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State: NA

New ACOEM-Based Formulary Gives ODG More Competition: Top [2013-12-19]

By [John P. Kamin](#), Reporter

Competition between the publishers of two of the most popular medical treatment guidelines heated up on Wednesday with the Reed Group's launch of its new formulary based on the American College of Occupational and Environmental Medicine's Practice Guidelines.

The Reed Group, publisher of the ACOEM guidelines, released the "beta," or preliminary version of its new formulary. The company said that it will consider user feedback to improve the formulary through the first quarter of 2014.

Many private insurance carriers and states, including Washington and Texas, use formularies to control drug use and curb inappropriate treatment practices. The formularies are lists of preferred generic and brand-name drugs.

Dr. Kurt Hegmann, editor-in-chief of the ACOEM Practice Guidelines, said in a statement that the formulary is a "major leap forward" for ACOEM.

"It helps both providers and payers rapidly determine whether a medication is appropriate for the specific stage of a patient's disorder," he said in a statement. "Clinicians and professionals have a Hippocratic responsibility to use evidence-based guidelines to help make sound decisions regarding treatments or durations. Using evidence-based guidelines ensures faster healing, quicker return to work and fosters return-to-work decisions that are made on solid science and should be the first choice for anyone seeking the best outcomes."

The Reed Group's formulary uses the Food and Drug Administration's National Drug Code numbering and drug-listing data, and incorporates the ACOEM Practice Guidelines' 600-plus medication-related recommendations, according to Rachel Berry, senior director of marketing and communications for the Reed Group.

"Users now have access to more than 40,000 generic and brand-name drug formulations, as well as the ability to search for specific drugs by ingredient, generic, or brand name to find the related guidelines recommendations," she wrote in an emailed statement to WorkCompCentral. For instance, a treating physician could use the formulary to quickly determine whether the ACOEM guidelines recommend hydrocodone for treatment of a rotator cuff sprain.

The Reed Group's new formulary arrived just as formularies are reaching new levels of popularity among state lawmakers and regulators.

Mark Pew, senior vice president of product development for Prium, told WorkCompCentral that more state regulators are considering adopting formularies after observing the state of Texas' successful implementation of one during the past three years. He suspects that the popularity of the Texas formulary could be the reason for Reed Group's launch of the new formulary.

In December 2008, Texas regulators adopted a formulary created by the Work Loss Data Institute, a company based in Encinitas, Calif., that publishes the Official Disability Guidelines, to require preauthorization for controversial prescriptions.

As regulators gradually phased in the formulary in September 2011, the number of workers' compensation prescriptions for drugs that are "not recommended" by the ODG guidelines decreased substantially. For instance, the Division of Workers' Compensation reported that the number of injured workers receiving "not recommended" drugs dropped from 15,000 in mid-2012 to less than 8,000 in April 2013.

Oklahoma was quick to follow suit.

In May, Oklahoma state lawmakers approved Senate Bill 1062, which replaced the existing Oklahoma Workers' Compensation Court with an administrative Workers' Compensation Commission. The Oklahoma commission's first rules proposal called for the implementation of a closed drug formulary by 2016.

Patricia Whelan, publisher of the ODG guidelines, said that the Oklahoma proposal would use an ODG formulary.

"Further, since the ODG Formulary is derived from and linked directly to the ODG Treatment Guidelines, it is effectively used, informally, by all the states that have adopted ODG," she said. "There are several other states who are currently considering a more formal ODG Formulary adoption."

Pew said that several state jurisdictions have contacted him about formularies, after watching a November webinar in which he interviewed Texas Workers' Compensation Commissioner Rod Bordelon about the state's closed formulary.

"It is prompting discussions that I have had with a couple of other (state) jurisdictions who are contemplating what Texas has done, and implementing it in their states as well," he said. "So it is a growing trend, and ACOEM could be on the outside looking in if they do not have something that necessarily competes with that."

Pew declined to say which states are considering formularies due to the early nature of the discussions.

Joe Paduda, a workers' compensation consultant and author of the blog Managed Care Matters, told WorkCompCentral via email that the workers' compensation industry will find the ACOEM formulary useful.

"While a bit late to the party, ACOEM's entry into pharmacy guidelines is very welcome indeed," he said. "This will help payers, regulators and judges better determine appropriate treatment."

Paduda said that in order to determine whether the new formulary can compete with the Work Loss Data

Institute's formulary, the industry will have to find out more details about the methodology that underlies the design of the formulary. For instance, he said he would like to know the basis for the formulary, how it is supported by medical literature, the methodology of the formulary, the individuals involved in the creation of the formulary and the clarity of the formulary's recommendations.

Berry said there are "two big differences" between ACOEM's formulary and the formularies used by ODG and Washington state.

"The medication recommendations in this formulary are tied to evidence-based treatment guidelines," Berry said. "This formulary comes with a condition-specific search, which makes it very easy to apply the recommendation to the condition."

Simplicity and clarity are two of the reasons for the success of the Work Loss Data Institute's Texas formulary, Pew said. He noted that the Work Loss Data Institute classifies drugs into categories of "Y" or "N" to indicate whether it is recommended.

"It made it very easy for pharmacists, for doctors, for utilization-review companies like us, for pharmacy benefit managers, to know what was supposed to happen and to know how to implement it because it was relatively binary," he said. "If it is 'N', Texas said you have to preauthorize it. If it was 'Y', Texas said you do not have to preauthorize it."

A well-designed formulary will also include an easy-to-understand standard of when drugs need further action, Pew said. The makers of a successful formulary also must regularly update it with information on new drugs entering the market and the latest research about existing treatments, he said.

While private carriers and third-party administrators tend to use personalized formularies that vary upon each state's individual regulations, Pew said that they may choose to base parts of their formularies on the ones created by the Work Loss Data Institute and Reed Group.

"Carriers, third-party administrators and pharmacy benefit managers are really reliant on what the jurisdiction allows," he said. "So, for California, you are obligated to live within the Medical Treatment Utilization Schedule. In Texas, you are obligated to live within the ODG. In Colorado, you are obligated to live within the specific guidelines that they have created. So they cannot create formularies that contradict what the standard of care is for that specific jurisdiction."

While the Reed Group's formulary gives carriers another source to base their private formularies upon, the Work Loss Data Institute said that it encourages the use of evidence-based medicine to fight misuse of prescription opioids.

"We are aware of Reed Group's intent to develop a formulary based on the ACOEM Guidelines," Whelan said. "We have not seen the beta version and therefore cannot comment on the content, format or useability. Clearly there is an opioid epidemic running rampant in this country and misuse and overuse of medications in general. Efforts to help manage this situation through the use of evidence-based medicine are necessary and admirable."