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State: TX

Analysis Says Closed Formulary Reducing 'N' Drug Use: Top [2012-01-26]

By [Bill Kidd](#), Central Bureau Chief

Texas' closed formulary for prescription drugs in the workers' compensation system appears to be reducing the volume of so-called "N" drugs prescribed for injured workers in the first 90 days after an injury, an analysis by a utilization review company executive concludes.

Another significant indication of the formulary's effect on use of "N" drugs is expected after Sept. 1, 2013, when "legacy claims" – existing prescriptions for injured workers that may date back many years – come under the formulary requirements.

The formulary uses the Official Disability Guidelines (ODG) to determine which drugs require preauthorization. Preauthorization is required for drugs designated as "N" under the ODG, meaning those drugs are considered experimental, investigational or not recognized for use in treating a particular injury or condition.

Drugs on the "N" list include potentially addictive and expensive Class II narcotics, hypnotics, and compound drugs that contain "N" ingredients. The federal Drug Enforcement Administration classifies drugs based on their medical uses and potential for addiction or dependency.

The formulary, which was mandated by the Texas Legislature through House Bill 7 in 2005, was drafted by the Division of Workers' Compensation and became effective Sept. 1, 2011 for new claims with a date of injury on or after that date. Legacy claims come under the formulary two years later.

Mark Pew, senior vice president of business development for Atlanta, Ga.-based Prium, a utilization review company specializing in prescription drug claims, told WorkCompCentral Wednesday he believes the formulary already is reducing the number of "N" drug prescriptions.

Pew said one of Prium's pharmacy benefit manager partners provided data on its Texas drug transactions, which he says show that since the formulary took effect last Sept. 1, "there appears to have been a significant decline in the prescribing of drugs that would qualify for...preauthorization for new claims." Pew said he could not identify the pharmacy benefit manager without its permission.

The data show 18,359 prescriptions for drugs dispensed within 90 days of the date of injury

between Sept. 1, 2010 and Aug. 31, 2011. Those prescriptions included 1,355 “N” drugs, accounting for 7.38% of the total. From Sept. 1 through Dec. 22, 2011, there were 1,825 prescriptions for drugs dispensed within 90 days of injury, which included 64 for “N” drugs, representing 3.51% of the total.

Pew said the analysis was “corroborated by the DWC” while he was visiting in Austin last week. DWC representatives did not return calls to WorkCompCentral Wednesday.

Pew commented that “time will tell” whether the figures are an anomaly or a permanent trend. “Regardless, this is real impact and real progress... For now it appears that Texas has forced a reevaluation of how and when these (“N”) drugs should be used as a treatment option,” he said.

Trey Gillespie, senior workers’ compensation director for the Property Casualty Insurers Association of America (PCI), called the results of Pew’s analysis “extraordinarily encouraging,” indicating that the formulary “is beginning to change medical treatment in Texas.”

Gillespie said that another indicator of change is that the DWC has not issued a single interlocutory order to require that an injured worker receive an “N” drug. The division can use an interlocutory order to require a carrier to pay for the drug – although its use is outside the ODG guidelines -- if a health care provider concludes it is necessary for a patient.

That lack of orders indicates there been “no readily identifiable need” for most injured workers to receive “N” drugs outside of the treatment parameters, Gillespie said.

Pew says the next question is whether the reduction in “N” drug use will carry over on the legacy claims in 2013.

Research indicates there are a lot of “N” drugs being prescribed for legacy claims.

The Texas Department of Insurance Workers’ Compensation Research and Evaluation Group published a report last October showing that legacy claim prescriptions for injury years 1991 through 2005 averaged \$3,636 in 2010 compared to \$266 per prescription for injury years 2006 through 2009.

The formulary requires that by Sept. 1, 2013, every legacy claim must be reviewed and have medical necessity confirmed for all “N” drugs – or become subject to the formulary’s preauthorization requirements.

In addition, the DWC is requiring that beginning not later than March 1, 2013, each payer (employer or carrier) must identify legacy claims where an “N” drug is prescribed after Sept. 1, 2012, and provide written notification to injured workers, prescribing physicians and pharmacies of how the claims will be affected as of Sept. 1, 2013. The notice must include a contact name and number for discussion of the changes.

At the division’s quarterly meeting with insurance carrier representatives Jan. 19, Matt Zurek, DWC executive deputy commissioner for health care management and system monitoring,

reminded those attending of the formulary deadlines for legacy claims. Zurek urged carriers not to delay making the necessary evaluations and notifications.

Some carriers already are sending out notification letters, Zurek said. He also reported that the division is continuing its efforts to educate all system participants on what is needed – including reaching out to medical, insurer and pharmacy organizations.

Warren Cooper, director of health care delivery systems for the Texas Medical Association, said the association is planning to “reach out and educate doctors” on the legacy claims issue so that physicians will know what to look for and what is expected on such claims.

Cooper said the association hasn’t made any final decisions on how that education will be provided, but it may include online training.

Pew posts comments on Prium’s blog at <http://www.prium.net/evidence-based/>.