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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### MEDICATION CHALLENGES NATIONALLY

**Physician Dispensing and Repackaged Medications**

<table>
<thead>
<tr>
<th></th>
<th>Pre-Reform</th>
<th>Post-Reform</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Paid Medical Benefits (All Claims)</strong></td>
<td>$3,956</td>
<td>$3,930</td>
<td>$3,937</td>
</tr>
<tr>
<td></td>
<td>Without Phys-Dis Repacks</td>
<td>$8,707</td>
<td>$8,827</td>
</tr>
<tr>
<td></td>
<td>With Phys-Dis Repacks</td>
<td>$7,297</td>
<td>$6,017</td>
</tr>
<tr>
<td><strong>Average Paid Indemnity Benefits (All Claims)</strong></td>
<td>$5,039</td>
<td>$4,455</td>
<td>$4,919</td>
</tr>
<tr>
<td></td>
<td>Without Phys-Dis Repacks</td>
<td>$3,906</td>
<td>$4,229</td>
</tr>
<tr>
<td></td>
<td>With Phys-Dis Repacks</td>
<td>$1,135</td>
<td>$1,600</td>
</tr>
</tbody>
</table>

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


Compounded Medications

- **2013**
  - 0.53% of all prescription medications
  - 3.81% of total drug spend

- **2012**
  - 0.60% of all prescription medications
  - 2.08% of total drug spend

Compounded Medications

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

<table>
<thead>
<tr>
<th>Therapeutic Classes</th>
<th>Commonly used agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSAIDs</td>
<td>Ibuprofen, Diclofenac, Ketoprofen, Flurbiprofen</td>
</tr>
<tr>
<td>Opioids</td>
<td>Tramadol</td>
</tr>
<tr>
<td>Local Anesthetics</td>
<td>Lidocaine, Benzocaine, Ketamine</td>
</tr>
<tr>
<td>Antidepressants</td>
<td>Amitriptyline, Nortriptyline</td>
</tr>
<tr>
<td>Anticonvulsants</td>
<td>Gabapentin, Lyrica</td>
</tr>
<tr>
<td>Skeletal Muscle Relaxants</td>
<td>Cyclobenzaprine, Baclofen</td>
</tr>
<tr>
<td>Other Topical Analgesics</td>
<td>Capsaicin, Menthol, Methyl Salicylate, Chloraline</td>
</tr>
</tbody>
</table>

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
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

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

“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

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

- Labor Concerns

- Provider Concerns

- Public Perception

- Lobbying

Economic Development

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

Political Influences Impacting Legislative Change

- Fee Schedule Cuts
  - Bureaucratized Practice of Medicine

- Labor Concerns

- Provider Concerns

- Public Perception

- Lobbying

Political Influences Impacting Legislative Change

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

- Labor Concerns

- Provider Concerns

- Public Perception

- Lobbying
Politic influences impacting legislative change

► Florida example - $3 million in campaign contributions over four years
► Balancing concerns
  - Injured workers
  - Employers
  - Payers
  - Labor unions
  - Medical providers
  - Ancillary service providers
  - Attorneys

Lobbying

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.
Caps on Repackaged Medication Reimbursement

- Pennsylvania Legislation
- North Carolina Amendment to Budget Bill

Controls on Compounded Medications

- Georgia
- Mississippi
- Oklahoma

Medication Rescheduling

DEA moves Hydrocodone Products to Schedule II

Opioid Controls

- Closed Formulary
- Ohio
- Washington
- POMPs

Efforts Are Making An Impact

Opioid Utilization

Source: NJ Health Journal Sentinel
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

Choice of Pharmacy Legislation

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

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 runaway claims
- Reduce paper bills, duplicate billing, and associated administrative costs
- Enable lower transaction costs due to PBM contract rates

TRENDS IN MICHIGAN WORKERS' COMPENSATION
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

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**Encourage/Require Managed Care**

- Lower Pharmacy Costs
- Reduce Administrative Burden
- Improve Overall Claim Outcome
- Predictive Analysis
What Else Can Michigan Do?

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

- Rationalize Reimbursement

- Demonstrated Efficacy

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

Thank you!

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