



2013 Annual Issues Symposium



Workers Compensation Prescription Drug Study: 2013 Update

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Key Findings

- Prescription costs per claim continue to grow
- Utilization is a major driver of total cost changes
- The physician-dispensed share of Rx costs continues to increase
- Narcotics is 25% of drug costs in Service Year 2011
- 47% of narcotics costs are for drugs with Oxycodone HCL as an active ingredient

Data Sources

- Sample data provided by carriers:
 - Data is based on a nationwide* sample
 - Data includes services provided from 1996 to 2011 for claims occurring from 1994 to 2011, evaluated as of June 2012
 - Includes both lost-time and medical-only claims
- NCCI's Medical Data Call (MDC):
 - 35 jurisdictions where NCCI provides ratemaking services and for 7 additional states on behalf of the independent state rating organizations**
 - Transaction-level detail on the medical services provided during 2011, evaluated as of March 2012
 - Includes both lost-time and medical-only claims

“Prescription drug” or “Rx”, as used in this study, is defined as a drug identified with a National Drug Code (NDC) or a carrier-specialized drug code

*Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)

**The 35 jurisdictions for which NCCI provides ratemaking services are AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, and WV; and the 7 independent bureau states for which NCCI collects the Medical Data Call are IN, MA, MN, NC, NJ, NY, and WI

Terminology

- Accident Year (AY)—the year in which an injury occurs
- Service Year (SY)—the year in which services are performed
- Relative Service Year (RSY)—the year in which services are performed relative to the accident year, e.g., 1st, 2nd, 3rd
 - For example, a service performed in 2011 for an accident that occurred in 2009 would be in the 3rd relative service year



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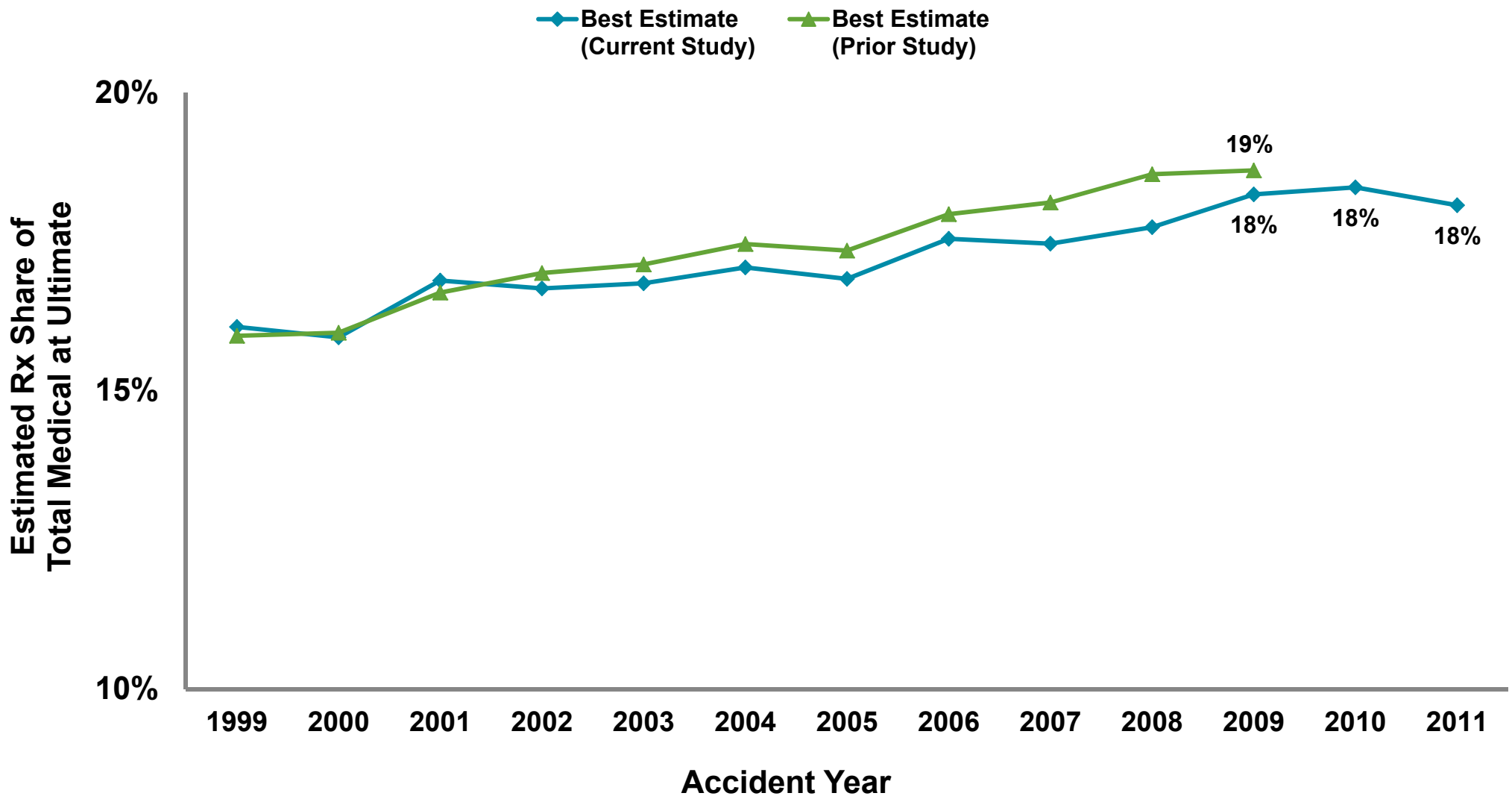
The Big Picture

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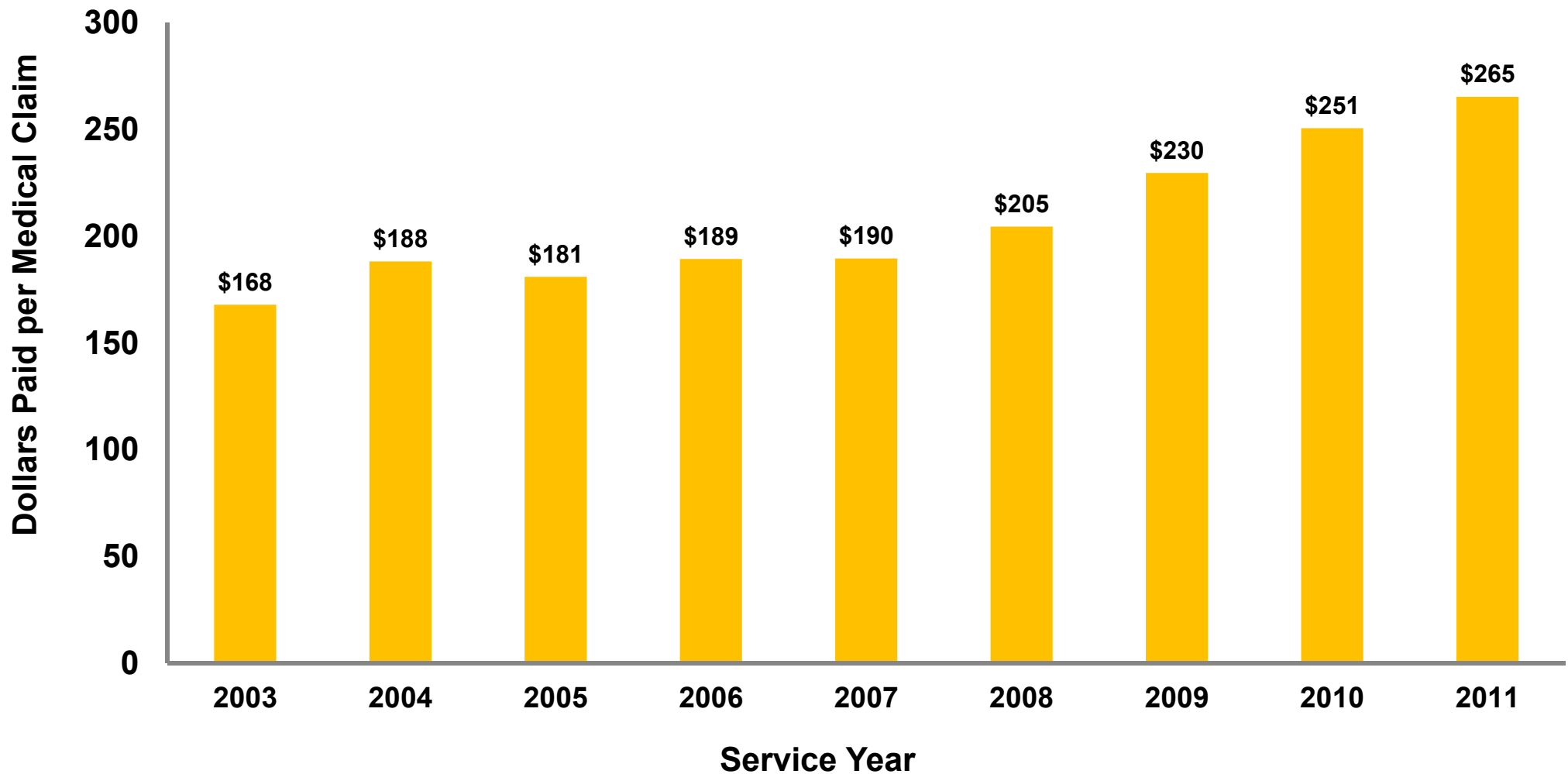
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The Indicated Rx Share of Total Medical Remains Relatively Stable



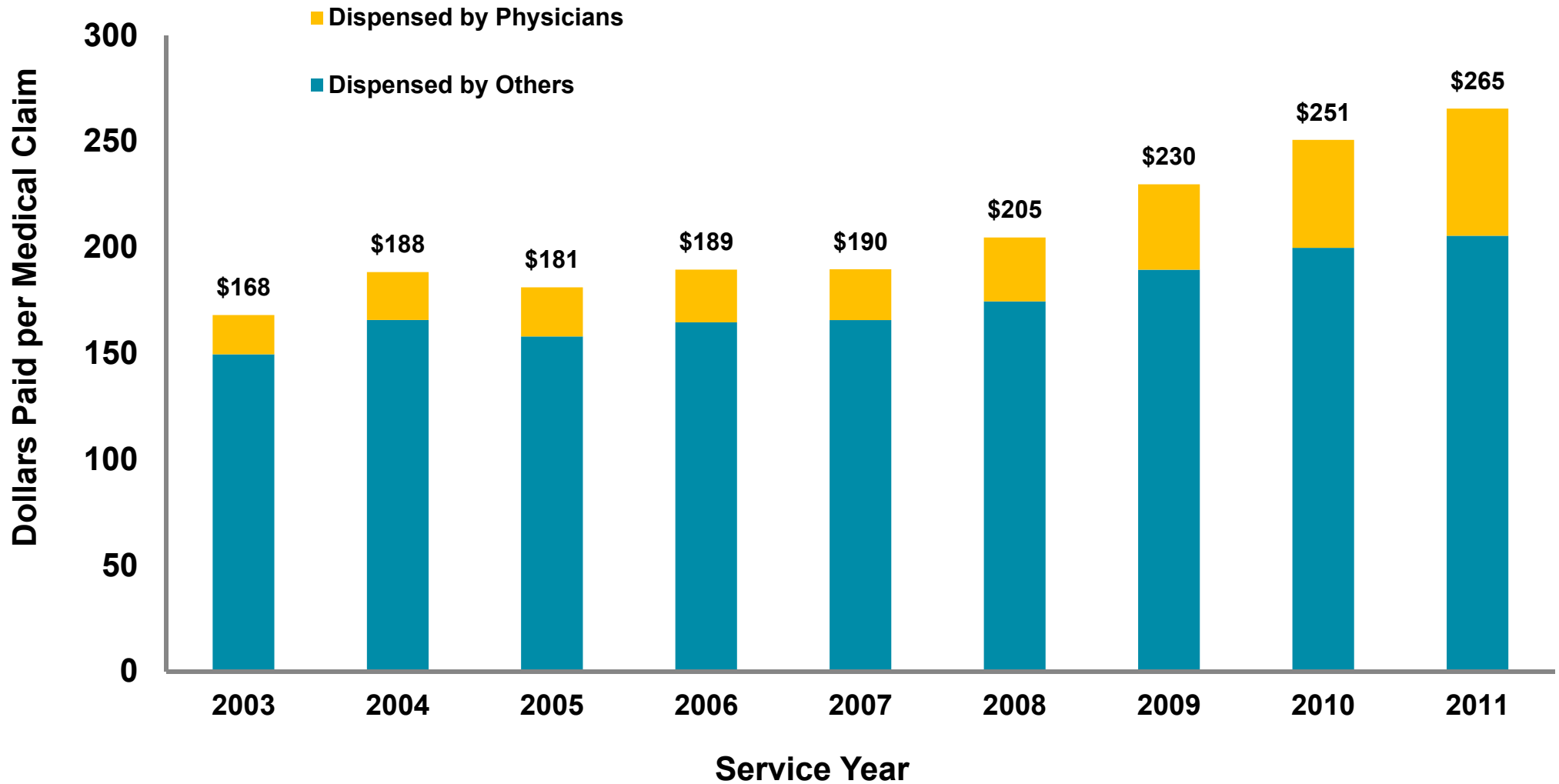
Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
Prior Study: "Workers Compensation Prescription Drug Study—2011 Update" available at ncci.com
Data used with permission

Prescription Costs per Claim Have Increased Steadily Since 2007



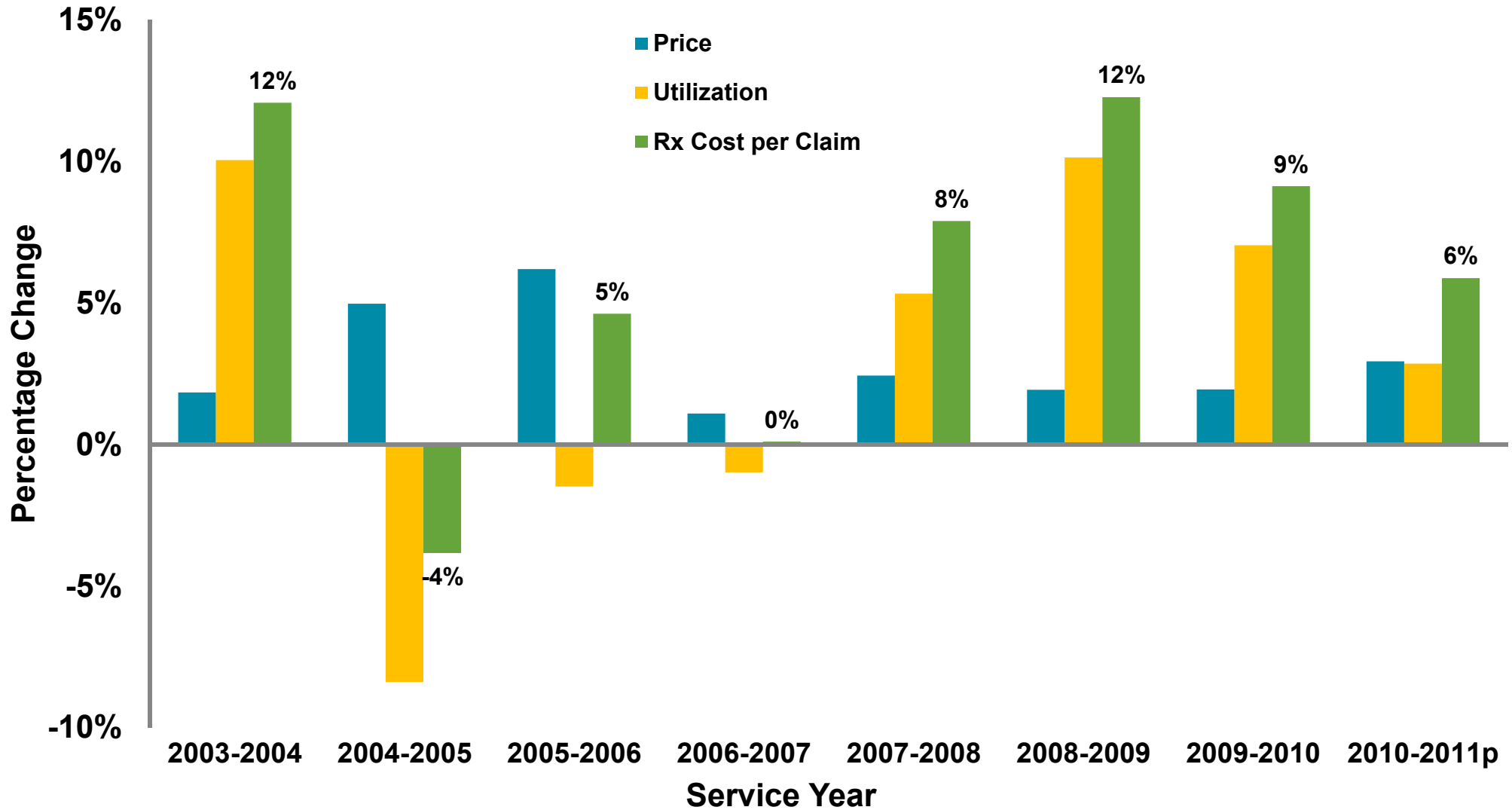
Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
Relative Service Years 1 through 10
Claim counts based on claims with a medical service by RSY 2 (AY 2011 is projected)
Data used with permission

Most Recent Growth in Prescription Costs per Claim Is From Physician Dispensing



Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
Relative Service Years 1 through 10
Claim counts based on claims with a medical service by RSY 2 (AY 2011 is projected)
Data used with permission

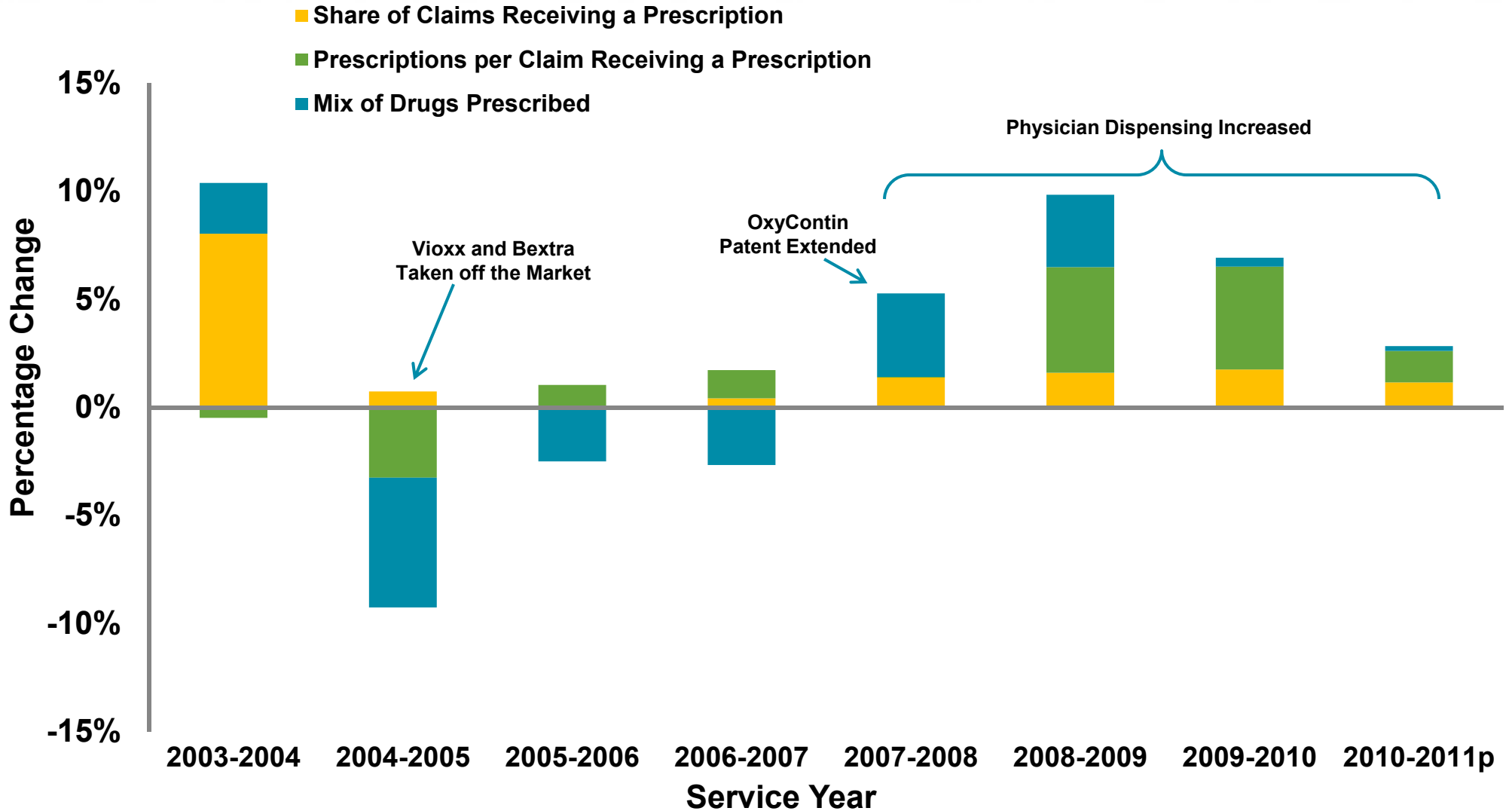
Utilization Is a Major Driver of Total Rx Cost per Claim



Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
 2011p = Preliminary
 Data used with permission

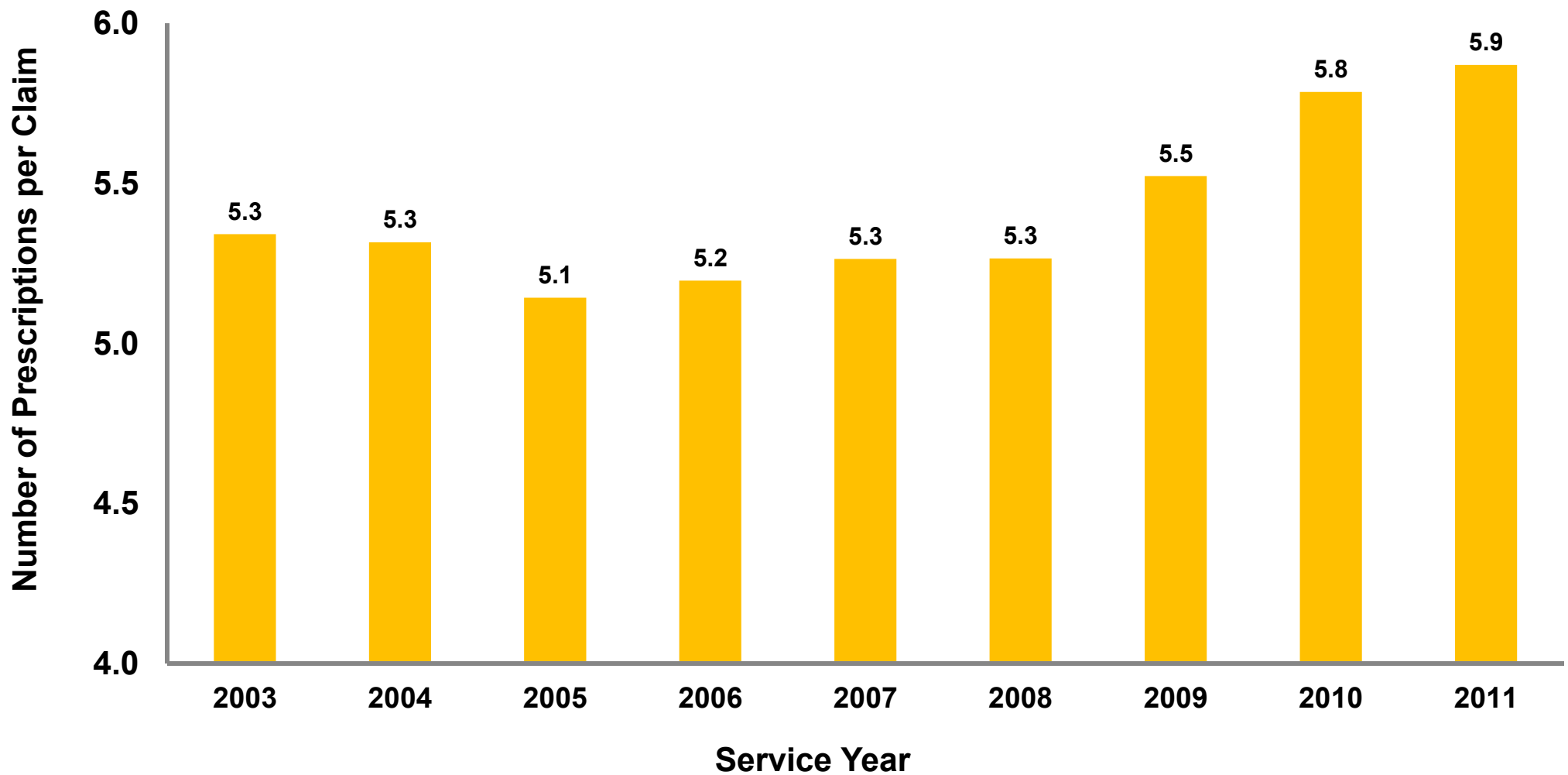
Utilization Has No Persistent Driver

Utilization Components



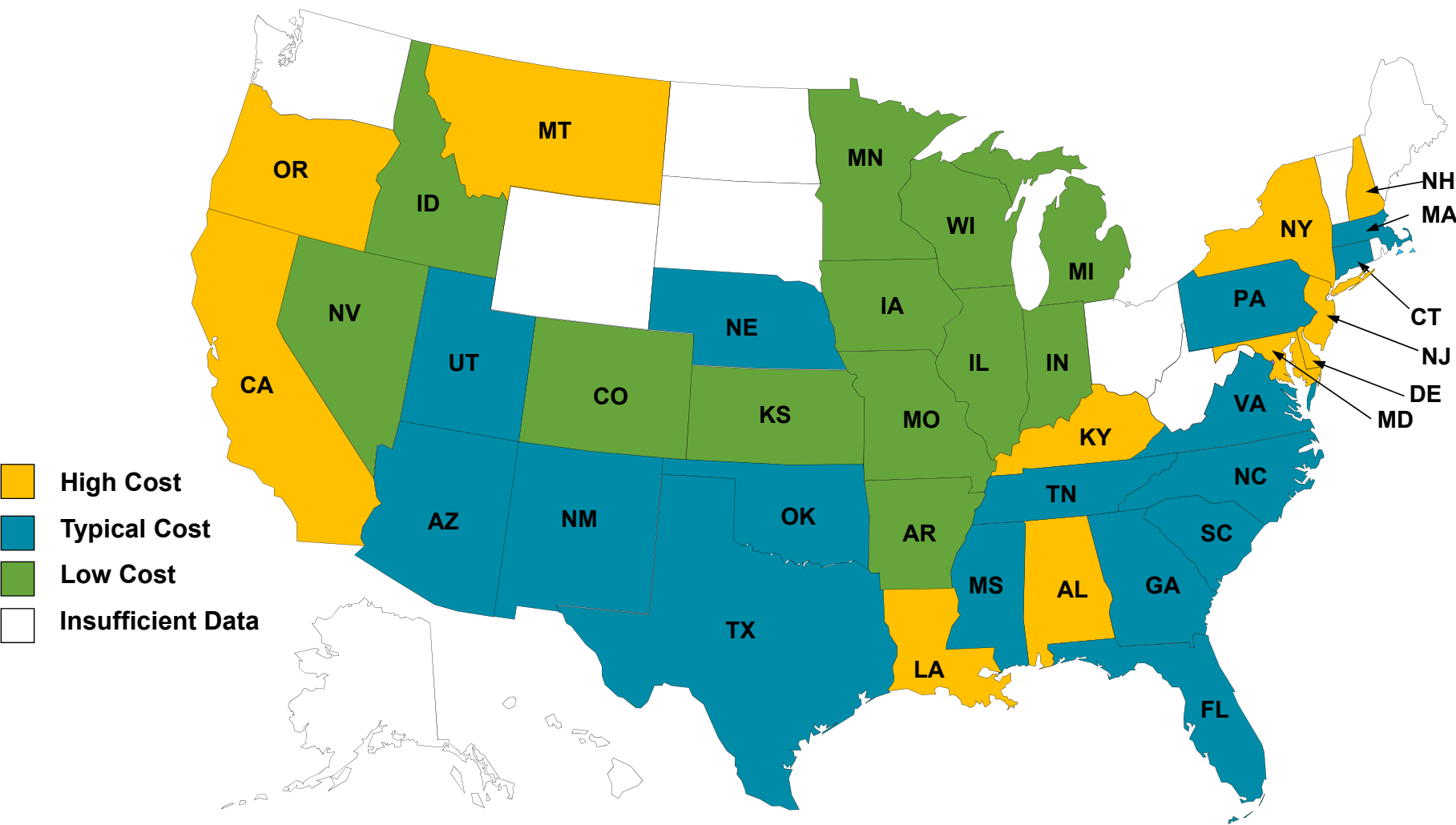
Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
 2011p = Preliminary
 Data used with permission

The Number of Prescriptions per Claim Continues to Grow



Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
Relative Service Years 1 through 10
Claim counts based on claims with a medical service by RSY 2 (AY 2011 is projected)
Data used with permission

Prescription Costs per Medical Claim Vary by State



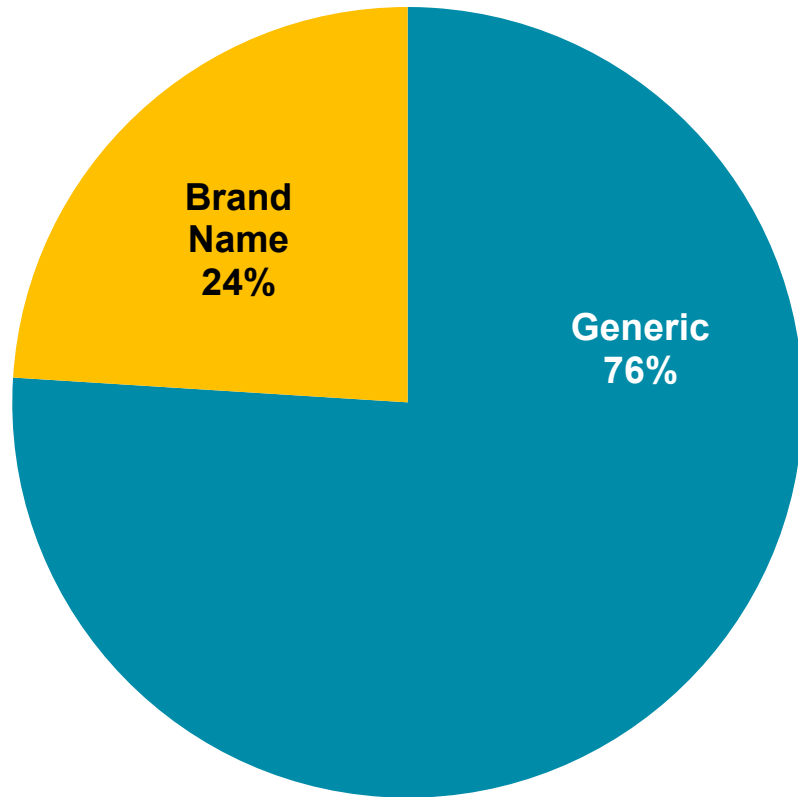
Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY). Data used with permission
 Estimates based on AY 2009 to 2011. Claim counts based on claims with a medical service by RSY 2 (AY 2011 is projected)
 All states have (or are expected to have) at least 2,500 medical claims per year
 Ranges are determined by comparing individual state averages to the medians by year
 High Cost is average relativity ≥ 1.5 , Low Cost is average relativity ≤ 0.8



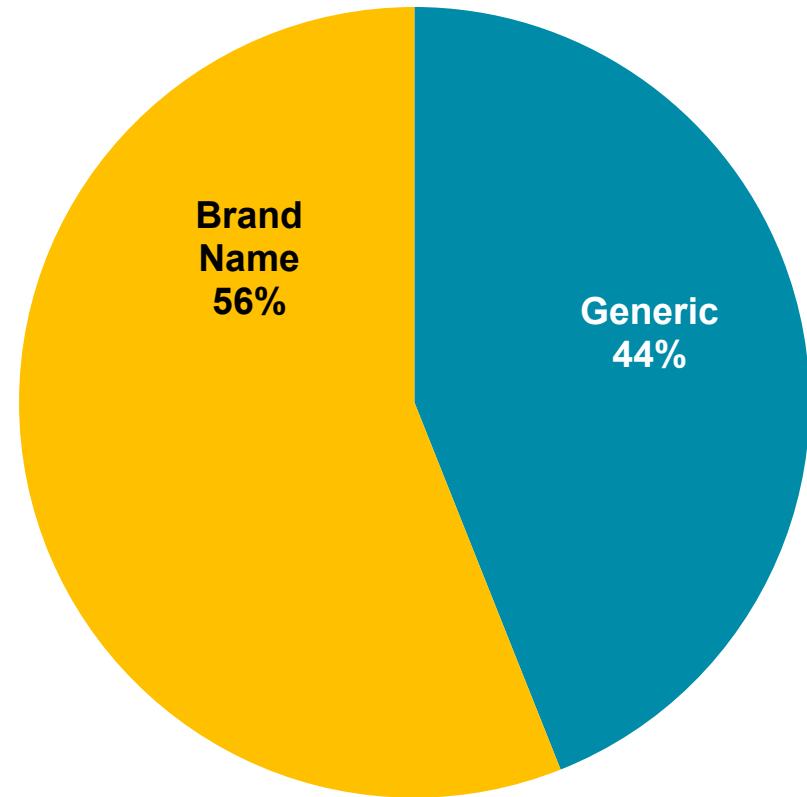
Brand Name Drugs Are Prescribed Less Often but Are More Expensive

Service Year 2011

Share of Prescriptions



Share of Paid



Source: NCCI Medical Data Call, for Service Year 2011

35 jurisdictions for which NCCI provides ratemaking services (AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, and WV) and the 7 independent bureau states for which NCCI collects the Medical Data Call (IN, MA, MN, NC, NJ, NY, and WI)
Data used with permission

Top 10 Drugs Are Pain Medications

Top Drugs for Service Year 2011 Rank Based on Total Paid

Rank	Drug Name	Brand Name/Generic	Paid Share
1	OXYCONTIN	Brand Name	7.4%
2	LIDODERM	Brand Name	4.9%
3	LYRICA	Brand Name	4.6%
4	GABAPENTIN	Generic	4.0%
5	HYDROCODONE-ACETAMINOPHEN	Generic	3.8%
6	CYMBALTA	Brand Name	3.4%
7	CELEBREX	Brand Name	3.2%
8	MELOXICAM	Generic	2.9%
9	TRAMADOL HCL	Generic	2.5%
10	OPANA ER	Brand Name	2.5%

*There have been only minor changes in rank since the prior study.**

Skelaxin, previously ranked no. 7, dropped out of the top 10 due to patent expiration on March 2010.

Source: NCCI Medical Data Call, for Service Year 2011

35 jurisdictions for which NCCI provides ratemaking services (AK, AL, AR, AZ, CO, CT, DC, FL, GA, HI, IA, ID, IL, KS, KY, LA, MD, ME, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, VA, VT, and WV) and the 7 independent bureau states for which NCCI collects the Medical Data Call (IN, MA, MN, NC, NJ, NY, and WI). Data used with permission

*Prior Study: "Workers Compensation Prescription Drug Study—2011 Update" available at ncci.com



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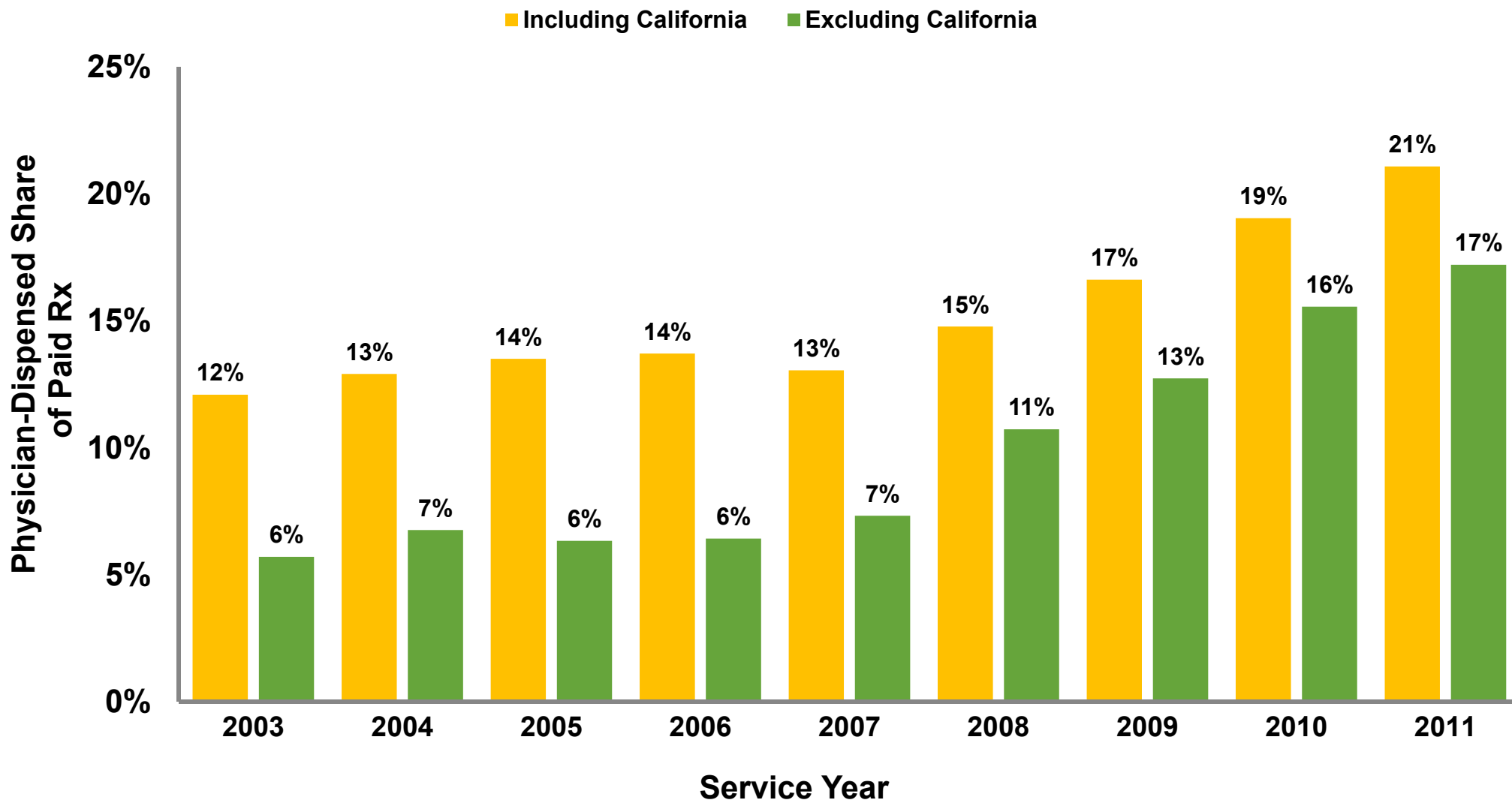
Physician Dispensing Update

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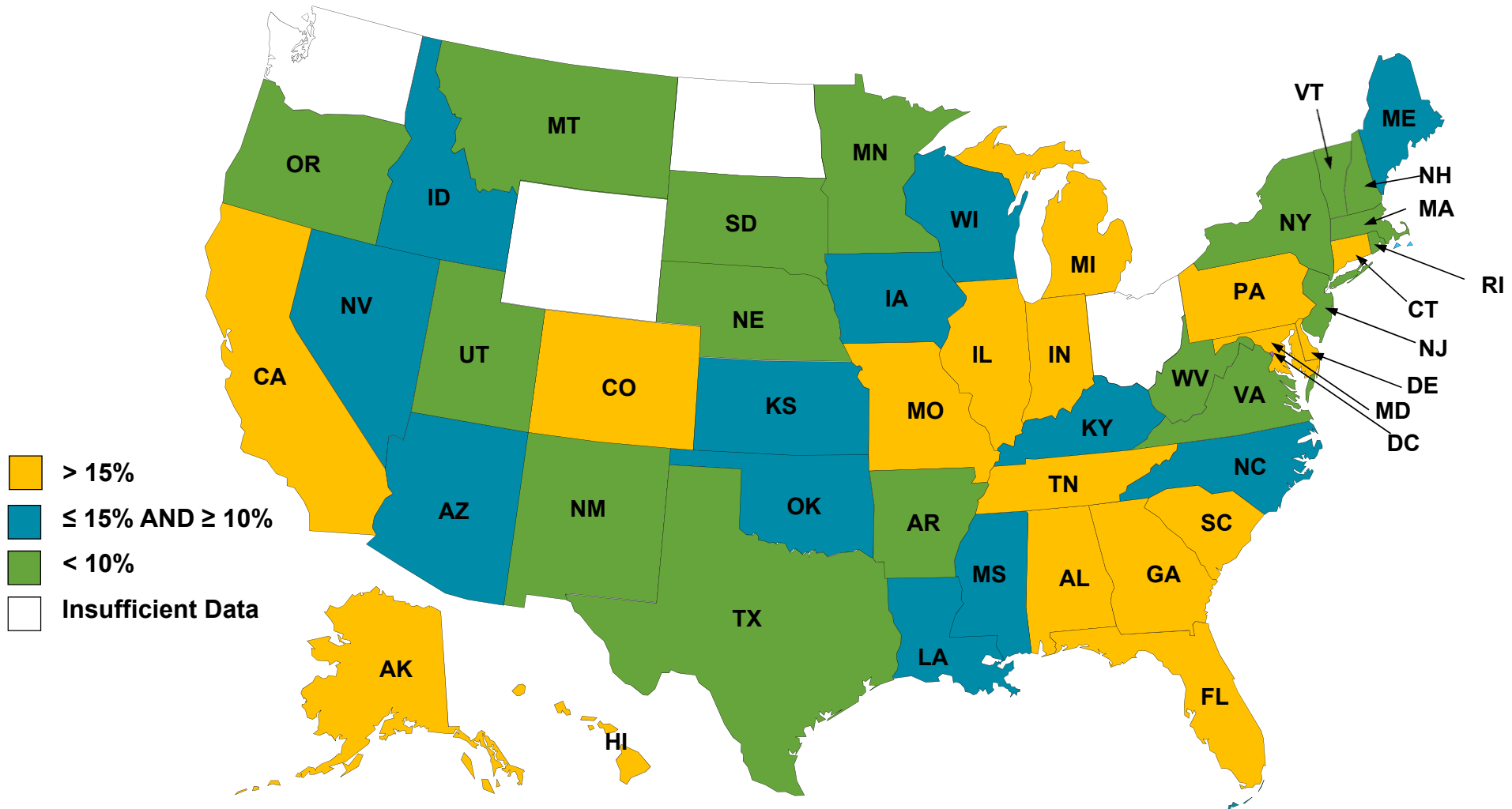
Physician-Dispensed Share of Paid Rx Continues to Increase in Service Year 2011



Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
Relative Service Years 1 through 10
Data used with permission

Physician Dispensing Varies by State

Based on Physician-Dispensed Share of Paid Rx Service Year 2011



Source: NCCI Medical Data Call, for all states except CA, DE, MI, PA, and TX, which were derived from sample data provided by carriers
Relative Service Years 1 through 10
Data used with permission

Top Physician-Dispensed Drugs for Service Year 2011

Rank Based on Total Paid

Rank	Drug Name	Brand Name/Generic	Paid Share
1	MELOXICAM	Generic	9.3%
2	TRAMADOL HCL	Generic	5.4%
3	GABAPENTIN	Generic	4.5%
4	LIDODERM	Brand Name	4.4%
5	CARISOPRODOL	Generic	4.4%
6	HYDROCODONE-ACETAMINOPHEN	Generic	4.2%
7	OMEPRAZOLE	Generic	3.3%
8	CYCLOBENZAPRINE HCL	Generic	3.2%
9	LYRICA	Brand Name	2.8%
10	CELEBREX	Brand Name	2.2%

Source: NCCI Medical Data Call, for Service Year 2011

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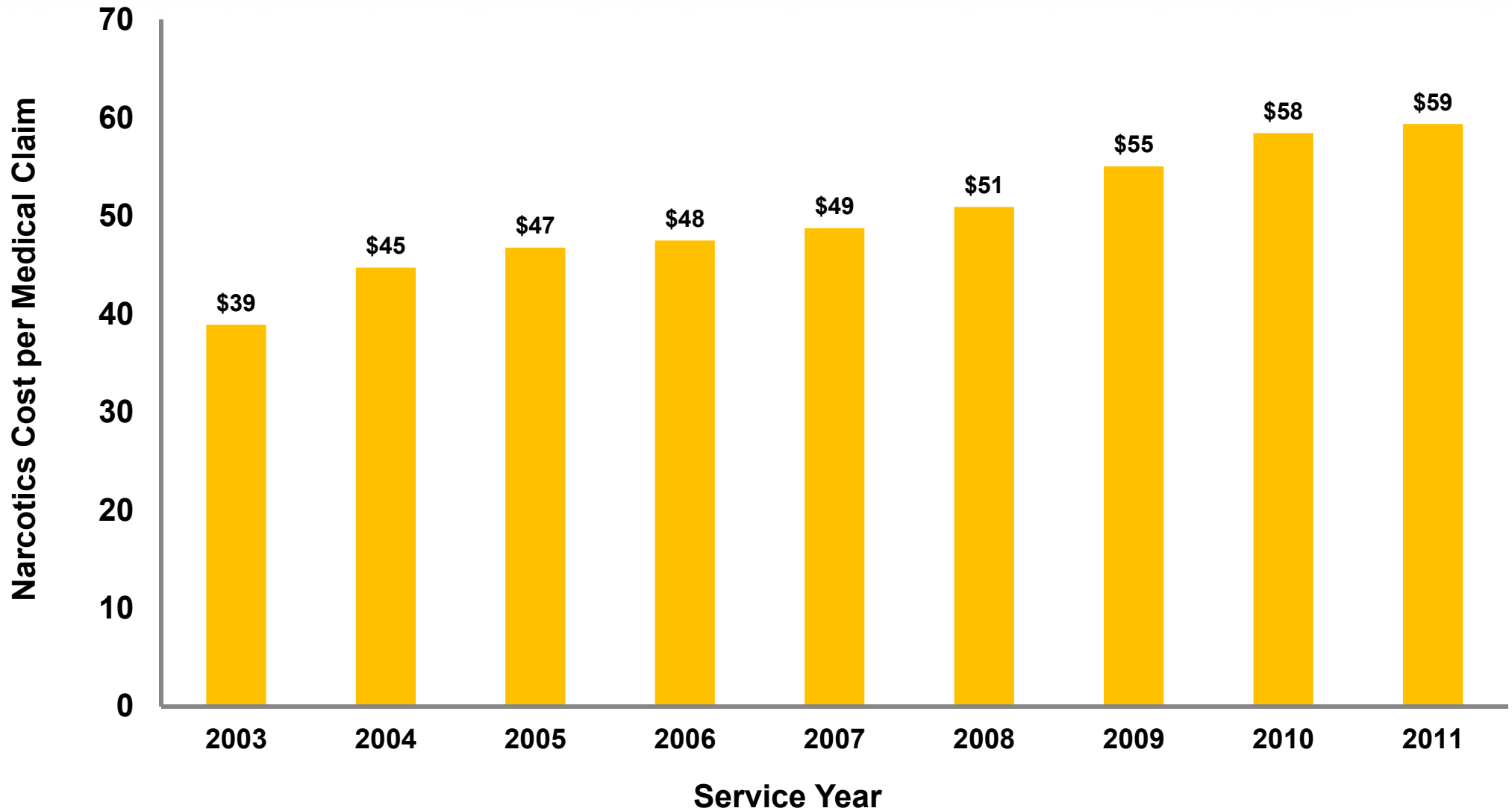
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Narcotics

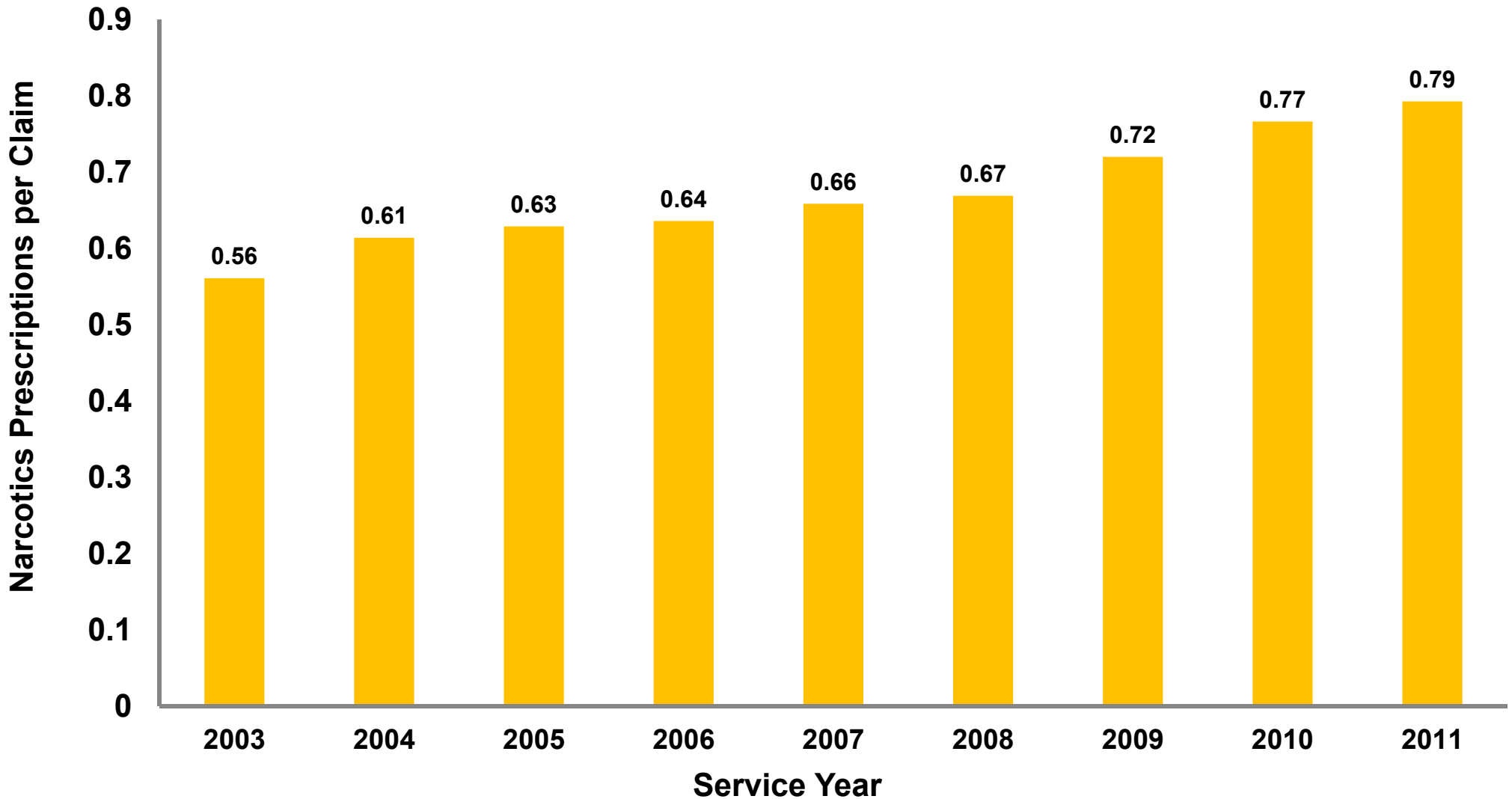
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Narcotics Cost per Claim Is Increasing



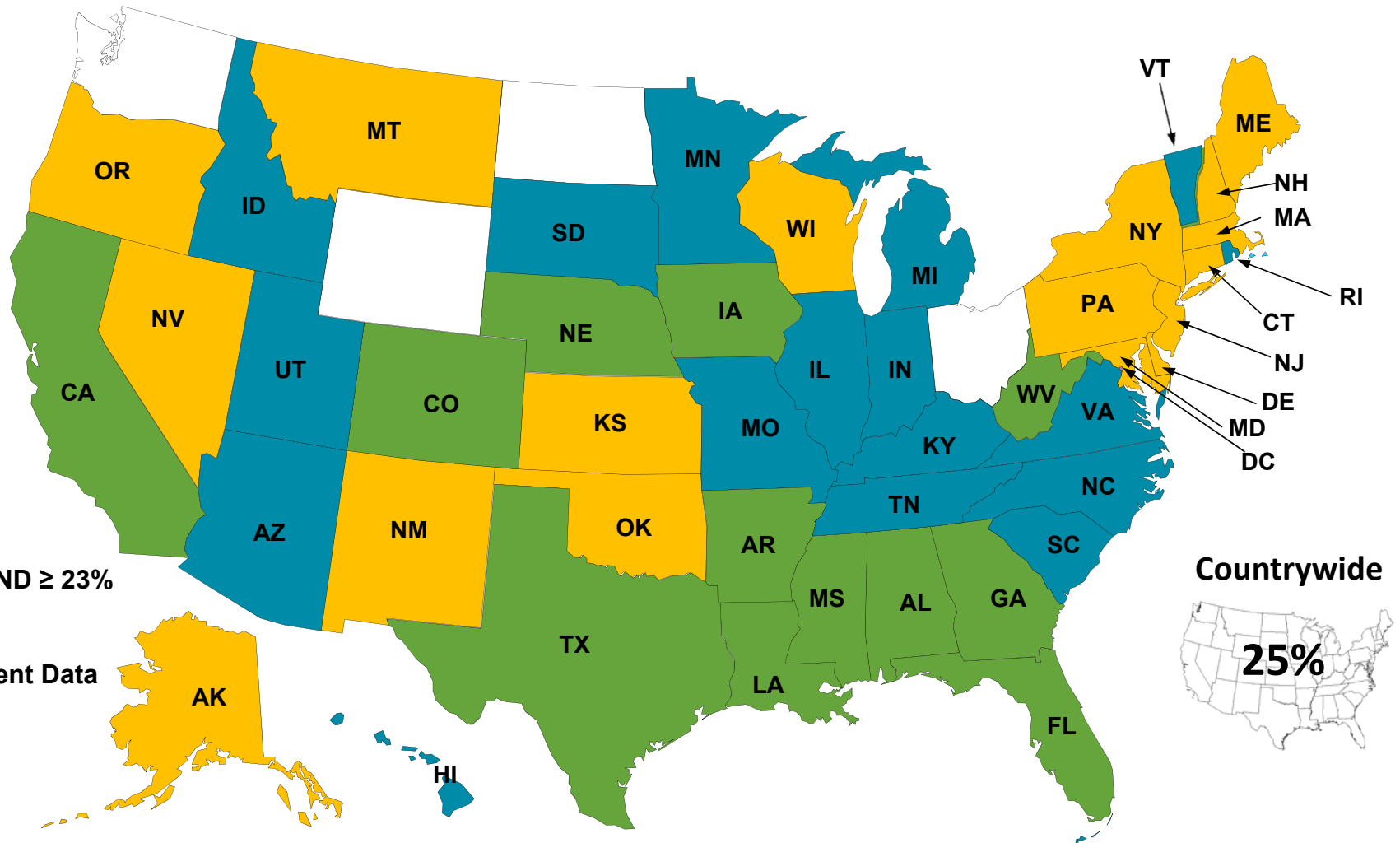
Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
Relative Service Years 1 through 10
Claim counts based on claims with a medical service by RSY 2 (AY 2011 is projected)
Data used with permission

Narcotics Prescriptions per Claim Continue to Grow



Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
Relative Service Years 1 through 10
Claim counts based on claims with a medical service by RSY 2 (AY 2011 is projected)
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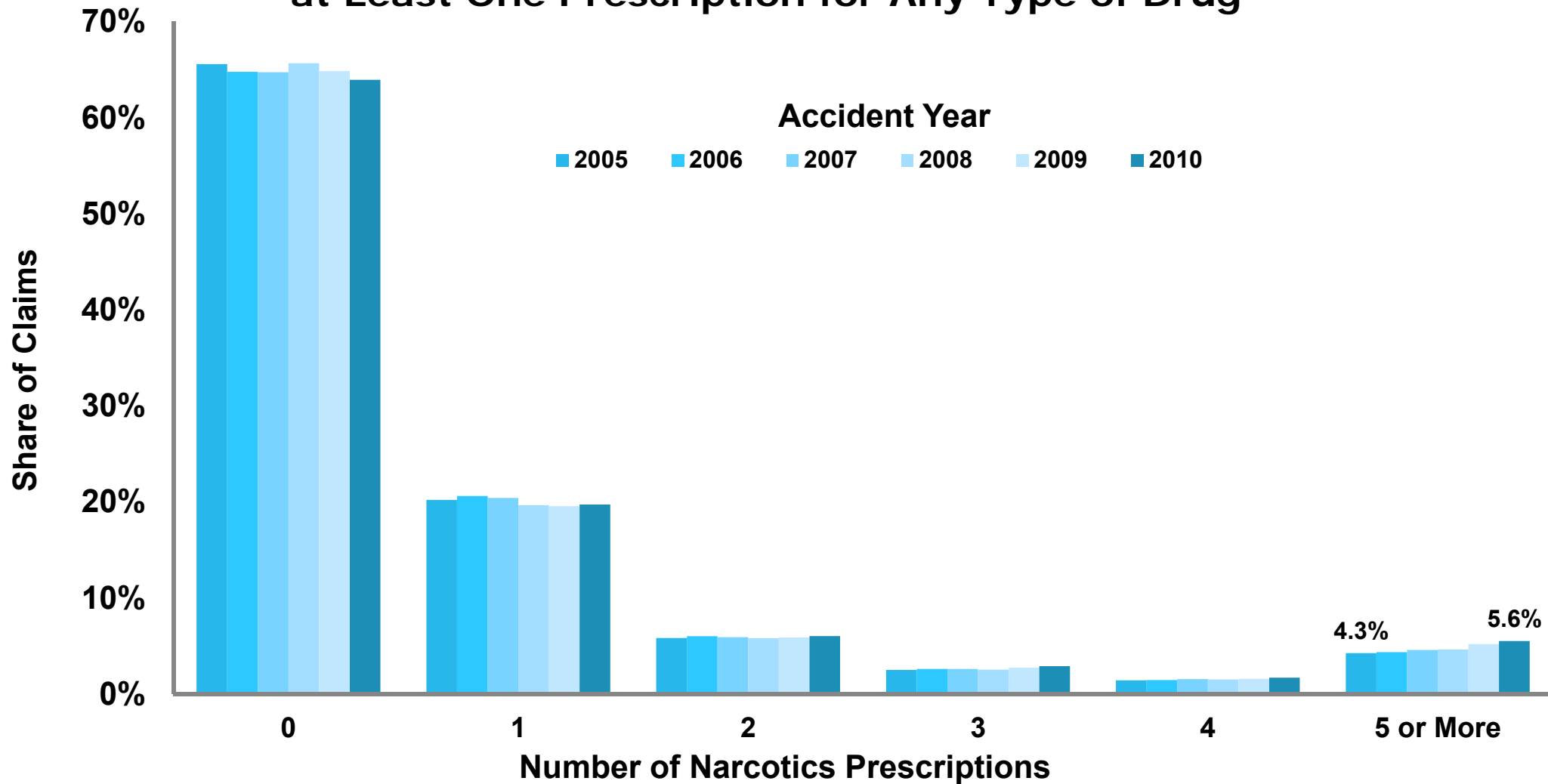
Narcotics Share of Paid Rx Service Year 2011



Source: NCCI Medical Data Call, for all states except CA, DE, MI, PA, and TX, which were derived from sample data provided by carriers
 Relative Service Years 1 through 10
 Data used with permission

Claims by Number of Narcotics Prescriptions in the First 12 Months Following Injury

As a Percentage of Claimants Who Received at Least One Prescription for Any Type of Drug*



Source: Derived from nationwide sample provided by carriers (excluding ND, OH, WA, WV, and WY)
 Shares based on narcotics and other drugs received within one year of injury
 *Share of claims with at least one Rx during Accident Year 2010 is 39% (similar to prior accident years)
 Data used with permission

Brand Name OxyContin Is One-Fourth of All Narcotics

Top Narcotics for Service Year 2011 Rank Based on Total Paid

Rank	Drug Name {Brand (B)/Generic (G)}	Active Ingredient(s)	Paid Share
1	OXYCONTIN (B)	OXYCODONE HCL	25.5%
2	HYDROCODONE-ACETAMINOPHEN (G)	HYDROCODONE BIT/ACETAMINOPHEN	13.0%
3	OPANA ER (B)	OXYMORPHONE HCL	8.7%
4	OXYCODONE HCL-ACETAMINOPHEN (G)	OXYCODONE HCL/ACETAMINOPHEN	8.6%
5	FENTANYL (G)	FENTANYL	6.6%
6	OXYCODONE HCL (G)	OXYCODONE HCL	4.8%
7	KADIAN (B)	MORPHINE SULFATE	4.2%
8	PERCOCET (B)	OXYCODONE HCL/ACETAMINOPHEN	3.9%
9	MORPHINE SULFATE ER (G)	MORPHINE SULFATE	2.4%
10	FENTORA (B)	FENTANYL CITRATE	2.4%

Source: NCCI Medical Data Call, for Service Year 2011
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Data used with permission



Closing Remarks

- Prescription drug costs continue to be a significant share of medical costs
- Physician dispensing contributes to the growth in prescription drug costs
- Narcotics continue to be a large share of prescription drug costs
- The full 2013 Prescription Drug Study will be released later this year
- Additional research can be found at **ncci.com**

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