Medication Trends Shaping Workers' Compensation in Michigan

Presented by
Brian Allen, Vice President, Government Affairs, Progressive Medical, Inc.

Prescriptions, Policy, and Politics

Trends in Prescription Drug Use in Workers' Compensation Nationally and in Michigan

Presented by
Brian Allen
Vice President, Governmental Affairs

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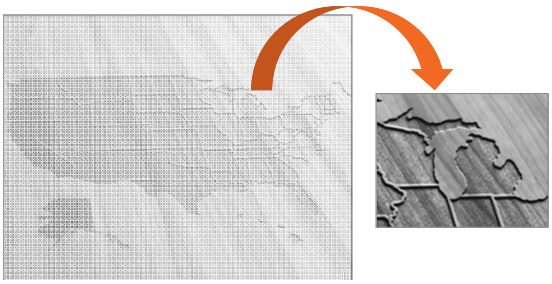
National and Local



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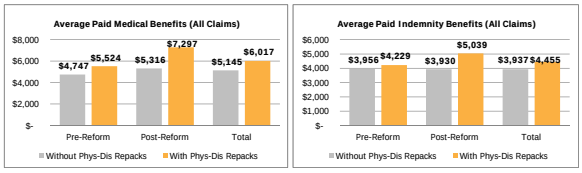
MEDICATION CHALLENGES NATIONALLY

Physician Dispensing and Repackaged Medications



Source: CWCI Research Brief February 2013, Differences in Outcomes for Injured Workers Receiving Physician-Dispensed Repackaged Drugs in the California Workers' Compensation System, Swedlow, et al.

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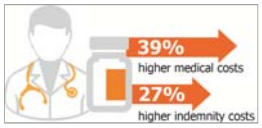
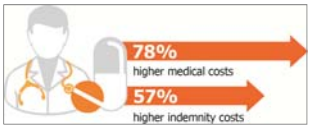
Physician Dispensing and Repackaged Medications

Illinois Study Comparing Physician Dispensed vs. Pharmacy Dispensed Medications

Claims with at least one physician dispensed medication



Claims with a physician-dispensed opioid within 90 days



Source: Journal of Occupational and Environmental Medicine, Volume 56, Number 5, May 2014, Effect of Physician-Dispensed Medication on Workers' Compensation Claim Outcomes in the State of Illinois, White, et al.

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Compounded Medications

2013	2012
0.53% of all prescription medications	**0.60%** of all prescription medications
3.81% of total drug spend	**2.08%** of total drug spend

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Compounded Medications

On average, there are **four to five common topical ingredients** in compounded medications.

Therapeutic Classes	Commonly used agents
NSAIDs	Ibuprofen, Diclofenac, Ketoprofen, Flurbiprofen
Opioids	Tramadol
Local Anesthetics	Lidocaine, Benzocaine, Ketamine
Antidepressants	Amitriptyline, Nortriptyline
Anticonvulsants	Gabapentin, Lyrica
Skeletal Muscle Relaxants	Cyclobenzaprine, Baclofen
Other Topical Analgesics	Capsaicin, Menthol, Methyl Salicylate, Clonidine

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Opioids

- US consumes over 80% of the world's opioids
- CDC declared opioid overdose deaths an epidemic in 2011
- Half of all drug overdose deaths involve opioids
- Use is flattening out in workers' compensation

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Medical and Recreational Marijuana

- Still a Schedule I drug
- High potential for abuse
- No currently accepted medical uses
- Lack of accepted safety for use under medical supervision
- Impact on workers' compensation claims

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Colorado makes $7.5M in pot revenue in July
Colorado.gov – Department of Revenue

Obama Says Marijuana Is No More Dangerous Than Alcohol
Headline from Huffington Post, January 25, 2014

Eric Holder Says DOJ Will Let Washington, Colorado Marijuana Laws Go Into Effect
From Article on CNN.com on August 30, 2013

Managing Pharmacy Care for Injured Workers

- Resistance to direction of care
  - Injured workers
  - Providers
- Comfort level with current providers
- Attempts to manage costs via fee schedule
- Lack of understanding of the benefits

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"Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly and applying the wrong remedies."
- Groucho Marx

POLITICAL INFLUENCES IMPACTING LEGISLATIVE CHANGE

Political Influences Impacting Legislative Change

Economic Development

Labor Concerns

Provider Concerns

Public Perception

Lobbying

- Attracting businesses and jobs to the state
- Cost of doing business for existing business
- Freeing capital for creating jobs

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Political Influences Impacting Legislative Change

Economic Development

Labor Concerns

Provider Concerns

Public Perception

Lobbying

- Florida Case – Cortes v Velda Farms, *August 2014*
- Political Horse Trading - Raising Indemnity Benefits

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Political Influences Impacting Legislative Change

Economic Development

Labor Concerns

Provider Concerns

Public Perception

Lobbying

- Fee Schedule Cuts
- Bureaucratized Practice of Medicine

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Political Influences Impacting Legislative Change

Economic Development

Labor Concerns

Provider Concerns

Public Perception

Lobbying

- Election year politics
- Re-election concerns
- Public expectations of care when injured

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Political Influences Impacting Legislative Change

Economic Development

Labor Concerns

Provider Concerns

Public Perception

Lobbying

- Florida Example - $3 million in campaign contributions over four years
- Balancing Concerns
  - Injured Workers
  - Employers
  - Payers
  - Labor Unions
  - Medical Providers
  - Ancillary Service Providers
  - Attorneys

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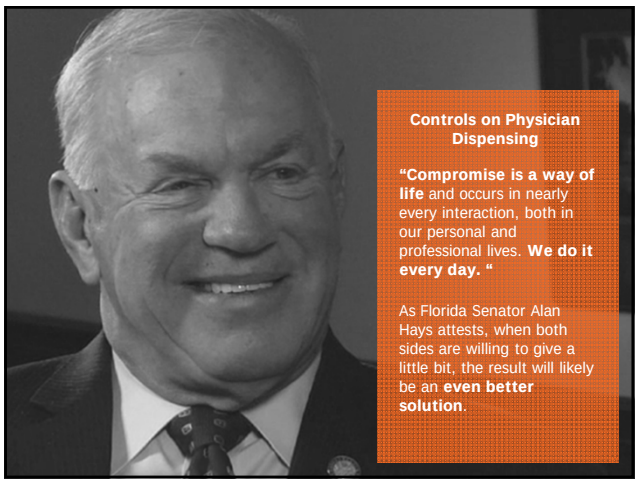

Controls on Physician Dispensing

"Compromise is a way of life and occurs in nearly every interaction, both in our personal and professional lives. **We do it every day. "**

As Florida Senator Alan Hays attests, when both sides are willing to give a little bit, the result will likely be an **even better solution**.

Controls on Physician Dispensing

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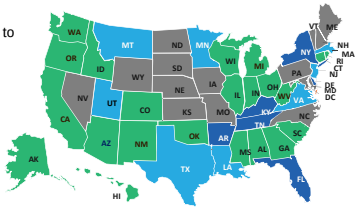
Caps on Repackaged Medication Reimbursement

- Pennsylvania Legislation
- North Carolina Amendment to Budget Bill



Workers' compensation statutes/regulations limit physician dispensing and/or repackaging (Restrictions on dispensing, billing and/or reimbursement)

No clear legal or workers' compensation limits on physician dispensing and/or repackaging

Legal restrictions (Practice Act) in addition to workers' compensation controls

Legal restrictions on physician dispensing (Medical/Pharmacy Practice Act restrictions)

Note – States such as AR, DE, FL, KY, NY, and TN have overlapping workers' compensation and state Practice Act controls

Data – Reflects published state statutes/regulations/case law on Physician Dispensing/Repackaging

Current as of July 2014

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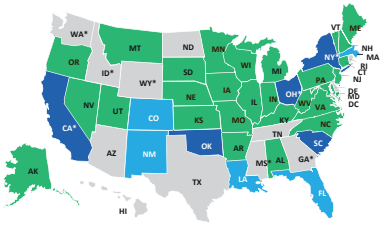
Controls on Compounded Medications

- Georgia
- Mississippi
- Oklahoma



Not addressed by specific WC Regulations/Fee Schedules

Unique state compound reimbursement/billing qualifiers and/or provisions

Individual ingredient(s) NDC required on compound bills

Language explicitly permits denial of reimbursement for individual ingredients lacking an NDC

* Additional state regulatory/statutory language regarding billing and reimbursement for compounds (including doctor dispensed compounds)

Data – Reflects published statutes/regulations/fee schedules related to workers' compensation compounded drug billing/reimbursement

Current as of July 2014

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Medication Rescheduling

DEA moves Hydrocodone Products to Schedule II

DEPARTMENT OF JUSTICE
Drug Enforcement Administration
21 CFR Part 1308
[Docket No. DEA-389]
Schedules of Controlled Substances: Rescheduling of Hydrocodone Combination Products From Schedule III to Schedule II
AGENCY: Drug Enforcement Administration, Department of Justice.
ACTION: Final rule.

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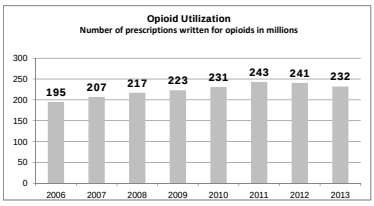
Opioid Controls

- Closed Formulary
- Ohio
- Washington
- PDMPs

Efforts Are Making An Impact



Source: IMS Health Journal Sentinel

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Medical and Recreational Marijuana

Medical Marijuana
- 20 states and the District of Columbia have approved the use of medical marijuana
- Utah and Cannabis Oil
- Florida Ballot Initiative

Recreational Marijuana
- Colorado and Washington
- 2014 Ballot Initiatives - Oregon, DC, Alaska Michigan Cities
- The 2016 Horizon – California, Arkansas, Ohio, Montana, New Hampshire, Missouri, Minnesota

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Choice of Pharmacy Legislation

- Maryland
- New York
- Alabama
- Arizona
- Iowa (general provider choice)
- Missouri
- Mississippi
- West Virginia

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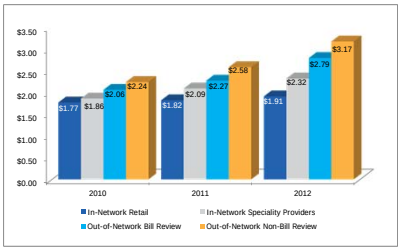
Choice vs. Directed Pharmacy Networks

Benefits of Directed Networks
- Allow immediate application of PBM clinical tools
- Ensure compliance with treatment guidelines, generic mandates, and closed formulary
- Quick access to data and trending tools to prevent run-away claims
- Reduce paper bills, duplicate billing, and associated administrative costs
- Enable lower transaction costs due to PBM contract rates



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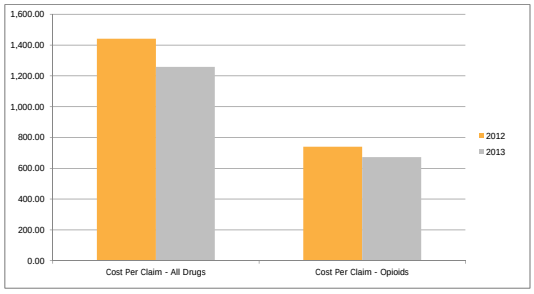
Physician Dispensing Change in 2012



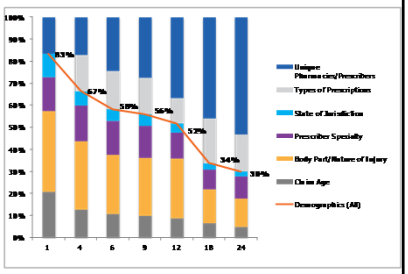
The Workers' Compensation Research Institute is currently doing an analysis of Michigan data. If the data tracks like other states post reform, the WCRI study should indicate reduced costs.

WARNING: Gaming the Manufacturer's NDC

WHAT ELSE CAN MICHIGAN DO?

Encourage/Require Managed Care

- Lower Pharmacy Costs
- Reduce Administrative Burden
- Improve Overall Claim Outcome
- Predictive Analysis



Predictive power of variables change over time.

What Else Can Michigan Do?

Compounded Medications

- Implement Gate-keeping Tools
  - Pre-Authorization
- Rationalize Reimbursement
- Demonstrated Efficacy

Opioid Analgesics

- Intelligent Use of PDMP Data
- Drug Monitoring
- Stricter Prescribing Guidelines
- Closed Formulary with PBM Overlay - Best of Both Worlds

The percentage of injured workers using prescription medications who used opioid analgesics decreased to 62.1%

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Thank you!

Brian Allen
Vice President, Governmental Affairs
brian.allen@helioscomp.com

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