



ARIZONA CHAMBER
OF COMMERCE & INDUSTRY

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

Re: Staff Proposal for 2019/2020 Arizona Physicians' and Pharmaceutical Fee Schedule

Dear Chairman Shultz and Members of the Industrial Commission of Arizona:

The Arizona Chamber of Commerce & Industry applauds the continued efforts of the Industrial Commission of Arizona to ensure a sustainable workers' compensation system that provides safe, high quality care for injured workers while maintaining affordable premiums for employers. On behalf of our many business members, we urge your adoption of the Staff Proposal for the 2019/2020 Arizona Physicians' and Pharmaceutical Fee Schedule. The proposed reimbursement guidelines for physician dispensed medications are a critical step towards furthering quality care while eliminating excessive costs associated with the unnecessary practice of physician dispensing.

Medical expenses are the most significant portion of Arizona's workers' compensation claim costs, and reimbursement for prescription medications is a leading driver of those medical costs. Physician dispensing in workers' compensation systems has been a major contributor to increasing prescription drug costs. Medications dispensed by physicians cost up to 300% more than the same medications dispensed in retail pharmacies. In addition to these increased medical costs, physician dispensing is associated with higher overall claim and indemnity costs. Arizona employers bear the brunt of this cost differential.

While it is undisputed that physician dispensing leads to higher costs in the system, the more important point is that there is no demonstrated corresponding benefit to patients. Physician dispensers argue that patient convenience justifies the practice. This is simply not the case, especially after the first fill. Arizona has an extensive network of pharmacies and mail order options available which do not require workers to travel back to their physicians' offices for additional medical visits in order to receive their medications. Dispensing from physician offices can also raise patient safety concerns by avoiding clinical safeguards and utilization protocols available through pharmacies that protect patients from dangerous drug use and interactions. It is important to note that AHCCCS does not generally reimburse for physician dispensing, nor do commercial insurers.

The Staff Proposal takes a reasonable and measured approach. It does not ban physician dispensing as a number of states have done. Instead, it limits reimbursement to those circumstances where the practice may be most justified – shortly after the industrial accident and in rural areas. To reject these guidelines and allow the current practice to continue unfettered only serves to increase system-wide costs at the expense of Arizona businesses who pay premiums and without any demonstrated positive impact on the health of injured workers.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn Hamer". The signature is stylized and somewhat cursive.

Glenn Hamer
President and CEO