopt an unproven and uncommon standard, it would be acting outside of its statutory

authority. Note that the statute goes on to state that methodologies can include formulas and use average wholesale price, or AWP, as a dispensing fee. Thus, the current and chosen methodology of reimbursement, AWP, is expressly contemplated in statute. Though we do not hold the position that other methodologies may not be employed, rather, we hold that if such methodologies are employed, they must be validated and accepted within the industry.

Quite simply, more study is needed. Again, any -- NADAC is not a commonly accepted methodology. And the Myers and Stauffer white paper on which the proposed change is based confirms this. First, as noted in the white paper, only one state, California, has adopted NADAC as a method of reimbursement in the area of workers' compensation. The white paper lists only one study published in 2018 that evaluates California's workers' compensation system.

As noted in our written commentary, the study focused on percentage by which the various benchmarks, including NADAC, provided pricing on claims. However, it did not provide a qualitative analysis of the impact of NADAC adoption on patient care and access.

Second, AWP standards is very clearly the most accepted and adopted standard across the workers'

compensation space with thirty-four of thirty-seven states that adopted a defined-pricing schedule adopting the AWP standard. There is no doubt that AWP is a validated and common industry standard. Conversely, with only one state adopting NADAC, there's absolutely no doubt that this is an uncommon standard in the industry. This is true not only for workers' compensation programs but across the pharmaceutical reimbursement industry generally.

NADAC is simply not a common methodology. Before NADAC can be adopted, it must be further studied by the Commission, and it must also be more of a common industry practice in order to meet the requirements of Arizona law as an acceptable standard.

We also want to comment on the perceived benefit of the proposed standard notwithstanding its low and uncommon adoption across the industry. Very quickly, it is worth noting Arizona's system currently reimburses at no more than 85 percent of AWP. This 85-percent limit was put into effect in the 2019-2020 Fee Schedule.

Now, before analyzing the impact on cost that this limit created, the Commission has proposed a complete departure from the AWP standard. The white papers admits that it has no long-term data if the

85-percent AWP limit has resulted in lower costs. However, the short-term data does show that this has had a positive impact on costs, that, quote, compares favorably to the NADAC equivalency metric. Thus, by the white paper's own admission, the one year of data show that the current methodology is effective and comparable to NADAC, thus, arguably, there is need for a change.

In sum, we believe that NADAC is not a validated and common industry standard and should not be adopted, that more study and data are required, that the adoption of this standard is contrary to the intent of the clear language of the Arizona statute, and we urge the Commission to reconsider. Thank you.

CHAIRMAN SCHULTZ: Thank you, Mr. Meza.

Any of the Commissioners have any questions?

Hearing none, we'll move to our next person who has requested to speak, Deb Baker, Valley Schools Workers' Comp Group. Deb, are you there?

MS. BAKER: I'm here. I --

CHAIRMAN SCHULTZ: Great.

MS. BAKER: -- hit "*6."

Hello, Chairman Schultz and Commissioners and Guy and James and Trevor and Charles. I want to compliment Charles on his excellent presentation. I think he did a fabulous job. And I want to praise the

Industrial Commission of Arizona for their fabulous leadership and proactive approach to protecting injured workers and workers' compensation employers. I am impressed beyond measure by the proactive stance the Industrial Commission has taken.

I've been in workers' compensation insurance claims for forty-nine years; yes, I'm old. And I can say beyond a shadow of a doubt that Chairman Schultz and the Commissioners and the leaders at the Industrial Commission are the best I have seen in my forty-nine years in workers' comp. So I'm very grateful for the proactive approach.

And as I represent Valley Schools Workers' Comp Group and as I have been a bad faith claims expert witness, I know that we owe equal duties to the injured workers and the employers out there. And my team and I work very hard to make sure that we ensure equal consideration to each.

We have a first-fill program where injured workers go to our occ-health clinic and they are given a one-sheet flyer so when they're given prescriptions, they can go to any pharmacy they choose and get their prescriptions and they do not have to pay out of pocket, which is very important to me. I believe in taking care of injured workers. That's my job.

So I just want to thank the Industrial Commission for everything you're doing, and I want to say you have my total support.

CHAIRMAN SCHULTZ: Thank you, Deb. We appreciate your comments. And, by the way, that is a wonderful program to both give the injured worker the information they need to begin treatment and to receive any medications immediately. That's exactly the way the system should work. So thank you very much, Deb.

MS. BAKER: Thank you, Chairman.

CHAIRMAN SCHULTZ: Thank you.

Next on our list is Brian Allen from Mitchell Pharmacy Solutions. Brian.

MR. ALLEN: Mr. Chairman, can you hear me now?

CHAIRMAN SCHULTZ: Yes, perfect.

MR. ALLEN: Thank you. Sorry about that. Sometimes there's a little bit of a lag on that "mute/unmute."

So, first of all, I want to thank you, Chairman Schultz and Members of the Commission, for the opportunity to speak today. My name is Brian Allen, B-r-i-a-n A-l-l-e-n. I am the Vice-President of Government Affairs for Mitchell Pharmacy Solutions.

I want to start by saying that, first of

all, we really appreciate the efforts of the Medical Resource Office and the ICA staff in their desire to appropriately control costs in your workers' compensation system. They have been absolutely more than accessible, more than accommodating to listening to us and our concerns. And we have been working diligently trying to find some kind of an answer or solution that would help solve the problem without, you know, the upset that we think this is going to cause.

So we do have some concerns. And I'm going to focus on the pharmacy section of the fee schedule. And I want you to know that we do -- you know, you stole some of my thunder, Mr. Chairman. We do have concerns about some of the abuses that we see out there. And, you know, in our system, injured workers who use our network get medications at a significantly reduced cost. We negotiate hard. It's a very competitive marketplace in the workers' comp world, and we work hard to deliver value to our customers and to the injured workers that they serve.

And so, for us, you know, it's not an issue of, you know, what's happening in our world as much as what's happening in the world around us. But the challenge that we have with this proposal is that we live in an AWP world and all of our program is around

AWP, all of our contracts are written around AWP. So the lift to get from AWP to NADAC and all the uncertainty that NADAC creates is -- I mean, we've done a lot of analysis internally on trying to figure out if there was a formula that could get NADAC to the current AWP fee schedule. And it's just all over the chart. We couldn't come up with any -- it isn't like *NADAC times "X" equals the current fee schedule*; it's *NADAC times multiple variables of "X."* And so there's no way to really program that into our fee schedule.

So trying to figure out how it would impact us financially was really challenging. We still don't -- we don't completely understand how it would be; we know it's not good. And then add that to the cost of, you know, all the reprogramming and things that we would have to change in recontracting, I mean, it's a pretty significant lift for us to make that change at this point in time.

However, all that being said, we are committed to working with the staff in trying to find some solution. We support the notion of getting to some kind of an average price to get to the outliers. We're not -- you know, we actually talked about GEAP at one time, and we have not done the full analysis on that. We don't know what that impact is. We'd like to

continue to work on that and see if we can come up with some kind of a process that would get to those outliers that you mentioned in your presentation, Mr. Chairman. When we see those, it's disconcerting to us as well, and we'd like to see those carved out of the system as well.

We have a very inclusive network. Our network includes, you know, more than 90 percent of the pharmacies that have locations in Arizona. We certainly want to encourage our injured workers that we serve to use those pharmacies to access the local businesses there and to get the kind of care that they're used to getting. And we think that's really critical, and we want to continue to be able to provide that service and hope we'll be able to, you know, continue to do that.

And we -- but we are concerned that the fee schedule may, as proposed, create some trouble for us in that regard. And so we are -- we're working on that carefully with our various stakeholders as well, and we continue to dialogue with the Medical Resource Office.

The other thing that we would like to say is that we do support some of the -- we do support the changes on how over-the-counter and topical medications would be reimbursed. These are known areas of abuse in the industry, so we support those changes.

I do want to mention one thing that isn't in

the fee schedule that I heard yesterday from our bill review team. They said there has been some confusion about how J Codes are billed in Arizona, so I'm going to dig into that a little bit. So you may see something about that in our comments, but I didn't want to just send that in my comments and blindside you with some out-of-the-woods thing that you hadn't heard about before. So we're going to -- I'll work with our team and figure out what it is, and, if it's nothing, I'll let -- I'll let you know that as well.

In closing, I just want to reiterate that we are supportive of the goals of the Commission. We stand by what you're trying to accomplish. And we certainly want to continue to work with them. We've had, I think, a long and friendly working relationship with the Commission. It's kind of odd for me to be in a position where I'm not, you know, a hundred percent supportive of what they've been trying to do because typically we find ourselves -- we've been very supportive, and this is kind of an odd spot for us to be in.

But I want you to know that we continue -- you know, we view our partnership with the Commission -- we value it. We think that it's critical for us, as the stakeholders in Arizona, to continue to work together to find a solution for this problem. And we will continue

to do that. And we're happy to offer, you know, whatever information that we can, and we'll continue to keep working on trying to find, you know, a balance. I know in many states where we have direction of care we don't have these issues. And we -- you know, we know that's a legislative issue that needs to be addressed and it's not something we can address here.

But we certainly support the efforts of the Commission, again, and we just commit our ongoing support to help do what we can to help find a solution that works for the industry. Thank you.

CHAIRMAN SCHULTZ: And thank you, Brian. And I want to recognize that we do both appreciate and understand that you are able, through your contacts, to effect many of the reforms that we want to see. And so we believe that's the way business should work and that's the way this industry should work, and we appreciate that very much.

I want to tell you we also appreciate a lot. You know, we are not payers; we are not providers. And so the information that you gave us concerning the potential impact on your operations and what it would take to implement is very, very important to us, as you've seen and, I think, as you were alluding to in our move to the RBRVS and away from the separate medical fee

schedule that required all separate, you know, systems to be able to deal with separate billing systems, you know, as a way we simplified processes for providers to bill and payers to pay and settlement opportunities.

Anyway, we work very, very hard to try and improve the functioning of the system as well as the costs of the system. And so your comments truly were insightful for us in looking at exactly, you know, how quickly we're going to move, in what direction we're going to move and to truly analyze the impact that it's going to have on all of our stakeholders in the system. So we do appreciate your efforts very much, and we appreciate how open and sharing you are. You share data, you share ideas, and that's what helps us make better decisions.

We try, to the extent possible, to be data driven. That's why I reiterate, probably ad nauseam, to, please, all of you, give us data, give us examples so that we have something concrete to deal with rather than, as I would call it, whining and moaning. You know, that offers us no solutions. We need data; we need solutions.

So, anyway, thank you, Brian.

Do any of the Commissioners have any questions for Brian?

Hearing none, let's move to Mike Colletto. Mike, you have the floor.

Mike, you need to hit "*6" to unmute yourself.

MR. COLLETTO: I want to thank the Commission for the opportunity to speak today.

I agree with the first speaker. I don't think we need to do this. It's not advantageous to my people. I like the independent pharmacies and the workers' comp pharmacies that are servicing our people. And I'll just leave it at that.

CHAIRMAN SCHULTZ: Thank you, Mike. And, wow, do I ever appreciate your brevity and, once again, following directions. Yes, I understand you agree with the first presenter. And so thank you very much for that, Mike, and I look forward to seeing you again soon. It has been quite a while now that we're all, you know, stuck social distancing and all. So thanks for your comments, Mike. We appreciate it.

Okay. Any questions for Mike?

If not, we'll move to Todd Delano. Todd, how are you today?

Todd, are you there? Hit "*6," please.

MR. DELANO: I apologize. Can you guys hear me now?

CHAIRMAN SCHULTZ: Yeah, we can, perfectly. Thanks, Todd.

MR. DELANO: Sorry about that. Yes, sir, again, thank you for your time.

This is Todd Delano with ServRx. I think, for the reason of brevity, what's most useful for my time with you guys -- and, again, thank you for this time -- is to add a voice of reason for what would be the out-of-network portion of spend in Arizona and nationwide. And, again, we love to work with you and love to work with Brian Allen. He and I have worked together for years and communicate frequently.

But just to provide some context -- I do think you deserve context to what -- to that out-of-market part of the market. So ServRx serves a very valuable role nationwide in the pharmacy chain for workers' compensation. In particular, in the world of community of pharmacies, we're contracted with 12,000 of the 25,000 community pharmacies around the country. In any given month, 3- to 6,000 of these pharmacies will use our services. We've been in business thirteen years. We're approaching over a billion -- upwards of a billion dollars of claims processed. Some of the local grocery store chains or pharmacy chains you might know that use our services is Bashas' groceries; that's one

we all know at least here in the Metro Phoenix area.

And what role do we play in the marketplace? We're a third-party biller that sits on the frontline of new injuries. So in pharmacy spend, upwards of 15 percent of the prescriptions that are billed are new injuries. Picture the patient that is hurt at 9:00 a.m. on the job, goes to an urgent care to get a medication or a prescription, and it's 1:00 p.m. when they're walking into one of their local Bashas' grocery store pharmacies. It's too early at this point in the life of the claim to process it or adjudicate it realtime. And that's a distinction between CMS and workers' comp. I do agree with you that we could choose an acquisition cost plus fill metric if this was a system that would guarantee -- where there was database that could be realtime adjudicated and paid. It's just not the case in workers' comp.

So these 15 percent of claims that grocery stores around -- pharmacies around the country, the reason they use us is we process it realtime, we give them a realtime answer, and we go upon the tedious task of billing and collecting for these claims. Oftentimes it's thirty to sixty days before network homes are found for these claims, and there's another 15 or 20 percent that never find a home; there's 30 or 40 percent of

claims nationwide that stay out of network. But the first fill is the critical part we serve.

And I'll just say that -- and this is where I can provide some context. I appreciate your point that you do need clarity and objectivity with the cost of these claims. And I'm happy to provide that in future meetings, and we can work together.

But picture the claim I mentioned earlier where the patient walks in. There's oftentimes five to seven touch points with my staff by the time I've guaranteed the payment to the pharmacy. So what ServRx does is guarantees a payment to the pharmacy so it feels like a CMS claim. It feels like a guaranteed payment to the pharmacy. And then, for us, with our economies of scale, we go through the tedious task of billing and collecting.

We have to reach out to the carrier, reach out to the employer. We oftentimes wait, one, two, three weeks, we submit a bill, we have to call again. And each time we call, it's not magic; it's staff that we pay a reasonable wage, and each call is ten to fifteen minutes. And, again, this drive costs upwards of, on average, 40 to 60 bucks per claim for any new fill for a generic medication, at a minimum. And that's just our cost. I'm not speaking of the pharmacy's

costs, the head pharmacist, the pharm tech or any of the other layers of costs.

So in workers' compensation, it just behaves a little differently than a commercial claim. And, in particular, in the medication, if you're focused only on acquisition costs and a small dispensing fee, I think you might be missing some of the costs associated with the claim. I won't go into the other operational details. We can talk off-line and help you streamline a process. And Brian articulated, you know, the issues with moving away from AWP for contracting standards and IT. And I'm happy to dive into that at an appropriate time with you guys and roll up our sleeves and work together.

I'll say that we're also against -- we're also in favor of cost containment. I'm in no way in the marketplace dictating what claims come to us. And if there's a reasonable fee for any outliers, I'm happy to work with you guys on what we see in our own database, what we process in the marketplace, and we can work together on those.

And I'll just lastly say NADAC is a CMS or federal benchmark. But, in fact, even the federal government itself doesn't use NADAC for its own injured workers. So that is, you know, evidence alone that we

believe that NADAC isn't necessarily a benchmark that's designed for workers' comp, not in and of itself with a cost plus model. So, again, I understand what you guys are trying to do at the Commission as a whole, and we support that. We support you guys being -- I say "you guys," but men and women being proactive, you know, in the goals at the Commission and am happy to work with you. We promise to be in contact in the coming weeks and months and we can sit together and work -- you know, we represent the provider side, but we understand there needs to be a healthy ecosystem between providers and payers. And we're proud of the role we serve in the community pharmacies, and we look forward to working with you in the -- in the months to come.

CHAIRMAN SCHULTZ: Great. Thank you, Todd. And, once again, as much data as you can provide us in your written comments before the close of business on August 5 we do appreciate. And, as always, I think you hopefully all understand that our doors are open all the time. We will meet with stakeholders at any time. It's just we try and be as open and transparent as we possibly can. But, yes, you're exactly right; we are dedicated to improving the system, in both improving the efficiency and reducing the costs. But thank you for your thoughts, Todd.

Do any Commissioners have any questions for Todd?

If not, next on our list is Laura Clymer. Laura, are you there? Hit "*6" to unmute yourself.

MS. CLYMER: Good afternoon, Chairman, Commissioners, staff and those in attendance. My name is Laura Clymer, and that's spelled C-l-y-m-e-r. I'm an attorney who represents injured workers in Tucson and Southeastern Arizona, and I'm president of the Arizona Association of Lawyers for Injured Workers.

First of all, I just want to let you all know that we really appreciate the opportunity to comment on the proposed changes to the pharmaceutical fee schedule.

AALIW opposes the proposed changes to the pharmaceutical fee schedule for the reasons that were outlined in a letter that we had submitted yesterday. Specifically, we believe the proposal, if adopted, will have a significant likelihood of reducing patient choice. Employees, insured employers and public self-insured entities do have the right to choose their own healthcare providers, and this includes being able to choose their own pharmacy. We urge the Commission to reconsider the proposed changes to the pharmaceutical fee schedule.

And that's all I have. Thank you very much.

CHAIRMAN SCHULTZ: Thank you, Laura. And thank you for your letter. I read it over, actually, several times. And, once again, if we could encourage you to provide us some additional information, as I said before, data is so critical to helping us make our decisions and even individual examples. I mean, you know, we know that just even a single example can show a significant problem. And so we want to see both data and individual examples.

And we definitely -- we want the system to get benefits to the injured workers as quickly as possible. And I think that if anyone would look at the improvement that James and the team has made to how quickly awards are issued and how quickly hearings are held, the results of our MRO reviews, you know, we have made, I think, dramatic strides in improving efficiency and getting benefits to injured workers as quickly as possible.

Anyway, we appreciate your position. We appreciate you sharing your comments and look forward to any additional comments and information you can provide us before the 5th of August. Thank you, Laura, and thank you, again, for what you do representing workers in our system. While we try and make it as simple as

possible to understand, it is a complex system to navigate, and it's folks like you that help our injured workers and make sure that they get the benefits they deserve. So thank you.

Any questions from the Commissioners for Laura?

If not, Steve Bennett, you're next on our list.

MR. BENNETT: Steve Bennett here, S-t-e-v-e B-e-n-n-e-t-t. I'm with the American Property Casualty Insurance Association, APCIA.

Commissioner, I just want to thank the Commission and all the Commissioners and their staff for coming out with the proposal. We fully support the proposal and the intent of the proposal to get medical costs under control.

The Commissioner gave a good summary at the beginning of the call of Arizona and the average claim cost of $43,000, which is well above the average cost nationally, as well as regional cost. And part of the problem is there is also pharmaceutical costs.

We support the Commission, and we appreciate their efforts. We believe NADAC can be a good source. It's certainly used in California, which is a major state, and it's also used in state Medicaid systems. We

believe NADAC not only has a proven record in those instances, but it's a very transparent system, the information is easily accessible on the CMS site, and it's an accurate and fair system based on the actual acquisition cost of the pharmaceuticals and then giving an additional amount above that. So we think it has worked, it has a fine track record and it's easily accessible and transparent.

That said, we want to work with all the stakeholders here and we want an Arizona work comp system that's stable and healthy and also that gets benefits to injured workers. So what I'm saying here is APCIA is very interested in working with all stakeholders to find a solution to the problem of, you know, medical cost containment in Arizona, because that is the major problem. And whatever benchmark the Commission finally adopts, we would like to see costs go down so that the system stabilizes so that -- what we want is a system that provides indemnity and medical benefits to all injured workers but also at a reasonable cost for Arizona employers.

And Arizona does a good job, and the Commission does a good job. But as pointed out, there is an issue with rising medical costs. And we support the Commission in its efforts in proposing to adopt

NADAC, but we want to work with the Commission and with all the stakeholders to find a solution that's feasible to everything but that will help stabilize the Arizona work comp system and that will ultimately lower medical costs for Arizona.

Thank you.

CHAIRMAN SCHULTZ: And thank you, Steve. We appreciate you for both joining us today but also in your approach. And, you know, when there are big changes, you have to take, sometimes, a bite of the elephant at a time. But we always try to be transparent and we always try and sort of point the searchlight in the direction that we're going.

And so, anyway, thank you for your thoughts and thank you for joining us today. And, yes, you know, as I say -- probably people are really tired of hearing it -- we want to be part of the economic engine of Arizona. We want this workers' compensation system to be such that it attracts employers from across the nation because they see it's fair, it's reasonably priced, the system is efficient, it's effective, it operates, it keeps people at work as much as possible. And that's tying in, also, the efforts of our state plan, our Arizona Division of Occupational Safety & Health rather than just adopting the federal program,

because we want it to be different, we want it to be collaborative, we want it to be closely integrated in sharing information with -- injury information so that we can do our best to provide the safest possible state to work and play in in the nation.

That's our goal, and we understand that insurers are an important part of that. And so we appreciate that you have joined us today with your help as we try to continue to improve the system as we go along.

Any questions for Steve from the Commissioners?

Okay. Do we have anyone else on the phone who would like to make any comments relative to the proposed changes to the Physicians' and Pharmaceutical Fee Schedule? If so, please hit "*6" to unmute yourself, give us your name and who you represent.

MR. TRIBOUT: Yes, sir. Thank you. This is Kevin, K-e-v-i-n, Tribout, T-r-i-b-o-u-t, and I'm from Optum Workers' Compensation Pharmacy Services.

And just to make sure -- there's a clarification -- I understand the earlier comment that you made, Commissioner, is, at this time, the intent to move forward with the adoption of NADAC is not going to take place. Is that correct?

CHAIRMAN SCHULTZ: Kevin, thank you for joining us today. Optum is an incredibly important pharmacy provider. And so I will tell you that, of course, it's always the final decision of the Commission at our hearing later when we will review the proposal of staff. But at this point in time, we think that there are significant hurdles. And so I would tell you that I can't guarantee you that until the Commission votes, and we all have an equal vote. But I will tell you we very definitely recognize that we could benefit from further study and evaluation.

MR. TRIBOUT: Thank you, sir. With that, my comments will be relatively short.

You know, we do business in all fifty states. We appreciate and thank the Commission for working with us and with our trade association, AAPAN, on this issue. I know we've had several conversations, and we appreciate the openness in the discussion.

As I said, we do business in fifty other states. You know, we've been in workers' comp for a long time. I've been here for quite a long time doing policy efforts. And I would support and agree with you that some of these egregious pricing -- I can tell you what; this is not the first I've heard of this in multiple states.

So what we are resigned to do is throw in our effort to help you, to be a stakeholder, to work through this. We can probably get some examples from some other states on effective policy language, we can offer our clinical folks to be part of the discussion, and then, of course, we can look at some of the data points as well.

So whatever you need from us, please feel free to continue to reach out to us. And thank you, all.

CHAIRMAN SCHULTZ: And, Kevin, thank you. We definitely appreciate input from all stakeholders. Okay. Thank you, Kevin.

Is there anyone else who wishes to make any comments?

MS. RICE: Mr. Chairman, Emily Rice with B3 Strategies on behalf of the Arizona Self-Insurers Association.

CHAIRMAN SCHULTZ: Thank you, Emily.

MS. RICE: I just want -- I'll keep my comments very brief.

The Arizona Self-Insurers Association just wanted to express their gratitude for the Industrial Commission of Arizona's goals and staff's past and ongoing effort to control costs without impacting the

care to injured workers. We look forward to the continued discussions with the ICA and other stakeholders regarding finding a balanced approach to addressing pharmaceutical costs without impacting care.

So thank you, all, for all of your efforts.

CHAIRMAN SCHULTZ: Well, thank you very much, Emily. We appreciate it, and we appreciate very much our relationship with the Self-Insurers Association and our many, many, many wonderful self-insured employers through the -- throughout the state of Arizona who truly help lead the way in implementing effective programs and truly being incredibly responsive whenever we ask for help or for information. So thank you to your organization, and thank you to all of your members. We appreciate you very much.

Anyone else who wishes to make any comments?

Hearing none, this will conclude the annual fee schedule public hearing. We appreciate your participation.

As a reminder, although the oral proceeding has concluded, written comments will be accepted through the close of business on August 5, 2021; that's August 5, 2021. Written comments may be submitted to Charles Carpenter, Manager of the Medical Resource Office. His contact information is available on the

Commission's MRO webpage linked through the ICA website at azica.gov; that's azica.gov. All written comments, along with the transcript of this hearing, will be posted on the MRO webpage.

Thank you, all, for joining us. For those of you who have joined us for the public hearing, you are certainly welcome to stay on to listen to the rest of the business of the Industrial Commission, but you're also free to move on and do other things if you so wish.

So now I'd like to move back to the agenda of our regular Commission meeting.

(Hearing concluded at 2:18 p.m.)

CERTIFICATE

I, Nicola Bauman, Certified Court Reporter for the State of Arizona, do hereby certify that the foregoing 57 printed pages constitute a full, true and accurate transcript of the proceedings had in the foregoing matter, all done to the best of my skill and ability.

Dated at Phoenix, Arizona, this 13th day of August, 2021.

Nicola Bauman, CCR
Certified Reporter No. 50830
For the State of Arizona