

September 9, 2018

To Whom It May Concern;

As a matter of introduction, my name is Scott Ostrow and I am a small business owner in the state of Arizona. The reason that my perspective bears weight in the discussion of changing the landscape of the Workers Compensation system in Arizona is that I have owned and operated a relative company here for over six years. I have watched as our state has made changes and tightened regulations on the quality of care and oversight, and I am well versed in the mandates and standards that physicians who serve Workers Comp patients operate under. Furthermore, I have taken an active role in the current discussions of more restrictions and changes and am able to provide deeper insight and new perspectives on the matter. I appreciate the opportunity to address the committee, and will attempt to keep my thoughts brief.

First and foremost, let us remember that SB1111 only passed because the drafters of the bill agreed to completely remove the language that aimed to eliminate physician dispensing. Over the course of multiple meeting and hearings, insurance companies who backed the bill and physicians and business owners who rallied against it both presented a multitude of arguments on their respective behalves. During such discussions, it became apparent that the bill was going to be an overstep by the state government. SB1111 would have NEVER passed if they had NOT removed the language that eliminated physician dispensing. That being said, the entire meeting by the ICA moved in the wrong direction from the onset. SB1111 set forth the opportunity for the ICA to review the Workers Compensation fee schedule, nothing more nothing less.

Currently in Arizona, physician dispensing programs for injured workers aim to streamline care and expedite patient care. Physician dispensing is more convenient for doctors and patients because medications are provided in real time and without denials and delays from insurance carriers. There should be NO difference in cost to insurance companies, as the fee schedule is identical for both physician and pharmacies...it is the fee schedule that the ICA sets. The argument that ointments and creams are raising the cost of care is invalid, since these treatment modalities are already not allowed or covered per the ODG guidelines. Moreover, while more and more medications and treatment reimbursements are either cut or eliminated, insurance groups such as Copperpoint and Corvel are reporting record breaking profits on an annual basis. So... while available treatments and medications for Arizona's injured workers are dwindling with every cut made by the government, and while it is becoming more difficult for the physicians who treat them to effectively do so, the insurance companies that provide coverage to the injured workers only see growth in their coffers. Specifically, Copperpoint recorded a \$420 million dollar profit last year AND acquired another insurance company for \$150 million in cash earlier this year. <https://www.marketwatch.com/press-release/copperpoint-mutual-insurance-company-completes-acquisition-of-pacific-compensation-insurance-from-allegghany-insurance-holdings-llc-2018-01-18>. So, while they come to hearings and committee reviews whining about the cost of medications and aiming to villainize the very providers that care for their clients, their income net only

broadens. Carriers have never once passed on their “savings” created by government regulations to the very people they provide coverage to by lowering premiums or out of pocket costs of care- instead, they simply grow richer. This is just another ploy by big insurance to deepen their pockets.

The argument that the Work Comp fee schedule should reflect the Medicaid fee schedule is irrelevant; it is essentially comparing apples to oranges. A Medicaid doctor has the capability to see over 60 patients in any given day. On the other hand, a Workers Compensation doctor only has the capability to see an average of 20 patients on any given day. The reason for this is the heightened amount of time Work Comp doctors must allot for mandatory paperwork, as well as longer face to face patient time to cover the complexity of each case. While it is true that a handful of physicians account for 95% of medications dispensed to WC patients, it must also be stated that the same handful provide care to 95% of Arizona’s injured workers. The reason for this is simple- most doctors are unwilling to take on the crushing amount of paperwork mandated by the Work Comp system, or spend the amount of time necessary to provide care to Workers Comp patients. It becomes clear that Workers Compensation patients are faced with a difficult task- find a provider that has the ability to get them cared for adequately and back to work quickly. It also becomes apparent that Workers Compensation doctors have an equally daunting task- find a way to effectively and thoroughly treat Arizona’s injured workers while insurance companies rally to cut reimbursements and fight to have government regulate their ability to practice medicine to the best of their ability.

I can only hope that the ICA will take these points into consideration when reviewing the fee schedule. I can only hope that the treatment environment for Arizona’s injured workers does not become even harder for both patients and doctors to survive in. It is our job as citizens to thoroughly understand the issues at hand before we make drastic changes. When it is necessary to make changes, they should be to better our community and the lives of those who live in it- not to help insurance companies report yet another record year.

If you would ever like to discuss these points, I would welcome the opportunity to speak with any or all of you directly and at your convenience.

Sincerely,



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