FORMULARY OVERVIEW

• Formularies in healthcare
• Drug formularies as applied to workers’ compensation
• IAIABC guidance
• Formulary research
• MED data
TYPES OF DRUG FORMULARIES

**Open:** An open formulary is a list of all FDA approved prescription drugs but does not indicate a status of any drug

- would not have any effect on utilization or cost of prescription drugs.

**Closed:** A closed formulary is a list of FDA approved prescription drugs with a drug status indicated for the drugs

  Ex. ODG

**Preferred Drug List (PDL):** A PDL is a list of prescription drugs that are preferred in workers’ compensation

- Drugs on the PDL must be prescribed before prescribing a non-PDL drug

  Ex. WA

Source IAIABC 2016
EVALUATION PRIORITIES

- Goals of formulary implementation and intended impact on stakeholders
- Existing statutory and regulatory structure
- Formulary design and maintenance
- Implementation strategy
- Administrative costs to implement, maintain, educate, and evaluate
- Current or needed review or pre-authorization process
- Medical dispute resolution process
- Stakeholder input and priorities

Source IAIABC 2016
FORMULARY GOALS OR OUTCOMES

- Reduce prescriptions of potentially dangerous drugs to injured workers
  - OxyContin #1 drug in MT WC representing 13.6% of spend and #6 in prescriptions written
  - Montana spends more on Schedule II in WC than region and countrywide
- Decreasing the length of disability and increasing return-to-work rates
  - Public policy on WC in MT
  - Studies relate time opioid usage and longer duration
- Cost savings
  - Cost savings should be secondary consideration to improved outcomes for injured workers.  
    Mark Pew 2015
  - Many studies show that there is potential cost savings with implementation of a drug formulary
  - MT already uses generics, mail order, and has negligible amounts of physician dispensing
- Effect on litigation
  - Will a formulary increase litigation
  - Monitor though dispute resolution process
EXISTING STATUTORY STRUCTURE

- § 39-71-727 MCA
  - Insurer is only liable for generic-name drugs if the generic is the therapeutic equivalent of the brand-name

- 24.29.1529 ARM
  - Pricing for generic and brand-name drugs
    - Brand name – AWP – 10% + $3
    - Generic – AWP – 25% + $3

- § 39-71-704 (3) (a)
  - The department shall establish by rule evidence-based utilization and treatment guidelines for primary and secondary medical services
FORMULARY DESIGN AND MAINTENANCE

• Should be based on medical evidence
  • We believe must be ...
• Ideally, simple and easy to maintain
  • Ease of use, cost, and maintenance considerations
  • Update process for the formulary
• Type of formulary - Proprietary, commercial, or hybrid
  • Broad application or specific to only types of drugs or drug classes
• How the formulary applies to injured worker
  • Ex – ODG listing of drugs in WC with “Y” or “N” status
  • Ex – ACOEM is condition specific
• Interaction with Montana Utilization and Treatment Guidelines
• Dispute resolution process
• Application to injuries
  • New claims immediately
  • Grace period for legacy claims
  • Transition if outside the guidelines
• Administrative costs to evaluate, implement, educate and maintain

Sources: IAIABC 2016 and Mark Pew 2015
MORPHINE EQUIVALENT DOSAGE (MED)

Why an MED

• Differences in how opioids work in the body makes an apples-to-apples comparison of opioids difficult
• MED is a numerical standard to compare most opioids
• It helps to create an understanding of the potency of medications

Source: Optum

Some of the standards

• ODG
  • Up to 50 – Caution
  • 50-75 - High Risk
  • 75-100 - Extreme Risk
  • 100+ - Limit Exceeded
• CDC
  • 50 is Caution
  • 90 is No
• ACOEM - 50
• Washington – 120
• California
  • 80 is Caution
STATES WITH WC FORMULARIES

ALL ARE OUTPATIENT FORMULARIES

• Earliest Drug Formularies:
  • Washington – May 2004
    • Proprietary PDL / formulary
  • North Dakota – mid-2006
    • Proprietary closed formulary
  • Texas – September 2011
    • ODG
  • Ohio – September 2011
    • Proprietary closed formulary

• Recent Drug Formularies:
  • Delaware – September 2013
    • Proprietary PDL
  • Oklahoma – February 2014
    • ODG
  • Nevada – Winter 2015
    • ACOEM
  • Tennessee – Jan-Feb 2016
    • ODG
  • Arizona – October 2016
    • ODG
<table>
<thead>
<tr>
<th>State Name</th>
<th>Monopolistic</th>
<th>Type of Formulary</th>
<th>Tied to U &amp; T</th>
<th>MED</th>
<th>Legacy Claims</th>
<th>How Often Updated</th>
<th>First Fill Yes/No &amp; How</th>
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<td>Yes</td>
<td>Proprietary PDL</td>
<td>Y/Proprietary</td>
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<td>Quarterly</td>
<td>Yes / 30 days</td>
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<td>Proprietary</td>
<td>N/ODG</td>
<td>No limit included</td>
<td>Semi-annual</td>
<td>Yes / 30 days</td>
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<td>No</td>
<td>ODG</td>
<td>Y/ODG</td>
<td>100 caution over 50</td>
<td>2 years</td>
<td>Monthly</td>
<td>Yes / 7 days</td>
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<td>Yes</td>
<td>Proprietary</td>
<td>Y</td>
<td>200 / 8 days</td>
<td>2-6 months</td>
<td>Periodically - 7 total since inception</td>
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<td>Proprietary</td>
<td>N</td>
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<td>Y</td>
<td>Monthly</td>
<td>Yes / Prior auth must be approved within 3 days or is approved</td>
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<td>Monthly</td>
<td>Yes / must be presented within 7 days</td>
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<td>Monthly</td>
<td>Yes / 7 days</td>
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<tr>
<td>Nevada</td>
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<td>Y/ACOEM</td>
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<td>N/A</td>
<td>Not defined</td>
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</tbody>
</table>
STATES LOOKING AT A DRUG FORMULARY

- Recent Legislation/Regulations Proposing Formularies:
  - California mandates by 2017
    - AB 1124
  - North Carolina study on WC formulary
    - HB 897
  - New York
  - New Mexico
  - Arkansas
  - Louisiana
  - Nebraska
  - Montana (SB 292 from 2015 did not pass)
    - LMAC in 2016
CONSIDERATIONS

- Develop a formulary or borrow state developed formulary
  - Ongoing maintenance
    - Resources
    - Cost
  - Evidence based
- Possibly a Schedule II only proprietary formulary
- Purchase a commercial formulary
  - ODG – Work Loss Data
  - ACOEM – Reed Group
- Montana to incorporate an opioid guideline into current MT Guidelines
  - ACOEM
  - CDC
  - Other options
- Is current hybrid utilization and treatment guidelines still the best option for MT
RECOMMENDATION

1. LMAC support for department to develop team to investigate a drug formulary for Montana WC
   • DLI staff
   • DLI Medical Director
   • LMAC
   • Insurer / Claims examiner
   • Injured worker attorney
   • Provider
   • Pharmacy

2. Request legislation in 2017 supported by LMAC authorizing the department to, by rule, establish a workers’ compensation drug formulary (all drugs or Sch II)
   • Study team to review considerations to determine what is the best fit for MT

3. Up to 18 study options, make decisions, and implement
   • team to review the variables and provide a final recommendation to LMAC
   • Provide updates and receive feedback throughout the process
QUESTIONS

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