Workers' Comp

States Considering Legislation Related to Drug Pricing and Managed Care

February 5, 2019
3 MIN READ
Author profile image

Brian Allen

Vice President, Government Affairs

In the new year, states continue to wrangle with many of the same issues we have seen in past years, but we are seeing some new twists and a surge of bills on a couple topics. These topics include opioids, drug formularies, directed care, medical and recreational marijuana, auto personal injury protection and workers' compensation reform.

Several states are looking at either drug pricing or managed care laws.

Drug Pricing

Fee schedule changes impacting workers' compensation have been adopted or proposed in California, New York and Nevada in 2019.

California

California has been working on a new dispensing fee structure for their Medi-Cal system. They just adopted a tiered dispensing fee of $13.20 for pharmacies processing less than 90,000 claims per year and $10.05 for pharmacies processing over 90,000 claims per year.

This is relevant to workers' compensation since the current pharmacy fee schedule is the Medi-Cal fee schedule. The Division of Workers' Compensation has been reviewing the Medi-Cal proposal and working to figure out how it will be implemented in the workers' compensation system. Mitchell and other stakeholders have been urging the DWC to adopt a fee schedule that better reflects the needs of the workers' compensation system. The DWC is expected to make some determination before the end of March.

New York

New York just completed a comment period on their proposed fee schedule rule. Their rule would change how compounded medications and repackaged drugs are reimbursed. It would also require pharmacy benefit managers to “pass through” drug rebate to insurance carrier who would then have to pass them through to insured. Mitchell has asked the Workers' Compensation Board to revisit that provision, since any rebate income is already being used to reduce pharmacy costs in New York.

Nevada

Nevada adopted a new fee schedule effective February 1, 2019. The pharmacy section of that fee schedule saw a slight increase in the dispensing fee to $11.43.

Managed Care

Managed care has proven to reduce costs and improve care for injured workers. Mitchell continues to promote managed care policies as a way to enhance outcomes and reduce fraud and abuse. As more states adopt drug formularies, directed managed care is the best way to achieve adherence to the drug formulary and ensure medications being prescribed conform with treatment guidelines. However, three states including Montana, New York and Oklahoma are looking at legislation attempting to roll back direction of care in favor of employee choice.

Montana

Montana MD 1785 would allow for choice of pharmacy by an injured worker. This runs counter to the goals of the newly adopted drug formulary.

New York

New York has had a strong direction of care rule. That rule will be even more important as New York moves to a drug formulary. Two bills, AB 864 and AB 1250, have been introduced and would allow for choice of pharmacy by injured workers.

Oklahoma

Oklahoma HB 2315 would allow for pharmacy choice in all health care, including workers' compensation.

Without question, 2019 is shaping up to be a very interesting and active year on the legislative and regulatory fronts. Our government affairs team is actively engaged on critical issues around the country. As these legislative and regulatory initiatives advance, we will keep you posted on their progress and any pertinent changes as they occur.

If you have any questions or information about legislative and regulatory issues, please contact Brian Allen, Vice President of Government Affairs at Brian.Allen@mitchell.com or at 801-903-5754.



©2022 Enlyte Group, LLC.

mitchell | genex | coventry