



2009 Workers' Compensation Drug Trend Report

*An analysis of trend and
a forecast for the future*

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LEAD AUTHORS

Emily Cox, PhD, RPh

Yakov Svirnovskiy

Jennifer Kaburick, RN

Ruth Martinez, RPh

Mark Eatherly

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INTRODUCTION

The workers' compensation industry is ever-changing, from statute revisions to new approaches for managing disability and medical costs. The prescription-drug landscape for workers' compensation is just as dynamic.

During 2009, major events included the:

- Revision of pharmacy fee schedules by several states
- Updating of reporting requirements by other states
- Continued progress toward the National Council on Compensation Insurance (NCCI) medical data call
- Significant revisions made to pricing methodologies for Medicare Set-Asides* (MSAs) by the Centers for Medicare & Medicaid Services (CMS)
- Continued discussion regarding a closed formulary in Texas
- Settlement of a class-action lawsuit that resulted in a reduction of pharmacy benchmark prices on Sept. 26, 2009, with plans for the average wholesale price (AWP) standard to be replaced by the end of 2011

As these types of market forces emerge, pharmacy-cost trends are impacted, creating a new set of challenges for workers' compensation payers. This results in increased attention to the cost and use of prescription drugs in workers' compensation.

Trend

For 2009, overall trend for Express Scripts Workers' Compensation clients was 8.4%¹. Increases in both utilization (6%) and cost per prescription (2%) contributed to the rise. However, unlike 2008 when cost per prescription was the main driver of trend, utilization was the primary factor in 2009. Increased use of nonformulary medications — such as medications to control cholesterol and high blood pressure — contributed to increased utilization. Because these classes of medications are generally not used for most occupational injuries and job-related illnesses, they are not included on the Express Scripts standard workers' compensation formulary. Therefore, review by our clients is required to determine if these medications can be approved. If the client approves, then the medications can be dispensed by the pharmacy.

Exhibit 1

Components of Drug Trend

Year	Common Drugs ²			New Drugs ³
	Overall	Cost per Prescription	Utilization	
2008	8.9%	4.3%	3.6%	0.8%
2009	8.4%	2.0%	6.0%	0.3%

* Medicare Set-Asides are offered through Express Scripts MSA, LLC.

¹ Drug trend was calculated using only Express Scripts clients with stable membership (less than 50% change in user volume between 2008 and 2009). Therefore, data for the 2009 *Drug Trend Report* did not include MSC legacy clients.

² Common drugs are those prescribed in both 2008 and 2009.

³ New drugs are those prescribed in 2009, but not in 2008.

Workers' Compensation Therapy Class Review

For workers' compensation, little change was seen in the top therapy classes from year to year. In 2009, the top five therapy classes, as ranked by per user per year cost, were the same as they were in 2008. A sixth class, dermatologicals, was added because it represented a significant part of trend for the year. Together, the top six classes accounted for over 76.8% of 2009 total cost trend for Express Scripts Workers' Compensation clients.

Due to the nature of most work-related injuries, all six top classes manage pain either directly or indirectly. Narcotic analgesics and NSAIDs are

mainstays for relieving pain that ranges from acute to chronic and from mild to severe. In addition to their primary uses, many anticonvulsants and antidepressants have indications to treat pain and associated complaints that commonly affect injured workers. Skeletal muscle relaxants include prescription drugs used to relieve spasms that often accompany muscle overuse or damage. The final class, dermatologicals, includes topical products that are applied to treat many conditions, including pain.

Exhibit 2

Components of Trend for the Top Six Therapy Classes Ranked by 2009 Per User Per Year Cost

Therapy Class	% Total Cost	Trend			
		Total	Utilization	Cost	% New Drugs
Narcotic Analgesics	41.2%	12.3%	5.5%	6.1%	0.4%
Anticonvulsants	8.8%	-8.9%	4.2%	-12.6%	0.1%
Antidepressants	7.3%	1.4%	1.3%	0.1%	0.0%
Skeletal Muscle Relaxants	6.7%	9.6%	6.1%	3.3%	0.0%
NSAIDs	6.5%	2.1%	3.3%	-1.1%	0.0%
Dermatologicals	6.3%	20.7%	21.3%	-0.7%	0.2%

Narcotic Analgesics

As the drug class prescribed most often in workers' compensation, narcotic analgesics treat moderate and severe chronic pain.

- Typically, as claims age, the cost per prescription in the narcotic analgesic therapy class increases for a number of reasons. Frequently, injured workers progress to narcotics from other types of pain medications when chronic pain persists. Because injured workers often become resistant to the pain-relieving effects of narcotic analgesics after taking them for extended periods of time, increasingly higher doses may be needed to control pain adequately. Injured workers may also move from generics to brands that have no generic alternatives. A general trend toward earlier use of narcotics and use of narcotics for acute pain may also increase utilization in this class.
- As in 2007 and 2008, approximately 40% of total workers' compensation trend for Express Scripts clients was in the narcotic analgesics class. While the generic combination hydrocodone and acetaminophen was the most utilized medication (accounting for 42.5% of the narcotic analgesics utilized), 28% of spend was due to one brand-name medication, OxyContin® (oxycodone).
- Generics for OxyContin, which were launched in 2004, have mostly been removed from the market due to patent settlements. Wide availability of generics for OxyContin is not expected again until 2013.

- In 2009, utilization for Actiq® (oral transmucosal fentanyl citrate), Fentora® (fentanyl buccal tablet) and fentanyl citrate decreased, which may be attributed to a 2008 settlement with the medications' manufacturer related to the sales and marketing practices of Actiq. The media attention may have tempered the prescribing patterns of physicians ordering these medications.
- Embeda™ (morphine extended release and naltrexone), Nucynta™ (tapentadol), and Ryzolt™ (tramadol extended release) were launched in 2009. None of these new medications are expected to have much effect on cost or utilization moving forward.

Anticonvulsants

In addition to relieving seizures that are associated with many head injuries, anticonvulsants are often used to treat nerve pain and other conditions such as fibromyalgia.

- Although 2009 utilization was up 4.2% in the anticonvulsants class, total cost trend was down 12.6%, largely due to the introduction of new generics, resulting in an overall trend decrease of 8.9%.
- In 2009 and late 2008, generics were approved for Depakote® and Depakote® extended release (divalproex sodium), Keppra® (levetiracetam), Lamictal® (lamotrigine) and Topamax® (topiramate). Subsequently, utilization for all the affected brands fell at least 50%.
- Utilization for the second-ranking medication in the class, gabapentin, was up nearly 10.1%. However, because gabapentin's average cost per prescription was down approximately 28%, the total trend for the medication fell approximately 21%.

- Lyrica® (pregabalin), the class leader in both per user per year cost (\$61.06) and utilization (0.36), will not have generic competition until at least 2013.
- New anticonvulsants (such as Banzel®, Sabril®, Stavzor® and Vimpat®) and new dosage forms (including Lamictal® ODT™ and Keppra XR™) had minimal effect on utilization and cost in 2009. However, some of these brand-name medications may gain market share if they receive additional approvals or if they prove effective for work-related injuries.

Antidepressants

Depression often accompanies long-term pain. Many antidepressants are also approved to relieve nerve pain, so a single antidepressant may relieve more than one aspect of an injury.

- Cymbalta® (duloxetine HCl) was by far the class leader with a per user per year cost of \$47.69. Along with its earlier indications for depression, acute treatment for generalized anxiety disorder (GAD), and nerve pain, Cymbalta was approved for fibromyalgia in June 2008, and for maintenance treatment of GAD in November 2009. Its multiple indications make Cymbalta useful for treating several aspects of work-related injuries.
- Despite decreases in overall trend during 2009, Effexor XR® (venlafaxine HCl) and Lexapro® (escitalopram oxalate) held the number two and three spots by per user per year cost.
- Of the top three antidepressants, Cymbalta was the only medication to experience an increase in both cost and utilization.

- Generics for the number two medication, Effexor XR, should be approved in July 2010. However, Pristiq® (desvenlafaxine), a follow-on to Effexor XR introduced in 2008, experienced dramatic utilization increases in 2009.

Skeletal Muscle Relaxants

Skeletal muscle relaxants relieve spasms and reduce pain from soft-tissue injuries, such as sprains. Frequently, prescription drugs in this class are used in combination with narcotic analgesics or NSAIDs since muscle spasms cycle with pain. Although they may be used to treat long-term conditions such as cerebral palsy, skeletal muscle relaxants are generally recommended for short-term use (usually no longer than eight weeks). For workers' compensation, they are usually prescribed soon after an injury.

- The skeletal muscle relaxant class includes a large number of generics; however, the top three spots in per user per year cost are held by the brands Skelaxin® (metaxalone), Amrix® (cyclobenzaprine HCl extended release) and Soma® (carisoprodol).
- Skelaxin costs more than double per user per year (\$32.30) than the second most-costly medication in the class, Amrix (\$13.42), primarily due to substantially higher utilization.
- Amrix, an extended-release form of the prescription drug cyclobenzaprine, released in November 2007, quickly made its way to the second spot as ranked by per user per year cost. Although an immediate-release form of cyclobenzaprine is available generically, Amrix is formulated for once-daily dosing, which makes it more convenient for the injured worker.

NSAIDs

Common first-line treatments for mild-to-moderate pain associated with acute injuries, NSAIDs are usually indicated for short-term use.

- With 0.40 prescriptions per user per year, generic ibuprofen leads the class in utilization, but Celebrex® (celecoxib), the only COX-2 inhibitor on the US market, is close behind at 0.37.
- The 2009 per user per year cost for Celebrex (\$56.04) is almost 10 times the cost per prescription of the next most utilized NSAID, meloxicam, at \$5.83.

Dermatologicals

The dermatologicals class includes all prescription drugs applied to the skin, such as creams, ointments and patches. It is a very large and varied class that contains many generics. For workers' compensation, three brand-name pain products dominate the dermatologicals class:

- Lidoderm® (lidocaine patch 5%) is an anesthetic patch approved to relieve postherpetic neuralgia — the pain caused by shingles. Widely used for many other types of pain, it is applied directly to the painful areas of skin for up to 12 hours per day. At \$68.98 per user per year, Lidoderm accounts for 74% of spend in the class. Its utilization rate (0.22 prescriptions per user per year) is more than triple any other drug in the class.
- A relatively new topical NSAID, Flector® Patch (diclofenac epolamine topical patch), was launched in January 2008 and holds the number two spot in the class by per user per year cost (\$14.36).
- Voltaren® Gel, a topical form of the NSAID diclofenac was also released in early 2008. It rose to third place by per user per year cost in 2009 (\$3.00).
- The total trend in the class resulted almost entirely from a 21.3% increase in utilization, driven by huge jumps for Flector Patch and Voltaren Gel.

Exhibit 3

Top Five Medications Ranked by 2009 Per User Per Year Cost

Medication	Class	Average Cost Per Prescription
OxyContin	Narcotic Analgesics	\$578.61
Lidoderm	Dermatologicals	\$317.18
Lyrica	Anticonvulsants	\$170.89
Hydrocodone-acetaminophen	Narcotic Analgesics	\$31.02
Celebrex	NSAIDs	\$151.20

MANAGING WORKERS' COMPENSATION PHARMACY TREND

Utilization Management

Utilization management (UM) is critical for controlling drug trend. However, unlike group health — which incorporates UM within the plan sponsor's benefit plan design and is provided by the pharmacy benefit manager — workers' compensation clients have the ultimate responsibility to authorize or deny nonformulary medications. Express Scripts has created programs to help our clients review medication use and handle claims proactively. Our clinical pharmacy programs facilitate improved quality of care for injured workers, enhance therapeutic outcomes, and reduce prescription-drug expenditures. Our clinical UM programs for workers' compensation include:

Prior Authorization

Procedures to assure that dispensed medications relate to the injury are primary to any workers' compensation pharmacy program. Express Scripts Prior Authorization process helps adjusters and nurses determine whether medications not on the standard formulary should be covered. Our Web-based tool, OASIS, facilitates decision-making with ease. If a prescription rejects at the point of service, an e-mail notification of an authorization request waiting on our website is automatically sent to the claims adjuster or case manager. Extensive information about the medication (supported by www.DrugDigest.org), the injured worker's prescription history and other key elements are provided to help with decision-making. The adjuster or nurse can approve or deny the medication, and the decision is quickly relayed to the pharmacist.

ScriptAlert

In addition to other clinical programs — like formulary edits, Concurrent Drug Utilization Review (DUR), and Retrospective DUR — ScriptAlert provides an additional layer of edits. ScriptAlert monitors possible drug-therapy problems and helps clients identify potentially inappropriate patterns of use. Examples of possible misuse are unusual narcotic usage, duplicate therapy, excessive therapy duration, overlapping prescribers, and questionable relevance to injury. ScriptAlert evaluates the need for case management, independent medical examinations (IMEs), peer-to-peer physician conversations, and other interventions.

Pharmacist Drug Review

With Pharmacist Drug Review (PDRx), one of our clinical pharmacists reviews an injured worker's entire medication file as provided by the client. Based on established medical practice guidelines, the PDRx pharmacist performs an in-depth analysis of the injured worker's therapy and offers a formal, written report that details any drug-therapy problems, proposes alternative drug therapies, and outlines desired clinical outcomes. PDRx reports also include a complete financial breakdown of all existing drug therapy and identify potential cost savings associated with any recommended treatment alternatives. Typically, PDRx assessment is reserved for the most clinically challenging cases, such as:

- High-cost medical cases
- Multiple medication use (polypharmacy)
- Complex or multiple diagnoses (for example, catastrophic injuries)

- Repeated early refill attempts
- Anticipated treatment duration greater than six months
- Multiple pharmacies or physicians
- Questionable drug therapy relevance to injury

Managing Prescribing Patterns

Another key element in managing prescription utilization is influencing physician prescribing patterns. This is the focus of the clinical programs in Exhibit 4.

MANAGING COST

Promoting Generics

The use of generic medications is a primary factor in controlling drug cost. Express Scripts has a long history of leading the Pharmacy Benefit Management (PBM) industry in driving the use of generics. In 2009, our Workers' Compensation clients achieved an average generic fill rate (GFR) of 68.6%, which measures the percentage of total prescriptions dispensed as generic medications. By adopting clinical programs that address both single-source and multi-source brand medications — including the Physician Outreach Program and Step Therapy — our clients have the ability to reach GFRs in excess of our book-of-business average. To that end, Express Scripts will soon begin piloting a new long-acting opioid Step Therapy module.

Exhibit 4

Clinical Programs to Manage Prescribing Patterns

Program	Intervention	Desired Result
Physician Outreach Program (POP)	Letters sent to physicians ordering multi-source brands as dispense as written (DAW1) and select single-source brands when effective generic alternatives are available	Increase GFR
Retrospective DUR	Letters sent to physicians, notifying them of ongoing patterns of potentially inappropriate medication usage	Deter fraud and abuse; increase safety for injured workers
Step Therapy	Point-of-sale edit designed to encourage physicians to prescribe a Step 1 medication (usually a generic) before a higher cost Step 2 brand-name drug	Increase GFR

Channel

Ensuring that prescription drugs are dispensed through the appropriate delivery channel is another key element to managing costs. By increasing the use of network pharmacies and Home Delivery from the Express Scripts Pharmacy while reducing the use of third-party billers (TPBs), Express Scripts clients can successfully reduce their overall drug spend, while ensuring an efficient and stress-free experience for the injured worker.

Network Penetration

Express Scripts incorporates a variety of strategies to drive network penetration, which we define as the percentage of billed prescriptions (electronic and paper claims) that were filled without TPB involvement at participating pharmacies (including Express Scripts pharmacies). Through our First Fill program and ID card communications, we proactively educate injured workers on the use of participating pharmacies. For those prescriptions filled out of network (either through a nonparticipating pharmacy, or with a TPB), our Paper-Bill Conversion process strives to bring future prescriptions back in network. By communicating with injured workers, TPBs, and our network pharmacies regarding the need to utilize the Express Scripts ID card for processing prescriptions online, we have successfully increased network penetration to 92% (2009 average). Furthermore, outreach to injured workers using nonparticipating pharmacies and recruiting pharmacies to join the network also drive this metric.

Leveraging Consumerology®, our advanced application of the behavioral sciences to healthcare, Express Scripts offers exciting new approaches to increasing Home Delivery and

network penetration. We are currently engaged in multiple pilots to test the effects of behavioral economic principles on Home Delivery conversion and on prescription ID card utilization.

A Look at What's to Come

As we look ahead into 2010 and beyond, supplies of generics for OxyContin will continue to diminish as patent settlements delay true generics until 2013. In the meantime, manufacturers continue to develop new abuse-resistant brand products. Another factor that will affect pharmacy program costs in workers' compensation will be the US Food & Drug Administration's (FDA) continued work with manufacturers to establish a class-wide Risk Evaluation and Mitigation Strategy (REMS) program for long-acting and extended-release fentanyl, hydromorphone, methadone, morphine, oxycodone and oxymorphone products. Formal recommendations should be made in 2010 to reduce the risk of misuse and accidental overdose of these opioids. Among antidepressants the generic to Effexor XR, expected in mid-2010, will be the first generic serotonin-norepinephrine reuptake inhibitor (SNRI). Patent settlements could delay additional Effexor XR generics until mid-2011.

As always, Express Scripts Workers' Compensation is poised with proven solutions to help clients navigate the pharmacy aspect of their overall medical costs, while ensuring a smooth process for injured workers. Maintaining our focus on those areas which impact trend (generics, network penetration and Home Delivery), we are committed to helping our clients drive out waste and lower pharmacy costs.



Express Scripts is committed to following, promoting and implementing sustainable practices. We apply global sustainability principles to the way we do business and the way we fulfill the needs of clients, patients and employees. Express Scripts is committed to proactively balancing economic development with environmental stewardship and social development, and operates its business in a manner that respects the environment and conserves natural resources.

We uphold our commitment to environmental stewardship by printing this report using emission-free inks on recycled stocks containing 30% post-consumer waste that are certified by the Forest Stewardship Council (FSC). It was also printed using renewable energy provided by Pure Power from a Missouri-based wind farm.



Express Scripts, Inc.
One Express Way
St. Louis, Missouri 63121

Express-Scripts.com