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**STATE OF CALIFORNIA**  
**DEPARTMENT OF INDUSTRIAL RELATIONS**  
**DIVISION OF WORKERS' COMPENSATION**

**PUBLIC HEARING**

Thursday, April 11, 2024  
Elihu Harris State Office Building  
1515 Clay Street, 2nd Floor, Room 1  
Oakland, California

**GEORGE PARISOTTO**  
Moderator  
Administrative Director

**DR. RAYMOND MEISTER**  
Executive Medical Director

**TED RICHARDS**  
Chief Counsel

**JACQUELINE SCHAUER**  
Attorney

**MAUREEN GRAY**  
Regulations Coordinator

DIR Official Reporters: Jennifer Ferguson and Linda Shryack

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1 (Time Noted: 11:02 a.m.)

2 ADMINISTRATIVE DIRECTOR PARISOTTO: Good morning. Thank  
3 you for coming to downtown Oakland this morning. It turns out  
4 we have a beautiful day today, which is really good to see.  
5 And, boy, you know, it's like I haven't attended one of these  
6 in quite a while. It seems like -- I mean, how many in-person  
7 hearings have we had in the last few years?

8 MS. GRAY: Not many.

9 ADMINISTRATIVE DIRECTOR PARISOTTO: Not many.

10 My name is George Parisotto. I'm the Administrative  
11 Director of the Division of Workers' Compensation. This is a  
12 public hearing for proposed revisions to the Official Medical  
13 Fee Schedule provisions that govern the maximum reasonable fees  
14 for pharmaceuticals dispensed to injured workers.

15 Under the California Labor Code, the fee schedule for  
16 pharmaceuticals is based upon the Medi-Cal pharmacy payment  
17 system. As you might have seen in our *Newsline*, the proposed  
18 regulations make revisions to the Physician Fee Schedule and  
19 Pharmaceutical Fee Schedule to adopt relevant Medi-Cal  
20 revisions and related provisions of the Labor Code. Medi-Cal  
21 implemented a revised payment system utilizing National Average  
22 Drug Acquisition Cost, Wholesale Acquisition Cost, Federal  
23 Upper Limit, and Maximum Allowable Ingredient Cost in the drug  
24 reimbursement formula. The new Medi-Cal methodology also  
25 revises the pharmacy dispensing fee value and structure by

1 updating the dispensing fee from \$7.25 to a two-tier dispensing  
2 fee of \$10.05 or \$13.20, depending on the annual volume of  
3 pharmacy claims processed.

4 There are copies of the notice and regulations on the  
5 front desk. Please make sure you sign the sign-in sheet and  
6 indicate if you want to testify today.

7 Now I would like to introduce the other DWC staff here  
8 today. Maureen Gray on my far right is the Division's  
9 Regulations Coordinator. And I would like to thank her for  
10 arranging this meeting and getting everything together. She  
11 does a spectacular job.

12 MS. GRAY: Thank you.

13 ADMINISTRATIVE DIRECTOR PARISOTTO: To my immediate right  
14 is our Executive Medical Director Dr. Raymond Meister. To my  
15 immediate left is DWC's Chief Counsel Ted Richards. And to my  
16 far left is our attorney extraordinaire Jackie Schauer. Our  
17 hearing reporters today are Linda Shryack and Jennifer  
18 Ferguson. Thank you both for attending.

19 When you come up to testify, please give your card, if you  
20 have one, to Ms. Gray. All testimony given today will be taken  
21 down by our hearing reporters. If you have any written  
22 testimony you want to hand in, please also hand that to  
23 Ms. Gray.

24 If you wish to be notified of the final adoption or  
25 subsequent changes to the proposed regulations, please provide

1 your complete name, mailing address, and email address on our  
2 hearing registration attendance sheet located at the sign-in  
3 table. The final notice or notice of changed proposed  
4 regulations will be sent to everyone who requests such  
5 information.

6 I will call the names for those who have checked that they  
7 wanted to testify. I will also check to see if anyone new has  
8 decided to comment.

9 This hearing will continue as long as there are people  
10 present who want to testify but will close at 5:00 this  
11 afternoon. We will probably go straight through to 1:00 and  
12 then take a lunch break, if necessary. I'm not sure if we need  
13 to do that, but we will certainly do that if that happens.  
14 Written comments can be given to Maureen, if you have them with  
15 you, or will be accepted by fax, email, or delivery up until  
16 5:00 at the Division's office on the 18th floor of this  
17 building.

18 The purpose of this hearing is to receive comments on the  
19 proposed amendments to the regulations, and we certainly  
20 welcome any comments you may have about them. We will not  
21 question, respond to, or discuss anyone's comments, although we  
22 may ask for clarification or ask you to elaborate further on  
23 the points you are presenting. All your comments that will be  
24 given here today and those submitted in writing will be  
25 considered in determining what revisions we make to the

1 regulations. Please restrict the subject of your comments to  
2 the regulations and to any suggestions you have for changing  
3 the proposed regulations, and we also please ask that you limit  
4 your comments to 30 seconds. Oh, I'm sorry. We usually have  
5 limits on our comments of three to five minutes, but since I  
6 see not many people have checked, you know, please feel free to  
7 go on as long as you think is necessary and relevant.

8 In terms of submitting written comments, you can submit  
9 written comments by fax, email, and probably not delivery, up  
10 until 11:59 p.m. today. So you have practically until midnight  
11 if you would like to get your written comments to us.

12 So, a reminder. Please make sure you have signed in, if  
13 you wish to speak, and that you have checked the box indicating  
14 that. And again, when you come up to give your testimony,  
15 please give Maureen, Ms. Gray, your card, if you have one, so  
16 that we can get the correct spelling of your name in the  
17 transcript. Please speak into the microphone, which I am going  
18 to hand to you, or I think Maureen will hand to you. And  
19 before starting your testimony, please identify yourself for  
20 the record.

21 And so, our first speaker today, or our first person who  
22 will be giving comments, Tracy Euler.

23 --oOo--

24 **TRACY EULER**

25 MS. EULER: Good morning, everyone. My testimony probably

1 will be 30 seconds, just to stay in line with what you've  
2 asked. Hi, I'm Tracy Euler. I'm here on behalf of  
3 Health-e-Systems. Thank you so much for having me here today  
4 and for considering our written comments in addition to my --  
5 today's in-person testimony.

6 To begin, we urge the Division to consider and strongly  
7 recommend extending the effective date of the new regulations  
8 from 90 days to six months. This would provide ample time for  
9 necessary system modifications, ensuring stakeholders are able  
10 to comply with the new rules more easily.

11 Additionally, we propose a simpler approach to the  
12 two-tier dispensing fee, advocating for a single dispense fee  
13 instead. This avoids unnecessary complexity and ensures fair  
14 compensation for pharmacists. Thank you.

15 ADMINISTRATIVE DIRECTOR PARISOTTO: Our next speaker is  
16 Brian Allen.

17 And if you can't hear me in the back, please let me know.

18 AUDIENCE MEMBER: I can hear you, George, it's all good.

19 --oOo--

20 **BRIAN ALLEN**

21 MR. ALLEN: Thank you, Director Parisotto, and your team  
22 for allowing us to be here to comment. My name is Brian Allen,  
23 B-r-i-a-n A-l-l-e-n. I'm with Enlyte Pharmacy Solutions,  
24 formerly known as Mitchell Pharmacy Solutions. And I'm a  
25 recovering politician, so 30 seconds would be a real lift for

1 me, to stay that short. But I am the Vice President of  
2 Government Affairs for Mitchell, and we have -- we have talked  
3 a lot about Pharmacy Fee Schedule and the implications this  
4 might have, and I just want to just mention a few things.

5 First of all, thank you for your effort on getting the  
6 implementation done. I know it was a heavy lift for you guys  
7 to get to this point to allow this to move forward, and we  
8 appreciate all those efforts. It has not gone unnoticed.  
9 COVID didn't help, you know. So we've -- we have had a lot of  
10 interference getting to this point today.

11 We do have a concern with the reimbursement level. And I  
12 want to point that out because it's going to be a disruptor in  
13 the marketplace. We -- right now the current reimbursement  
14 under the 2019 fee schedule is low enough that a lot of  
15 companies won't come and do California-only business, because  
16 there's just not enough margin in it to make it work for a PBM.  
17 And so, this is going to be worse. So it's going to change how  
18 PBMs have to try -- have to bill for their services. You're  
19 basically -- these new reimbursement levels have a pass-through  
20 pricing model, it's what the pharmacies are paying for drugs,  
21 and they're going to want that. They're not going to accept  
22 lower reimbursement for that, and nor should they have to.  
23 They shouldn't have to dispense at a loss. We would never want  
24 that to happen. There is not any profit in there. There's no  
25 margin to pay for clinical services or administrative services.



1 So it's going to change a little bit about how we do business.  
2 In fact, it's going to change it a lot. We're going to have to  
3 go out and negotiate changes and reimbursement for all of our  
4 customers. So there is a lot of time and effort involved in  
5 that. And we're going to have to look at adding a fee, an  
6 administrative fee or a clinical services fee, to cover things  
7 like processing a bill, formulary adherence monitoring,  
8 checking for compensability, eligibility, opioid management,  
9 and a host of other services that PBMs provide in the  
10 marketplace for injured workers, to make sure they're getting  
11 the right care for the right reasons at the right time and at  
12 the right cost. So those are the things -- that's going to be  
13 a change in the marketplace. And I don't -- I don't want to  
14 disillusion anyone or -- or make anything too outlandish, but  
15 it's probably not going to result in any kind of a real savings  
16 in the pharmacy space because the margins are so thin now.  
17 It's just going to be an offset. We're just going to move from  
18 the reimbursement to the pharmacy plus an admin fee. And it's  
19 not going to probably see -- I mean you could see individual  
20 customers within that change, but for the most part it's going  
21 to be pretty flat for everybody. So we just need to be  
22 prepared for that.

23 And I think the other thing I want to comment on is the  
24 timing. And I'll just echo what Wendy said. I mean it was  
25 several years for you to implement the change. Us getting it

1 done in 90 is going to be -- we would have to have people  
2 working night and day to get that done. We're asking for 180  
3 days, a six-month time frame to do the implementation. That  
4 would give us time to test all of our systems and make sure  
5 they are talking appropriately with you and we're getting  
6 information back and forth the way it's supposed to work. And  
7 it also gives us time to go out and renegotiate contracts and  
8 do the things we need to do on the admin fee.

9 We think the admin fee is something that the marketplace  
10 should determine. It's not something that's in the fee  
11 schedule now. I don't think it needs to be. It's a  
12 contractual relationship. And it's going to vary from customer  
13 to customer depending on the level and types of services they  
14 want. If someone wants a very basic bare-bones thing, the fee  
15 will be one thing. If they want some of the bells and  
16 whistles, it's going to be another thing. And so, we want to  
17 make sure that, you know, we have enough flexibility to make  
18 that work. So just consider that as you're thinking about  
19 changes.

20 And the other thing that we put in our written comments is  
21 just, unlike compounding, physician dispensing, we put a  
22 reminder in there about all that stuff still has to be  
23 pre-authorized before it's reimbursed. And if it's not  
24 pre-authorized, it shouldn't get paid for. And we want to make  
25 sure that that stays true, that we don't lose that. Because

1 that's been a very valuable tool to get outliers out of the  
2 system, and it's made a real difference. We have noticed the  
3 difference, and we would like to make sure that that process  
4 stays in place so that we can screen those before they're  
5 dispensed so that we're not getting unnecessarily expensive or  
6 unnecessary useless drugs being prescribed and dispensed to  
7 injured workers. Thank you.

8 ADMINISTRATIVE DIRECTOR PARISOTTO: Thank you.

9 I had to actually debate with somebody last week because  
10 they said they wanted me to do something in 90 days, and I  
11 said, Okay, three months, and they were like, No, 90 days. And  
12 I was just like, Well, okay.

13 Frank Juliano.

14 --oOo--

15 **FRANK JULIANO**

16 MR. JULIANO: Hello, everyone. Thank you for having me  
17 here today. My name is Frank Juliano, and I'm providing  
18 comments on behalf of St. Mary's Managed Pharmacy Programs.

19 Since 1996, St. Mary's has operated as a repackaging  
20 pharmacy, supplying over 700,000 dispensed meds nationwide and  
21 over 80,000 in California per year. One of our biggest  
22 customers is Concentra Medical. Concentra has over 100 occ med  
23 centers in California, and in 2023 treated over 200,000 injured  
24 California workers. I, myself, am a pharmacist. And prior to  
25 working at St. Mary's, I had hands-on experience in retail at

1 CVS and, as such, I have hands-on knowledge of the dispensing  
2 process in both the pharmacy as well as in a clinic.

3 I am speaking today in opposition to the proposed changes  
4 to the fee schedule, specifically section 9789.40.5(f), which  
5 eliminates the dispensing fee for physician-dispensed  
6 medications. By removing this dispensing fee, you will  
7 effectively eliminate physician dispensing altogether for work  
8 comp in California. California's fee schedule is already based  
9 on the acquisition cost only of the medications being  
10 dispensed. The dispensing fee covers the additional costs  
11 incurred in the dispensing process. Without this fee, the cost  
12 to acquire and dispense a medication will exceed the fee  
13 schedule reimbursement. And this is true for both pharmacies  
14 and in physicians' offices. However, while the physician fee  
15 is being eliminated, the pharmacy fee is being increased.

16 In the Initial Statement of Reasoning, it was determined  
17 that the dispensing fee is not warranted when a physician  
18 dispenses to an injured worker. The reasoning is that the fee  
19 for doing so is included in the physician office visit fee,  
20 more specifically in the Evaluation and Management code, E&M  
21 code. As many may point out here today, that is not correct.  
22 The Evaluation and Management fee is paid to physicians for  
23 the -- for making the decision to prescribe the medication and  
24 then to follow the management of that prescribed medication as  
25 they go forth. But it's not a reimbursement for the dispensing

1 process.

2           So what makes up the dispensing process? In my written  
3 comments I put a chart that compares retail pharmacy dispensing  
4 process to physician offices. And you will see that the  
5 process is very similar. And the cost associated with that  
6 process is also very similar. Steps such as, you know,  
7 purchasing medications, running them through a dispensing  
8 software that prints a patient label, monographs, drug inserts,  
9 everything that's required for pharmacy, physicians do that as  
10 well, including PMP reporting when necessary. And one of the  
11 often misconceptions when it comes to this topic, physician  
12 dispensing and the dispensing fee compared to pharmacy, is the  
13 fact that physicians purchase medications that are prepackaged  
14 into unit-of-use dosage and in dosages that, you know, in  
15 California meet the requirements, seven days, within seven days  
16 of an initial injury. They don't actually count out the pills  
17 and put them into a bottle as the pharmacies do. Many people  
18 feel that, for that reason, the dispensing fee may not be  
19 warranted. But what I will say is there still is a cost. The  
20 cost is simply being incurred by the repackager as they send it  
21 down to the physician. The cost is still there, even though  
22 they're not counting, and everything else is the same.

23           I would also like to point out that late last year  
24 California signed into law Assembly Bill 1286, aimed at  
25 promoting patient safety when filling prescriptions at retail

1 pharmacies. In part, this bill arose from a survey conducted  
2 by the California Board of Pharmacy, showing that 91 percent of  
3 retail pharmacies reported insufficient staffing to ensure  
4 patient care, and 83 percent reported a lack of sufficient time  
5 to provide safe patient counseling. So what does this mean?  
6 This means that California pharmacies are struggling to keep up  
7 right now. By eliminating the physician dispensing fee for  
8 work comp clinics, these scripts will instead go to these  
9 pharmacies that are understaffed. And, to me, it's not clear  
10 on the driving reasons for doing this, when you have already  
11 controlled all possible variables surrounding prescription drug  
12 management.

13 In the ISOR, it suggests that physician dispensing may be  
14 influenced by financial incentives. I agree with this, and  
15 there have been studies that support this suggestion. But the  
16 influence is not the dispensing fee. The influence is  
17 businesses and providers finding loopholes in the reimbursement  
18 methodology, choosing medications not listed on the Medi-Cal  
19 schedule with exorbitant AWP, essentially taking advantage of  
20 the system. But, with these proposed laws, and specifically  
21 the updating of the Medi-Cal database, these loopholes will be  
22 closed. And, again, we strongly support that decision.

23 California, first with the adoption of the Medi-Cal  
24 reimbursement, followed by the introduction of the MTUS  
25 formulary, treatment guidelines, and authorization

1 requirements, is leading the nation currently right now in  
2 terms of reducing and controlling physician dispensing costs  
3 for work comp. The results of these changes are documented in  
4 a study that was released by WCRI in March of 2023. And that  
5 study looked at pre-formulary and after the formulary was put  
6 in place. And what it showed is that prescription payments per  
7 claim, with physician-dispensed medications, decreased 53  
8 percent, to around \$21 per claim. Payments per claim with  
9 pharmacy-dispensed medications increased 12 percent, to \$39 per  
10 claim. And, lastly, it showed that California's  
11 physician-dispensed cost per claim, again \$21, is five times  
12 lower than the average for non-formulary states. So, again, I  
13 applaud you. You have done a great job in controlling  
14 physician dispensing and some of the bad outliers out there.

15 So in the face of these significant positive results, why  
16 the proposal to eliminate the dispensing fee for physicians?  
17 The only reason appears to eliminate physician dispensing  
18 altogether. But doing so will do nothing to reduce costs.  
19 And, instead, these prescriptions will be filled at a retail  
20 pharmacy, possibly understaffed. And according to the WCRI  
21 data, it shows that it will be more expensive. It will get  
22 even more expensive once the pharmacy dispensing fees are  
23 increased. Option two is the prescriptions don't get filled at  
24 all. Many studies have shown that 20 to 30 percent of  
25 prescriptions don't make it to the pharmacy. They don't get

1 filled. Not filling a prescription, noncompliance, can be  
2 directly related to prolonged claim duration and increased  
3 costs.

4 The California Labor Code governing the workers' comp fee  
5 schedules states that, "the rates or fees established shall be  
6 adequate to ensure a reasonable standard of service and care  
7 for injured employees." This proposal, we feel, will  
8 unnecessarily make it more difficult for injured workers to  
9 receive their medications. Therefore, we are proposing  
10 something simple. Simply, we recommend that you allow for the  
11 lower of the two dispensing fees being offered for pharmacies  
12 but for physicians as well. That's it. Thank you.

13 ADMINISTRATIVE DIRECTOR PARISOTTO: Thank you.

14 Tim Madden.

15 --oOo--

16 **TIM MADDEN**

17 MR. MADDEN: Good morning. Tim Madden. Thank you very  
18 much for being here in person. It's great to see everybody and  
19 it's great to be back having a face-to-face conversation, not a  
20 Zoom face-to-face conversation. I'm here on behalf of  
21 Concentra, and we have over 100 occupational clinics here in  
22 California and also are the largest occ med provider in the  
23 nation. We appreciate the opportunity to make comments on the  
24 proposed regulations.

25 Concentra has strong concerns with the proposed change to



1 section 9789.40.5(f) that eliminates the dispensing fee paid  
2 when a drug is dispensed by a physician. It is Concentra's  
3 position that the professional dispensing fee should be  
4 maintained for physician-dispensed drugs and should follow the  
5 same requirements as for pharmacy-dispensed drugs as defined in  
6 section 9789.40.1 of the proposed amendment.

7 In the Initial Statement of Reasons it states, "Many of  
8 the tasks involved in dispensing a drug to a patient are  
9 already included in the physician's reimbursement." As  
10 mentioned with the previous speaker, we do not agree with this  
11 assessment. The Evaluation and Management codes fee for a  
12 patient encounter -- and the codes that we use are normally  
13 99202 to 99215 -- only includes the work value associated with  
14 the management of the medication regarding the decision to  
15 prescribe. It does not address the cost and value of the  
16 actual medication dispensing.

17 In further support of our position that the value of the  
18 dispensing itself is not part of the Prescription Drug  
19 Management, the industry standard is that the E&M medical  
20 decision-making component is strictly intended for the  
21 physician to assess the patient's medication needs and  
22 determine the action to take, nothing more.

23 At the risk of repeating some of the comments that were  
24 made by the previous speaker, I thought I would add a couple  
25 specific aspects to Concentra's business. They do about 200

1 prescriptions on an annual basis for injured workers. And they  
2 included in their comment letter examples of two commonly  
3 prescribed drugs and the impact that the proposed regs would  
4 have on those. So looking at Cephalexin, which is an  
5 antibiotic, Concentra's cost is \$7.49 for that. Under the new  
6 proposed fee schedule, that would go to -- the reimbursement  
7 would be \$4.12. Whereas for a pharmacy, it would be anywhere  
8 from 14 to 17 dollars. So you can see, when you eliminate the  
9 dispensing fee, it throws it to a place where they're actually  
10 losing money as they dispense medications. For naproxen, which  
11 is an anti-inflammatory, Concentra's cost is \$6.80. And under  
12 the proposed fee schedule, they would be reimbursed 90 cents  
13 for that. Once again looking at pharmacies, it would be  
14 anywhere from \$10 to \$14. So once again, when you take that  
15 dispensing fee out, it really turns the equation upside-down.  
16 And Concentra will be in a place where they most likely no  
17 longer dispense medications to injured workers.

18 So then the question comes back to -- or not the question,  
19 but the point comes back to what happens to that injured  
20 worker. And as mentioned before, the adherence when injured  
21 workers are required to go to the pharmacy to fill their  
22 prescription, it just changes, there is a drop-off. Studies  
23 have shown that. I'd be more than happy to provide those  
24 studies. And what happens to the injured worker when they  
25 don't get their antibiotic or they don't get their

1 anti-inflammatory, they don't start it right away, is that it  
2 delays care, it delays time for them to start healing, and it  
3 increases their time away from work.

4 Another aspect to keep in mind is pharmacies require  
5 payments for medications up front. Injured workers,  
6 particularly those newly injured without an approved workers'  
7 comp claim, may not be able to afford to pay for the  
8 medications or may feel like they should pay for the  
9 medications out of their own pocket. Concentra clinics will  
10 dispense the medications assuming risk that the claim may not  
11 be accepted. If the injured worker cannot afford to pay for  
12 medications out of pocket, they simply go to the emergency  
13 room, which leads to increased costs to the system and worse  
14 outcomes for the injured worker themselves. In the aftermath of  
15 the COVID pandemic and the impact of staffing, California  
16 emergency rooms are already overcrowded, as I know you  
17 understand.

18 The reasons outlined above will lead to injured workers  
19 either delaying in taking their medications or not filling  
20 their prescription at all. This will result in prolonging of  
21 workers' injuries and further delay their return to work.

22 As mentioned, California, you all have done a great job at  
23 really going at some of the bad actors in the system in terms  
24 of taking advantage of physician dispensing, of repackaging and  
25 compounding. These regs do even more to close those loopholes,

1 as it was previously mentioned. From Concentra's perspective,  
2 we really believe the value that they provide for injured  
3 workers is to get them care as quickly as possible and get them  
4 on medications as quickly as possible, thus getting them back  
5 to work as quickly as possible. So we appreciate your time and  
6 your consideration of our comments.

7 ADMINISTRATIVE DIRECTOR PARISOTTO: Thank you.

8 Don Schinske.

9 --oOo--

10 (Remainder of hearing reported by Linda Shryack.)

11 --oOo--

12 **DON SCHINSKE**

13 MR. SCHINSKE: Thank you, all. I'm Don Schinske. I'm  
14 here on behalf of the Western Occupational and Environmental  
15 Medical Association. We're the regional component of the  
16 American College Foundational Environmental Medicine. Our docs  
17 work up and down the work comp system as primary treaters, UR  
18 docs, QME, company medical directors, you name it. You'll find  
19 one of our members somewhere in the system.

20 I guess I would like to align ourselves officially with  
21 the comments that have been made by my predecessors here, but  
22 frankly, we're here to beg for \$7.25, is what it boils down to.  
23 I'm not going to stand here and claim that doctors are going to  
24 leave the system if they don't get the dispensing fee, because  
25 that's probably not the case. But, we do know they will stop

1 dispensing, and I think for a variety of reasons that winds up  
2 not being a very good idea. You know, the subjective insult to  
3 physicians and their judgments, and their ethics aside, it  
4 doesn't actually work out terribly well for injured workers  
5 when that happens.

6 Obviously, if you come in with a cut or a needle stick,  
7 and you can't get that first round of antibiotics dispensed by  
8 your physician, you go to the Rite Aid with your script. They  
9 don't have a case number opened for you, you have to come back  
10 tomorrow and stand in line again. Maybe you come back, maybe  
11 you don't. But in the worker's mind, not only are you not  
12 recovering as fast as you might, but you have entered into that  
13 type of mindset about workers' compensation. That is, there's  
14 a transaction that happens when you initially contact a system.  
15 Is this system working for me or is it working against me? Am  
16 I gonna have to fight this thing every step of the way? And I  
17 would argue that it doesn't take too many of those cases where  
18 someone doesn't get their antibiotic, where it starts going the  
19 other way, and they become one of those cases. How many of  
20 those does that take, 50 or 100 maybe across the State of  
21 California, before the savings from all those incremental \$7  
22 are more than offset by complex cases at the other end.

23 So I would just think about that a little bit and the  
24 worker's experience when they engage with the system and ask  
25 that the \$7, and I'm not even asking for 10, 7.25 -- just keep

1 it there. Thank you.

2 ADMINISTRATIVE DIRECTOR PARISOTTO: Thank you.

3 Steve Cattolica.

4 --oOo--

5 **STEVE CATTOLICA**

6 MR. CATTOLICA: Good morning, I think. Yeah, it's still  
7 morning. My name is Steve Cattolica.

8 I represent the California Neurology Society, the  
9 California Society of Physical Medicine and Rehabilitation as  
10 treating physicians, and our comments would align with the  
11 previous witnesses.

12 And so we're -- we don't see any value in eliminating a  
13 point of distribution by eliminating the physicians' dispensing  
14 fee. What it does, though, and this is actually the major  
15 point I'd like to make, is it more centralizes the distribution  
16 to -- through MPNs that are entities, that provide physician  
17 services and are contracted to provide all of those things  
18 through a single portal or a single method, and it puts those  
19 MPNs that are constructed that way into a position of actually  
20 making more money on this deal when the physicians don't, don't  
21 dispense, because they'll go through their in-house PBM, which  
22 means that they'll make more money. And all that does, again,  
23 is centralize the revenue system and enrich the MPN or the  
24 entities that provides physician services and eliminate an  
25 important distribution point from the perspective of compliance

1 with the treatment that's necessary for the injured workers.

2 Thank you.

3 ADMINISTRATIVE DIRECTOR PARISOTTO: Well, believe it or  
4 not, I've come to the end of the list of the people who would  
5 testify, so I would like to ask if there's anyone else here who  
6 would like to add some comments?

7 --oOo--

8 **LISA ANNE HURT-FORSYTHE**

9 MS. HURT-FORSYTHE: Good morning. My name is Lisa Anne  
10 Hurt-Forsythe, and I represent the American Association of  
11 Payers, Administrators and Networks, and have been around the  
12 California comp system since before the wheel and fire.

13 My comments are going to be an amalgamation of several of  
14 our PBM members and other affiliated network entities that  
15 belong to our Association, and some of these are comments that  
16 others have made with a little bit of a variation on a theme.  
17 And I'll be brief because we all want to go somewhere else.

18 The first is the six months for implementation is a  
19 must-have on our side. We just can't pull a rabbit out of a  
20 hat, and I think it was Ryan that said, it took you all a while  
21 to figure out how to do a pricing calculator. Feel our pain,  
22 is all I'm going to say about that.

23 Number two, sort of related to that is the bifurcated  
24 dispensing fee. If we want to make it easier, just have the  
25 one. Don't -- just, no -- very simple. It would be much

1 easier if it was a single dispensing fee. When we have that  
2 two-tiered type of pharmacy volume, it just makes it so much  
3 more convoluted and complicated from an implementation  
4 standpoint. We have to deal with uploading the file and trying  
5 to figure out what if somebody shifts from this category to  
6 that category. And there's a million different things  
7 associated with that that could be eliminated if we just make  
8 it uniform.

9 Also, with respect to the so-called unfinished compounds  
10 ingredient language, several of our members feel that that  
11 could be reworded and made in a way that's a little bit less  
12 convoluted and a little bit simpler. Drug ingredient costs  
13 could be tied to established benchmarks like WAG (phonetic),  
14 things that already exist in the system that our members are  
15 already affiliated with. It would definitely help with the  
16 implementation side of things and make the system a little bit  
17 simpler.

18 The other thing was with respect to, we would like to  
19 stress that noncompliant compounds and physician-dispensed  
20 medications should not be reimbursed with prior authorization,  
21 and there's three different flavors-of-the-month club with  
22 that. If we have a compound med. that didn't receive prior  
23 auth., we would like the regs. to specifically state that those  
24 will not be reimbursed. Physician-dispensed medications that  
25 did not receive prior authorization, although some of these



1     testifiers are saying maybe that will go away, and this will  
2     albeit my remarks, but if they did not receive prior auth., we  
3     would like those to also not be reimbursed.

4             And then the hybrid would be compounded medications that  
5     were dispensed by a doc that did not have a prior auth., would  
6     not be reimbursed.

7             So we would like to have specific language in the  
8     regulations that address those three scenarios.

9             And then related -- so my theme is simplification and make  
10    it a little bit easier. So my last remark would be with  
11    respect to the compounding fee. Just having one would be  
12    great, instead of 14 or however many are in there. Just,  
13    again, just making it simpler, easier for us to administer on  
14    the payor side, easier for all the stake holders to follow.  
15    Everybody knows what they're getting paid. It eliminates a lot  
16    of the friction in the system if we can make it a little bit  
17    simpler. That's all.

18            ADMINISTRATIVE DIRECTOR PARISOTTO: Is there anyone else  
19    here who would like to add comments, going once, twice? Well,  
20    there we go.

21            So if there's no one else here who's going to testify,  
22    this hearing is closed. The opportunity to file written  
23    comments will stay open until 5:00 -- I'm sorry, 11:59 tonight.  
24    Those comments should be delivered to the DWC office up on the  
25    18th floor of this building; although, good luck doing that at

1 11:59.

2 Yes.

3 MALE SPEAKER: You'll take them electronically up until  
4 11:59?

5 ADMINISTRATIVE DIRECTOR PARISOTTO: That is correct.

6 FEMALE SPEAKER: Unless your name is Steve.

7 ADMINISTRATIVE DIRECTOR PARISOTTO: So thank you for your  
8 attendance and the input you've given us. And I'd like to say  
9 it's been a pleasure to be here in Oakland for a public hearing  
10 on regulations, and I look forward to more, because unlike  
11 other Oakland-based traitors -- I'm sorry, entities, who have  
12 left our cities for Sacramento and Las Vegas, I think we will  
13 stay here. Thank you.

14 FEMALE SPEAKER: On behalf of Sacramento, thank you.

15 ADMINISTRATIVE DIRECTOR PARISOTTO: This hearing is  
16 closed.

17 (The proceedings concluded at 11:37 a.m.)

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R E P O R T E R ' S C E R T I F I C A T E

I, Jennifer Ferguson, the undersigned Official Hearing Reporter for the State of California, Department of Industrial Relations, Division of Workers' Compensation, do hereby certify that the foregoing is a full, true, and correct transcript of the proceedings taken by me in shorthand (page 3, line 1, through page 20, line 8), and with the aid of audio backup recording, on the date and in the matter described on the first page thereof.

Signed and dated at San Francisco, California, this 16th day of April, 2024.

/s/ Jennifer Ferguson  
Jennifer Ferguson  
Official Hearing Reporter

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R E P O R T E R ' S C E R T I F I C A T E

I, the undersigned Official Hearing Reporter for the State of California, Department of Industrial Relations, Division of Workers' Compensation, hereby certify that my portion (page 20, line 12, through page 26, line 17) of the foregoing matter is a full, true and correct transcript of the proceedings taken by me in shorthand, and with the aid of audio backup recording, on the date and in the matter described on the first page, thereof.

Dated: April 16, 2024

/s/ Linda Shryack  
Linda Shryack  
Official Hearing Reporter  
Santa Rosa, California