

Impact Of A Texas-Like Formulary In Other States

May 2016



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About WCRI

- Independent, not-for-profit research organization
- Diverse membership support
- Studies are peer-reviewed
- Resource for public officials & stakeholders
 - Content-rich website: www.wcrinet.org
 - Over 500 WC studies published

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Your Presenter



Dr. Vennela Thumula is a policy analyst at WCRI whose research focuses on pharmaceutical use in the workers' compensation system.

She is the author of several studies evaluating prescribing patterns of opioids, drug formularies, and physician dispensing.

She is also currently conducting research examining the self-reported outcomes of injured workers, including recovery of health and functioning, speed and sustainability of return to work, and access to care.

Dr. Thumula received her Ph.D. from the University of Mississippi, School of Pharmacy.

Webinar Logistics

- The presentation is 45 minutes long: 30-35 minutes of slides and 10-15 minutes for your questions
- At any time you may ask the presenter questions. Just be sure to announce your name.

What Is A Drug Formulary?

- List of covered medications
- Pharmaceutical cost containment tool commonly used by commercial insurers and government programs
- In WC only a few states mandate drug formularies – WA, OH, TX, OK, TN, DE
- Our study examines the impact of a TX-like formulary in other states

Impact Of The Ohio Drug Formulary

- Ohio's Bureau of Workers' Compensation reported that their formulary resulted in
 - A decrease in prescription drug costs by 15% between FY 2011 and FY 2014
 - 25% decrease in opioid Rx
 - 74% decrease in muscle relaxant Rx

Selected Results From TDI Study On Impact Of Texas Closed Formulary

- Formulary resulted in decrease in non-formulary ('N') drugs
 - prescription share decreased by ~70% and cost share by ~80% for new injuries
 - Cost share decreased by ~80% for legacy claims
- Very little substitution of formulary ('other') drugs
 - Prescriptions for other drugs decreased by 4% for new injuries
- Total Rx costs decreased by ~30% between 2011Q1 & 2014Q1

Source: *Impact Of TX Pharmacy Closed Formulary: A Preliminary Report Based On 12-Month Injuries With 24-Month Services & Legacy Status*. 2015. TX Department Of Insurance, Workers' Compensation Research & Evaluation Group.

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Things To Know About Texas Closed Formulary

- Includes all FDA-approved drugs except drugs that are not ODG recommended
- Excluded drugs require a preauthorization to be filled
- Effective Sep. 2011 for new injuries and Sep. 2013 for legacy claims

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Most Commonly Prescribed Drugs Do Not Require Pre-Authorization

	Connecticut
Prevalence Of Formulary Drugs	86%
Share Of All Rx For The Drug...	
Hydrocodone-Acetaminophen (Vicodin®)	17%
Oxycodone w/ Acetaminophen (Percocet®)	16%
Ibuprofen (Motrin®)	9%
Tramadol HCl (Ultram®)	6%
Cyclobenzaprine HCl (Flexeril®)	6%

Underlying Claims With Injuries Occurring From October 1, 2010, To September 30, 2011, And Prescriptions Filled Through March 31, 2012

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5 Drugs Account For About Half Of The Non-Formulary Drug Rxs In Most States

	Connecticut
Prevalence Of Non-formulary Drugs	14%
Share Of All Rx For The Drug...	
Valium® (benzodiazepine) *	2%
Soma® (muscle relaxant) *	2%
Voltaren® (analgesic - NSAID) *	2%
Lidoderm® (topical analgesic)	1%
OxyContin® (analgesic - opioid)	1%

Underlying Claims With Injuries Occurring From October 1, 2010, To September 30, 2011, And Prescriptions Filled Through March 31, 2012; Source: *Impact Of A Texas-Like Formulary In Other States* (2014)

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Impact Of A Texas-Like Formulary in Other States: Major Findings

- Non-formulary drugs were prevalent in all 24 study states
- There is an opportunity to reduce non-formulary drug use from 10–17% to 3–5% with a TX-like formulary
- Adopting a TX-like closed formulary could reduce total Rx costs by 2–29%, depending on prescribers' reactions
- State where physician dispensing is common might expect lower cost-savings
- States with higher brand-name non-formulary drug use may have larger savings

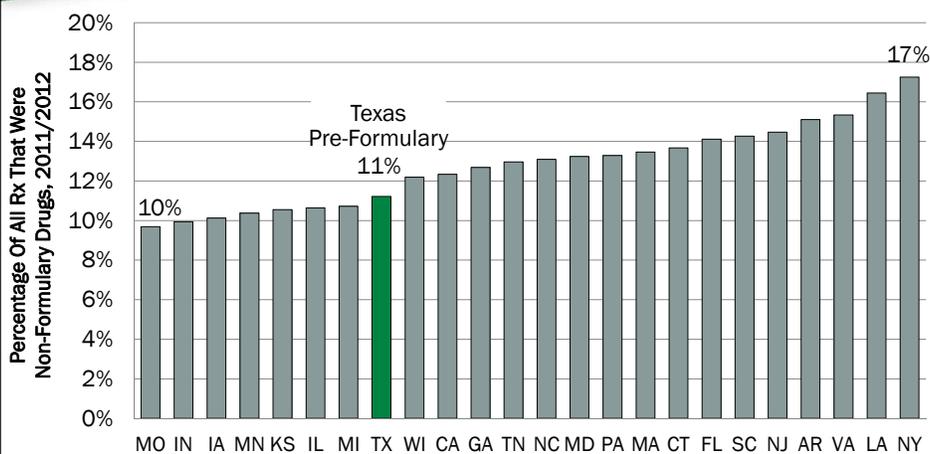
Source: *Impact Of A Texas-Like Formulary in Other States (2014)*

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Non-Formulary Drugs Are At Least As Prevalent As Pre-Formulary TX In Most States



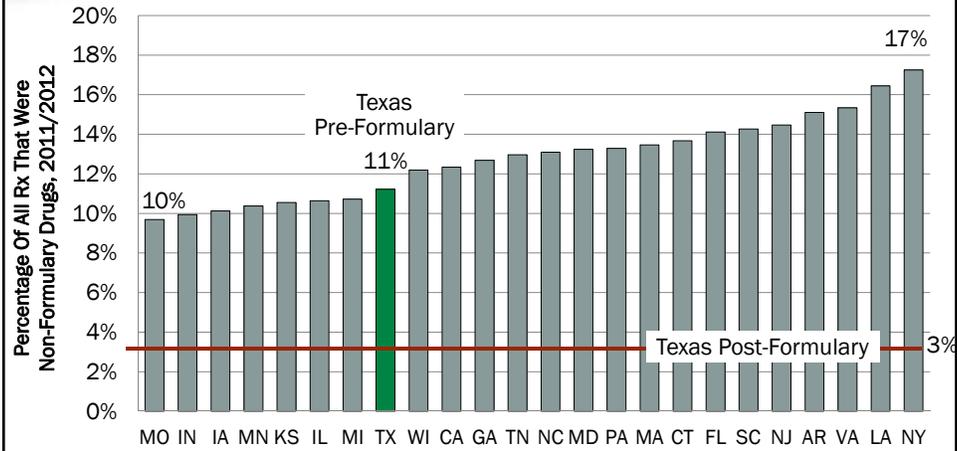
Underlying Claims With Injuries Occurring From October 1, 2010, To September 30, 2011, And Prescriptions Filled Through March 31, 2012; Source: *Impact Of A Texas-Like Formulary In Other States (2014)*

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Opportunity to Reduce Non-Formulary Drug Use In Other States By About 7-14 % Points

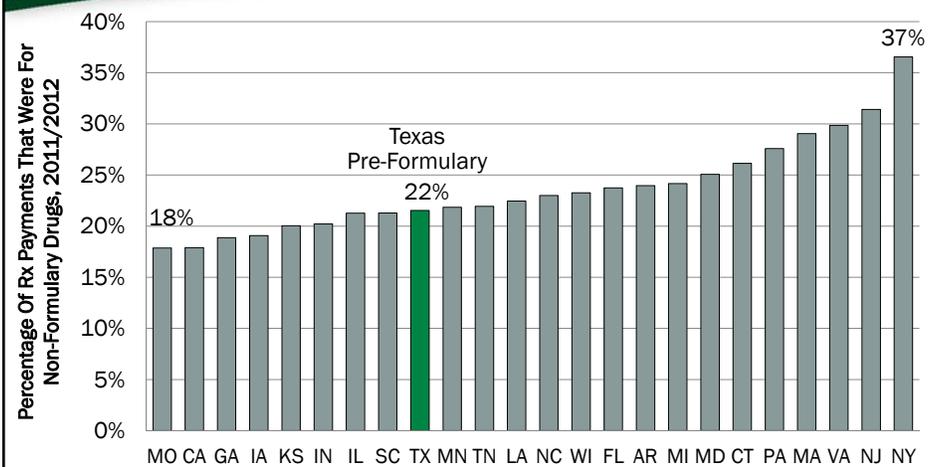


Underlying Claims With Injuries Occurring From October 1, 2010, To September 30, 2011, And Prescriptions Filled Through March 31, 2012; Source: *Impact Of A Texas-like Formulary In Other States (2014)*

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Non-Formulary Drugs Accounted For 18-37% Of Rx Payments In 2011/2012

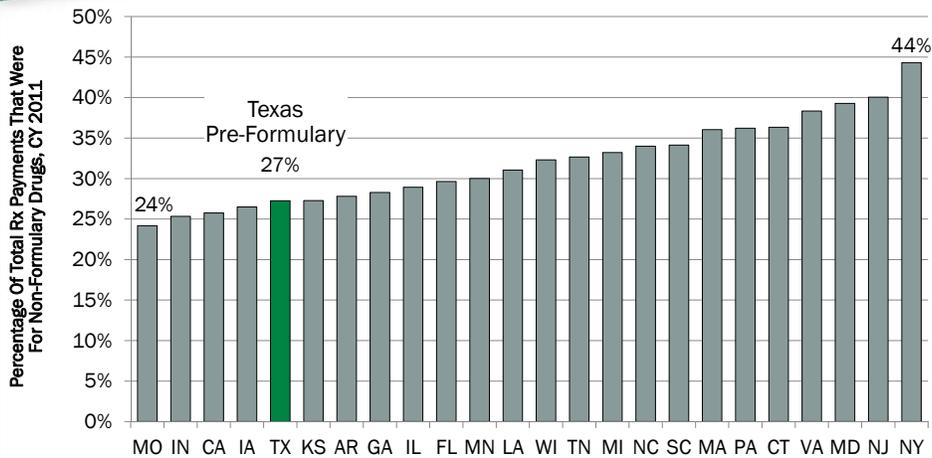


Underlying Claims With Injuries Occurring From October 1, 2010, To September 30, 2011, And Prescriptions Filled Through March 31, 2012; Source: *Impact Of A Texas-Like Formulary In Other States (2014)*

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Non-Formulary Drugs Accounted For 24-44% Of Rx Payments In CY 2011



2011/2012: Injuries From Oct 1, 2010, To Sep 30, 2011, And Rx Filled Through Mar 31, 2012;
 2011: Rx Filled In Calendar Year 2011 For Injuries Occurring From Oct 1, 2005, To Sep 30, 2011

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Opioids Account For A Significant Proportion Of Non-formulary Drugs

	%Non-Formulary Drug Rx (CY 2014)	%Non-Formulary Rx Costs (CY 2014)
Long-Acting Opioids	23%	34%
Short-Acting Opioids	7%	9%

Underlying data is all prescriptions filled between Jan 1, 2014 and Dec 31, 2014 by North Carolina state employees. Source: *Texas-Like Formulary For North Carolina State Employees, 2016*

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Not All Opioids Require Pre-Authorization Under A TX-Like Formulary

	%Non-Formulary Drug Rx (CY 2014)	%Non-formulary Rx Costs (CY 2014)	% Rx In Drug Group For...	
			Non-Formulary Drugs	Formulary Drugs
Long-Acting Opioids	23%	34%	91%	9%
Short-Acting Opioids	7%	9%	6%	94%

Underlying data is all prescriptions filled between Jan 1, 2014 and Dec 31, 2014 by North Carolina state employees. Source: *Texas-Like Formulary For North Carolina State Employees, 2016*

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Key Assumptions About Prescribing Practices

- To estimate potential impact of a TX-like formulary in other states, we make the following key assumptions:

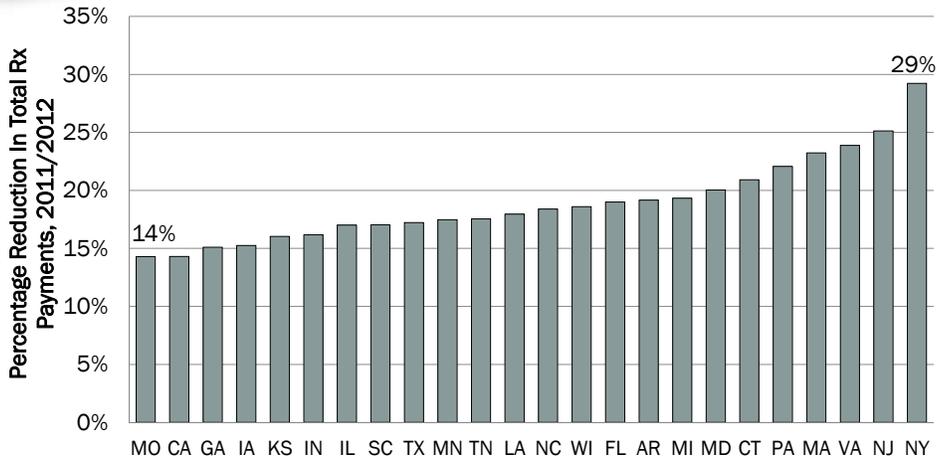
Scenario	Reduction In Non-Formulary Drug Rx	Substitution Of Non-Formulary Drugs With Formulary Drugs
A (TX Pattern)	70%	~0%
B	70%	100%
C	25%	~0%
D	25%	100%

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If Doctors In Other States Respond Like TX Doctors, Rx Costs Could Reduce By 14-29%

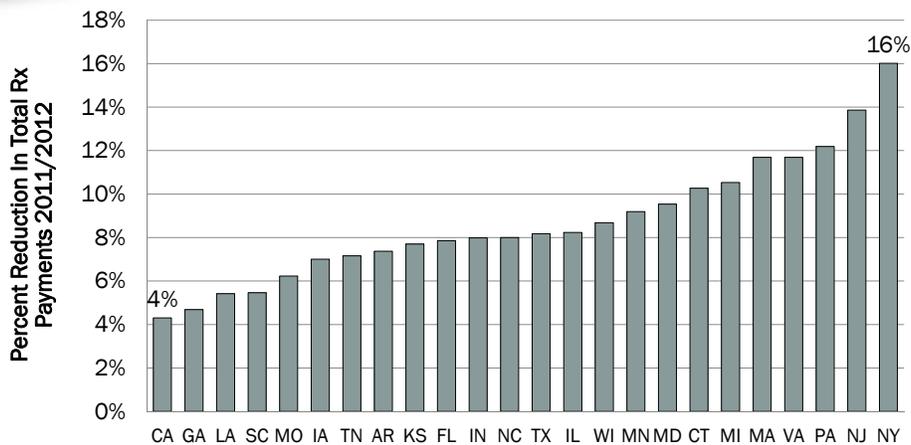


Underlying Claims With Injuries Occurring From October 1, 2010, To September 30, 2011, And Prescriptions Filled Through March 31, 2012; Source: *Impact Of A Texas-Like Formulary In Other States (2014)*

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If Doctors In Other States Fully Substituted, Rx Costs Could Be Reduced By 4-16%



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Why Might The Substitution Be Different?

- Physician incentives influence prescribing patterns
- FL HB 7095 banned physician dispensing of C-II, C-III opioids
- Physician-dispensers switched to other pain medications in the wake of the ban
 - No change in pharmacy-dispensed Schedule II, III opioids
 - Increase in percentage of claims with physician-dispensed NSAIDs and weaker opioids

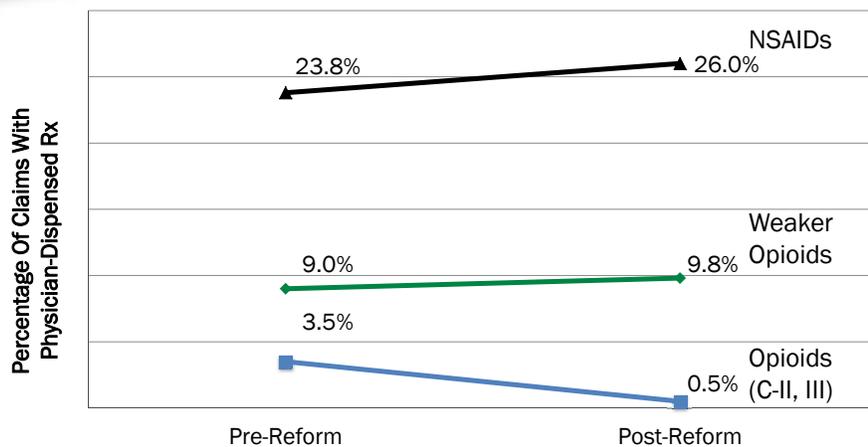
Source: *Impact of Banning Physician Dispensing of Opioids in Florida* (2013)

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Physician Dispensers Switched To Other Pain Medications That Are Not Banned



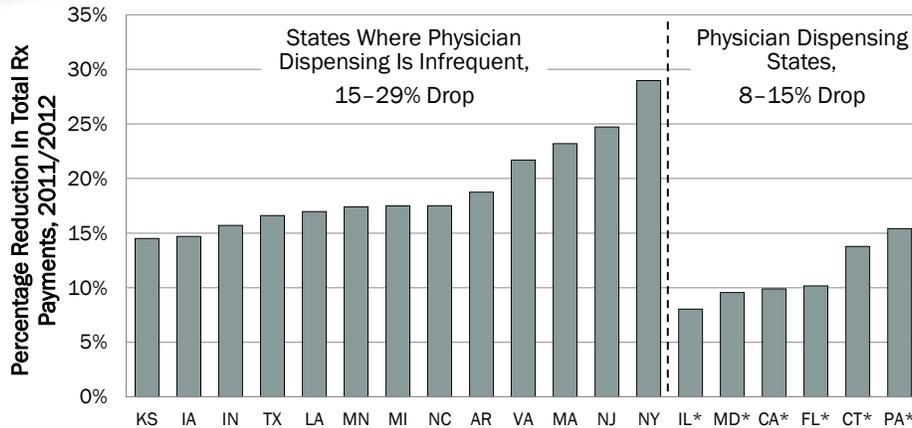
Data Includes Florida Injuries From Jul.-Sept. 2010 (Pre-Reform) And Jul.-Sept. 2011 (Post-Reform) And Rx Filled From Jul.-Dec. Of The Respective Year; Source: *Impact Of Banning Physician Dispensing Of Opioids In Florida* (2013)

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States Where Physician Dispensing Is Common May Have Higher Substitution Rate



*>30% N Drugs Are Physician-dispensed, <10% In Other States

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Use Of Brand Name Rx Impacts Potential Cost Savings Under Texas-Like Formulary

Prescription Metrics	LA	NY
Prevalence of non-formulary drugs	16%	17%
Estimated Rx costs under the assumption that physicians fully substitute	5%	16%
Share of non-formulary drug Rx for brand name medications	30%	57%

Underlying Claims With Injuries Occurring From October 1, 2010, To September 30, 2011, And Prescriptions Filled Through March 31, 2012; Source: *Impact Of A Texas-Like Formulary In Other States (2014)*

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Recap

- 5 factors that may affect the impact of a TX-like formulary in your state
 - Are non-formulary drugs prevalent in your state? Yes
 - How often do prescribers seek pre-authorization to prescribe non-formulary drugs? Unknown
 - How often do doctors substitute with other drugs? Unknown
 - Is physician dispensing common in your state?
 - Are brand-name non-formulary drugs prescribed frequently in your state?

Thank You!

- If you have any question about today's briefing, you can contact the author:

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- The WCRI study discussed during this webinar is available for purchase on our website
- We invite you to follow us on social media

