Managing the Cost of Specialty Drugs
A Guide for Workers’ Compensation Self-Insurers
Tuesday, October 7, 2014, 1:45 - 3:00 p.m.
Presented by Tron Emptage, R.Ph., Helios

Discussion Points

• Defining Specialty Medications
• Concerns in Workers’ Compensation
• Disease States for Specialty Medications
• Medications We’re Worried About
• Utilization Control
DEFINING SPECIALTY MEDICATIONS

Although there is no standard industry-wide definition, specialty drugs are considered “special for one reason or another. In general, they’re high cost and “high touch” because of their complexity and unique requirements. Keep in mind that the Food and Drug Administration (FDA) doesn’t decide which drugs are considered “specialty,” but drug companies and insurers may have their own designations. Some states are also working on legislation that will give a clearer definition of specialty meds.
Typical Characteristics of Specialty Medications*

- High cost (> $600 per month)
- Treats a complex or rare condition, often chronic
- May involve unique administration (i.e., injection, infusion)
- Requires close patient assessment, monitoring, education, and follow-up
- Demands special handling, dispensing, and storage
- May have limited availability or distribution per manufacturer
- Often prescribed by specialists
- May need to comply with REMS programs
- Manufacturing process is complex resulting in higher costs
- Dispensed by specialty pharmacies with trained staff

*List not all inclusive

Low Volume but High Cost
Specialty Medications Spend

- 98% All Other Medications
- 2% Specialty Medications
CONCERNS IN WORKERS’ COMPENSATION

Opioids: Epidemiology of Overuse

259 million 17,000 PEOPLE DIE EVERY YEAR ONE in 20 400% $ 6X
Epidemiology of Overuse

In 2012, **259 million** prescriptions for painkillers were written (enough for every American adult to have a bottle of pills)

- 259 million
- 17,000 PEOPLE DIE EVERY YEAR
- ONE in 20
- 400%
- $6X

Sources: Centers for Disease Control and Prevention (CDC)
Epidemiology of Overuse

In 2010, nearly one in 20 Americans (age 12 years or older) used prescription painkillers in the previous year for nonmedical use.

259 million
17,000 PEOPLE DIE EVERY YEAR
ONE in 20
$ 6X

Epidemiology of Overuse

Deaths from prescription painkiller overdoses among women have increased more than 400% since 1999, compared to 265% among men.

259 million
17,000 PEOPLE DIE EVERY YEAR
ONE in 20
$ 6X
**Epidemiology of Overuse**

For every woman who dies of a prescription painkiller overdose, 30 go to the emergency department for painkiller misuse or abuse.

- 259 million people die every year
- 17,000 people die every year
- 400%
- $6X

Source: Centers for Disease Control and Prevention (CDC)

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$20,000 is the average additional cost for workers’ compensation claims with opioid analgesics, compared to those without.

- 259 million people die every year
- 17,000 people die every year
- 400%
- $6X

Epidemiology of Overuse

Odds of chronic work loss when opioid analgesics were used.


Percentage of Prescriptions

- All Other Medications: 69.7%
- Opioid Analgesics: 30%
- Specialty Medications: 0.3%
Non-traditional Dispensing

When an injured worker obtains medications from sources other than a retail or home delivery pharmacy.

- Physician offices
- Clinics
- Hospital pharmacies
- Rehab facilities
- Compounding pharmacies

Physician dispensing in workers’ compensation continues to grow

When an injured worker obtains medications from sources other than a retail or home delivery pharmacy, including physician offices, clinics, hospital pharmacies, and rehab facilities.

- Doctors are allowed by medical practice act and by law in most states to dispense medications directly to patients who visit their offices
- Medications are often presented in repackaged form that are ready to dispense to the patient
- Compounded medications not immediately available in the pharmacy
- Physicians may also partner with fulfillment pharmacies to have medications shipped to their patients’ homes
### Physician Dispensing and Repackaged Medications

**Illinois Study Comparing Physician Dispensed vs. Pharmacy Dispensed Medications**

<table>
<thead>
<tr>
<th>Claims with at least one physician dispensed medication</th>
<th>Claims with a physician-dispensed opioid within 90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Image" /> 39% higher medical costs</td>
<td><img src="image2" alt="Image" /> 78% higher medical costs</td>
</tr>
<tr>
<td><img src="image3" alt="Image" /> 27% higher indemnity costs</td>
<td><img src="image4" alt="Image" /> 57% higher indemnity costs</td>
</tr>
</tbody>
</table>


### Compounded Medications

Combined, mixed, or altered drug prepared for **specific needs** of one patient.

- **97%** All Other Medications
- **3%** Compounded Medications
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, Clonidine</td>
</tr>
</tbody>
</table>

**USES FOR SPECIALTY MEDICATIONS**
Some Typical Uses for Specialty Medications*

Specialty medications are often used to treat complex, chronic, and rare diseases

• Cancer
• Rheumatoid arthritis
• Osteoarthritis
• Multiple sclerosis
• HIV/AIDS
• Hepatitis C
• Organ Transplant
• Crohn’s disease
• Chronic kidney failure
• Pulmonary arterial hypertension
• Hemophilia
• Psoriasis
• Growth hormone disorders
• Cystic fibrosis

*Lists not all inclusive

Some Typical Uses for Specialty Medications in Workers’ Compensation*

Specialty medications are often used to treat complex, chronic, and rare diseases

• Rheumatoid arthritis
• Osteoarthritis
• HIV/AIDS
• Hepatitis C
• Chronic kidney failure
• Pulmonary arterial hypertension

*Lists not all inclusive
Potential Injured Worker Populations at Risk

- Workers with occupational needle stick injuries
- Those who may have come in contact with blood or other body fluids
- Post orthopedic surgery patients
- Patients with spinal cord injuries
- Those with restricted mobility
- Traumatic brain injury claimants
- Patients with cancer (if compensable)

MEDICATIONS TO WATCH
Specialty Medication Classes Common in Workers’ Compensation

- Anticoagulants
- Antiretrovirals
- Biologic Disease Modifying Antirheumatic Drugs (DMARDs)
- Hepatitis C Antivirals
- Botulinum Toxins (Botox™)
- Hyaluronic Acid Derivatives
Utilization and Cost Control Programs

A blueprint of medications tailored specifically for the workers’ compensation industry. Medication plans are based on:

- Body part
- Nature of injury
- Injury date
- State of jurisdiction
- Age of Claim
- Chronicity

<table>
<thead>
<tr>
<th>Formularies</th>
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<tbody>
<tr>
<td>Early Intervention</td>
</tr>
<tr>
<td>Medication Review</td>
</tr>
<tr>
<td>Medication Agreement</td>
</tr>
<tr>
<td>Clinical Letters</td>
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</table>

Early Intervention

- Begins early in the claim when enough data is gathered to begin analysis
- Identifies high-risk claims that require attention to get them back on track clinically and financially
- Helps clients achieve shorter claim duration
- Saves employers time and improves productivity

Sample Formulary

98.79%

1.21%

All Other Claims
Specialty Medication Claims
### Utilization and Cost Control Programs

<table>
<thead>
<tr>
<th>Formularies</th>
<th>A high-level review of an injured worker’s medication usage in relation to compensable injuries to identify:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Intervention</td>
<td>• Multiple prescribers</td>
</tr>
<tr>
<td>Medication Review</td>
<td>• Generic availability</td>
</tr>
<tr>
<td>Medication Agreement</td>
<td>• Medications not consistent with injury</td>
</tr>
<tr>
<td>Clinical Letters</td>
<td>• Long-term or excessive use of medications</td>
</tr>
<tr>
<td></td>
<td>• Duplication of therapy</td>
</tr>
<tr>
<td></td>
<td>• Drug-drug interactions</td>
</tr>
<tr>
<td></td>
<td>• Clinical response to therapy</td>
</tr>
<tr>
<td></td>
<td>• Medication side effects</td>
</tr>
<tr>
<td></td>
<td>• Poly-pharmacy concerns</td>
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</tbody>
</table>

### Utilization and Cost Control Programs

<table>
<thead>
<tr>
<th>Formularies</th>
<th>• Statement of Mutual Responsibility</th>
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<tbody>
<tr>
<td>Early Intervention</td>
<td>• Explanation of Medication Use</td>
</tr>
<tr>
<td>Medication Review</td>
<td>• Positive Roadmap for Safety</td>
</tr>
<tr>
<td>Medication Agreement</td>
<td>• Plan of Care</td>
</tr>
<tr>
<td>Clinical Letters</td>
<td></td>
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[Sample Medication Agreement]
Physician outreach to inform a prescribing physician about:

- Generic medication opportunities
- An injured worker using multiple prescribers
- Potential drug-drug interactions
- Opioid usage
- High-risk potential
- Claimant information

### Utilization and Cost Control Programs

| Formularies | Physician outreach to inform a prescribing physician about:
| Early Intervention | - Generic medication opportunities
| Medication Review | - An injured worker using multiple prescribers
| Medication Agreement | - Potential drug-drug interactions
| Clinical Letters | - Opioid usage
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**Sample Clinical Letter**

**SUMMARY AND THANK YOU**