



May 10, 2017

Jacqueline Kurth
Medical Resource Office Industrial Commission of Arizona
Via E-mail: Jacqueline.Kurth@azica / mro@azica.gov

RE: Arizona Workers Compensation Medical Fee Schedule

Dear Ms. Kurth,

Thank you for your recent review of the regulatory language affecting workers' compensation medical provider payments and the involvement of third party administrators (TPA's) or "middlemen" who are retaining a portion of those medical payments.

Having physical therapy practices in both California and Arizona, unfortunately we are not strangers to TPA's and the increasing percentage of provider payments that they are retaining. A few years ago, California's Official Medical Fee Schedule went through an update and despite the increase in fee schedule, the benefit of that fee schedule increase largely benefited the TPA's and significantly increased the number and involvement of these administrators in our workers' compensation system. In addition to the payment issue, the "red tape" and delay that injured workers face in obtaining care has also increased. This is not helping to control costs or return injured workers to productive work. After watching this for years, I can confidently assure you that the injured worker (and by extension the employer) as well as the medical providers and larger economy are the losers in this scenario. Why are health care dollars not spent on actual medical care verses lining the pockets of these administrators that just add a level of administration that does not benefit the injured worker?

The current situation which does not limit the level of discount administrators can take, incentivizes two things. First it encourages the administrators to increase discounts. Second, the increasing discount leads providers to do one of two things, not accept contracts with these administrators or increase patient volume to meet a sustainable profit margin. This generally does not bring the best providers to the table to care for and quickly rehabilitate the injured worker. This whole idea of "cost containment" is absurd. We are not containing costs, if we look at the larger economy, or the dollars the TPA's are taking.

Pushing medical providers into a corner where they are forced to make tough decisions to address rising costs, lower payments and maintain quality of care and outcomes is not the answer...and that is what the TPA's do if they go unchecked. It is my sincere hope that a cap on the allowable discounts will be inserted into the current language affecting TPA's. This will allow providers to sustain quality care and compete based on the positive outcomes they provide instead of how large of a discount they will agree to.

Please know our team is happy to provide any additional information or dialogue. Thank you for considering this perspective and again for re-visiting regulatory language on TPA discounting.

Sincerely,

A handwritten signature in black ink that reads "Kelly Sanders".

Kelly Sanders, PT, DPT, OCS, ATC
President
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