

Minutes
Labor-Management Advisory Council
May, 2016
Best Western Great Northern Hotel, Helena

Advisory Council and Subcommittee members present: Lt. Governor Mike Cooney, Don Judge, Bill Dahlgren, Jim Larson, Doug Buman, Al Smith, Lance Zanto, Kevin Braun, Jacqueline Lenmark, Chris Cavazos, Jean Branscom and Marvin Jordan,

Project Core Team members present: Eric Strauss ERD Administer, Bryan Page Safety & Health Bureau Chief, Peter Van Nice Regulations Bureau Chief, Bill Wheeler Claims Assistance Bureau Chief, and Department Legal Counsel Mark Cadwallader

Others present: Barb Gullickson, Karen Wiles, Dave Elenbaas, Kristine Ediger, Teresa Graham, Maralyn Lytle and Karen Doig, ERD; Richard Martin, FairClaim; Ann Komac and Alan Hulse MMIA; Ken Eichler ODG/WLDI; Bruce Speare NCCI/Express Scripts Inc.; Carlos Luna Reed Group/ACOEM; Webb Brown Montana Chamber; Larry Jones, Skyler Willard Old Castle/Montana Sand & Gravel; Kalya Yonce Mountain Water; Pete Steilman Montana Resources and; Kayla Aspen Yellowstone Electric Co.

I. The meeting was called to order by Lt. Governor Mike Cooney.

II. Drug Formulary Research – Workers’ Compensation Research Institute (WCRI) via WebEx

The presentation provided by Dr. Vennela Thumula was the impact of a Texas like formulary in other states and included the background of WCRI, what a drug formulary is, the impact of the Ohio drug formulary, selected results from a TDI study on the impact of Texas closed formulary, things to know about Texas closed formulary, most commonly prescribed drugs that do not require pre-authorization, 5 drugs account for about half of the non-formulary drug prescriptions in most States, impact of a Texas like formulary in other States – major findings, non-formulary drugs are at least as prevalent as pre-formulary treatment in most States, opportunity to reduce non-formulary drug use in other States by about 7 to 14% points, non-formulary drugs accounted for 18 to 37% of prescriptions payment in 2011/2012, non-formulary drugs accounted for 24 – 44% of prescription payments in calendar year 2011, opioids account for a significant proportion of non-formulary drugs, not all opioids require pre-authorization under a Texas like formulary, key assumptions about prescribing practices, if doctors in other States respond like Texas, doctors and prescriptions costs could reduce by 14 to 29%, if doctors in other States fully substituted prescriptions costs could be reduced by 4 – 16%, why might substitution be different, physician dispensers switched to other pain medications that are not banned, States where physician dispensing is common may have higher substitution rate, and use of brand name prescriptions impacts potential cost savings under a Texas like formulary.

III. Welcome and Introductions

Lt. Governor Mike Cooney chaired the meeting and greeted those present. Introductions made from the LMAC members and those in the audience.

IV. Approval of Minutes /Agenda

After the minutes were amended to include Chris Cavasos as an attendee at the April 11, 2016 meeting, the minutes and agenda were approved. Voting member Bob Worthington was unable to attend and gave his proxy to Bill Dahlgren

V. Formulary History – Bill Wheeler

Bill's presentation included a summary of Senate Bill 292 which was sponsored by Senator Rosendale requiring the implementation of a drug formulary for workers' compensation amending Section 39-71-727 and would require a new section for the Department to report to the legislature. The bill was tabled in committee. The formulary was put on the LMAC workplan and NCCI provided a medical data report. Alex Swedlow, President/CEO of the California Workers' Compensation Institute provided a presentation which focused more on cost savings than utilization. Mark Eichler, Pharmacy Director of the Montana Association of Healthcare Purchasers also provided a presentation and Dr. Beck spoke via teleconference. The Drug Formulary was put back on the LMAC work plan when LMAC was reappointed. Bill presented information from NCCI of the 2014 prescription costs per active claim, 2014 controlled substances share of prescriptions costs, WC lost time medical claim severity. It was suggested the word "severity" be replaced with "cost". Questions regarding a drug formulary include what the goals are with the implementation and does it fit in the public policy on work comp in Montana, what drug formulary to use and what makes the most sense for Montana, how to address administration and oversight, how will the legacy claims be addressed, how to measure the effectiveness of a formulary and are there any considerations to address with a formulary and the current MT Guidelines.

VI. Formulary Best Practices – Ken Eichler, IAIABC

Mr. Eichler's presentation included statistics of drug overdoses, ER visits, death by age group, pain killers across the country, health care providers different states at different levels, who Consumes the prescription drugs, how they get the drugs, knowing the street value, soaring costs of the opioid economy (the stronger the opioid the higher the cost), improving quality of care and outcomes, workers' compensation vs. group health, He also outlined a paper published by IAIABC on how formularies work in terms of closed versus open claims, formulary outcomes and jurisdiction considerations. The paper included evidence based medicine as a regulatory tool, all formularies are not a good fit for workers' compensation, the impact of suboptimal care, narcotics and opioids on functional improvement, appropriate and necessary care versus in appropriate and unnecessary care, EBM formularies empower medical providers, consideration of treatment options, a detailed listing of options is not cookbook medicine. He also discussed the need to have State approval of guidelines to avoid litigation. Discussion involved a paradigm choice of physicians prescribing opioids and other avenues of

treatment available, medical marijuana is not in the formulary because it is a Schedule I. It is anticipated the FDA may bring it down to a Schedule II.

VII. Safety Perspectives – Bryan Page

Bryan touched on the Montana Safety Culture Act stating it is still not well known and there could be more of a process to this. He suggested a poster might help educate. He stated there needs to be teeth in the MSCA. Insurance could cost more or less depending on compliance with the Act. He questioned if insurers tell clients when they are charging more due to non-compliance. There is a need for more tools for companies to perform self-evaluation of safety such as what OSHA has for incident rates, and how to help small companies. A social awareness campaign could be combined with safety fundamentals. Math needs to be done this year to find those who needs help and how and what to do with the chronically unsafe.

VIII. Safety Panel Discussion – Angela Yonce Mountain Water, Pete Steilman Montana Resources, Skyler Willard Helena Sand and Gravel and Kayla Aspen Yellowstone Electric.

Each panel member provided their background in safety, the employer's nature of business and how their safety programs are administered. The focus of the panel discussion included the value of safety programs, the extent of continuous safety training provided, and recognition of employees promoting a safe work environment. Challenges faced include new employees who may be intimidated and don't ask appropriate questions. Veteran employees are encouraged to mentor new employees with the backing of management. Other challenges include how the perspective of a safety culture could be promoted, the importance of communication, and the cost of safety programs versus the cost of claims.

IX. Discussion of Formulary and Safety.

Discussion among LMAC members included the need to educate small business, and encouragement for them to have safety consultations. Also discussed were ways to educate in the school districts, offering credits to teachers to become qualified to teach and the difficulty to get into the education system as they lack the time and resources. Don Judge said he would contact Lea Tietz to see if someone from OPI can provide some guidance.

Eric Strauss requested LMAC give direction on how to proceed with the formulary issue. There is a need for a quick appeal process when prescriptions are denied. Carlos Lucas with the Reed Group provided a handout in support of Montana adopting a drug formulary founded on evidence based medicine within worker's compensation. Jean Branscom commented that a formulary would be a cost shift and additional burden to physicians to have to look at pre-authorization and standardization of a turn-around time. Physicians could be open to lawsuit if prescriptions are denied.

X Next Steps

LMAC meeting Wednesday, June 15, 2016.

XI. Public Comment

There was no public comment and the meeting was adjourned.