

Workers' Compensation Pharmacy Benefit Management

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PBM Value Proposition

- Reducing drug spend for payers
 - Network reductions (unit price) from Fee Schedule
 - Utilization Management savings based on program design
 - Point-of-service drug utilization edits
 - Blocked transaction based on drug/injury relationship
 - Adjuster tools to focus on at-risk claims
 - Retrospective drug utilization reviews (DUR)
 - Analysis of older claims to drive:
 - Prevention of therapeutic duplication
 - Therapeutic alternatives to expensive or inappropriate drug/injury medications
 - Analysis of medical records and drug/disease, drug/drug, and drug/age interactions
 - Analysis of appropriate dosing based on guidelines
 - Strong data analytics to empower payers

Beyond the PBM Value Proposition

- A PBM should be a partner to manage data on behalf of the payer
 - A source for national, regional and jurisdiction drug trending
 - Based on injured worker utilization history
 - Benchmarking against like payers
 - Drug trending analysis
 - Therapeutic class spend
 - Top drug spend
 - Top claimant spend

- Data-driven outcomes

Drilling Down into the Data: Example Savings

Processed Transactions CY 2007					
Pharmacy Type	# of Scripts	Fee Schedule Price	First Script Price	Dollar Savings	% Savings
Retail	9,154	\$1,138,480.59	\$975,881.46	\$162,599.13	14.28%
Mail	7	\$2,141.92	\$1,699.55	\$442.37	20.65%
Total	9,161	\$1,140,622.51	\$977,581.01	\$163,041.50	14.29%
Rejected Transactions CY 2007					
Rejected Type	# of Scripts	Fee Schedule Price	First Script Price	Dollar Savings	% Savings
Less Rejected	4,967	\$618,441.17			
Less Duplicates	-927	-\$115,420.77			
Less Converted	-2,497	-\$310,901.47			
Net Rejected	1,543	\$192,118.93	\$0.00	\$192,118.93	100.00%
Total Paid + Net Rejected Transactions CY 2007					
	# of Scripts	Fee Schedule Price	First Script Price	Dollar Savings	% Savings
Total	10,704	1,332,741	977,581	355,160	26.65%

Drilling Down into the Data: Drug List Management

CY 2007 Drug	Rx	% Total Rx	Billed	% Total Billed	Billed/Rx
Hydrocodone-Acetaminophen	758	13.95%	\$23,186.89	3.95%	\$30.59
Oxycodone w/ Acetaminophen	282	5.19%	\$21,351.77	3.64%	\$75.72
Ibuprofen	208	3.83%	\$2,549.60	0.43%	\$12.26
Lidocaine Patch	194	3.57%	\$63,507.52	10.83%	\$327.36
Pregabalin	183	3.37%	\$28,733.82	4.90%	\$157.02
Cyclobenzaprine HCl	171	3.15%	\$4,527.66	0.77%	\$26.48
Tramadol HCl	146	2.69%	\$6,952.05	1.19%	\$47.62
Celecoxib	145	2.67%	\$20,422.43	3.48%	\$140.84
Propoxyphene-N w/ APAP	145	2.67%	\$4,122.50	0.70%	\$28.43
Gabapentin	115	2.12%	\$16,695.24	2.85%	\$145.18
Total Top 10	2,347	43.18%	\$192,049.48	32.75%	\$81.83
Plan Total	5,435	100.00%	\$586,360.35	100.00%	\$107.89

Drilling Down Into the Data: Narcotic Utilization

CY 2007 Drug	Rx	% Total Rx	Billed	% Total Billed	Billed/Rx
Hydrocodone-Acetaminophen	758	13.95%	\$23,186.89	3.95%	\$30.59
Oxycodone w/ Acetaminophen	282	5.19%	\$21,351.77	3.64%	\$75.72
Tramadol HCl	146	2.69%	\$6,952.05	1.19%	\$47.62
Propoxyphene-N w/ APAP	145	2.67%	\$4,122.50	0.70%	\$28.43
Oxycodone HCl SR	113	2.08%	\$40,528.83	6.91%	\$358.66
Acetaminophen w/ Codeine	75	1.38%	\$1,372.58	0.23%	\$18.30
Tramadol HCl SR	68	1.25%	\$11,381.49	1.94%	\$167.37
Fentanyl TD Patch	57	1.05%	\$16,327.40	2.78%	\$286.45
Oxycodone HCl	46	0.85%	\$3,189.75	0.54%	\$69.34
Tramadol-Acetaminophen	38	0.70%	\$2,256.67	0.38%	\$59.39
Total Top 10	1,728	31.79%	\$130,669.93	22.28%	\$75.62
Plan Total:	5,435	100.00%	\$586,360.35	100.00%	\$107.89

Drilling Down Into the Data: Top Users

Claim #	Rx	%Total Rx	Billed	%Total Billed	Billed / Rx
1XX0	157	1.71%	\$36,534.65	3.74%	\$232.70
1XX1	98	1.07%	\$31,640.56	3.24%	\$322.86
1XX2	121	1.32%	\$29,420.41	3.01%	\$243.14
1XX3	126	1.38%	\$25,010.89	2.56%	\$198.50
1XX4	138	1.51%	\$22,796.55	2.33%	\$165.19
1XX5	51	0.56%	\$19,023.41	1.95%	\$373.01
1XX6	47	0.51%	\$14,992.42	1.53%	\$318.99
1XX7	69	0.75%	\$14,700.93	1.50%	\$213.06
1XX8	81	0.88%	\$13,741.08	1.41%	\$169.64
1XX9	40	0.44%	\$13,673.82	1.40%	\$341.85
TOP 10 TOTAL	928	10.13%	\$221,534.72	22.66%	\$238.72
PLAN TOTAL	9161	100.00%	\$977,581.01	100.00%	\$106.71

What to Do With the Data

- Claims with high dollar and high drug utilization likely need more management via
 - Physician education:
 - Educational letters (PBM)
 - Case Management and physician interactions (Nurse Case Management)
 - Peer-to-Peer reviews (Physician-to-Physician)
 - Continued drug utilization monitoring as a feedback mechanism to physician interventions
 - Empowering the claims examiners with actionable information that highlights claim risks

Keeping the Claim on Track

- An integrated management approach
 - Using other disciplines (nurses and doctors) to bring synergies to drug utilization and physical medicine to drive the treatment plan
 - Develop a feedback mechanism with the adjuster and clinical teams to identify progress
 - This may include implementing point-of-service pharmacy edits at a claimant level
- Consider other avenues of monitoring appropriate drug utilization to drive safety and desired therapeutic outcomes while managing costs