Regulating Physician Dispensing

Evidence From WCRI Studies
Most states permit physician dispensing

- 8 states—physician dispensing rare or not allowed because of legal barriers

Most recent reforms have focused on lower prices

- 18 states enacted price limits of physician-dispensed drugs
- 4 of these enacted limits on amount of physician dispensing
18 States Changed Rules Governing Reimbursement For Physician-Dispensed Drugs

- Reform States Focusing On Cost Reduction Only
- Reform States Further Limiting Physician Dispensing To Short Timeframe Or Certain Drugs
- States Where Physician Dispensing Not Allowed In General Or Infrequent
Evidence: Physician Dispensing Is More Expensive, Even After Recent Reforms

- Common in some big states
- Prices paid often much higher than if pharmacy filled same Rx
- Price-focused reforms reduced prices, but still 30%+ higher than pharmacy filling same Rx
- Physician dispensers prescribed over-the-counter drugs also at much higher prices
Evidence: Does Physician Dispensing Help or Harm Patients?

- Physician dispensers prescribed unnecessary opioids
- Question: Can physician dispensing be regulated?
  - Physician dispensing supply chain develops new ways to get higher prices after regulation
Physician Dispensing Common Even After Reforms

Data include prescriptions for all medical claims in calendar quarters before and after the reforms, filled through March 31, 2013; Rx: Prescriptions

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The Same Drugs, When Physician-Dispensed, Are Much Higher Priced

<table>
<thead>
<tr>
<th>Common WC Drugs Prescribed By Physicians</th>
<th>Price Per Pill</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Physician Rx</td>
<td>Pharmacy Rx</td>
</tr>
<tr>
<td>Hydrocodone-acetaminophen (Vicodin®)</td>
<td>$1.41</td>
<td>$0.52</td>
</tr>
<tr>
<td>Ibuprofen (Motrin®)</td>
<td>$0.49</td>
<td>$0.27</td>
</tr>
<tr>
<td>Tramadol HCL (Ultram®)</td>
<td>$1.55</td>
<td>$0.73</td>
</tr>
<tr>
<td>Cyclobenzaprine HCL (Flexeril®)</td>
<td>$1.85</td>
<td>$0.99</td>
</tr>
<tr>
<td>Meloxicam (Mobic®)</td>
<td>$5.86</td>
<td>$3.19</td>
</tr>
</tbody>
</table>
Prices Paid For Physician-Dispensed Vicodin® Decreased Substantially After Reforms

Data include prescriptions for all medical claims in calendar quarters before and after the reforms, filled through March 31, 2013.

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Price Difference Reduced After Reforms, But Still Sizable In Most States

<table>
<thead>
<tr>
<th>State</th>
<th>Pre-Reform</th>
<th>Post-Reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>TN</td>
<td>93%</td>
<td>148%</td>
</tr>
<tr>
<td>GA</td>
<td>112%</td>
<td>177%</td>
</tr>
<tr>
<td>IL</td>
<td>93%</td>
<td>321%</td>
</tr>
<tr>
<td>SC</td>
<td>209%</td>
<td>31%</td>
</tr>
<tr>
<td>CT</td>
<td>74%</td>
<td>112%</td>
</tr>
</tbody>
</table>

Average Price Per Pill Paid For Vicodin®
By Dispensing Point

Quarter Prior To Reforms

2013Q1 – Latest Quarter Of Study Period

Data include prescriptions for all medical claims in the last full calendar quarter pre-reform and in the first quarter of 2013 post-reform; Rx: Prescriptions
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Over-the-Counter Drugs Commonly Dispensed By Physicians...

% Of Physician-Dispensed Rx For Prilosec®

- MO
- IN
- WI
- KS
- NJ
- MI
- NC
- IA
- CT
- LA
- TN
- VA
- MD
- SC
- GA
- PA
- FL
- IL
- CA

2011/12 Claims With > 7 Days Of Lost Time With Prescriptions
Source: The Prevalence And Costs Of Physician-Dispensed Drugs (2013); Rx: Prescriptions
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...Because They Are Higher Priced

<table>
<thead>
<tr>
<th></th>
<th>Pre-Reform Price Per Pill For Physician-Dispensed Prilosec®</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>$5.80</td>
</tr>
<tr>
<td>Georgia</td>
<td>$6.03</td>
</tr>
<tr>
<td>Illinois</td>
<td>$6.23</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$8.37</td>
</tr>
</tbody>
</table>

Claims With > 7 Days Of Lost Time With Prescriptions. 2012/13 Data for PA, FL, And IL; 2010/2011 Data For GA.
Evidence: Does Physician Dispensing Help or Harm Patients?

- Physician dispensers prescribed unnecessary opioids
- Question: Can physician dispensing be regulated?
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Policy Context

- Florida Pill Mill Bill (House Bill 7095)
- Physician dispensing of Schedule II, III controlled substances was banned, effective July 1, 2011
Does Physician Dispensing Increase Opioid Use?

Underlying data include six months of Rx utilization for FL injuries between Jan.–Jun. 2010 (pre-reform) and Jul.–Dec. 2011 (post-reform); Source: The Impact Of Physician Dispensing On Opioid Use (2014)

* Statistically Significant at the 0.01 level

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Does Physician Dispensing Increase Opioid Use? Likely

**Graph**

- **% Of Workers With Strong Opioids** vs. **Pre-Reform** vs. **Post-Reform**
- **Hypothetical A**: Pre-Reform = 12.2%, Post-Reform = 14.2%
- **Actual**: Pre-Reform = 12.5%, Post-Reform = 12.2%
- **Physician-Dispensed**: Pre-Reform = 3.9%, Post-Reform = 0.5%

* Statistically Significant at the 0.01 level

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Most Received Physician-Dispensed NSAIDs And Weaker Opioids

Underlying data include six months of Rx utilization for FL injuries between Jan.–Jun. 2010 (pre-reform) and Jul.–Dec. 2011 (post-reform); Source: *The Impact Of Physician Dispensing On Opioid Use (2014)*

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No Subsequent Strong Opioid Fills Among Cases With Other Pain Rx

- Of the cases with physician-dispensed NSAIDs or weaker opioids (but no strong opioids) in the first 6 months
  - Only 2% received a stronger opioid Rx in the next 6 months at the pharmacy in the post-reform period
  - 2.2% received a stronger opioid Rx at a pharmacy or physician’s office in the next 6 months in the pre-reform period

Underlying data include FL injuries between Jan.–Jun. 2010 (pre-reform) and Jul.–Dec. 2011 (post-reform); Source: *The Impact Of Physician Dispensing On Opioid Use* (2014)
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Reforms May Not Be As Sustainable As Expected: Evidence Of New Drug Strengths

- **Hydrocodone-acetaminophen in Illinois**
  - 2.5-325 milligram product came to the market in 2012
  - New strength dispensed by Illinois physicians, frequency increased from none pre-reform to 25% post-reform
  - New strength paid at $3.04 per pill, compared with $0.66–$1.06 per pill for existing higher strengths

- **Cyclobenzaprine in California**
  - 7.5 milligram product came to the market in 2011
  - Physician dispensing of new strength increased from 0% in 2011 to 47% in first quarter of 2013
  - Prices paid for new strength $2.88–$3.41 per pill, $0.35–$0.70 per pill for existing strengths
Physician-Dispensed Vicodin® New Strength Increased From 0% To 25% After Illinois Reform

- 10-325 mg
- 5-325 mg
- 2.5-325 mg
- 5-500 mg
- 7.5-325 mg

% Of Rx for Hydrocodone-Acetaminophen (Vicodin®) By Strength

Calendar Quarters

2011Q1  2011Q2  2011Q3  2011Q4  2012Q1  2012Q2  2012Q3  2012Q4  2013Q1

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Price Paid For Vicodin® Much Higher For New Strength Than Existing Strengths In IL

<table>
<thead>
<tr>
<th>Hydrocodone-Acetaminophen (Vicodin®) By Strength</th>
<th>Pre-Reform (2012Q3)</th>
<th>Post-Reform (2013Q1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5-325 Milligrams – New Strength</td>
<td>n/d</td>
<td>$3.04</td>
</tr>
<tr>
<td>5-325 Milligrams</td>
<td>$1.29</td>
<td>$0.66</td>
</tr>
<tr>
<td>5-500 Milligrams</td>
<td>$1.28</td>
<td>$0.93</td>
</tr>
<tr>
<td>7.5-325 Milligrams</td>
<td>$1.20</td>
<td>$1.06</td>
</tr>
<tr>
<td>10-325 Milligrams</td>
<td>$1.43</td>
<td>$0.94</td>
</tr>
</tbody>
</table>

n/d: No Data; 2012Q3: Third Quarter Of 2012; 2013Q1: First Quarter Of 2013

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Cyclobenzaprine New Strength In California: Rapid Increase, Much Higher Prices

% Of Prescriptions For Cyclobenzaprine HCL By Strength

Calendar Quarters

2011Q1 2011Q2 2011Q3 2011Q4 2012Q1 2012Q2 2012Q3 2012Q4 2013Q1

- 7.5 Milligrams
  - Price Per Pill Paid: $2.90–$3.45

- 5 Milligrams
  - Price Per Pill Paid: $0.35–$0.59

- 10 Milligrams
  - Price Per Pill Paid: $0.49–$0.70

Included Are Prescriptions (Rx) Dispensed By Physicians In California From First Quarter Of 2011 (2011Q1) To First Quarter Of 2013 (2013Q1)

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Frequent Dispensing Of 7.5-Milligram Product At Much Higher Price Drove Up Physician Price

Average Price Per Pill Paid For Cyclobenzaprine HCL By Dispensing Point

Calendar Quarters

Physician-Dispensed Rx
Pharmacy-Dispensed Rx

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Thank You!

- For comments/questions about the findings:
  
  Dr. Richard Victor | President and CEO
  
  rvictor@wcrinet.org

- I invite you to stay connected with WCRI on: