



August 3, 2021

Commissioner Schultz
Industrial Commission of Arizona
800 W. Washington Street
Phoenix, AZ 85007

Commissioner Schultz:

Thank you for holding last week's hearing on the proposed fee schedule adjustments and continuing to accept public comments and engage with industry stakeholders. Please consider our thoughtful response in follow up to the July 29th hearing.

As you know, Injured Workers Pharmacy (IWP) is a national home delivery pharmacy specializing in workers' compensation and servicing thousands of patients across the country. We agree with most other commenters that a change from average wholesale price (AWP) to any other pharmacy reimbursement methodology, especially NADAC, is premature and requires substantially more research and vetting prior to implementation. Any adjustment to the current fee schedule without fully evaluating the administrative complexities of the unique workers' compensation system could prove overly administrative and difficult to navigate for many organizations within the healthcare supply chain, including pharmacy benefit managers (PBMs) like Optum and Mitchell.

While the commissioned report done by Myers & Stauffer provided some insight into the reimbursement options within the broader healthcare market that led to this, it also correctly points out that there are constraints within the specific workers' compensation industry that may prove implementation difficult. The current proposal does not factor in the intricacies inherent in workers' compensation like delays in acceptance of claims, substantial legwork between payers/PBMs and filling pharmacy, and the back-and-forth status updates that occur between accepted and litigated claims. We further agree with the comment made by Todd Delano of ServRx that cited that while the federal government healthcare system is familiar with NADAC, it deliberately chose not to adopt NADAC for its own federal employees' workers' compensation pharmacy fee schedule.

For twenty years, IWP has serviced injured workers in all fifty states. IWP has experience working in all workers' compensation systems and participating in the policymaking process in many states. We welcome the opportunity to share our expertise with the Commission to reduce overall costs without limiting the quality and availability of care.

While we are happy to provide fee schedule insight and learnings from a regional or national perspective, we recommend the ICA refer to Texas when considering an appropriate way to



strike the balance of patient care, pharmacy choice and cost. Since 2011, Texas enjoyed a [35% decline in drug costs per claim](#) with a stable and consistent pharmacy fee schedule set at AWP + 25% +\$4.00 on generic and AWP+ 9% +\$4.00 on brand medications. The state also averages [third lowest nationally](#) for average workers' compensation claims costs. While we agree that Texas' system does differ slightly from Arizona in some respects, both states utilize Official Disability Guidelines (ODG) for their drug formulary and both states have patient choice of pharmacy. Both states also utilize AWP as the reimbursement mechanism, albeit Texas' fee schedule is considerably higher than Arizona's. It is, however, worth noting that the Myers & Stauffer report cites most states that adopted fee schedules (vs. usual and customary) use a flat AWP or AWP plus schedule, rather than an AWP minus model.

The current Arizona fee schedule, AWP -15%+\$7.00, allows retail and home delivery pharmacies specializing in workers' compensation to provide quality prescription services even in the face of significant administrative hurdles. We strongly recommend you reconsider your initial proposal and retain Arizona's current fee schedule. We remain committed to further discussions with the ICA and the broad spectrum of stakeholders that are impacted by fee schedule proposals. Towards that end, we look forward to working with the ICA and potentially impacted parties on all future proposals. We appreciate the opportunity to provide substantive feedback and guided research to assist policy makers in making the best decisions for the Arizona workers' compensation system.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink that reads "Jayne Kresac".

Jayne Kresac, Esq.

Vice President of Legal, Government Affairs & Communications