



June 26, 2019

Jacqueline Kurth, Manager
Medical Resource Office
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RE: 2019/2020 Physicians' and Pharmaceutical Fee Schedule Proposed Rule

Dear Jacqueline Kurth:

I am writing to submit comments on behalf of the American Association of Payers, Administrators, and Networks (AAPAN) in support of the proposed amendments to the Physicians' and Pharmaceutical Fee Schedule. AAPAN is the national trade association for provider networks, payers, and other Workers' Compensation organizations, including pharmacy benefit managers (PBMs). Through our members, we work on behalf of thousands of injured workers throughout the country, including in Arizona.

AAPAN's members appreciate the thorough process the Industrial Commission's has taken to study and address the issue of physician dispensing. Our members applaud the Commission's effort to rein in inappropriate prescribing practices and offer our strong support to the proposed Physicians' and Pharmaceutical Fee Schedule rule that seeks to limit reimbursement for repackaged and physician dispensed medications. Our members believe that placing such limitations around repackaging and physician dispensing will not only help rein in costs but also ensure compliance with the prescription drug formulary.

Physician-dispensed medications are often priced substantially higher when compared to the price of that same drug at a pharmacy. According to a study conducted by the Workers' Compensation Research Institute (WCRI), the price per pill for commonly dispensed drugs by physicians averaged 60-300% higher than the price paid to pharmacies for the same drug.¹ In addition, there is the increased likelihood that over-the-counter medications will be prescribed at a higher cost under physician dispensing.² Another WCRI study looked at this issue within Pennsylvania, noting that when ibuprofen was dispensed from a physician's office, the drug cost 82 cents per tablet compared to only 26 cents when obtained from a retail pharmacy. A key

¹ Wang, Dongchun. "Physician Dispensing in Workers' Compensation." WCRI. July 2012. Accessed December 17, 2018. <https://www.wcrinet.org/reports/physician-dispensing-in-workers-compensation>

² Wang, Dongchun, Te-Chun Liu, and Vennela Thumula. "The Prevalence and Costs of Physician-Dispensed Drugs." WCRI. September 2013. Accessed December 17, 2018. <https://www.wcrinet.org/reports/the-prevalence-and-costs-of-physician-dispensed-drugs>.

finding of the study was that prices rose substantially for physician-dispensed medication, while the prices paid to pharmacies for the same drugs saw little increase or fell.

In addition to increasing costs, physician-dispensed medications often circumvent formulary controls. Physician dispensing weakens mechanisms designed to identify drug safety issues and duplicate therapies.³ When an injured worker is being treated, they may not always remember all the medications they are taking, and physicians may not have access to their full medical history, which could potentially lead to adverse drug interactions. Furthermore, as soon as an injured worker leaves the physician's office there is no oversight over the dosage, quantity, and duration of a drug regime. Conversely, when the prescription is being processed and managed by a PBM, not only will transaction and medication histories be developed, but PBMs will help ensure compliance with the prescription drug formulary prior to a drug being dispensed.

We commend the Industrial Commission for putting forth rules that will protect injured workers from inappropriate prescribing. Thank you for considering 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 style with a large initial "J" and "R".

Julian Roberts, President
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³ Bao, Yuhua, Yijun Pan, Aryn Taylor, Sharmini Radakrishnan, Feijun Luo, Harold Alan Pincus, and Bruce R. Schackman. "Prescription Drug Monitoring Programs Are Associated With Sustained Reductions In Opioid Prescribing By Physicians." *Health Affairs* 35, no. 6 (June 1, 2016): 1045-051. doi:10.1377/hlthaff.2015.1673.