



June 28, 2019

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

Dear Ms. Jacqueline Kurth,

On behalf of Healthsystems, please accept this letter of support for the proposed amendments to the 2019/2020 Physicians' and Pharmaceutical Fee Schedule. We regret that we will not be able to attend the July 1st hearing, but welcome the opportunity to submit written comment and have this letter entered into the record.

Healthsystems aims to ensure injured workers have broad access to medications from the start of their claim. While we understand and acknowledge that physician dispensing is very convenient for the injured worker, it is well documented that the cost of doing so - far outweighs the benefit to the overall system. With hundreds, possibly thousands of physicians treating injured workers in the state, physician dispensing costs are driven by a small number of physicians. Though there are some exceptions; most physicians who are doing in-office dispensing, tend to procure the most expensive versions of the medications that are available at a low cost in any one of the 1,330 licensed pharmacies located in the state. Ensuring there is a limitation on this practice would certainly result in a significant savings for Arizona employers and taxpayers who are footing the bill.

It is no secret that private health plans and government funded programs do not allow physician dispensing except in very rare circumstances. The 2019/2020 Physicians' and Pharmaceutical Fee Schedule addresses these issues and we applaud the Commission for taking action to address this in a fair and balanced manner.

Healthsystems supports the proposed revisions to the Pharmaceutical Fee Schedule, and specifically those limitations on:

- Medications dispensed by a medical practitioner providing initial treatment, within 7 days of injury (to a one-time, ten-day supply)
- Prescriptions which do not conform to dosage and formulations commercially available to pharmacies accessible to the general public.

These changes are a good compromise, and do not constitute a total ban on physician dispensing. Physicians may still dispense the initial fill of medication, if they choose to do so, but then the injured worker would have ample time to obtain their subsequent prescription(s) at any local pharmacy of their choosing, so long as it is reasonably accessible to the public.

Healthsystems commends the Commission for proposing these rules. We anticipate this new regulation will close an expensive loophole that has been exploited by a handful of physicians, to the detriment of employers in the state. We appreciate the Industrial Commission's willingness to look at the issue from all perspectives and come up with a fair and sustainable policy that will balance the needs of the injured

worker, balance cost for their employer and still preserve the physician's ability to provide medications to the injured worker where they deem it necessary at the first visit. Thank you again for considering our input and please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Shtab".

Sandy Shtab
AVP, Advocacy & Compliance