



Industrial Commission of Arizona  
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July 2, 2019

RE: 2019-20 Pharmaceutical Fee Schedule Proposal

Dear Commissioners:

I wanted to follow up on the comments I made at the public hearing regarding the 2019-20 fee schedule proposal. The Commission emphasized the need for data to collect in preparation for final decisions with regards to this proposal.

As I mentioned at the hearing, the dispensing/billing examples you provided are both identified in the ODG formulary as N drugs in which it is expected that prior authorization must be provided in order to secure *payment* of these medications. With regards to relevant data, The June 2019 study published by the National Council on Compensation Insurance (NCCI) analyzed Arizona specifically and noted a 19% reduction in N drug usage over the first year (10/16-9/17) of ODG adoption. This is real time Arizona specific data published by the entity that Arizona designated as the licensed rating and statistical organization. NCCI projects a final 60-90% reduction in ODG N drug utilization in states that adopt the ODG formulary. Therefore, this problem identified at the hearing is approaching resolution by previous commission action, namely the adoption of the ODG formulary. Further due diligence by an independent authority such as the NCCI is required to measure the up to date impact of the ODG formulary on N drug utilization in Arizona. Regardless, NCCI has existing data both internal and external to reasonably predict substantial reductions final N drug utilization. As an aside, this same study found that drug cost per claim with one prescription declined 10% comparing pre-ODG reform to post-ODG reform. I did not see any evidence during the ICA presentation that this recently published information has been appreciated.

Secondly, I found it concerning that, with the Commission's pursuit of data, it would include a 2014 study done in a different state (Illinois) over a time frame from 2007-2012 to base conclusions on current Arizona physician dispensing. This study spanned from 2007-2012 and at the hearing there was no acknowledgement of any of the known limitations of that study. One important limitation includes the inability of this study to measure the impact of the June 28, 2011 Illinois worker's compensation reform act in which utilization review was implemented for work related injuries. Now that we are nearly three years into evidence-based guidelines (i.e. utilization review) as presumptively correct for chronic pain in Arizona, it is inaccurate to provide this outdated, inapplicable data as an opinion framework for current Arizona practice.

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In summary and in the interest of fair analysis, Arizona specific data encompassing the full extent of the impact of ODG over the past three years is required in order to make any reasonable conclusions on these issues. I encourage you to reconsider this proposal pending the appropriate relevant data collection and review in order to maintain the ICAs commitment to balance evidence-based decision making with the protection of injured workers.

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