



March 11, 2014

MAR 17 2014

State Capitol
120 4th Street
Juneau, Alaska 99801-1182
Attn: House Labor & Commerce

Re: House Bill 316 – Workers’ Compensation Medical Fee Schedule

Healthcare Solutions would like to thank the Alaska State Legislature for the opportunity to comment on the proposed House Bill that makes changes to the medical fee schedule. Healthcare Solutions provides a full range of services, nationwide, to insurance companies, third party administrators, self-insured companies, and case management companies in the workers’ compensation industry. As an interested stakeholder, we appreciate the opportunity to have input on this proposed legislation.

We have particular interest in the below proposed language under AS 23.30.097(l) & (m).

(l) Reimbursement for prescription drugs under this chapter may not exceed the amount of the manufacturer's invoice, plus a dispensing fee and markup specified by the board and adopted by reference in regulation.

(m) A prescription drug dispensed by a physician under this chapter shall include in a bill or invoice the code for the drug from the national drug code directory published by the United States Food and Drug Administration.

The Workers’ Compensation Industry is moving towards electronic billing. Several jurisdictions have already adopted electronic billing and others have either proposed or are discussing electronic billing requirements. Many insurance carriers or employers are contracted with Workers’ Compensation specific Pharmacy Benefit Managers (PBMs). PBMs are already connected electronically with pharmacies using industry standard National Council for Prescription Drug Programs (NCPDP) Telecommunication Standards version D.0 to help adjudicate pharmacy claims more quickly and efficiently. Currently, these electronic pharmacy standards do not support the inclusion of attachments. Our concern is that by requiring a manufacturer’s invoice, electronic billing would likely be impossible. It would also add inefficiencies back into an industry that is already full of paperwork, adding significant costs to the system. Therefore, we would recommend the following language:

(l) Reimbursement for prescription drugs under this chapter may not exceed the Average Wholesale Price (AWP) of the National Drug Code (NDC) of a drug ~~the amount of the~~ manufacturer's invoice, plus a dispensing fee and markup specified by the board and



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adopted by reference in regulation. If a prescription drug or medicine has been repackaged, the Average Wholesale Price used to determine the maximum reimbursement shall be the Average Wholesale Price, as identified by its national drug code, of the underlying drug product used in the drug packaging.

(m) "Average Whole Price" or "AWP" means the average wholesale price of a prescription drug as provided by the most current release of the Medi-Span Master Drug Database by Wolters Kluwar or any successor publisher on the day a prescription is dispensed or other nationally recognized drug pricing index specified by the board and adopted by reference in regulation.

Physician dispensing and repackaged drugs are a hot topic in the workers' compensation industry and we applaud you for introducing language to help curb the inflated prices associated with these dispensed drugs. However, we would recommend the following language to provide more clarity and to streamline the reimbursement process. While repackaged drugs are typically dispensed by physicians, this revision establishes that price inflation through repackaging is unacceptable, regardless of who dispenses the drug. In addition, this revision eliminates ambiguity about the handling of deficient bills:

(m) (n) An invoice for a prescription drug dispensed under this chapter shall include, in a bill or invoice for the medication, the NDC code for the underlying drug product from the national drug code directory published by the United States Food and Drug Administration. If the NDC of the underlying drug product is not provided on the bill, the employer may reject the charge and is not liable for payment until a corrected bill is submitted with the underlying drug product's NDC. A prescription drug dispensed by a physician under this chapter shall include in a bill or invoice the code for the drug from the national drug code directory published by the United States Food and Drug Administration.

Again, Healthcare Solutions would like to thank the Alaska State Legislature for the opportunity to comment on this proposed legislation and we look forward to working with you on this and any future proposed legislation.

Sincerely,

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