

Whether covered by workers' compensation (workers' comp) or a group health plan, all prescription drugs are prescribed for the same reasons — they're intended to treat injuries and medical conditions, prevent or delay the need for medical procedures, and even save lives.

However, the cost of prescription medications covered by workers' comp can be dramatically higher than drugs covered under other plans. A study published in 2003 found that under workers' comp, prescription medications cost approximately 74% more than group health plans paid for the same drug. In the study, workers' comp prescriptions cost approximately 125% of average wholesale price (AWP), while the same drugs cost about 72% of AWP for group health plan payers.¹

Exhibit 1 demonstrates this difference in prescription-drug costs between workers' comp and group health plans.

Exhibit 1

Top 10 Drugs Dispensed in Workers' Comp (ranked by total overall cost) Cost Comparison of Workers' Comp v Group Health Plans

	Drug (Workers' Comp)	Ingredient Cost/Rx (Workers' Comp)	Ingredient Cost/Rx (Group Health Plan)
1.	Oxycontin®	\$ 613	\$ 458
2.	oxycodone HCL	\$ 194	\$ 131
3.	Actiq®	\$2,508	\$2,004
4.	Lidoderm®	\$ 270	\$ 220
5.	Celebrex®	\$ 124	\$ 106
6.	gabapentin	\$ 132	\$ 58
7.	fentanyl	\$ 315	\$ 245
8.	Duragesic®	\$ 503	\$ 349
9.	Lyrica®	\$ 136	\$ 112
10.	hydrocodone/acetaminophen	\$ 44	\$ 16

Source: Express Scripts internal data (does not include rebates)

Some prescription cost differences can be linked to factors inherent to workers' comp, such as:

- Variations in state fee schedules (priced as high as AWP plus 40% for workers' comp)
- The absence of copayments (often a driving force in the utilization of generic medications in group health plans)
- Uncertainty of eligibility at the time of the first prescription, leaving pharmacies at risk for nonpayment
- The presence of third-party billers, which may inflate the cost of the drug in states without fee schedules.²

Continued

¹ Edmond J, Llewellyn B. Prescription Drugs: comparison of drug costs and patterns of use in Workers' Compensation and group health plans. National Council on Compensation Insurance, Inc. Undated. Available at: <http://www.ncci.com/media/pdf/rx.pdf>. Accessed April 5, 2007.

² Paduda, Joseph. Third Party Billers and Usual and Customary. *Managed Care Matters*. Available at: <http://www.joepaduda.com/archives/000356.html>. Accessed April 11, 2007.

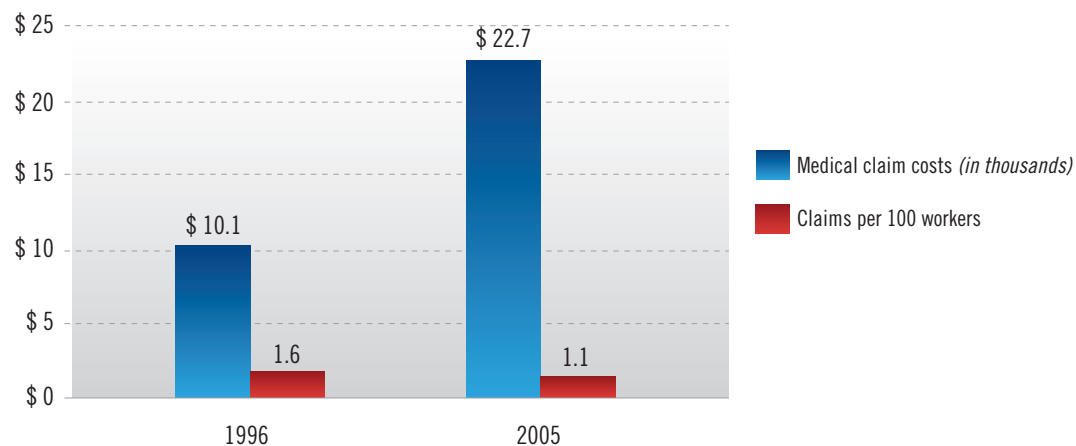
The issue of brand versus generic utilization is another key variable in this picture. Many of the medications prescribed within the three most common drug classes used to treat work-related injuries — narcotic analgesics, anti-inflammatory agents and muscle relaxants — are brand-name drugs for which no generics are available. The National Council on Compensation Insurance (NCCI) reported that, in 2002, 53% of prescription-drug costs for work-related injuries were attributed to these single-source brand drugs.³ With the absence of copayments, injured workers have little incentive to request a prescription for a generic alternative from their physicians.

Additionally, some drug classes show considerable differences in utilization between the two types of payers. For example, Celebrex®, the only cyclooxygenase 2 (COX-2) inhibitor still available, continues to be used widely for work-related injuries. Conversely, safety concerns that forced other COX-2 inhibitors from the market have drastically reduced the general use of Celebrex in group health plans.

Not only are there differences in the types of medications used and reimbursements between workers' comp and group health plans, but overall trend varies as well. In the Express Scripts Workers' Comp book of business, overall trend for workers' comp prescriptions increased by 12% between 2005 and 2006 — compared with a 7.2% trend for commercial clients. Even more significantly, this upward trend in workers' comp cost comes at a time when the number of work-related accidents has actually declined (Exhibit 2).

Exhibit 2

Workers' Comp Medical Claims Costs v Number of Claims 1996 to 2005



Adapted from: DiDonato T, Brown D. Workers compensation claim frequency down again in 2005. NCCI Research Brief. National Council on Compensation Insurance, Inc. August 2006. Available at: <http://www.ncci.com/media/pdf/research-brief-August06.pdf>. Accessed April 12, 2007.

Despite rising workers' comp prescription costs, solutions to manage this upward trend are available. Pharmacy benefit management programs can significantly decrease drug spend for workers' comp. Express Scripts has been successful in helping clients narrow the gap between what they pay for prescriptions and what group health plans pay. ExpressComp® is the single focus of Express Scripts' Workers' Compensation Division, staffed by professionals who specialize in the unique needs of our workers' comp clients, providing a level of knowledge and expertise unmatched in the pharmacy benefit management industry. We use best practices from our group health plan programs and apply them to our workers' comp programs. Since 1992, ExpressComp strategies have helped workers' comp clients control their prescription-drug costs.

- ExpressComp offers one of the largest workers' comp-specific networks, which allows injured workers to choose from approximately 52,500 pharmacies.
- Our fully customizable drug list allows clients to limit the chances that a medication unrelated to the work injury will inadvertently be covered under the workers' comp claim.
- Our Concurrent and Retrospective Drug Utilization Review programs ensure patient safety, and identify the potential for fraud and abuse.
- Our trend-management programs are designed to produce substantial savings for our clients by encouraging the use of generics and cost-effective distribution methods like Home Delivery.
- ExpressComp's First Fill program allows the injured worker to fill prescriptions immediately after the injury, often before the injury has been reported to the claims payer.

³ Brown L, Robertson J, King B, et al. Workers Compensation Prescription Drug Study. 2006 Update. NCCI Research Brief. National Council on Compensation Insurance. July 2006. Available at: <http://www.ncci.com/media/pdf/research-brief-july06.pdf>. Accessed April 6, 2007.