Physician Dispensing Across the Country

Nearly every state in the union allows physician dispensing in some shape or form. Some states have, or are in the process of, taking action to restrict the practice by limiting the medications allowed and/or capping reimbursement rates for workers’ compensation.

Legal Restrictions (Practice Act) and Workers’ Compensation Controls

Arkansas requires dispensing physicians to secure a specific permit and prevents reimbursement for dispensing fees. Delaware strongly limits physician dispensing of any controlled substance, and for workers’ compensation, physicians must provide the original National Drug Code (NDC) and are not reimbursed a dispensing fee. Florida prohibits the dispensing of any CII or CIII medication from a doctor’s office (with exceptions) and establishes a specific fee schedule for workers’ compensation. Kentucky limits office dispensing of Hydrocodone Combination Products and prohibits reimbursement of a dispensing fee to physicians, while requiring the usage of the original NDC. New York limits physician dispensing to 72 hours and requires reimbursement to be based upon the original NDC. Tennessee restricts dispensing of controlled substances, requires reimbursement to be based upon the original NDC, and also states that a physician should not receive a dispense fee.

No Restrictions

Iowa, Maine, Maryland, Missouri, Nebraska, Nevada, New Hampshire, North Dakota, South Dakota, Vermont, Washington, D.C., and Wyoming do not have specific rules in place to restrict physician dispensing legally or limit reimbursement to physician dispensers in workers’ compensation.

Legal Restrictions (Medical/Pharmacy Practice Act Restrictions)

Louisiana, Massachusetts, Minnesota, Montana, New Jersey, Texas, Utah, and Virginia either prohibit physician dispensing or limit the practice to only special exemptions, such as provider availability, certain medications or treatments, or in connection with surgery or rehabilitation treatments. Massachusetts, Texas, and Utah restrict dispensing to extremely limited circumstances. Montana and New Jersey permit limited dispensing related to pharmacy availability, and Louisiana and Virginia have specific licensure requirements for dispensing physicians.

Allowed with Workers’ Compensation Reimbursement Restrictions

- Alaska, Arizona, California, Connecticut, Georgia, Hawaii, Michigan, and South Carolina all permit physician dispensing but restrict reimbursement to the existing fee schedule and base reimbursement upon Average Wholesale Price (AWP) of the original manufacturer’s NDC, not the NDC of the dispensed repackaged medication.
- Alabama, Idaho, Mississippi, and Oklahoma permit physician dispensing, but limit reimbursement to the existing fee schedule based upon the original manufacturer’s NDC, but prohibit the dispensing physician from receiving a dispensing fee.
- Colorado restricts reimbursement to fee schedule based upon the original manufacturer’s NDC, but only after 30 days from date of injury.
- Illinois limits reimbursement to AWP of the original manufacturer’s NDC plus a dispensing fee of $4.18.
- Indiana requires reimbursement to be based on the fee schedule of the original manufacturer’s NDC and limits reimbursement to the first seven days from date of injury.
- Kansas requires physician-dispensed medications to be reimbursed the same as pharmacies, based on the original manufacturer’s NDC, but also requires prior approval of the payer.
- New Mexico limits reimbursement for physician dispensed medications to the pharmacy fee schedule, but does not permit reimbursement of dispensing fee and restricts physician dispensing to 10 days for a new prescription.
- North Carolina permits physician dispensing and restricts reimbursement to fee schedule based upon the original manufacturer’s NDC, but also restricts reimbursement for any CII or CIII medications to the first five days supply upon initial treatment.
- Ohio restricts reimbursement for repackaged drugs provided to injured workers requiring use of original manufacturer’s NDC, while permitting denial of reimbursement for physician dispensing.
- Oregon restricts ability to dispense by a physician to only 10 days from date of injury, except in an emergency.
- Pennsylvania restricts reimbursement for physician dispensed medications to the fee schedule based upon the original manufacturer’s NDC, and further restricts reimbursement for all CII medications to the first seven days from initial treatment and all other prescription medications to 30 days from initial treatment.
- Rhode Island physicians cannot bill for dispensed medications – only injectable medications.
- Washington does not pay for any repackaged medication or physician dispensed medications dispensed to an injured worker.
- West Virginia prohibits reimbursement for physician dispensing of legend drugs unless in the case of an emergency.
- Wisconsin states that a dispensing fee is payable only to pharmacies.

Current as of February 2015