# Escalating Pharmaceutical Costs in Workers Compensation: *One Clinical Solution*

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Pharmaceutical (Rx) costs have been recognized as a significant element of medical expenses by all observers of the workers compensation (WC) industry. Physician dispensing practices, the need for pain management and the rising use of opioid medications, and diversion of prescribed drugs to others all contribute to this trend. These and other factors help explain why medical expenses now exceed indemnity expenses (58 percent versus 42 percent) for the typical WC claim.[1]

Broadspire and other TPAs have introduced a number of strategies to help manage the factors contributing to rising Rx costs in WC, including:

- Drug formularies, with prior authorization of non-formulary agents
- Use of pharmacy benefit managers (PBMs)
- Drug guidelines
- Encouraging or mandating use of generics and step therapy
- Urine drug monitoring
- Drug utilization review with targeted interventions
- Alternatives to drug therapy, such as psychosocial interventions including cognitive behavior therapy (CBT) and functional restoration programs
- Addiction treatment

The integrated application of the above strategies has produced a demonstrable benefit in pharmacy cost containment and improved clinical outcomes, in Broadspire's experience. However, one of the most productive and effective tools Broadspire has implemented to effectively impact this alarming trend is peer review. This paper further describes this proven clinical intervention and the measurable results Broadspire has achieved with its Rx peer review program.

## Prescription drug costs, opioid use continue to increase

Rx costs, based on the most recent trends, have climbed to 19 percent of total medical expenses, according to the 2011 NCCI Workers Compensation Prescription Drug Study.[2] This same NCCI analysis further reveals that Rx cost per claim increased by 12 percent in the most recent year with completed data (2009). These costs appear to be driven more by escalations in drug utilization than by increases in unit price.

The study also highlights the role of physician dispensing (physicians supplying and billing for drugs provided to patients in their own offices). This practice is increasing in almost all states and is unquestionably raising the average Rx cost per claim.

These trends are inextricably linked to the dilemma of pain management in WC, and the justifiable concern about the use and abuse of opioid drugs. Pain treatment costs are estimated to represent $5 billion to $7 billion (17 to 23 percent) of the $30 billion in annual WC medical payments. Pharmacy costs constitute $2.3 billion of chronic pain costs, of which $1.4 billion are spent on opioids (narcotics).[3]

Of course, concerns about drug utilization do not revolve entirely around cost. The safety and well-being of WC claimants is of paramount importance. Regrettably, unintentional drug overdoses rocketed upward by 100 percent from 1970 to 2007, and prescription opioids are now responsible for more deaths than cocaine and heroin combined.[4]

Physicians have been prescribing higher daily doses of opioids than ever before. The standard metric for measuring aggregate opioid intake daily is the "morphine equivalent dosage," or

MED, which raises a red flag when it exceeds 120 mg. It is no longer unusual to see injured workers (IWs) receiving 1000-3000 milligrams MED daily.

Another problematic element is drug diversion: the inappropriate funneling of an IW's prescribed medications to others, often motivated by profit. It is estimated that drug diversion is a $25 billion industry in the U.S.[5] Results of urine drug monitoring reveal that 37 percent of IWs with opioid prescriptions have no measurable opioids on board.[6]

## Comprehensive Rx peer review pinpoints issues

One of the most productive and effective clinical tools to help mitigate the problems associated with prescription drug management in WC is peer review, in the form of a comprehensive pharmacy review by a pain specialist linked to a teleconference with a treating physician ("peer-to-peer"). Broadspire maintains an in-house medical department, including a fully credentialed, board-certified panel of almost 200 physicians. The panel includes physicians with expertise in orthopedics, anesthesiology, internal medicine, occupational medicine, and physical medicine and rehabilitation, all of whom may be utilized to perform comprehensive Rx reviews.

Referrals are generated via case manager and/or adjuster requests, data triggers originating from pharmacy reports, and medical service utilization patterns. Broadspire offers this product both to its internal TPA clients, as well as external clients, such as PBMs.

The reviewing physician is provided with the IW's detailed prescription history (drugs, dosages, refill frequency and amounts) and other pertinent medical records. After concluding the file review, the peer reviewer initiates calls to one or more treating physicians, making several attempts as needed in order to secure contact for additional information and discussion. Peer-to-peer contact is successfully achieved in 79 percent of cases. Failing that, the reviewer completes his or her report based on available medical documentation.

Reviewing physicians are trained and monitored to ensure that the peer-to-peer conversation is collegial and not adversarial, solicits additional insight into the IW's drug usage and related clinical issues, and, ideally, achieves a meeting of the minds on the IW's optimal drug regimen going forward.

Broadspire's medical department ensures that review determinations are solidly grounded in current and defensible evidence-based medicine (EBM) guidelines. Our guidelines for drug therapy are a blend of proprietary research (supported by our multi-disciplinary physician review panel), state and national guidelines (e.g. ODG), and input from clinical pharmacologists at our partner PBMs.

These drug guidelines must, and do, incorporate all relevant therapy classes used in WC. The standard drugs used for pain include non-steroidal anti-inflammatory agents, opioids, anticonvulsants, muscle relaxants, and local anesthetics. This represents approximately 70 percent of drug costs.[7] Anti-depressants, often used for neuropathic pain, represent an additional 5 percent of total drug costs. Finally, another 5 percent is contributed by drugs used to counteract the side effects of pain medications, such as erectile dysfunction agents, testosterone, and anti-ulcer drugs.

Our guidelines explicitly address the criteria for appropriate use of all of these therapy classes, significant potential adverse effects, and titration (weaning) schedules for safe withdrawal from dependency-inducing medications. The completed comprehensive Rx report systematically addresses each and every medication the IW is taking, answering the following questions:

- Is each drug medically appropriate and necessary (causal relatedness, dosage, duration and format, adverse effects, quality of life, functional status, abuse/misuse, interactions with other drugs)?
- Should the drug be continued or modified (termination of drug, dosage reduction, conversion to a generic, etc.)?
- Is the content of the peer-to-peer discussion documented, as well as the treating physician's intent with respect to the reviewer's recommendations? Is there agreement on changes to the drug regimen?

Additionally, the reviewing physician may comment on alternative non-pharmacological approaches that may be helpful in managing the claim, such as referral to a pain specialist, CBT, addiction treatment, and so on.

The Rx report generally is completed within 5 to 7 days of the date of referral and submitted to the requestor for timely further action.

## Final reports propose solutions, offer high ROI

Broadspire has tracked the outcomes of Rx reviews and documented their dramatically favorable impact: 87 percent of the reviews identify opportunities for drug regimen modifications that yield greater consistency with EBM guidelines, enhanced safety, and/or cost containment. The average return-on-investment for peer reviews of this type has been established as $48.90/$1.00.

In summary, Broadspire's comprehensive Rx review product is a valuable tool to promote clinically sound prescribing patterns, while concurrently mitigating the escalation of drug costs. It is driven by continually updated EBM guidelines applied by experienced physician reviewers conducting peer-to-peer conversations that generate definitive recommendations and actionable outcomes. This tool can be flexibly implemented to meet diverse clients' needs for effective pharmacy management.

## References


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Dr. Jacob Lazarovic directs the Medical Department at Broadspire. The department produces clinical guidelines and criteria that support sound medical claim and case management practices; participates in analysis, reporting and benchmarking of outcomes and quality improvement initiatives; develops educational and training programs that update the clinical knowledge and skills of claim professionals and nurses; provides expertise that enhances the medical bill review process; and operates a comprehensive and unique in-house physician review (peer review) service.

Dr. Lazarovic held several senior medical management positions at companies including HealthAmerica, Blue Cross/Blue Shield of Florida and Vivra Specialty Partners before joining Broadspire seven years ago. His responsibilities have encompassed network development and contracting, utilization and quality management, reimbursement programs and managed care oversight. Dr. Lazarovic has published extensively, including a recent chapter in the Handbook of Complex Occupational Disability Claims.

A board-certified family physician, Dr. Lazarovic attended medical school and completed residency training at McGill University in Montreal, Canada, and practiced family and emergency medicine before entering into full-time medical management.

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