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July 3, 2019

VIA E-MAIL – mro@azica.gov

Industrial Commission of Arizona
Medical Resource Office

Re: Comment Letter – 2019/2020 Arizona Physicians' and Pharmaceutical Fee Schedule

Dear Medical Resource Unit:

Zenith Insurance Company appreciates the opportunity to provide comment on the proposed 2019/2020 Arizona Physicians' and Pharmaceutical Fee Schedule. Zenith agrees with development of a pharmaceutical fee schedule and believes it will be beneficial to the system once implemented. Specifically, we believe the following changes will make a significant difference and assist with the management of pharmaceuticals in Arizona:

- Applying ODG as the basis for determining reasonably required medication usage.
- Requiring that generic drugs be dispensed unless otherwise documented by the prescriber.
- Applying a regulatory maximum for compound drugs.

There are some sections in the proposed fee schedule that we believe warrant further discussion. Those sections and concepts are set forth below:

1. Definitions C and I address "Commercially Available" and "Non-Traditional strength medications". We agree this is a significant issue that requires guidance. However, we are concerned that the definitions are too vague and could lead to unintended litigation. We recommend further clarifying the definitions by utilizing examples to explain both what is considered a "non-traditional strength medication" and what is or is not "commercially available".

   Utilizing the concept of "non-traditional strength" is promising but needs further clarity. We also believe the concept needs to be addressed in the context of the ODG drug formulary that is being adopted. ODG does not currently address drug strength. Therefore, the question becomes, if a drug is on the ODG formulary but falls within the definition of "non-traditional strength" how will it be handled? That is not clear and can become a point of confusion for practitioners and payers leading to unintended disputes over interpretation of the regulations and formulary.

2. Section III K references "corresponding AWP of the most similar traditional strength form of the same medication." Again we believe this needs further discussion and clarity. It is not clear how the "most similar traditional strength form" will be determined. It would be helpful to have an example of this being applied.

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3. Depending on the responses to the above, alternative reimbursement methodologies could also be explored such as replacing use of a percentage of AWP with the lowest active GPI cost or the Federal Upper Limit and NADAC.

Thank you for the opportunity to comment. Should you need clarification of our comments, please contact me as we are available to meet with you for a more detailed discussion.

Sincerely,

Sharon L Hulbert

Sharon L. Hulbert
Assistant General Counsel
Vice President, Med-Legal