PHARMACEUTICALS

1. The Pharmaceutical Fee Schedule applies to prescription medicines (drugs) required to treat an injured employee, whether the medicine is dispensed by a pharmacy or dispensed by a physician. Medicines dispensed by either a pharmacy or physician are subject to this Fee Schedule.

2. Generic drugs shall be dispensed to workers' compensation claimants when they are available and as provided in A.R.S. § 32-1963.01, subsections A and C through K.[1] For purposes of this Section, the definitions found in A.R.S. § 32-1963.01 apply.[2]

3. Reimbursement for prescription medicines shall be based on the medication dispensed, including a brand name drug that is dispensed as provided in A.R.S. § 32-1963.01. [3]

4. Reimbursement for prescription medicines shall be based on this fee schedule in the absence of a contractual agreement between the pharmacy and payer

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[1] Arizona Revised Statute § 23-908(C) states, in part, that if the schedule of fees for prescription medicines includes provisions regarding the use of generic equivalent drugs, those provisions shall comply with section 32-1963.01, subsections A and C through K.

[2] Subsection K of A.R.S. § 32-1963.01 provides, in part, as follows:

> 1. "Brand name drug" means a drug with a proprietary name assigned to it by the manufacturer or distributor.
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> 3. "Generic equivalent" or "generically equivalent" means a drug that has an identical amount of the same active chemical ingredients in the same dosage form, that meets applicable standards of strength, quality and purity according to the United States pharmacopeia or other nationally recognized compendium and that, if administered in the same amounts, will provide comparable therapeutic effects. Generic equivalent or generically equivalent does not include a drug that is listed by the federal food and drug administration as having unresolved bioequivalence concerns according to the administration's most recent publication of approved drug products with therapeutic equivalence evaluations.

[3] Subsection A of A.R.S. § 32-1963.01 provides: "If a medical practitioner prescribes a brand name drug and does not indicate an intent to prevent substitution as prescribed in subsection D of this section, a pharmacist may fill the prescription with a generic equivalent drug."
Subsection D of A.R.S. § 32-1963.01 provides: "A prescription generated in this state must be dispensed as written only if the prescriber writes or clearly displays "DAW", "Dispense as written", "do not substitute", "medically necessary" or any statement by the prescriber that clearly indicates an intent to prevent substitution on the face of the prescription form. A prescription from out of state or from agencies of the United States government must be dispensed as written only if the prescriber writes or clearly displays "do not substitute", "dispense as written" or "medically necessary" or any statement by the prescriber that clearly indicates an intent to prevent substitution on the face of the prescription form."

governing reimbursement. Network discounts may not be applied in the absence of a contractual agreement with the pharmacy authorizing such discounts.

5. Reimbursement for injectable drugs requires a provider to identify the injectable drug given through the use of an accepted industry identifier, such as the applicable NDC code, to enable the payer to make the appropriate payment.

6. As another cost reducing measure, the Commission is asking the medical community to voluntarily prescribe less costly drugs whenever possible.

7. Whether dispensed by a pharmacy or dispensed by a physician, the dispensing fee per prescription shall be seven dollars ($7.00).

8. Reimbursement for prescription medicines shall be based on a discount from "average wholesale price" (AWP). Average wholesale price is the AWP established by a wholesaler that sells that brand name or generic drug to a pharmacy. For a repackaged or compounded drug, this would be the AWP of the underlying drug product used in the repackaging or compounding. If information pertaining to the original labeler of the underlying drug product is not provided or unknown, then discretion is vested in the payer to select the AWP to use (as published in the nationally recognized pharmaceutical publication designated by the Commission) when making payment for the repackaged or compounded drug. For purposes of this Section, AWP shall be determined as follows:

   Except as provided below (in this subsection), AWP shall be determined on the date a drug is dispensed from pricing published in the most recent issue, as updated in the most recent update, of a nationally recognized pharmaceutical publication designated by the Commission.

   An entity responsible for payment of prescription drugs may select the following as an alternative to the foregoing if the selection is made no later than October 1st of each year. This selection shall be communicated in writing to the Commission and remain in effect until the following October 1st: AWP shall be determined on the date a drug is dispensed from pricing published in the most recent issue, as updated quarterly, of the publication designated by the Commission. For purposes of this paragraph, quarterly means the first day of the month on January, April, July and October.

9. The Commission shall post on its website at *http://www.ica.state.az.us/* (under the fee schedule link of its home page) the name of the nationally recognized pharmaceutical publication designated by the Commission to determine AWP. The Commission has selected Medi-span for the 2013/2014 Fee Schedule.

10. Reimbursement for prescription medicines shall be based the following formulas:

    a. Generic drugs: 15% discount from the average wholesale price.

    b. Brand name drugs: 5% discount from the average wholesale price.