

FORMULARY BACKGROUND

BILL WHEELER, BUREAU CHIEF

WORKERS' COMPENSATION CLAIMS ASSISTANCE BUREAU



Montana Department of
LABOR & INDUSTRY

SB 292

- Primary Sponsor - Senator Rosendale
- Requiring the implementation of a drug formulary for workers' compensation w/ rule making authority
- Would amend Section 39-71-727 relating to the payment for prescription drugs
 - Rules implementing a formulary by July 1, 2016
 - Department may establish rules for compound drugs
 - Department may establish rules for maximum morphine equivalent
- Would add a new Section requiring the Department to report to the Legislature
 - Number of prescription drugs denied by the insurer
 - Number of petitions relative to denials



LMAC AND DRUG FORMULARIES

- On the Workplan
- **October 14, 2015 LMAC Meeting**
 - NCCI Medical Data Report
 - Presentation on the California Experience from Alex Swedlow, President/CEO of the California Workers' Compensation Institute (CWCI)
 - Comparisons with Montana State Fund
 - Mark Eichler, Pharmacy Director of the Montana Association of Healthcare Purchasers
 - Dr. Beck spoke via teleconference
- **December 2015 – WCRI Presentation**
 - Cancelled / rescheduled for May 11, 2016



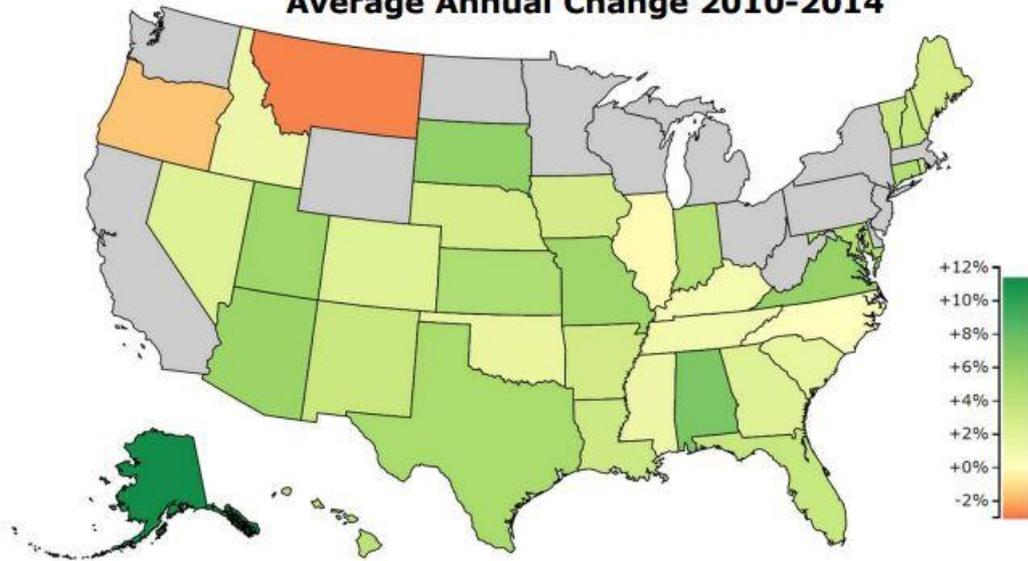
FORMULARY QUESTIONS

- What are the goals with the implementation of a drug formulary and does that fit in with the public policy on work comp in Montana?
- What drug formulary to use, what makes the most sense for Montana?
 - Cost to administer
 - In alignment with goals
- How to address administration and oversight?
 - Updating the formulary
 - Dispute resolution
- How will the legacy claims be addressed by a formulary?
- How to measure the effectiveness of a formulary once it is in place?
- Are there any considerations to address with a formulary and the current MT Guidelines?



PROVIDED BY NCCI

WC Lost-Time Medical Claim Severity Average Annual Change 2010-2014



Source: "NCCI Countrywide Frequency and Severity Analysis Using Data Valued as of 12/31/2014" on ncci.com
Values displayed reflect methodology and state data underlying the most recent rate/loss cost filing
For all states where NCCI provides ratemaking services, excluding WV
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