



August 5, 2021

Via electronic mail to [mro@azica.gov](mailto:mro@azica.gov)

Industrial Commission of Arizona  
c/o Charles Carpenter, Manager Medical Resource Office  
P.O. Box 19070  
800 W. Washington Street  
Phoenix, AZ 85005-9070

Re: AAPAN's Comments on Staff Proposal of 2021-2022 Physicians' and Pharmaceutical Fee Schedule

Dear Members of the Industrial Commission of Arizona:

On behalf of the American Association of Payers, Administrators, and Networks (AAPAN), I am writing to provide comments on the Staff Proposal of the 2021-2022 Physicians' and Pharmaceutical Fee Schedule. AAPAN is the national trade association for provider networks, payers, and other Workers' Compensation organizations, including workers' compensation pharmacy benefit managers (WCPBMs). Through our members, we work to provide high-quality, cost-efficient pharmacy care to injured workers in Arizona.

AAPAN appreciates the Industrial Commission of Arizona's willingness to engage with our members throughout the process regarding the staff proposal of the 2021-2022 Physicians' and Pharmaceutical Fee Schedule. Discussions with the Commission and recent comments made at the public hearing provides our members with greater insight into the concerns of the Commission. While we offer to continue providing input and assistance to the Commission, we as an organization on behalf of our members must oppose the current proposed language which utilizes NADAC pricing. We believe that such a drastic change will have inadvertent consequences such as restricting network pharmacy access for injured workers', up-end existing marketplace dynamics and require significant system modifications for all stakeholders involved in the delivery of pharmacy care.

Like the Commission, our members want to zero in on bad practices which perpetuates the of high-cost boutique NDCs; however, we do not believe the proposed rule modification is the solution. Ultimately, we believe that the solution for handling these outlier NDCs and processes is to encourage utilization of pharmacy networks. Our members work to drive down pharmaceutical costs through the use of networks, providing not just value to their customers, but also oversight on such egregious claims. We acknowledge that at present there is little recourse to reign in such unmanaged network processes, and the proposed drastic change to the fee schedule would penalize the good actors in the system and still allow for bad actors to continue such behavior. AAPAN recognizes that it is not currently within the Commission's

authority to require the direction of care for pharmacy, but our members want to continue to work with the Commission and the Legislature to pursue such a path forward.

We believe there is a solution within the current framework to tamper down another pharmacy spend drivers, drug utilization, via the formulary or providing payers the opportunity to review and deny prescribed drugs with over-the-counter equivalents. AAPAN's members do not outright oppose a change in methodology, we oppose a change to NADAC, which is a blend of commercial and public payors and not fully representative of workers' compensation. However, as our members researched reimbursement methodologies to counter such outliers, there was not one silver bullet. Our members are diverse and have proprietary pricing therefore, we offer assistance from our members to engage with the Commission in continued dialogue on how to drive down pharmaceutical spend in the workers' compensation system. However, if the Commission moves forward with the proposed NADAC pricing methodology, we must ask for at least 120 days for our members to implement such a drastic change.

Again, we would like to thank the Commission for engaging and listening to our member's concerns regarding the proposed fee schedule. We share the same goal with the Commission in driving bad actors out of the workers' compensation system; however, we ask that the Commission engage stakeholders in further dialogue to come up with a solution that will not drive good actors out of network. We appreciate your consideration of our comments and please do not hesitate to reach out if we can provide any additional support or information.

Sincerely,

A handwritten signature in black ink that reads "Julian Roberts". The signature is written in a cursive, slightly slanted style.

Julian Roberts  
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