

Workers' Comp **PHARMACY COSTS RISING**

THE WORKERS' COMPENSATION SYSTEM'S SPEND ON PRESCRIPTION DRUGS IS JUST 2% OF THE TOTAL PHARMACEUTICAL MARKET. BUT PAYERS AND INSURERS WITHIN THIS SECTOR ARE BECOMING MORE SOPHISTICATED ABOUT DRUG USAGE AND MANAGEMENT.

Total spend for drugs in the workers' compensation arena is expected to be \$5.5 billion in 2007 and represents 15% of total medical costs associated with workers' compensation. This is the fastest growing component of the system's medical expense.

The use of generic drugs is significant in workers' compensation, and pharmacy benefit managers, insurers, and employers are often limited by the measures they can put in place to manage costs.

"Workers' compensation medical coverage is

first dollar, every dollar," says Joseph Paduda, principal of Health Strategy Associates. "Any medical costs related to a workers' compensation injury or illness are paid in full by the insurance company or employer. There are no deductibles, and there are no copays. There is no cost sharing of any kind, with a couple of minor exceptions."

In workers' compensation, the real consideration is whether the drug in question is being used for a condition that is related to the work injury, says Robert Bonner, M.D., VP and medical director, property-casualty claims, The Hartford Financial Services Group Inc.

About 90% of the drugs in workers' compensation are for pain or related to pain, such as anti-inflammatory products or muscle relaxants.

"We have an opportunity and responsibility to review drugs for injury relatedness," Dr. Bonner says. "To that end, we worked with our pharmacy benefit manager to establish proprietary formularies that take into account illnesses or injuries commonly seen in workers' compensation."

He says one of The Hartford's commonly reimbursed drugs is OxyContin.

"It would be unusual to have a long-acting narcotic prescribed within the first 30 or 45 days of injury," he says. "So for our early formulary, we include shorter-acting narcotics, oxycodone with acetaminophen, Percocet, or acetaminophen with codeine. We would include the longer-acting narcotics on a more chronic condition formulary."

Dr. Bonner says pain medications, especially narcotics, account for 40% of The Hartford's pharmacy costs.

"In past years, we have had very high costs around OxyContin and Neurontin specifically, but we have seen those specific branded drugs fall off primarily in favor of their generic equivalents," he says. "Introduction of generic equivalents for higher-cost branded drugs have help to contain costs to some extent."

OFF-LABEL CONCERNS

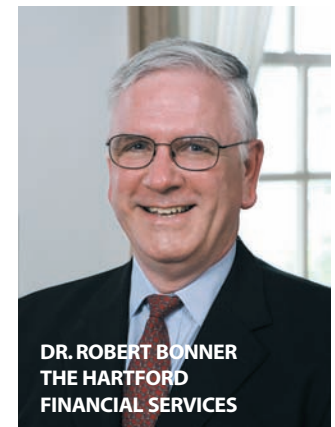
Pharmacy benefit managers and insurers are looking for ways to address what they consider to be the inappropriate use of off-label indications of prescription drugs.

"In the workers' comp arena, we deal with pain management and not chronic medical conditions such as diabetes or heart disease," Dr. Bonner says. "In this world, physicians are attempting to use a number of adjunct drugs to manage pain rather than narcotics or drugs in combination with narcotics. Gabapentin and Lyrica, for example, have been shown to have some impact for



VICKI WHEELER
EXPRESS SCRIPTS

Generic use is a hot button in the workers' comp arena.



DR. ROBERT BONNER
THE HARTFORD
FINANCIAL SERVICES

We are tremendously concerned by the high use of narcotics within workers' compensation; 80% of our top 25 drugs are medications that are focused on relief of pain and include both labeled and off-label uses.



JOSEPH PADUDA
HEALTH STRATEGY
ASSOCIATES

There is a palpable anger in the industry about inappropriate off-label drug use. There is a desire to fix this as soon as possible.

people who have certain types of neuropathic pain."

Off-label drug use in general, and the specific off-label use of Actiq and Fentora, which are FDA approved for breakthrough cancer pain, are concerns for The Hartford, Dr. Bonner says.

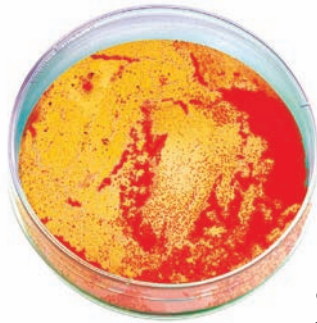
He says his group is witnessing an increasing number of attempts to prescribe Actiq for patients who face chronic pain situations. The Hartford has realized increasing costs for Actiq,

which have gone up 70% per pill between 2005 and 2006. Actiq is one of the most expensive drugs per dose, and it falls seventh in total workers' comp drug payments by The Hartford (see chart on the next page).

"Use of these potent pain drugs — Actiq and Fentora — can be a good short-term solution," Dr. Bonner says. "But we've looked at the published literature, and there is little that supports the use of these drugs for noncancer pain."

PAIN MEDICATIONS DOMINATE FORMULARY

IN 2006, 17 OF THE TOP 25 DRUGS ON HARTFORD'S WORKERS' COMP PLAN ARE INDICATED FOR PAIN OR PAIN-RELATED CONDITIONS.



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A study released in January 2007 by PBM Prime Therapeutics found only slightly more than 10% of the patients receiving Actiq over a three-month period in 2005 were cancer patients. Nearly 90% of Actiq prescriptions in this study were off-label.

Mr. Paduda says more than one-fifth of Actiq's sales can be attributed to workers' comp patients.

"There is a palpable anger in the workers' comp industry about inappropriate off-label drug use," he says. "There is a desire to fix this as soon as possible."

PHYSICIAN BEHAVIOR

At least one workers' comp PBM, Express Scripts Inc., began a program designed to leverage the physician's role in driving down prescription drug costs.

The program, which started in January 2007, is being run by the company's workers' comp division. ExpressComp's Physician Outreach Program (POP) is a clinical-based module that encourages physicians and injured workers to consider using generic alternatives when appropriate.

"Physician behavior is one of the key factors impacting overall costs on the workers' compensation side," says Vicki Wheeler, senior director of ExpressComp. "We help to communicate with our physicians through our outreach program."

She says the company knows when a medication is going to move to generic status.

"Several months ahead of time, we start communicating with our physicians," Ms. Wheeler says. "We are able to review their prescribing patterns through our reporting mechanisms and we send letters out alerting them to the fact that a medication is going to be generic."

Although Ms. Wheeler says there are no data yet on how effective the program is for controlling workers' compensation pharmacy costs, one pilot program realized a huge increase in generic use.

THE HARTFORD'S TOP 25 DRUGS IN WORKERS' COMP IN 2006

Drug Name	Abbreviated Indication	RANK		COST INCREASE
		2006	2005	2006 vs 2005
Lidoderm	PHN pain	1	4	9%
Hydrocodone*	Pain	2	3	(2%)
Oxycodone*	Pain	3	7	1%
Celebrex	Arthritis pain	4	5	1%
OxyContin	Pain	5	1	26%
Gabapentin*	Seizures	6	2	0%
Actiq	Cancer pain	7	6	70%
Lyrica	Nerve pain	8	NR	(3%)
Fentanyl*	Pain	9	13	10%
Ambien	Insomnia	10	10	8%
Skelaxin	Musculoskeletal pain	11	11	9%
Tramadol*	Acute pain	12	12	(5%)
Duragesic	Pain	13	9	11%
Cyclobenzaprine*	Muscle spasms/pain	14	15	4%
Mobic	Arthritis	15	8	13%
Oxyco/Apap*	Pain	16	19	5%
Carisoprodol*	Muscle pain	17	14	5%
Cymbalta	Depression	18	25	5%
Topamax	Migraines	19	16	8%
Naproxen	Arthritis	20	21	0%
Tizanidine*	Spasticity	21	17	(4%)
Avinza	Chronic pain	22	22	(1%)
Effexor	Depression	23	18	12%
Percocet	Pain	24	NR	19%
Kadian	Chronic pain	25	NR	19%

Notes: * Generic; NR = not rated

Source: The Hartford Financial Services Group Inc., Hartford, Conn. For more information, visit thehartford.com.

"The goal is to educate and drive generics," she says.

Since 2001, generic drug use for Express Scripts' workers' compensation clients has grown from 52% of all prescriptions to 68%.

Ms. Wheeler says Express Scripts offers a variety of different clinical programs.

"We are able to leverage the experience the

company has on the group health side with its clinical programs and then tweak those learnings to meet the needs of our workers' compensation clients." ♦

PharmaVOICE welcomes comments about this article. E-mail us at feedback@pharmavoice.com.

Experts on this topic

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ExpressComp, Express Scripts Inc., St. Louis; Express Scripts is one of the largest pharmacy benefit management (PBM) companies in North America, providing PBM services to more than 50 million patients through facilities in 13 states and Canada. For more information, visit expressscripts.com.

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