Concentra®

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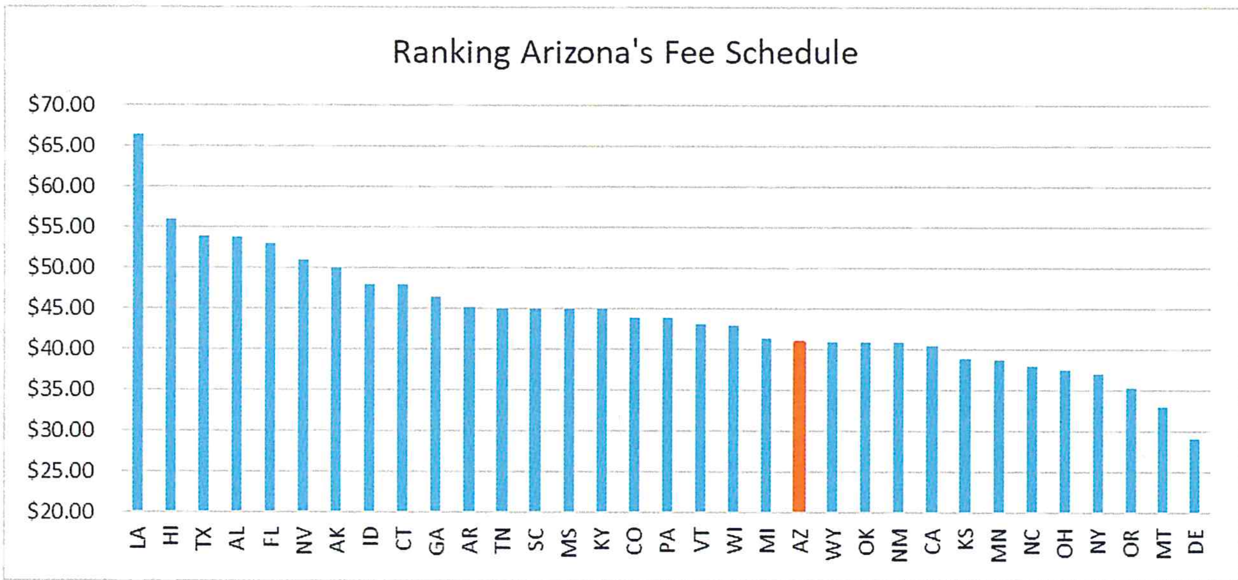
Jacqueline Kurth
Manager, Medical Resource Office
P.O. Box 19070
Phoenix, Arizona 85005-9070

Ms. Kurth:

Please let this letter serve as Concentra's public comments related to the proposed changes to the reimbursement guidelines for medications dispensed in settings that are not accessible to the general public.

Workers compensation pharmacy costs are driven by two key factors – the fee schedule and the formulary. As you are aware, Arizona was one of the very first states to implement strong reimbursement guidance for physician dispensed medications and those fees still remain some of the lowest in the nation for physician dispensed medications. As you can see in the chart below, for the 33 states that have AWP based fee schedules, Arizona is ranked 21st.



Further reductions in the fee schedule may reduce the volume of physician dispensing. However, the physicians primarily affected will be those front line primary care providers, who almost always treat patients the day of or the day after an injury has occurred. These providers are typically dispensing common generic medications with low AWP price points ($20-30 per script). They are doing so because during the early stages of an injury, before a claim has been established by the payer, is when the injured worker will most likely run into issues trying to fill at a retail pharmacy.

For these front line providers, fee schedule reductions are very impactful. At some level of reimbursement, these providers will find dispensing to be economically unviable and they will stop. We believe this will negatively impact patient access to care.

Current state trends show other areas of abuse once a state has established a fee schedule for dispensed medications. The concerns surrounding compound medications in workers' comp pharmacy, as well as the broader group health world, is well known and documented. In addition, there is a new movement by some in the industry to skirt reimbursement regulations by developing special strengths of traditional medications to

establish a high original manufacturer's AWP. The table below shows an example for Cyclobenzaprine, a muscle relaxant commonly prescribed for occupational injuries:

		AWP	AZ Fee Schedule
Traditional	Cyclobenzaprine 5mg #60	$69.45	$66.03
Non-Traditional	Cyclobenzaprine 7.5mg #60	$232.43	$204.57
Traditional	Cyclobenzaprine 10mg #60	$62.24	$59.90

This new strength of Cyclobenzaprine, which is not typically available from a retail pharmacy, was introduced in 2011. In Florida, by 2014, a study done by the WCRI found that 41% of the physician dispensed prescriptions were for this new strength.

Given these new issues, we propose that addressing these types of abuses through implementation of a formulary represents the best approach for Arizona to further control workers' compensation pharmacy costs. A broad based open formulary would establish a list of all approved drugs, and all other drugs would require a prior approval before they can be prescribed. States implementing a formulary have reported lower cost. For example, the Texas Department of Insurance reported the following results from a study in 2016, after implementing a formulary in 2011:

- Total drug costs fell 15 percent.
- Costs for drugs that are not recommended, so called N drugs, fell by 80 percent.
- Prescriptions for opioids on the N-drug list dropped 81 percent, and the use of other opioids fell by 8 percent

Implementing and maintaining a formulary does not need to be a cumbersome process. There are industry standards such as the ODG Drug Formulary adopted by Texas and Tennessee that can be utilized on a turnkey basis. An excellent overview of the formulary adoption process can be found at this link:

https://www.azica.gov/sites/default/files/media/ODG_Adoption_FAQs_2017.pdf

Please let me know if you have any questions related to our proposal. I have been involved in multiple states development of fee schedules and related pharmacy issues and would be happy to discuss in detail the different approaches. I have also attached a presentation on dispensed medications and fee schedule approaches that I presented at an annual IAIABC meeting a few years back.

Regards,

Greg Gilbert
Chief Reimbursement and Government Relations Officer