Workers' Comp

Industrial Commission of Arizona Adopts New Pharmacy and Physician Fee Schedules

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The Industrial Commission of Arizona (ICA) recently posted the newly adopted pharmaceutical and physician fee schedules for 2019-2020. Over the last several months, the ICA has met with various stakeholders, held hearings and solicited written comments on their staff proposal. The final rules incorporate many of the suggestions received during the rule development and comment period.

Highlights from the Pharmacy Fee Schedule

There were several substantive changes in the fee schedule compared to previous years. The following are important points directly from the official fee schedule:

General Provisions and Applicability

- Added language clarifying the adoption of the Official Disability Guidelines (ODG) drug formulary on October 1, 2018.

Definitions

- Added a definition for “commercially available” meaning a drug product is widely available for purchase in pharmacies accessible to the general public.
- Added a definition for “compound medication” meaning a pharmaceutical product creating by mixing or combining drugs and/or components and does not recreate a commercially available product.
- Added a definition for “non-traditional strength” meaning a finished drug product that is not commercially available in pharmacies accessible to the general public.

- Added a definition of “pharmacy accessible to the general public” meaning a pharmacy that is readily accessible and provides pharmaceutical services to all segments of the general public without restricting services to a defined or exclusive group of consumers who have access to services because they are treated by or have an affiliation with a specific provider or entity.
- Added a definition of “pharmacy not accessible to the general public” meaning a pharmacy that provides services to a defined or exclusive group of consumers who have access to pharmaceutical services because they are treated by or have an affiliation with a specific entity or provider (not including a hospital pharmacy).
- Added a definition of “repackaged medication” meaning a finished drug product removed from the container as provided from the original manufacturer and placed into a different container without further manipulation of the drug. The term also includes “co-pack” drugs.
- Added a definition of “traditional strength” medication meaning a finished drug product in a formulation that is commercially available in pharmacies accessible to the general public.
- Other definitions were added for purposes of clarity.

General Guidelines for Billing and Reimbursement

- Clarified the required use of the original manufacturer's product National Drug Code (NDC) for purposes of billing.
- Notes the designation of Medi-Span as the source for determining the average wholesale price of a drug.
- Reimbursement for pharmaceutical drugs aligns both generic and brand name drugs at 85% of AWP.
- Reimbursement for non-traditional strength drugs shall be calculated on a per unit basis as of the date dispensed, based on the original manufacturer's NDC of the corresponding AWP of the most therapeutically similar traditional strength form of the medication. The NDC of the non-traditional strength drug may not be used.

Billing and Reimbursement for Repackaged Medications

- Requires the use of the original manufacturer's NDC for calculating reimbursement.
- A repackaged drug NDC is not allowed to be used to calculate reimbursement.
- For bills submitted without the original product NDC, the payer may determine to use the appropriate original manufacturer NDC or deny payment until the proper NDC is provided.
- Reimbursement shall be based on the fee schedule amount as determined by the original NDC.
- Components of a co-pack drug without an NDC are not reimbursable.

Billing and Reimbursement for Compound Medications

- Bills must identify each ingredient, along with the original manufacturer NDC, the quantity of the ingredient and the calculated reimbursement for each ingredient.
- All ingredients must be on a single bill.
- Ingredients without an NDC are not reimbursable.
- Ingredients that are not FDA approved are not reimbursable.
- The maximum reimbursement for a compound medication shall be the lessor of:
    - $200 for a 30-day supply (pro-rated for amounts less than or greater than 30 days); or
    - the reimbursement value of the ingredients as calculated under the rule.

Billing and Reimbursement for Medications Administered by a Medical Practitioner

Bills submitted for medications administered by a medical practitioner must comply with the rule and shall be reimbursed based upon the fee schedule.

Reimbursement for Medications Dispensed by a Medical Practitioner or in a Pharmacy Not Accessible to the General Public

- An insurance carrier, self-insured employer or the Special Fund of the Commission is responsible for payment of medications dispensed in these settings if all of the following conditions are met:
    - The medication is dispensed to the injured employee within seven days of the date of the industrial injury ; and
    - The medication is limited to no more than a 10-day supply; and
    - The medication conforms to dosages and formulations that are commercially available in pharmacies accessible to the general public.
- An insurance carrier, self-insured employer or the Special Fund of the Commission is responsible for payment of medications dispensed in these settings if all of the following conditions are met:
    - The injured employee does not have access to a pharmacy accessible to the general public within 20 miles of the injured employee's home, work address or the address of the prescribing medical provider; and
    - The injured employee cannot reasonably acquire the medication from an on-line or mail-order pharmacy accessible to the general public; and
    - The medication conforms to dosages and formulations that are commercially available in pharmacies accessible to the general public.
- An insurance carrier, self-insured employer or the Special Fund of the Commission is responsible for payment of medications dispensed in these settings if the dispensing of the medication has been pre-approved in writing by the payer. Nothing in this section requires that pre-approval.
- Reimbursement for over-the-counter (OTC) medications dispensed in these settings shall be calculated on a per-unit basis based on the retail price of the OTC medication in settings where it is commercially available.
- Reimbursement for OTC medications dispensed in these settings and not commercially available shall be based on the retail price of therapeutically-similar OTC medications that are commercially available. The AWP or NDC of the non-commercially available product shall not be used.
- Free samples of medications provided to physicians may be dispensed to injured employees but are not reimbursable.

Dispensing Fee

- In pharmacies accessible to the general public, a $7.00 dispensing fee is allowed for prescription medications and OTC medication prescribed by a physician. The dispensing fee does not apply to OTC medications not prescribed by a physician.
- For prescription medications, compound medications or repackaged medications dispensed by pharmacies not accessible to the general public or by a medical practitioner, a $7.00 dispensing fee is allowed. OTC medications dispensed in these settings are not eligible for a dispensing fee.
- Medications administered by a medical practitioner are not eligible for a dispensing fee.

Severability Clause

- The ICA added a severability clause in the event a provision of the rule is successfully challenged.

Highlights from the Pathology and Laboratory Fee Schedule

Of particular note in the practitioner fee schedules is a change to the reimbursement for urine drug testing found in the pathology and laboratory guidelines. The new fee schedule replaces codes 80320 00 through 80377 00 with three “G” codes to govern reimbursement for urine drug testing. The codes and reimbursement levels are as follows:

		FAC RVU	RBRVS NF RATE	RBRVS FAC RATE
89398 00	Pathology	-	BR	
G0480 00	Pathology	3.18	$ 205.53	$ 205.53
G0481 00	Pathology	4.35	$ 281.15	$ 281.15
G0482 00	Pathology	5.51	$ 356.13	$ 356.13
G0483 00	Pathology	6.85	$ 442.74	$ 442.74

This alert contains “highlights” of the newly adopted fee schedule. The new fee schedules contain other changes that payers, practitioners and other stakeholders should review. They are effective on October 1, 2019.
The various fee schedules, including the pharmacy and pathology fee schedules can be found here.

For questions regarding these rule changes, or for other regulatory or legislative questions, please contact Brian Allen, Vice President of Government Affairs at Brian.Allen@mitchell.com or at 801-903-5754.

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