Subcommittee on Physician-Dispensed Medication
Meeting Minutes
October 19, 2026
2:00 p.m.

1. Introductions

The Industrial Commission's Subcommittee on Physician-Dispensed Medication met in regular session with Chair Chris Wagener presiding. In attendance were Serena Sison with Concentra, Shellie Martin with Travelers, Attorney Jamie Arnold, Commission Secretary Mary McMenomey, Adam Fowler with MyMatrix, Kelly Bartholomew with WCF Insurance, Tiffany Grzybowski with Healthy Systems, Kelli Segroves with St. Lukes, Commission Analyst Michelle Wong, Commission Records Supervisor Kayla Pollard, Commission Analyst Eric Summers, Chair Claire Sharp, Commissioner Aaron White, Director Patti Vaughn, Tresa Brown with State Insurance Fund, and Commission Analyst Ann Young. The meeting was called to order at 2:07p.m. and the following agenda items were discussed.

2. Purpose of Subcommittee

Mr. Wagener reported that insurance companies are seeing an increase of prescriptions written with significant price tags. There are concerns within the insurance community that these costs are very high, and the benefit they are providing the injured worker is very low. Concerning the high prices of these prescriptions will increase the insurance costs for Employers. The purpose of this subcommittee is to review that injured workers are getting needed medications and employers not paying significantly more than what is available over the counter. Issues are specifically raised over lidocaine creams and patches. IDAPA was updated with caps on these items; however, these items can be modified slightly to fall outside of that cap and not be available over the counter. Mr. Wagener opened this topic to the floor for discussion and what can be presented to Advisory Committee for possible resolution.

3. Discussion

Tresa Brown reported on a lack of regulatory oversight for safety with physician-dispensed medication, seeing 60-300% more markups than identical drugs, inflating injured workers claims. Injured workers are telling the doctors they do not need these patches, but the injured workers are receiving these items as potential "swag," where the injured worker is being given a 30-day supply in a bag as they are leaving the doctor's office. Regulatory gaps allow physician dispensing without oversight; other states (MT, UT and TX) require emergency or rural exceptions and registration. Other states are struggling as well, but do not have any regulatory guidelines in place. Mr. Wagener explained how different manufacturer companies, owned by the same entity, are selling these prescriptions to self, doing a small mark-up and then selling to pharmacies for a mark-up. Ms. Brown reported Claimants advising of mass volumes of medications sitting on their shelves that were prescribed and are not being utilized.

Kelli Segroves advised of St. Luke's in-house bill reviewer reporting 5 non-generic medications being dispensed at a very high price. When inquiring about medical necessity to the providers, St. Lukes received response on what the medications were used for, not what the medical necessity was. Commissioner White inquired if this was happening in private medical practice as well as workers' compensation claims. Mr. Wagener advised this is happening more in workers' compensation claims, because insurance claims will deny the higher price.

Shellie Martin reported that she works with nurses who dispense medications in physicians' offices. These nurses reported that the medication dispensing can be a significant source of revenue for these practices. They have found that the Rx Sales representatives will handle the associated paperwork and provider complaints, they will submit the claims exclusively to workers' compensation insurance, rather than the private health insurance carriers.

Adam Fowler reported on changes placed in regulations capping at 130% last year were to help reduce the prescription dispensing but now there is an increase due to the non-one-for-one medication and seeing a difference in strengths.

Mr. Wagener reported on examples of diclofenac 1% available over the counter while 2% is the Rx, and lidocaine 5% is the Rx and 4% over the counter. How do we overcome these small differences. There is no problem with claimants being prescribed what they need, example of gym membership to help lower one's weight for surgery. The issue is prescribing unnecessary medications for a profit.

James Arnold made an inquiry into how this aligns with the med fee schedule. Ann Young advised when things are being paid at the Average Wholesale Price then that is in line with the med fee schedule. Ms. Young inquired if this is a widespread issue. Mr. Arnold advised inquiring as well. We will want to discuss these matters with doctors' association and the doctors who are prescribing these items. Mr. Wagener advised this is not the normal one or two instances. Shellie Martin reports on specific surgical offices in Nampa, Idaho Falls, Boise and Caldwell that are prescribing these medications. Kelli Segroves reported finding six doctors offices that are repeatedly prescribing, finding consistency with the same issuing doctors in Boise.

Mr. Arnold would like to see how other states are incorporating these medication regulations into their Statutes or IDAPA rules. Tresa Brown advised that she has data available and will send to Amy Berg or Mary McMenomey. Ann Young reported most states do allow physician-dispensed medications under certain circumstances, and they follow the Average Wholesale Price. Only a few physicians will only pass out samples. Ann Young inquired if there are any recommendations the committee would like to see the Commission make. Serena Sison advised Colorado struggling with the same situation and they tightened their prior authorizations on these prescriptions and compounds. Ms. Sison advised this could be a possible solution. Mr. Fowler advised there are some states that practice limits, limiting physician dispensing to day supply or have prior authorization limits or caps on types of medications. Ms. Martin would like to see same pricing at pharmacy, so the claim cost is not substantially higher. Patti Vaughn reported pricing at a pharmacy is determined by a PBM, and asked how could there be transparency or determination

made as to what it is being paid at a pharmacy. Ms. Martin advised possibly health ease can assist with this. Mr. Fowler reported most pharmacies go through PBM and many physician offices do not go through PBM. Idaho fee schedule is stricter on physicians. Mr. Wagener advised pharmacies do not want to hold onto high priced lidocaine prescriptions in hopes of being prescribed when over the counter medications are a cheaper option available.

Ms. Vaughn talks about when fee schedules were developed, we attempted to do physician dispensing limits regarding re-packaging, compounds and lowest therapeutic equivalent. Many agencies across the country are finding the same endless cycle, putting measures in place, and loopholes are still being found. Mr. Fowler reported that multiple providers know which drug has the higher price and will likely prescribe the higher. Private insurance does not have this issue as much as the workers' compensation, as private insurance does not allow these prescriptions and will deny them as not necessary and not covered. Many states have attempted to find resolution but are also struggling with the same endless cycle and loopholes being found.

Chris Wagener hopes with subcommittee and IDAPA review to find a way that we can prescribe things to claimants for things that they need, and not unnecessary prescriptions. Mr. Arnold inquired about the total number of outliers, noting that it appeared to be a small group. Tresa Brown advised less than five. Discussion ensued with this small amount that it should be able to control. Ms. Martin advised we need to find a physician that says this medication is not medically necessary. The problem lies where these medications are being handed to injured workers as they are leaving the doctor's office, and the insurance providers are not knowing medication was received until after the fact when the bill is received. Ms. Martin advised she would like to see no medications dispensed by the physicians' offices and is unsure if this would take legislative processes. Chris Wagener spoke to an additional challenge as the insurance companies are unable to deny for unreasonable pricing due to if later disputed through the med fee dispute process, the physician would receive the fee plus a 30% penalty.

4. Action Item: Next Steps

Tresa Brown will supply data link information to Amy Berg or Mary McMenomey. Kelli Segroves is to obtain information on cost differences at pharmacy for lidocaine patches and creams, and diclofenac patches. Chris Wagener will look at Colorado for information regarding their caps in place. And we will reconvene at a later time to find the path forward if we want to have prior authorizations on physician-dispensed medications, or caps, whether it is through Legislature or an IDAPA change. Adam Fowler will check other states (GA, SC, CO and AK) to see what they have in place regarding topicals. Kelli Segroves advised Dr. Johns has put together information regarding these prescriptions and will provide this information. Kelli Segroves provided information on a CA utilization review, and not once did they advise these medications were reasonable and necessary. Adam Fowler spoke on CA having a different structure fee schedule based on the state's Medicaid system; they are seeing issues with topicals and loopholes. CA does have a formulary and discussion has ensued regarding the same loopholes.

5. Adjournment – With no further new business, Chair Wagener adjourned meeting at 3:02pm.

APPROVED:

Claire Sharp

Claire Sharp, Chair

__Unavailable to Sign_____
Aaron White, Commissioner

George Gutierrez, Commissioner

INDUSTRIAL COMMISSION SEAL STATE OF IDAHO

ATTEST:

Mary McMenomey

Mary McMenomey, Commission Secretary