



Property Casualty Insurers
Association of America
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Trey Gillespie
Assistant VP, Workers Compensation

April 28, 2017

James Ashley
Director
The Industrial Commission of Arizona
P.O. Box 19070
Phoenix, AZ 85005-9070

**RE: Proposed Amendments to Arizona Physicians and Pharmaceutical Fee Schedule
2017 Staff Report of Recommendations**

Dear Mr. Ashley:

Property Casualty Insurers Association of America (PCI) respectfully submits the following comments to the formal proposal for amendments to the Arizona Physicians and Pharmaceutical Fee Schedule included in the 2017 Staff Report of Recommendations.

Property Casualty Insurers Association of America (PCI) is a trade association representing over 1000 property and casualty insurance companies. PCI members write over \$202 billion in annual premium including 33% of the commercial insurance market and 34% of the private workers compensation insurance market.

PCI submits the following comments for consideration.

1. Methodology to Determine the Values of Codes Under Review

Comment: PCI strongly supports the ICA decision to adopt the most current reimbursement methodologies, models, and values or weights used by the Centers for Medicare and Medicaid Services (CMS) including applicable payment policies relating to coding, billing and reporting. The Resource Based Relative Value Scale (RBRVS) used by CMS has been adopted by at least 32 states for their workers compensation medical fee schedules. Each CPT code has a relative value which is multiplied by dollar-denominated conversion factor to produce the reimbursement fee. This methodology has created fairness and stability in medical pricing and reimbursements. An RBRVS-based fee schedule will benefit both the Commission and health care providers by reducing the administrative resources needed to update the reimbursement values and enabling the Commission to update all values on an annual basis.

2. Payment to Treating Providers Who Participate in Healthcare, Preferred Provider Organization, Outcome Based Network, or Specialty Networks

Comment: PCI opposes the staff recommendation to regulate healthcare provider reimbursement under network contracts. There is no statutory authority to allow the Commission to interfere with the right of stakeholders to participate in these contracts, regulate the terms of these contracts or regulate reimbursement under these contracts.

A.R.S. §23-908(B) requires the Commission to fix a schedule of fees to be charged by physicians, physical therapists or occupational therapist attending injured employees. However, A.R.S. §23-1062.01(F) recognizes that health care providers may enter into express written contracts with the insurance carrier, the self-insured employer or a claims processing representative. By statute, payment must be made according to the provision of the contract. In addition, the statute expressly provides that the Commission does not have jurisdiction over payment disputes under these contracts.

The only exception to the requirement that the state not interfere with the stakeholders' right to contract is found in A.R.S. §23-1062.01(F). If the contract fails to provide a remedy for late payment then the health care provider is entitled to a statutory interest penalty on the late payment. The staff recommendations do not fall within this statutory exception.

The staff recommendations are in direct conflict with the statute by potentially requiring payment in conflict with the provisions of the contract and potentially creating Commission jurisdiction over the terms and remedies available under those contracts.

Thank you for considering these comments.

Respectfully submitted,

A handwritten signature in cursive script that reads "Trey Gillespie".

Trey Gillespie
PCI
835 Wyoming St. Suite 306
Missoula, MT 59801
trey.gillespie@pciaa.net
(512)366-5430 direct line