

## **2003 WCD Pharmacy Fee Advisory Task Force**

Summary prepared by WCD August 2006

### **Project Overview**

The goals of this project were to find solutions in order to better meet the needs of workers, employers, and insurers, help control medical costs, and investigate ways to manage pharmacy costs in the workers' compensation system. (See attachment for list of Task Force members.)

### **Issues**

- Insurers are reluctant to approve payment prior to claim acceptance or for questionable prescriptions.
- Pharmacies are unwilling to dispense and bill insurers without assurance of payment.
- Workers are sometimes left to wait to have prescriptions filled for long periods of time or have to pay high-dollar prescription costs out of pocket and then seek insurer reimbursement.

### **Goals**

- Find solutions in order to better meet the needs of workers, employers, and insurers, help control medical costs, and investigate ways to manage pharmacy costs in the workers' compensation system.
- Convene task force to review options for pharmacy fee schedule to replace the schedule currently in rule (OAR 436-009-0090).
- Develop a pharmacy fee program and schedule that meets the needs of all the stakeholders.
  - Control costs of prescription drugs in WC system.
  - Control overall medical claim costs in WC system.
  - Assist injured workers so they can fill prescriptions without expensive prepayment or extended waiting periods.
  - Safeguard the financial viability of all pharmacies in Oregon.

### **Key Deliverables**

- Solicit and analyze input from other stakeholder groups.
- Revise rules after consideration of all input.
- Develop a communication plan after adoption of new rules.
- Continue to monitor changes and make additional adjustments to the pharmacy fee schedule as necessary.

### **Findings:**

- **Access:** may or may not be a real problem. Interim benefits assist those with health insurance but not uninsured workers. Third-party billers seem to help the pharmacy's issue of payment; they buy the pharmacy's receivables at a reduced rate and collect from the payers. The Workers' Compensation Ombudsman's office reports that there are some worker complaints regarding pharmacy issues, but it is unknown how many are specifically about access or cost.

- **Utilization:** how to educate physicians on the costs of brand drugs versus the less expensive, therapeutically equivalent? Possibility of pharmacists playing a role with prescribing doctors. How can workers' comp ensure that most effective drug is used rather than the most popular drug?
- **Kaiser methodology:** (presentation by Dr. Breen, Emily Thomas, and Debbie Sierra of Kaiser). Kaiser uses a formulary committee, reviews evidence-based studies, uses national buying power, and provides utilization reviews for the most effective-cost containment measures.
- **SAIF and WCD's data:** SAIF uses a pharmacy benefit manager (PBM) to help with pricing and utilization. WCD and SAIF provided data in addition to what was available from Bulletin 220 reporting.

### **Rule change considerations:**

1. For the pharmacy fee schedule, lower the amount to either:
  - The Federal Maximum Allowable Cost (MAC) + higher dispensing fee, or
  - A lower percentage of AWP + a lower dispensing fee
    - Require "dispense as written" on prescription when physician doesn't want a generic substitution
2. Require prior authorization for some higher-priced brand drugs
3. Issue drug cards for accepted, disabling claims
4. Use group PBMs for smaller insurers, self-insured employers
5. Require employers to pay \$500 deductible to cover all first-fills
6. Limit first-fills to two-week prescription and only allow generics (if available)

### **Final recommendations:**

- ❑ Use some combination (will confer with Pharmacy Association) of AWP – 15 percent plus a dispensing fee of between \$6.70 and \$8.70.
- ❑ Limit the top three or four highest-cost drugs to a three-day supply unless the physician indicates, "dispense as written" on the prescription.
- ❑ Present Task Force recommendations to the Division 9 rulemaking committee.

### **Rule changes:**

- ❑ The workers' compensation fee schedule changed the percentage of AWP from 95 percent to 88 percent, and increased the dispensing fee from \$6.70 to \$8.70.
- ❑ For brand-name drugs with a generic equivalent, if the prescribing medical service provider writes "Do not substitute" or a similar notation on the prescription, the fee schedule pays 88 percent of the AWP for the dispensed drug plus the \$8.70 dispensing fee.
- ❑ Payment for Oxycontin and COX-2 inhibitors is limited to an initial five-day supply unless the prescribing medical service provider writes a clinical justification for prescribing that drug rather than a less costly drug with a similar therapeutic effect.

## 2003 Pharmacy Task Force Members

<b>External members:</b>	
Barbara Howe	Liberty Northwest Insurance
Blake Rice	Oregon Board of Pharmacy
Joseph Schnabel	Salem Hospital Pharmacy
Karen McNamee	Providence MCO
Linda Barno	Oregon Self-Insurers Association
Linda Jefferson	City of Portland, Risk Management
Linda Olsen	SAIF Corporation
Lynn-Marie Crider	AFL/CIO
Rebecca Brown	Liberty Northwest
Tom Holt	Oregon State Pharmacy Association
<b>DCBS Staff:</b>	
Barbara Smith	Workers' Compensation Division (WCD)
Debra Buchanan	WCD
Doug Sabin	Workers' Compensation Ombudsman Office
Fred Bruyins ( <i>note taker</i> )	WCD
Jerry Managhan	WCD
John Shilts	WCD
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