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LASIE looks to Texas for results of closed drug formulary

The Louisiana Association of Self-Insured Employers looked westward at the workers' compensation system in Texas to ascertain the impact of a closed drug formulary on the overall system. The Texas legislature reformed the state's workers' compensation system a decade ago, and that state's formulary kicked in for treatment of all workers' compensation injuries in 2013. Early data reflect decreases in drug prescriptions and costs with Texas moving from one of the most costly states for workers' compensation premiums to one of the least costly.

LASIE heard from Rod Bordelon, former commissioner of the Texas Division of Workers' Compensation (DWC), who spoke to LASIE members during the association's annual meeting late last year.

Reform to the Texas workers' compensation system in 2005 by legislative act completed its final phase in 2010 under Gov. Rick Perry when the state adopted a drug formulary for treatment of job related injuries. Adopted by rule authorized in the 2005 legislation, the drug formulary was developed with extensive input from system participants, including medical providers, attorneys, employers, injured workers and representatives of labor and insurers.

"Texas continues to reach out to all these groups on an ongoing basis to ensure the system is working optimally," Bordelon said in a recent interview with The Reporter. Injured workers have been surveyed, he said, and they report general satisfaction with medical care in the workers' compensation system.

Reform of workers' compensation in Texas must keep its stakeholders in mind, said Bordelon. Because Texas employers participate in the workers' compensation system voluntarily, changes have to represent a "win across the board" for employers and injured workers, he said, or the reforms won't be sustainable.

Bordelon was commissioner of DWC from 2008 to 2014, so he oversaw the implementation of many of the reforms, including the closed formulary. The purpose of the reforms, Bordelon told The Reporter, was "to improve outcomes." It was a tangential benefit that it also reduced costs, he said.

Full effects of the change in the drug formulary are now being understood, as the Texas Department of Insurance (TDI) captures, analyzes and reports data on injured workers' medical costs and utilization. In addition to collecting

a great deal of data on its own, TDI collaborates with data collection and analysis done by WCRI (Workers' Compensation Research Institute), Bordelon said, so the reforms in Texas remain evidence-based.

All worker injury treatments came under the closed formulary guidelines in Sept. 2013, following a two year transition period. The rule affected prescription drugs beginning in January 2011, when all FDA-approved drugs could be prescribed to treat injured workers. Then, the closed formulary began with new injury claims as of Sept. 2011. During the transition period, workers injured prior to Sept. 2011, who were being treated with open formulary drugs, could continue the same treatment. In Sept. 2013, the closed formulary applied to all injured workers, even if the injury occurred prior to the adoption of the formulary.

According to a published report, this gradual transition recognized that patients would need to be transitioned to closed formulary drugs over time, due to drug dependencies.

Bordelon said that, unlike some health insurance plans, all FDA drugs have continued to be available through the closed formulary from the outset; however, some drugs began to require prior approval. Prior approval is required for investigational drugs, drugs on the "N" list, and drugs containing compounds that are on the "N" list. Drugs on the "Y" list may be prescribed without preauthorization. Requests for preauthorization of N-drugs must, by rule, receive a reply in three days; a dispute resolution system is available to provide reconsideration in the event of a denial.

The "Y" and "N" stand for "yes" or "recommended" and "no" or "not-recommended," said Bordelon, indicating that both lists contain opioids or narcotic drugs. TDI posts the drug formulary online and updates it monthly, using the Official Disability Guidelines (ODG) Workers' Compensation Drug Formulary published by the California-based Work Loss Data Institute (WLDI).

According to Bordelon, WLDI has an advisory group of over 100 medical providers in all specialties to review and analyze medical evidence as it updates the categorization of drugs as recommended or not recommended.

Bordelon reviewed the available data with LASIE last November to demonstrate the impact of the closed formulary on prescribing behav-

ior, which immediately resulted in a decrease of dispensing of not-recommended drugs. This early data showed that as all claims fell by two percent from 2010 (pre-formulary) to 2011 (post-formulary), (from 108,642 in 2010 to 105,847 in 2011) claims using Y drugs increased seven percent (from 88,629 in 2010 to 98,893 in 2011), but claims with N-drugs decreased 65 percent (from 20,013 in 2010 to 6,954 in 2011).

The total number of prescriptions fell by 10 percent during this same period. Y-drugs fell by three percent (from 648,672 in 2010 to 624,676 in 2011), but N-drug prescriptions fell by 76 percent (from 63,343 in 2010 to 15,284 in 2011).

When looking at opioid prescribing only, all opioid prescribing fell by 15 percent (from 240,159 in 2010 to 212,864 in 2011); opioids on the Y-list fell by nine percent (from 231,971 in 2010 to 209,989 in 2011), but N-drug opioid prescriptions fell by 65 percent (from 8,188 in 2010 to 2,875 in 2011).

Bordelon told The Reporter that N-drug opioid prescribing declined even while the formulary rules were being developed. "As word got out of the changes that were coming, prescribing behaviors started to change," he said.

These results reported by Bordelon to LASIE represent the first year of the transition period and do not include results for years when the closed formulary applied to all injured workers. Data covering full implementation of the closed formulary is expected to be released soon, Bordelon said, predicting that the new numbers would show these results to be "holding steady."

In all, this change in prescribing behavior, along with the earlier reforms that permit managed care networks and require treatment plans, can be correlated to a faster return to work of injured workers. Median days off work has declined from 26 to 21 over the course of the last 10 years, said Bordelon.

Other states have been looking at Texas's experience to improve their workers' compensation systems, Bordelon said. Texas moved from having one of the most costly workers' compensation insurance premiums to being one of the least costly, he said. Among the other benefits Texas realized with these reforms, said Bordelon, are a less complex system where rules are clear; more medical providers accept injured workers for treatment; more injured workers receive care faster, and there are fewer disputes, faster resolution of disputes and a reduction in litigiousness.