



May 11, 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 Director Ashley:

On behalf of our members, the Greater Phoenix Chamber of Commerce 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.

The Greater Phoenix Chamber of Commerce, Arizona's largest and most-established business organization representing more than 2,400 businesses. The Chamber promotes regional prosperity, serving as a catalyst for economic vitality and strong communities.

The Chamber submits the following comments for consideration.

1. Methodology to Determine the Values of Codes Under Review

Comment: The Chamber 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: The Chamber strongly opposes the staff recommendation to regulate healthcare provider reimbursement under network contracts. The Chamber is a strong supporter of free markets and limiting the ability of insurers and employers to enter into contracts run counter to idea of free markets. The Chamber has been a strong supporter of the use of medical networks to drive

down costs and provide more effective care coordination. By limiting the ability of insurers, pharmacy benefit managers and self-insurers to negotiate contracts greater than ten percent of the fee schedule will drive up cost for employers.

The Chamber believes that 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 staff recommendation appears to be 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Huckins", written in a cursive style.

Mike Huckins
Vice President of Public Affairs