Workers' Comp

Workers' Compensation Pharmacy Legislative and Regulatory End of Year Recap

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New regulations, proposed legislation, and notable judicial developments made 2024 a significant year for workers' compensation pharmacy programs. For pharmacy benefit management (PBM) roles, staying on top of these changes is critical for compliance and operational efficiency. Below is a recap of some of the major developments in workers' compensation pharmacy we're watching as we move into 2025.

California's Updated Pharmacy Fee Schedule

The California Division of Workers' Compensation took a major step toward finalizing updates to its pharmacy fee schedule. The goal of the rule is to fully align the workers' compensation pharmacy fee schedule with the current Medi-Cal pharmacy fee schedule. The Division held two separate 15-day comment periods in 2024 and one public hearing.

The new rule, filed with the Secretary of State on December 19, 2024, has an effective date of July 1, 2025, granting employers and providers a little more than a six-month preparation period for implementation.

Action Taken: Enlyte Pharmacy Solutions submitted comments during both periods and testified at the public hearing.

For PBM Managers: Enlyte will work with you to utilize this time to determine an appropriate administrative fee and align your processes with the updated fee schedule to ensure compliance and uninterrupted services.

Idaho Clarifies Workers' Compensation Pharmacy Rules

Idaho advanced regulatory updates to streamline administrative rules under a 2020 Executive Order. The Idaho Industrial Commission addressed pharmacy fee schedule provisions, including physician dispensing and repackaging reimbursements. At this stage, final rule changes are expected but there has been no indication of what changes we might see in the fee schedule. The Commission should make further announcements soon.

Action Taken: While public hearings in October lacked substantive comments, Enlyte submitted feedback advocating for limits on topical reimbursements and clarifying physician dispensing rules.

For PBM Managers: For PBM stakeholders managing Idaho-based operations, preparing for potential shifts in reimbursement processes is advised.

Additionally, Idaho clarified its PBM Law (HB 596) does not apply to workers' compensation. The Industrial Commission and their Deputy Attorney General agreed that the legislation exclusively addresses commercial health insurance plans. While verbal agreements are reassuring, pursuing a written opinion from the AG's office or legislative amendments in 2025 will establish definitive clarity and ensure long-term stability.

Colorado's Updated Fee Schedules for 2025

The Colorado Division of Workers' Compensation finalized adjustments to its medical fee schedules, effective January 1, 2025. These updates, part of Rules 16 and 18, include minor changes in billing provisions for prescription medications dispensed by physicians.

For PBM Managers: While considered procedural, PBM companies managing claims in Colorado should ensure coding compliance to avoid disruptions.

Maryland's Pharmacy Reform Legislation

Maryland stands out as a state poised for reform in 2025. Senator Pam Beidle, chair of the Senate Finance Committee, is preparing a bill requiring the adoption of a pharmacy fee schedule for workers' compensation care. Her goals include addressing out-of-network pharmacy costs, moving away from average wholesale price (AWP) reimbursement frameworks, and ensuring fair compensation for both providers and payers.

Her discussions with industry leaders highlight concerns about rising costs from physician-dispensed medications and high-cost topicals. Advocates in PBM roles have an opportunity to influence this legislative process, emphasizing solutions such as directing care to in-network providers to control costs and ensure quality care.

New York Employer Direction of Pharmacy Care Bill

A key legislative development in New York is the potential veto of S1974A/AB1219A, which addresses pharmacy care for injured employees when claims are contested. The latest version of the bill includes multiple triggers for when an injured employee could seek out-of-network pharmacy care and created new administrative burdens for payers, as well as requirements for payer reimbursement during claim challenges, and guidelines for timely communication of pharmacy rules.

Following multiple exchanges with stakeholders, Governor Hochul decided to veto the bill, opting to allow the New York State Workers' Compensation Board to address concerns through administrative rulemaking. The Workers' Compensation Board will submit draft rules to the New York Register on December 31, 2024. The new rules will address the primary concerns voiced by the bill sponsor and mitigate the ambiguous language of

the legislation.

For PBM Managers: The successful veto of the bill in favor of clear, functional rules is a significant win.

Pennsylvania Red Book Case

The Commonwealth of Pennsylvania continues to grapple with the validity of using the Red Book pricing standard in disputes over prescription drug reimbursements. While the Commonwealth Court ruled against its fairness earlier in the year, the Pennsylvania Supreme Court has agreed to review the matter in 2025.

Until this decision is rendered, PBM programs operating in Pennsylvania will continue to face uncertainty. For now, adhering to current reimbursement standards is advised while the industry awaits action by the Pennsylvania Supreme Court.

Washington Pharmacy Formulary Changes

The Washington Department of Labor & Industries implemented updates to its outpatient drug formulary effective January 1, 2025. Notable additions include medications within neurotonics (e.g., gamma-aminobutyric acids), antipsychotics, interleukin-31 receptor antagonists, and heat shock protein modulating agents.

For PBM Managers: PBM operations handling cases in Washington should ensure updated formulary compliance and communicate any changes that may impact patients and stakeholders.

Cannabis and Psychedelics Ballot Measures

The ballot initiatives addressing medicinal and recreational cannabis use signal evolving public sentiment. While states like Nebraska legalized medical marijuana this year, attempts to advance cannabis legalization in Florida, North Dakota, and South Dakota failed. Similarly, a Massachusetts ballot proposal to legalize psychedelics for general use did not pass.

The Drug Enforcement Agency and the Department of Justice are still working through the process to reclassify marijuana as a Schedule III drug. An initial hearing was held in December, setting the ground rules for a series of hearings on the substantive issues beginning in mid-January 2025.

For PBM Managers: These ongoing trends underscore the cautious yet inevitable march toward incorporating these substances into structured healthcare and workers' compensation systems. Staying proactive as state and federal policies develop will be essential.

National Legislative Trends

The 2024 state legislative sessions have drawn to a close, with anticipation building for a busy 2025. Federal-level healthcare priorities, including potential PBM reforms, could indirectly affect workers’ compensation policies. Enterprise-wide evaluations of commercial health plan practices may signal future alignment opportunities for workers' compensation PBMs.

Takeaways for 2025

This year’s evolving landscape reflects the sustained momentum toward greater regulation, system improvements, and market clarity in workers' compensation pharmacy. Here’s how Enlyte is preparing for 2025:

- Monitor Legislation and Rulemaking: Engaging with known updates from Maryland, New York, Idaho, and California and being prepared to adapt quickly. Monitoring all the other states for breaking legislative and regulatory activity is also imperative.
- Leverage Industry Expertise: Collaborating with policymakers to ensure reforms account for both cost control and quality of care.
- Engage in Best Practices: Aligning operations promptly with finalized fee schedules (e.g., Colorado, California).
- Strategic Flexibility: Anticipating long-term shifts, such as potential federal mandates or judicial decisions impacting reimbursement standards.

The legislative and regulatory activity of 2024 illustrates the ongoing commitment to balancing worker needs, payer interests, and provider compensation. At Enlyte, we’re committed to providing compliance insights and support to our clients for their continued success in this dynamic environment.

To learn more about what the Enlyte government affairs team is working on, and stay up to date on these and other regulatory issues, sign up to receive our monthly Compliance Connection Newsletter.



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