

HEADQUARTERS

1149 Court Street NE
Salem, OR 97301-4030

Salem 503-588-0050
Portland 503-227-5636
Oregon 800-452-7862
FAX 503-588-0052
E-mail: aoi@aoi.org
Web page: www.aoi.org



May 23, 2006

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Mr. Fred Bruyns, Rule Coordinator
Workers' Compensation Division
350 Winter Street NE, Room 27
Salem OR 97310

RE: Proposed Rule Change on OAR 436-010-0230(6)

Dear Mr. Bruyns:

Please allow this letter to serve as our testimony in opposition to this proposed rule change. The proposed rule change is unwarranted and in our opinion could have unintended consequences as it relates to the cost of prescription drugs in the workers' compensation system.

OAR 436-010-0230(6) proposes to lift the 10-day limit physicians have to dispense medications. The rule, as proposed, would allow physicians to dispense prescription drugs to injured workers for the life of the claim.

As I'm sure you are aware, prescription drugs compose a significant cost to the medical delivery system whether it is in group health insurance or in workers' compensation. At a time when your agency is looking at ways to control the cost of medical care while maintaining quality, this rule seems to be going in the opposite direction of that initiative.

Oregon has a delicate balance between the cost of the system and benefits to the workers. We believe your proposal understates the financial impact. It seems to assume that dispensing would be consistent with today's practices.

In our brief research on this topic, we found vendors targeting physicians promising to increase the physicians' revenues by increased distribution of medications from the office. An industry of repackaging exists to assist physicians desiring to take this approach.

In our view the current rule appropriately protects workers and allows for the cost control measures that exist within pharmacy networks.

On behalf of the members of AOI, we oppose any change to the existing rule on physician dispensing of medication.

Sincerely,

Lisa M. Trussell
Vice President, Administration

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EXHIBIT
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