



Narcotics in Workers Compensation

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CASE Meeting
March 28, 2012**

Overview

- General Rx use in workers compensation
 - Rx share of total medical costs
 - Top drugs in workers compensation
 - Physician dispensing
- Narcotic use in workers compensation
 - Overall trends
 - Trends by active ingredient
 - Initial narcotic use as an indicator for prolonged use
 - Drug abuse treatments

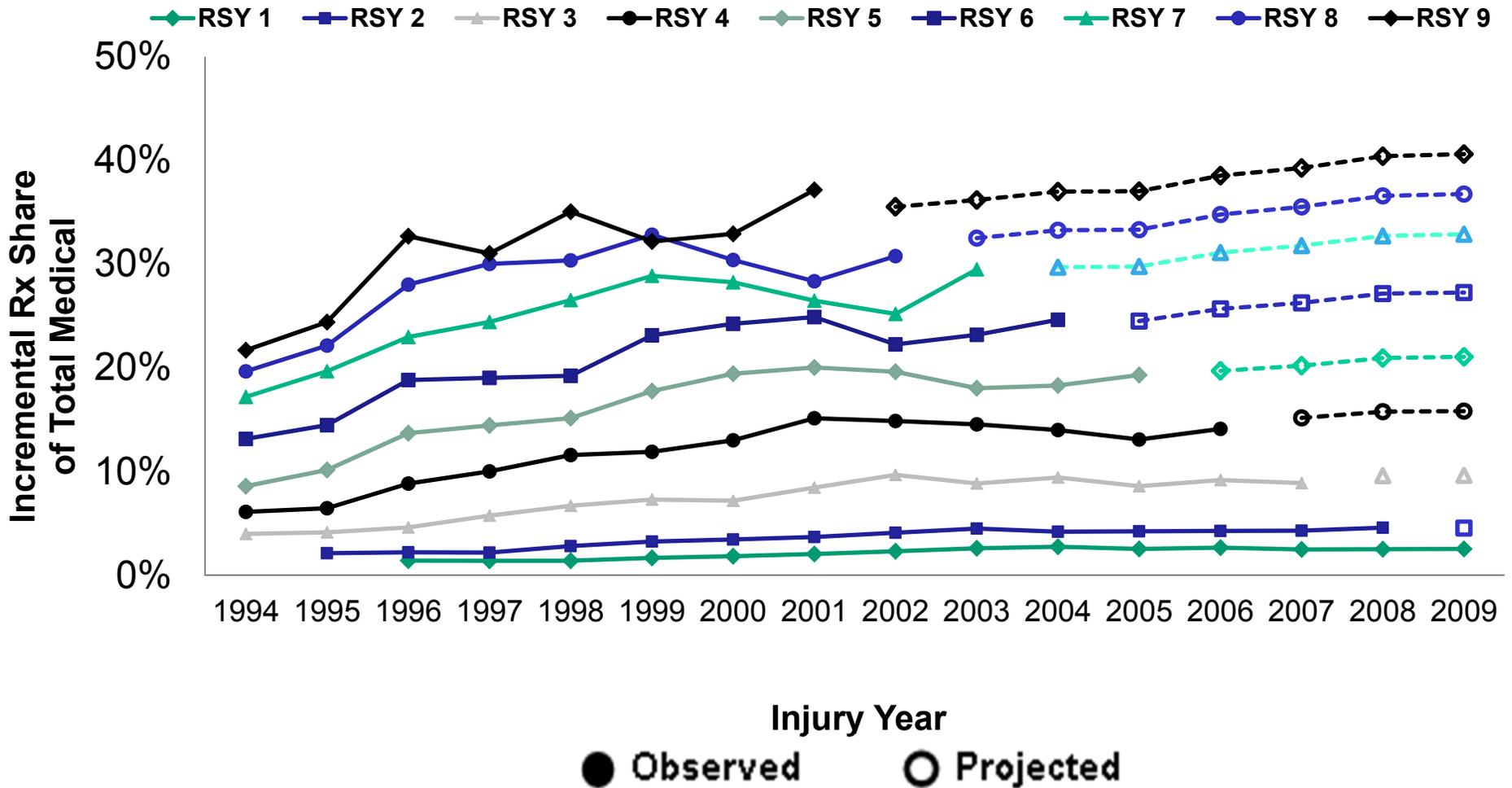
Key Findings

- The estimated Rx share of total medical claim costs is 19% for Accident Year 2010
 - This is slightly higher than the two most recent accident years
 - Long duration claims have increased shares
- The share of drugs dispensed by physicians continues to increase
- Per-claim narcotic costs have increased
- Narcotics use is concentrated to only a small percentage of claimants
- High initial narcotic use is indicative of future use



General Rx Use In Workers Compensation

Service Year 2009 Shows an Increase in the Incremental Rx Share of Medical Costs

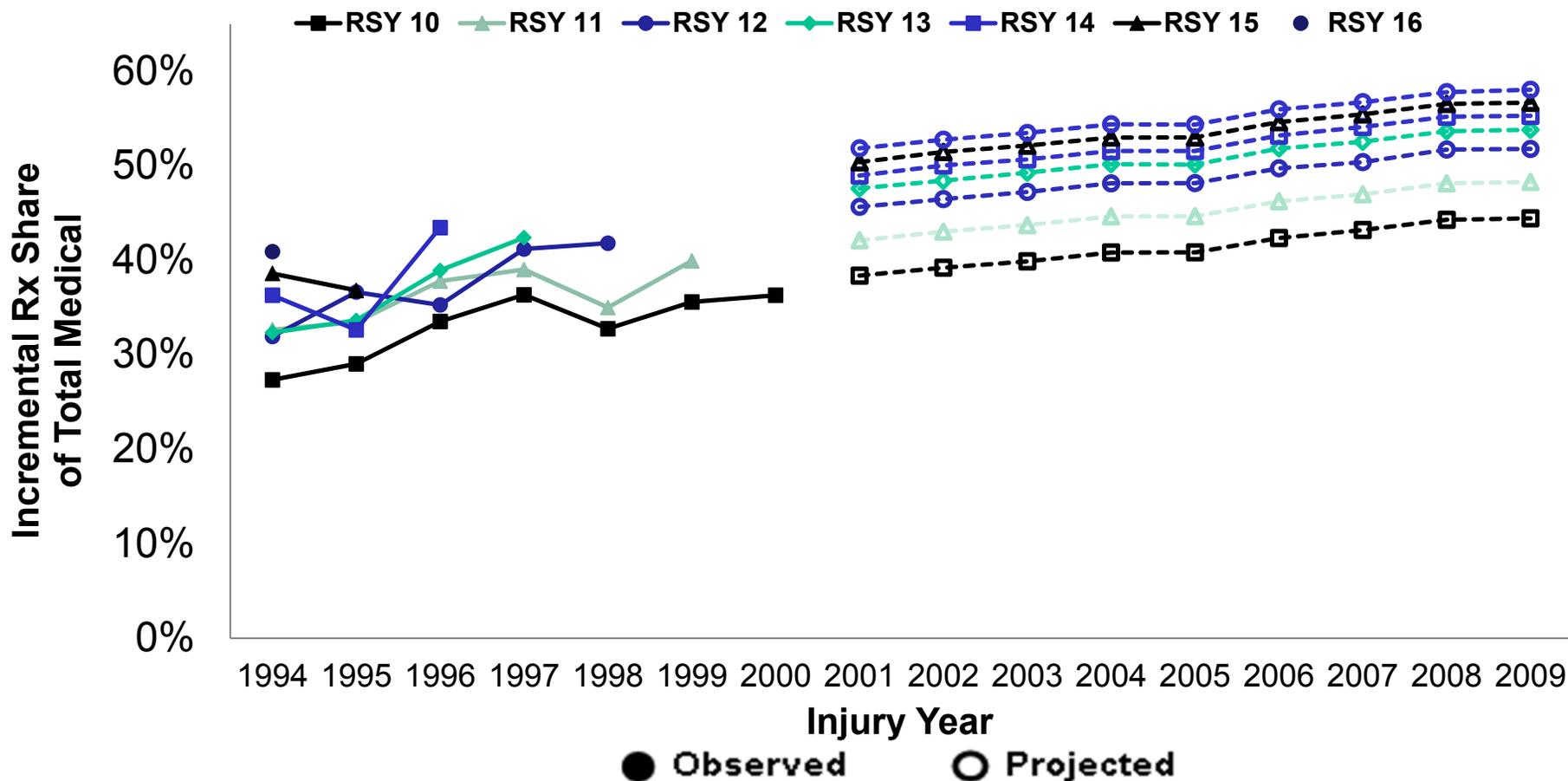


Source: Derived from sample data provided by carriers

Aggregation of states where NCCI provides ratemaking services, excl. WV, plus CA, DE, MA, MI, MN, NJ, NY, PA, and WI



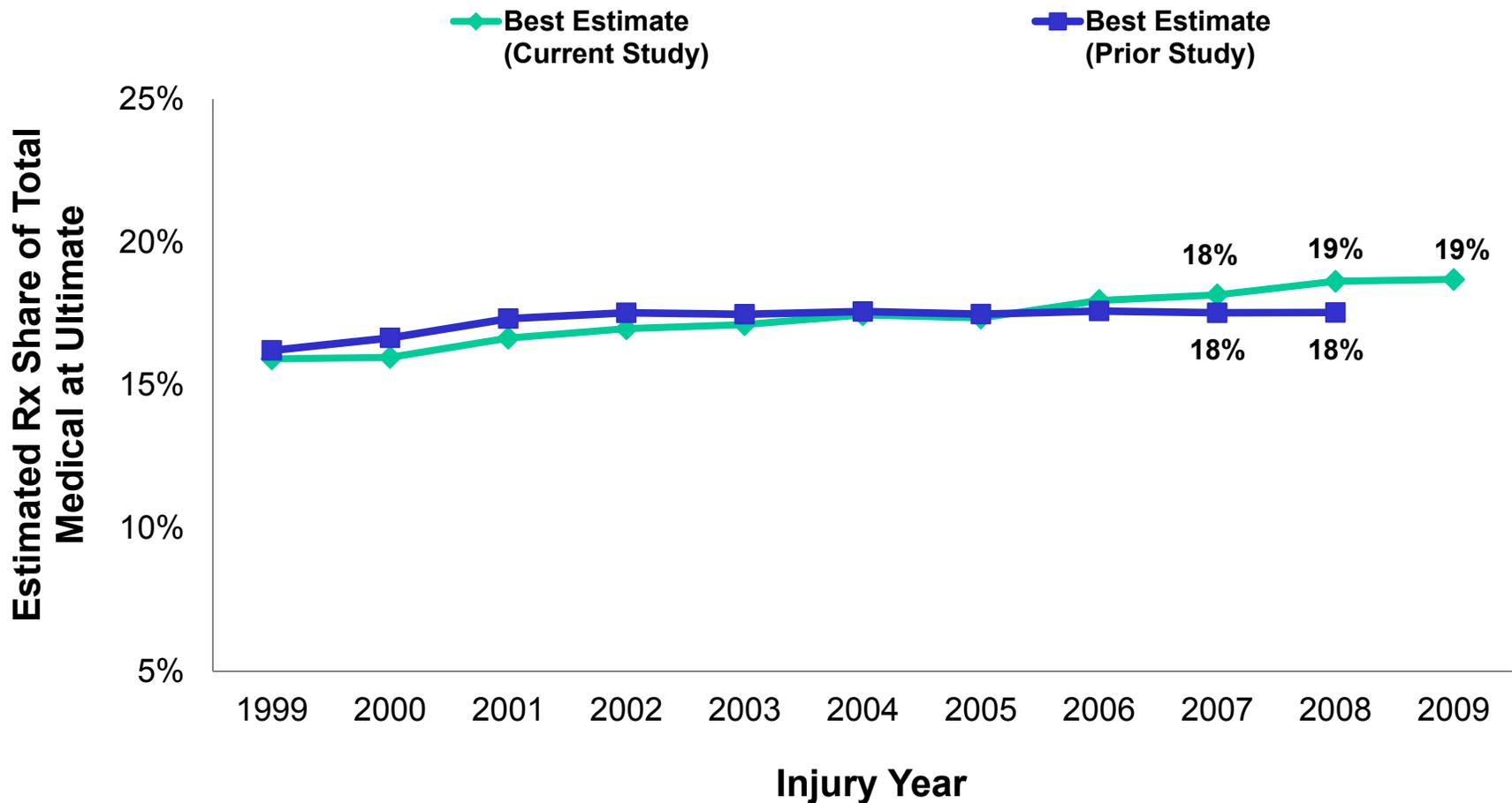
Older Relative Service Years Continue to Converge



Source: Derived from sample data provided by carriers

Aggregation of states where NCCI provides ratemaking services, excl. WV, plus CA, DE, MA, MI, MN, NJ, NY, PA, and WI

The Rx Share of Total Medical Is Slightly Elevated From the Prior Study



Source: Derived from sample data provided by carriers

Prior Study: "Workers Compensation Prescription Drug Study—2010 Update" available at ncci.com. Uses data through 6/2009

Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)

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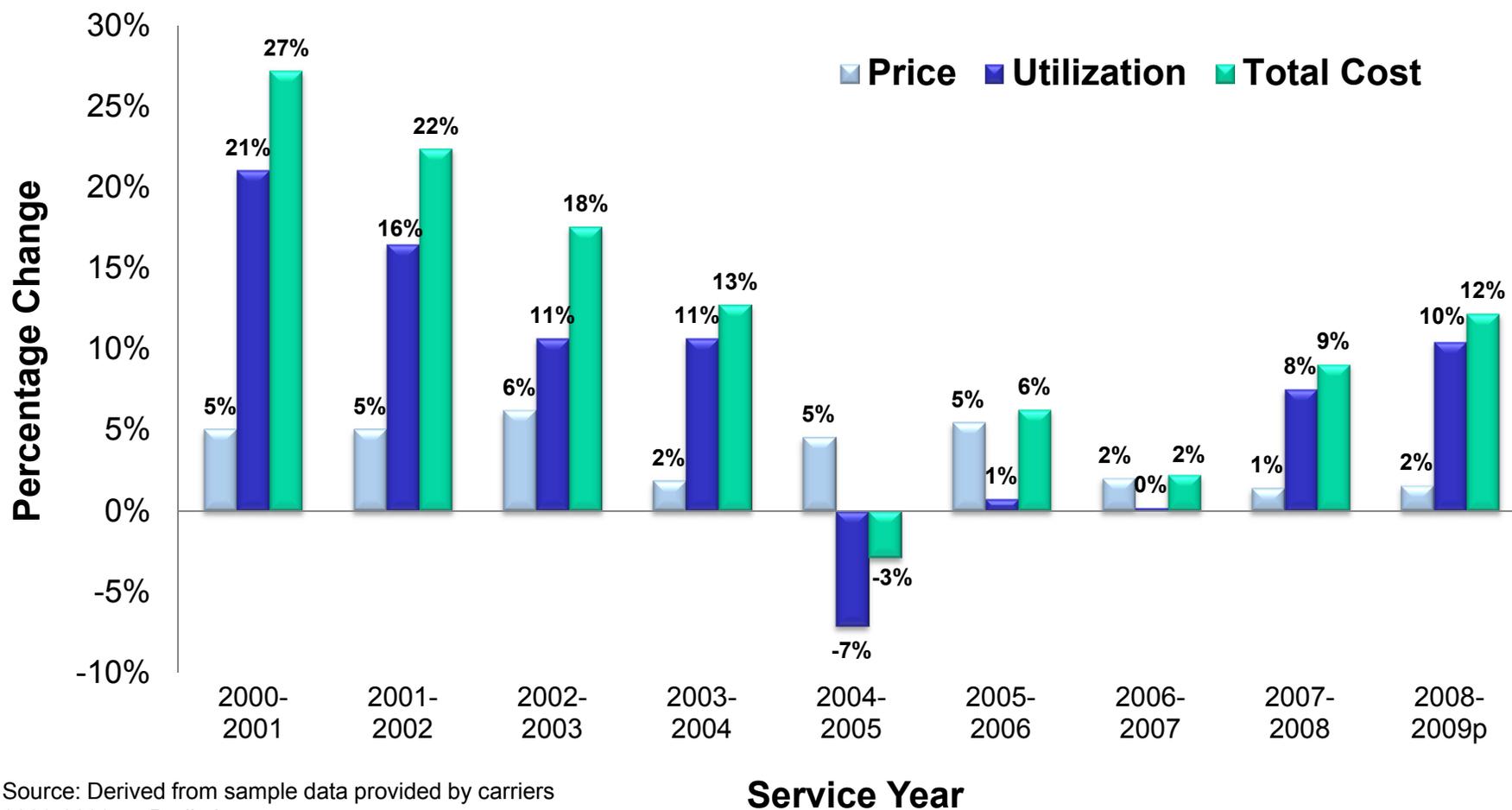
Top Drugs for Service Year 2009

Paid Share SY 2009	Drug Name	Service Year		
		2009	2008	2007
6.1%	OXYCONTIN®	1	3	8
5.2%	LIDODERM®	2	2	2
5.1%	HYDROCODONE-ACETAMINOPHEN	3	1	1
4.4%	LYRICA®	4	4	4
3.7%	CELEBREX®	5	5	3
3.4%	GABAPENTIN	6	6	5
2.8%	SKELAXIN®	7	7	7
2.7%	CYMBALTA®	8	8	13
2.3%	MELOXICAM	9	11	15
2.3%	CYCLOBENZAPRINE HCL	10	9	9
2.1%	TRAMADOL HCL	11	10	10
2.0%	OMEPRAZOLE	12	15	18
1.8%	FENTANYL	13	12	14
1.5%	FLECTOR®	14	28	>1000
1.4%	OXYCODONE HCL	15	13	6

Source: Derived from sample data provided by carriers
 Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)

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Utilization Continues to Be a Major Cost Driver



Source: Derived from sample data provided by carriers

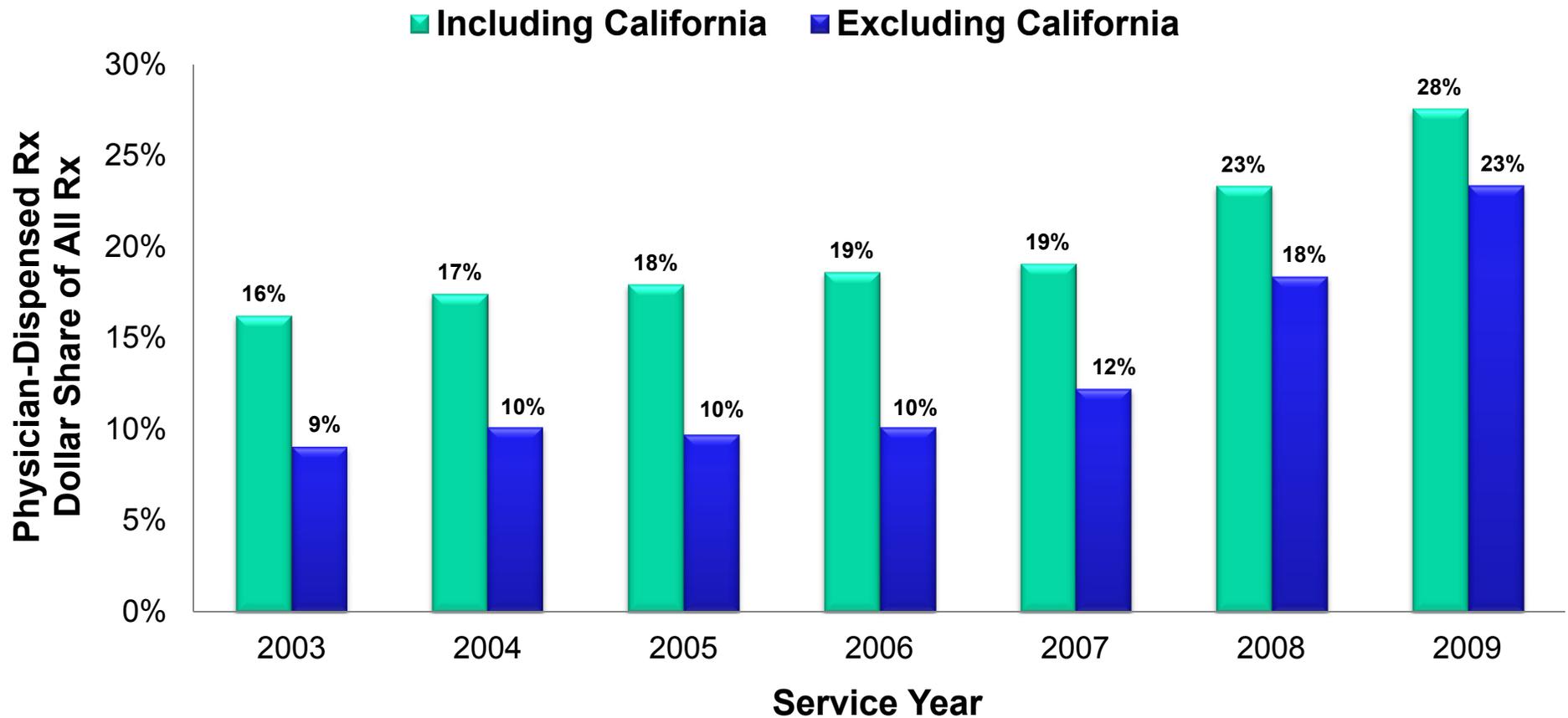
2008-2009p = Preliminary

Utilization includes a major portion of the cost impacts due to changes in physician dispensing

Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)

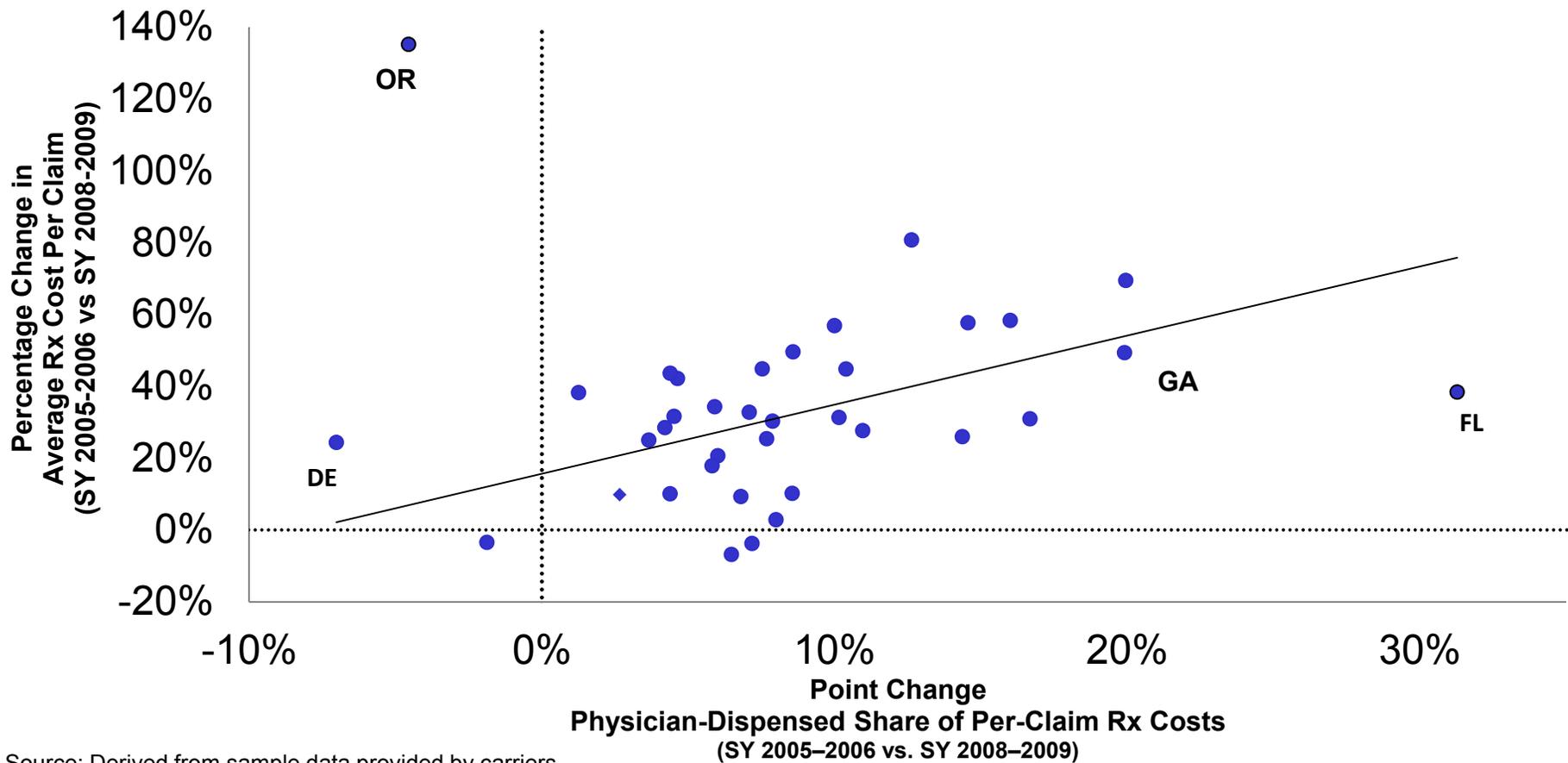
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Physician Dispensing Continues to Increase in Service Year 2009



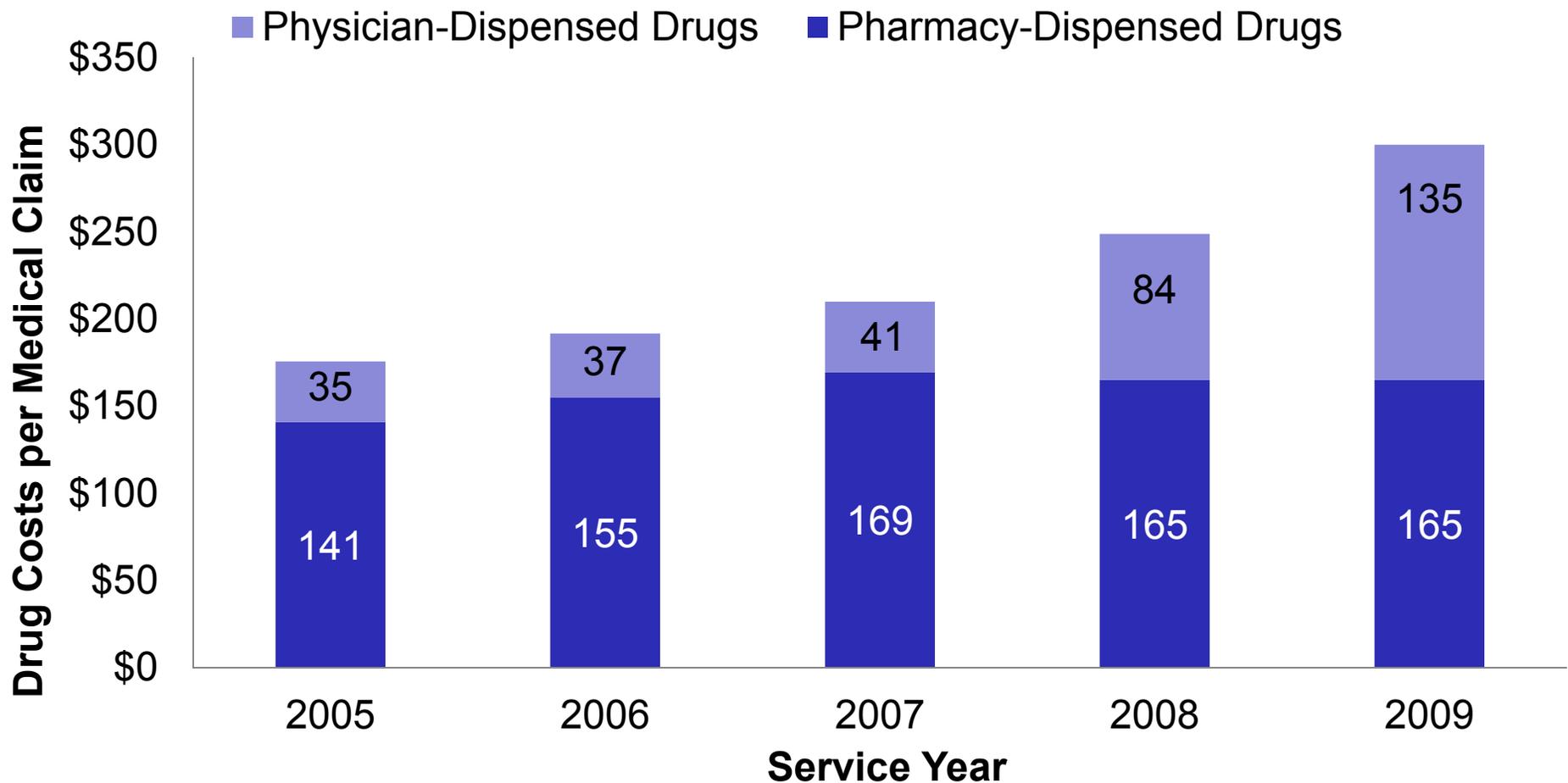
Source: Derived from sample data provided by carriers
1st through 10th relative service year
Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)
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Increases in the Share of Drug Costs Due to Physician Dispensing Are Associated With Increases in Drug Costs



Source: Derived from sample data provided by carriers
 States shown have more than 2,500 medical claims for each AY in 1996 to 2009
 Claim counts defined as claims with a medical service by RSY 2 (AY 2009 is projected)
 Regression line does not consider OR and FL

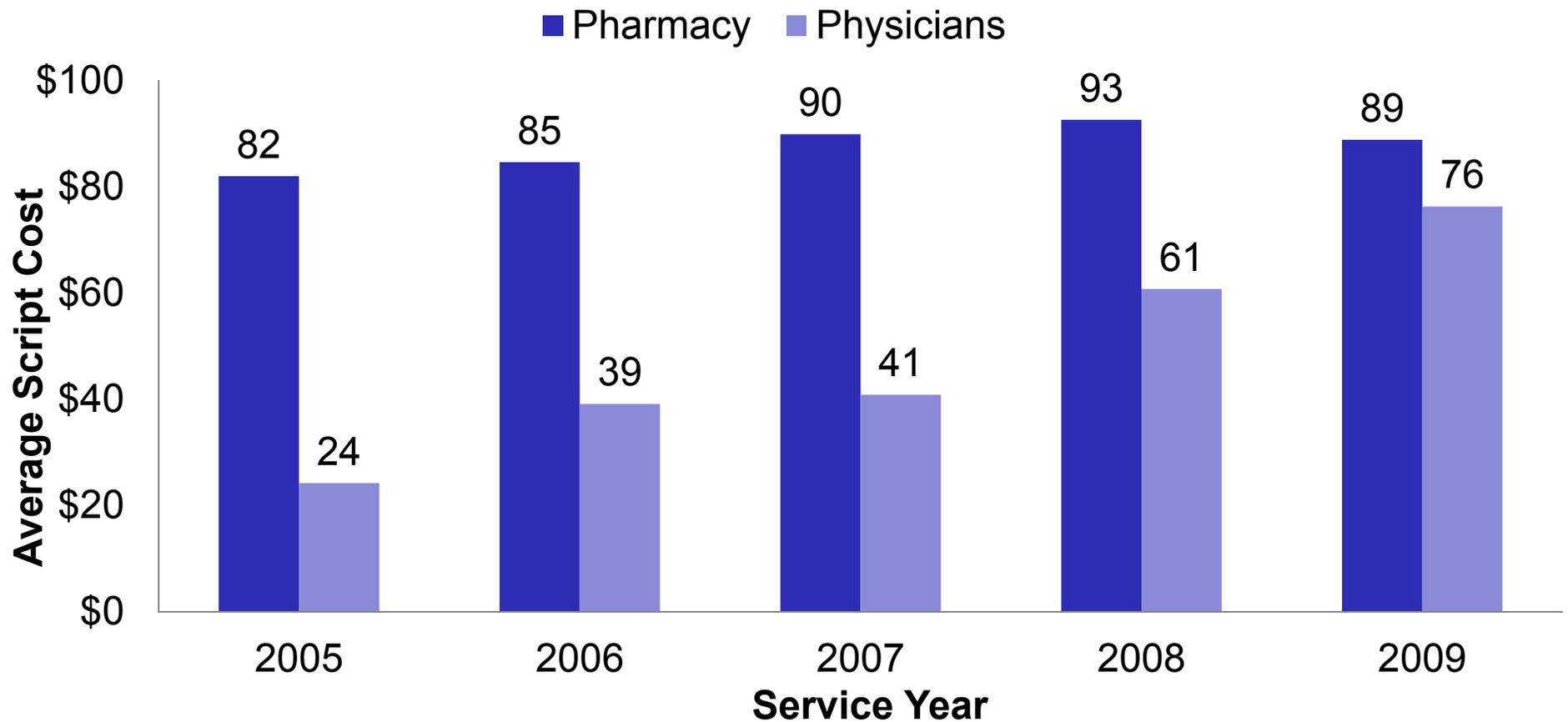
Costs From Physician Dispensed Drugs Have Recently Risen in Georgia



Source: Derived from sample data provided by carriers
Claim counts defined as claims with a medical service by RSY 2 (AY 2009 is projected)



Physicians in Georgia Have Shifted to Dispensing More Expensive Scripts



Source: Derived from sample data provided by carriers



Top Physician-Dispensed Drugs in Georgia

Service Year 2005			Service Year 2009	
	Drug Name	Price Per Script	Drug Name	Price Per Script
1	IBUPROFEN	\$13	MELOXICAM	\$199
2	CYCLOBENZAPRINE HCL	\$35	LIDODERM®	\$419
3	DICLOFENAC SODIUM	\$45	HYDROCODONE-ACETAMINOPHEN	\$48
4	ETODOLAC	\$67	TRAMADOL HCL	\$63
5	RANITIDINE HCL	\$65	CARISOPRODOL	\$171
6	CEPHALEXIN	\$45	RANITIDINE HCL	\$121
7	TRAMADOL HCL	\$32	GABAPENTIN	\$167
8	NAPROXEN SODIUM	\$25	NAPROXEN	\$60
9	SKELAXIN®	\$80	OMEPRAZOLE	\$231
10	NAPROXEN	\$32	CYCLOBENZAPRINE HCL	\$47

Source: Derived from sample data provided by carriers
Ranks are by total dollars paid



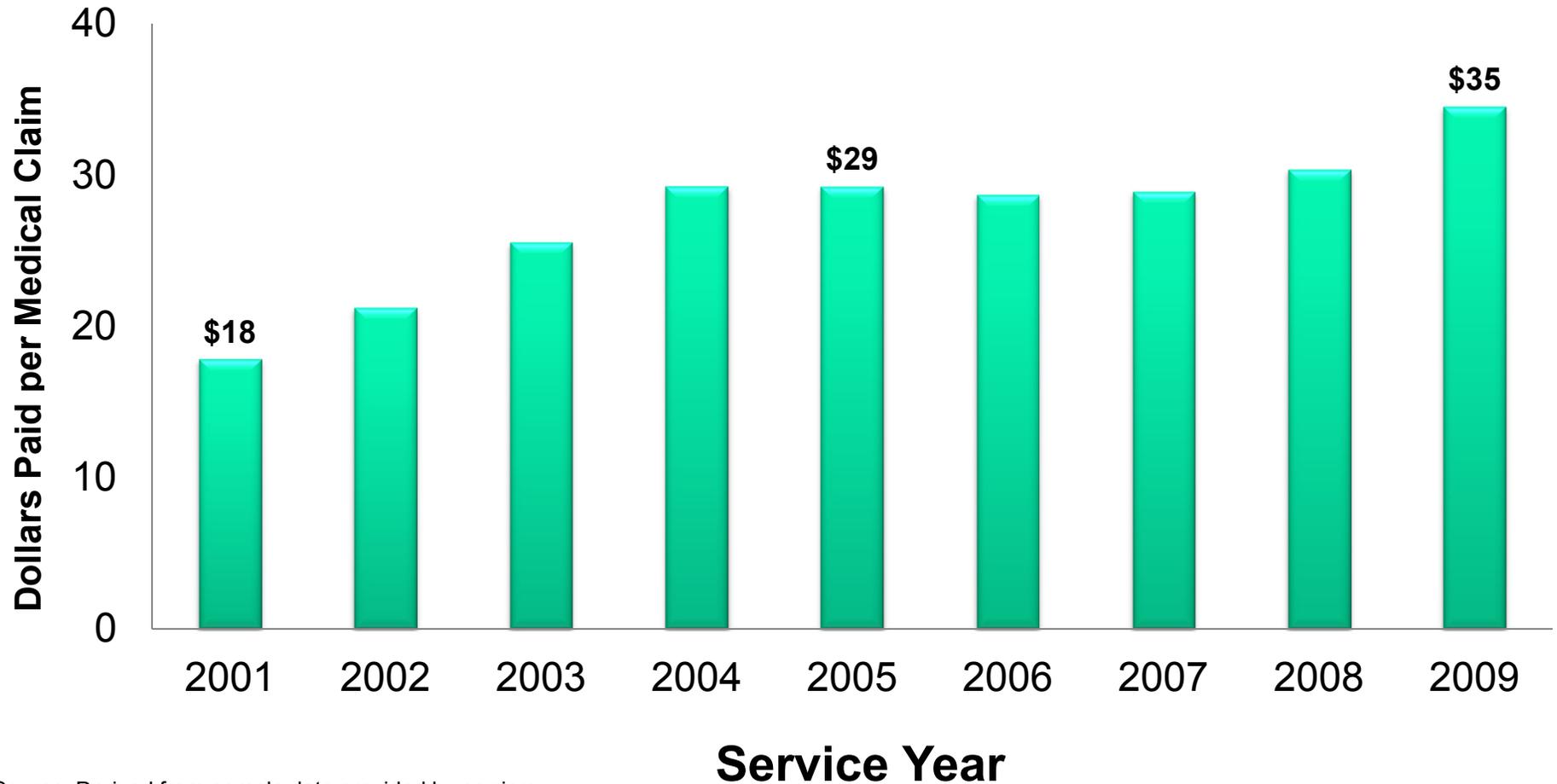


Narcotic Use In Workers Compensation

Definition of Narcotics

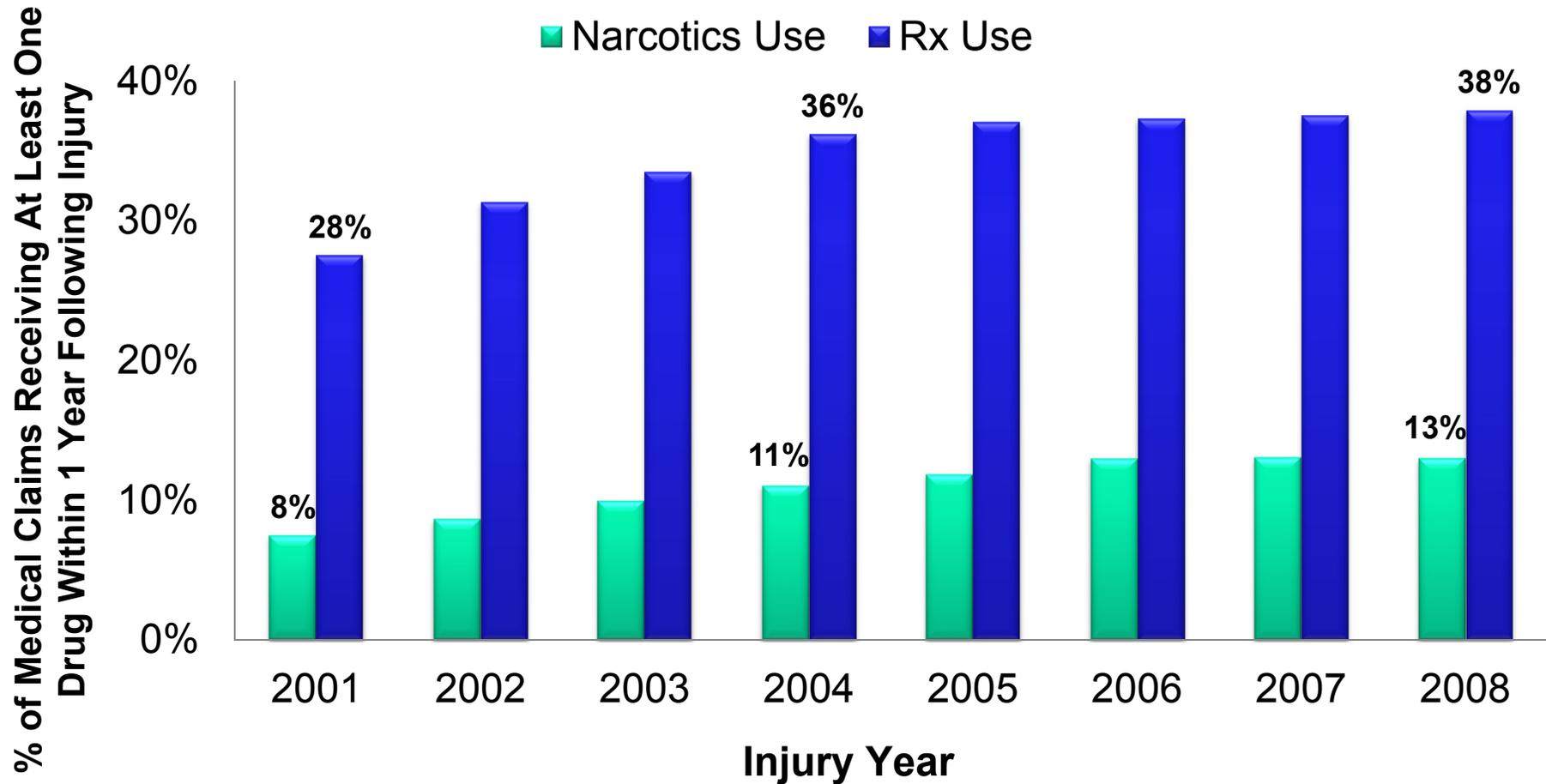
- Narcotics are those listed in :
 - International Narcotics Control Board
List of Narcotic Drugs Under International Control (Yellow List), 49th edition
December 2010
- This definition:
 - Excludes weaker narcotics (such as Tramadol)
 - Includes Hydrocodone BIT/Acetaminophen (a Schedule III drug)

Narcotic Costs Per Claim are Increasing



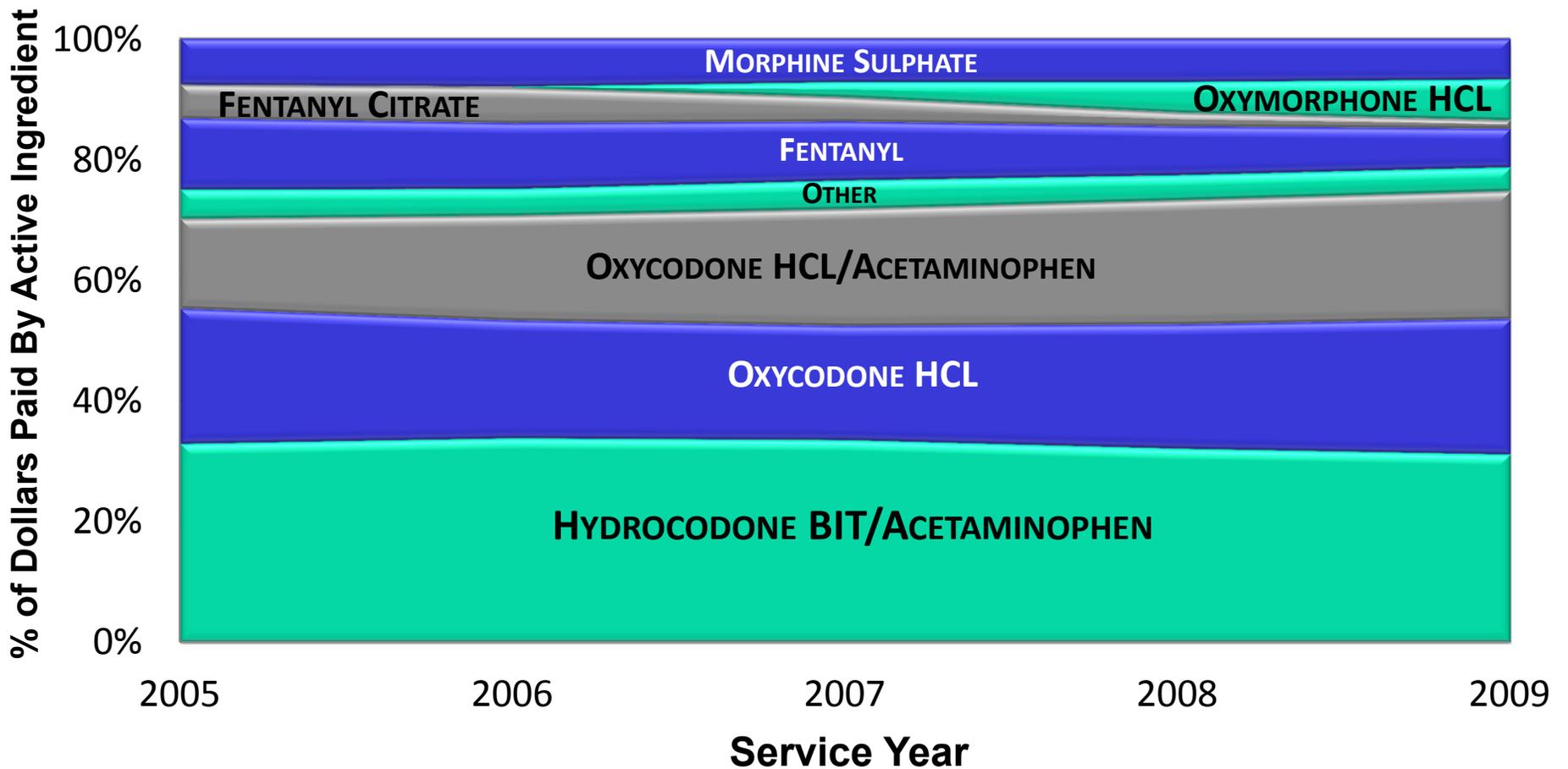
Source: Derived from sample data provided by carriers
Relative Service Years 1 through 5
Claim counts defined as claims with a medical service by RSY 2 (AY 2009 is projected)
Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)
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The Share of Medical Claims Receiving Narcotics Within 1 Year After Injury Has Increased



Source: Derived from sample data provided by carriers
Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)
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Narcotic Use in Workers Compensation is Highly Concentrated by Active Ingredient



Source: Derived from sample data provided by carriers
 Relative Service Years 1 through 5
 Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)
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The Introduction and Removal of Generic Alternatives to OxyContin®

- In June 2005, a federal appeals court ruled that the patents on OxyContin® were not enforceable
 - As such, three manufactures started producing a generic version of OxyContin®
- In February 2006, the same court vacated its previous ruling
- In September 2008, the patent holder for OxyContin® granted a generic manufacturer limited rights to produce and sell a generic form of OxyContin® through 2009

“Court Says OxyContin Patent Is Invalid”

(<http://www.nytimes.com/2005/06/08/business/08drug.html>)

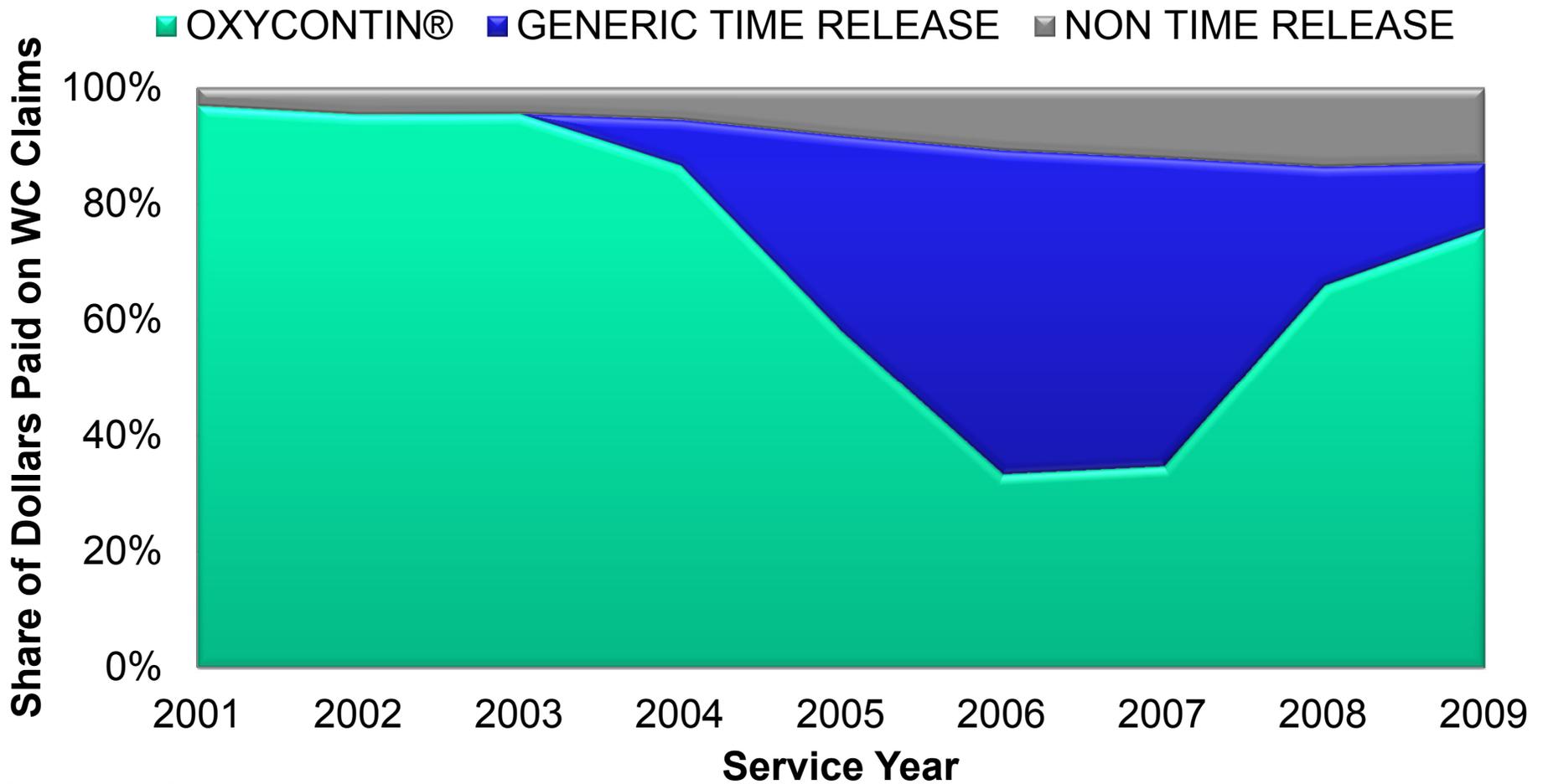
“Purdue Pharma L.P. Announces Resolution of OxyContin(R) Patent Lawsuit with Endo Pharmaceuticals”

(<http://www.prnewswire.com/news-releases/purdue-pharma-lp-announces-resolution-of-oxycontinr-patent-lawsuit-with-endo-pharmaceuticals-56266077.html>)

“Purdue Pharma L.P. Announces Resolution of OxyContin(R) Patent Lawsuit with Mallinckrodt Inc.”

(http://salesandmarketingnetwork.com/news_release.php?pipe=0000ac177000191&ID=2025803&key=Purdue%20Pharma)

Patent Issues Surrounding OxyContin® Drove Changes in Sales of Drugs with Active Ingredient Oxycodone



Source: Derived from sample data provided by carriers
 Relative Service Years 1 through 5
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Introduction of Alternatives to Actiq®

- In late September 2006, a generic version of Actiq® became available
- Fentora®, which has the same active ingredient as Actiq®, was approved by the FDA in September 2006
 - In September 2007, the FDA issued an alert on the use of Fentora® reporting:
 - Serious side effects, including death, associated with the use of Fentora® due to
 - “misunderstanding of dosing instructions” or
 - “inappropriate substitution of Fentora® for Actiq®”
 - “Conversion to Fentora® MUST include a dose reduction” (original emphasis)

“Information for Healthcare Professionals: Fentanyl Buccal Tablets (marketed as Fentora)”

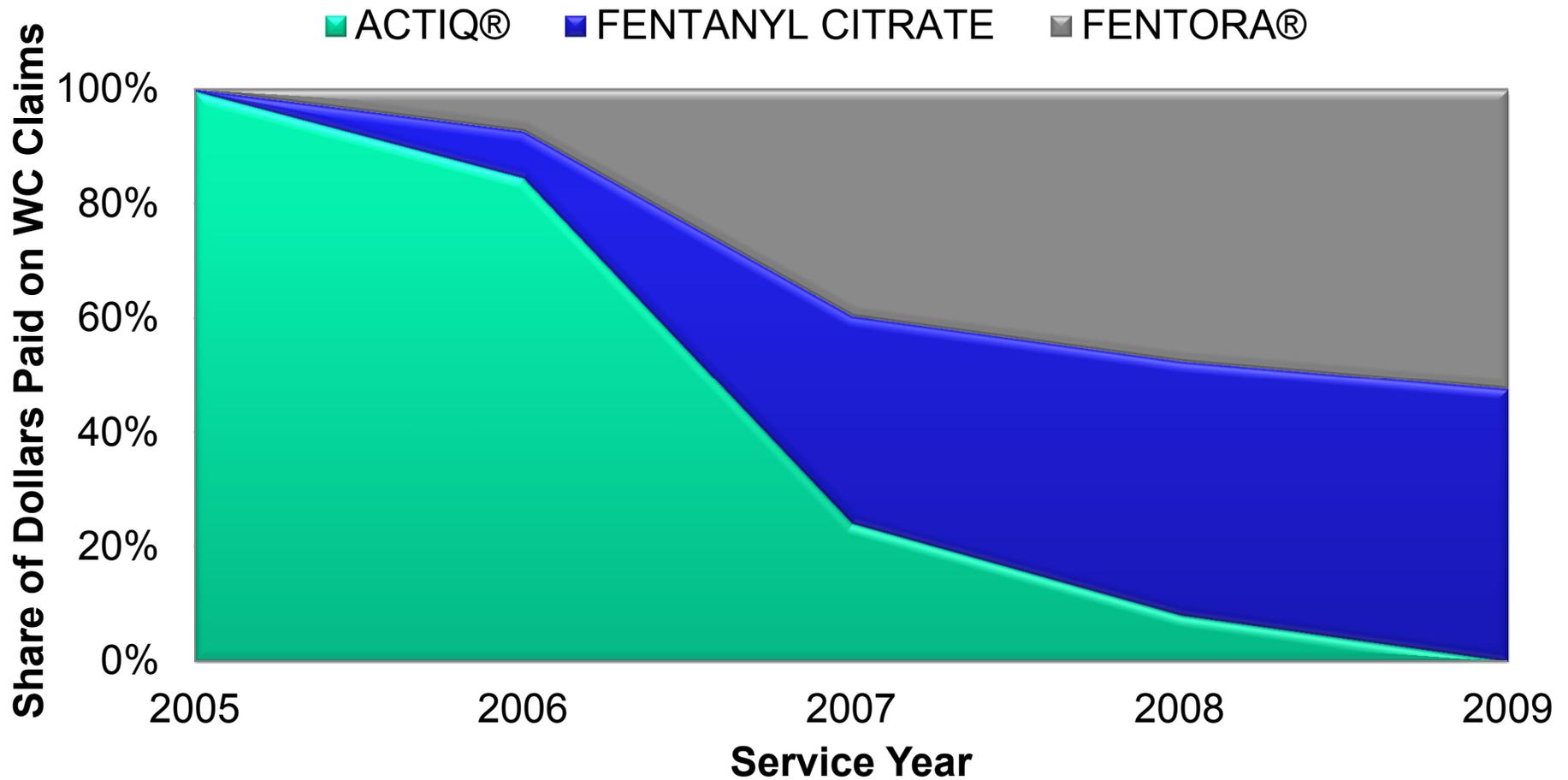
(<http://www.fda.gov/Drugs/DrugSafety/PostmarketDrugSafetyInformationforPatientsandProviders/ucm126082.htm>)

“Barr Launches Generic Actiq”

(http://www.redorbit.com/news/health/672511/barr_launches_generic_actiq/index.html)

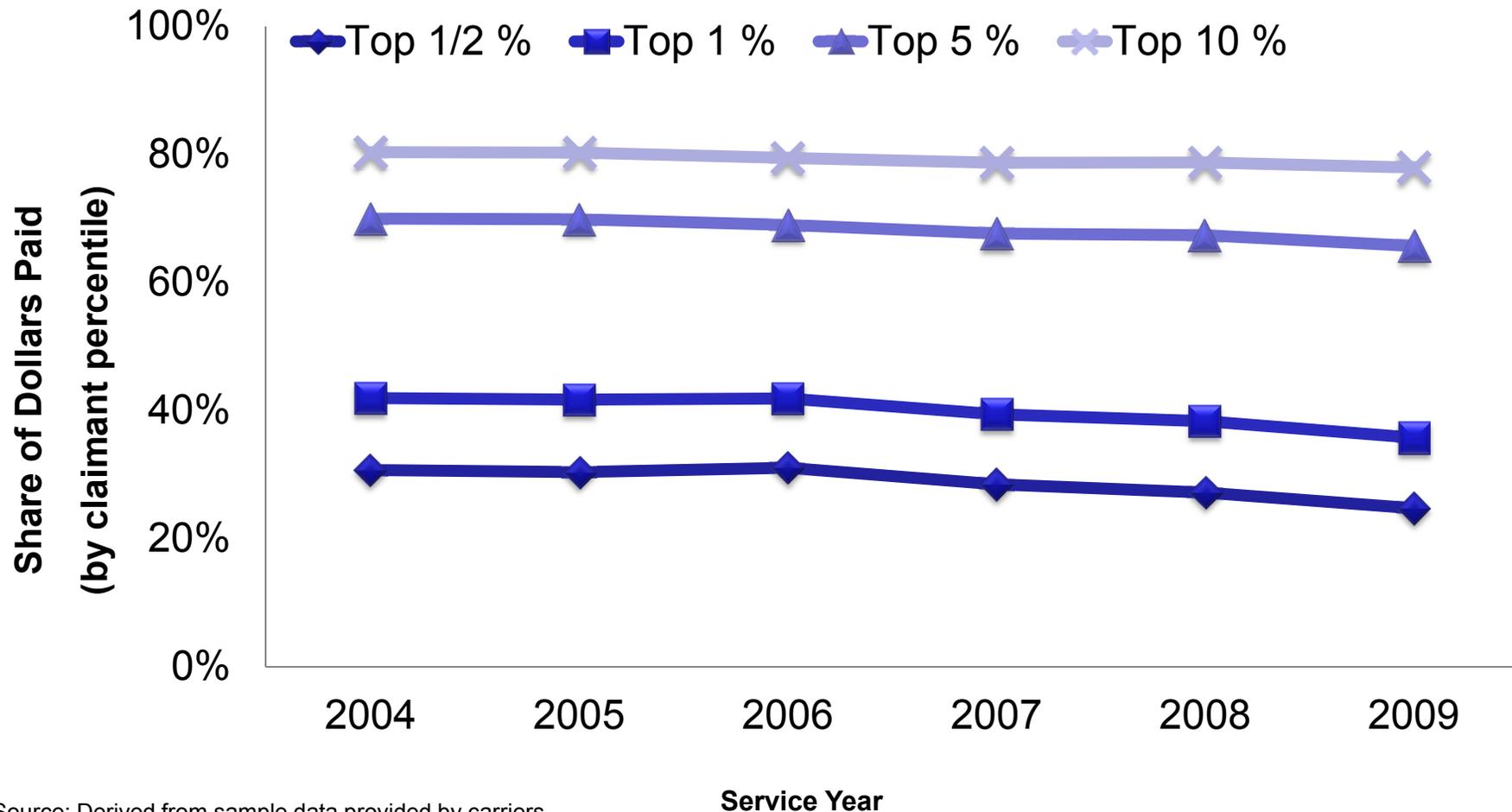
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Actiq's® Market Share has Declined With the Introduction of Alternatives



Source: Derived from sample data provided by carriers
Relative Service Years 1 through 5
Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)
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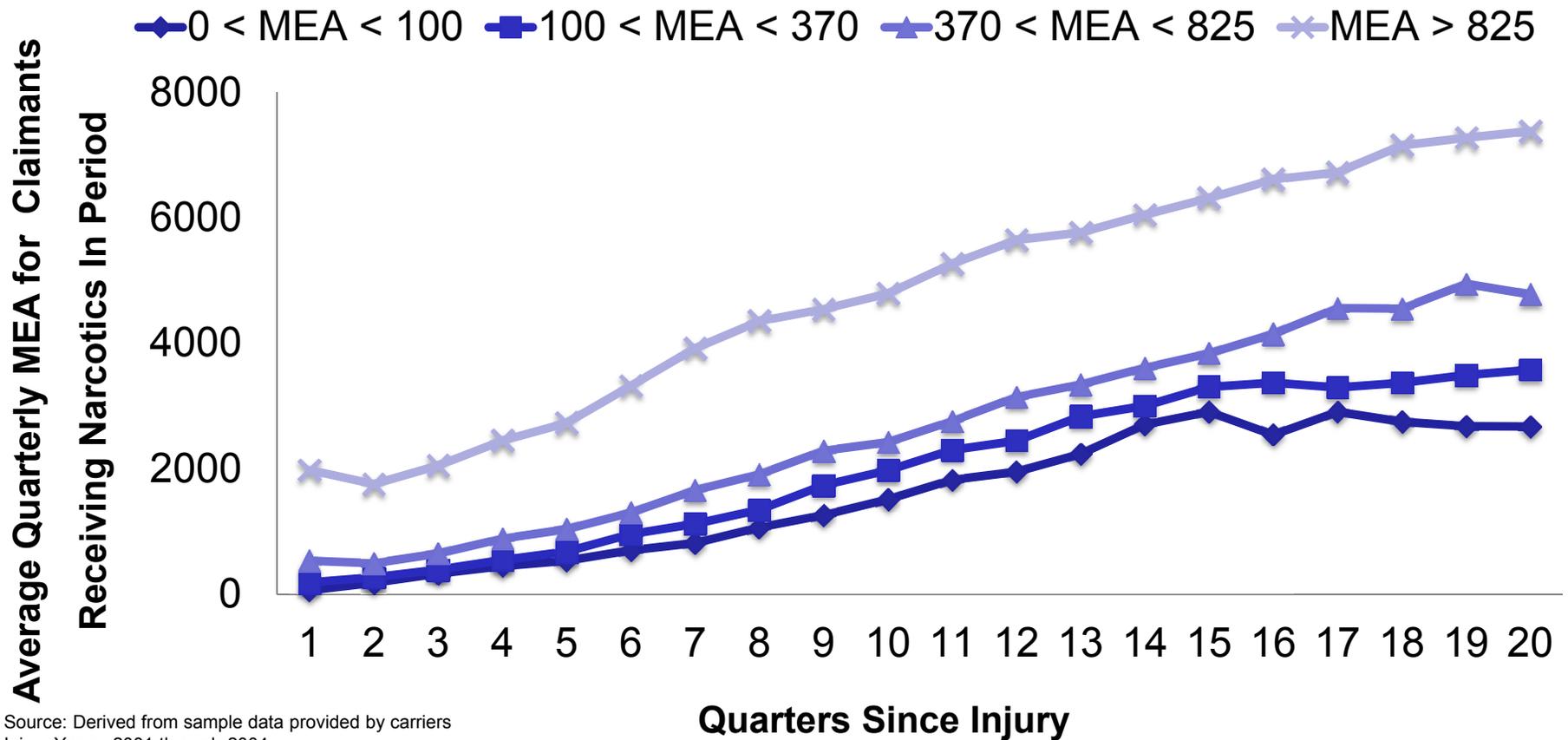
The Top 1 Percent of Narcotic Users Consume 40 Percent of All Narcotics



Source: Derived from sample data provided by carriers
 Relative Service Years 1 through 5
 Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)
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Claims Continuing to Receive Narcotics Receive Higher Morphine Equivalent Amounts

Grouped Based on MEA in First Quarter Following Injury



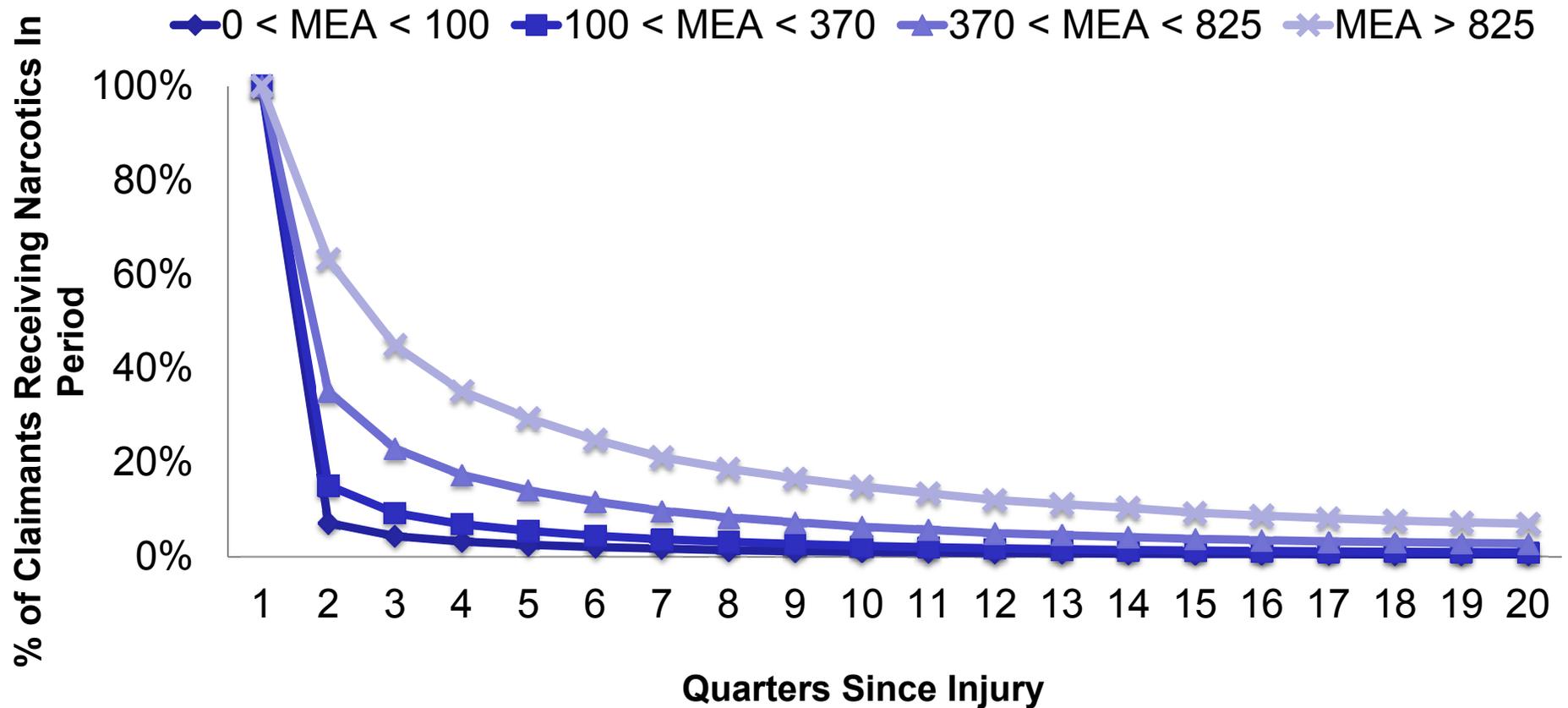
Source: Derived from sample data provided by carriers
Injury Years 2001 through 2004

MEA is defined as the milligrams of Morphine required to produce the same analgesic effect
100, 370, and 825 represent the 25th, 75th, and 90th percentiles

Calculation of MEA limited to the active ingredients Fentanyl, Fentanyl Citrate, Hydrocodone, Morphine, Oxycodone, Oxymorphone, and Codeine Phosphate
Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)

Early Narcotic Use Is Indicative of Prolonged Use

Grouped Based on MEA in First Quarter Following Injury

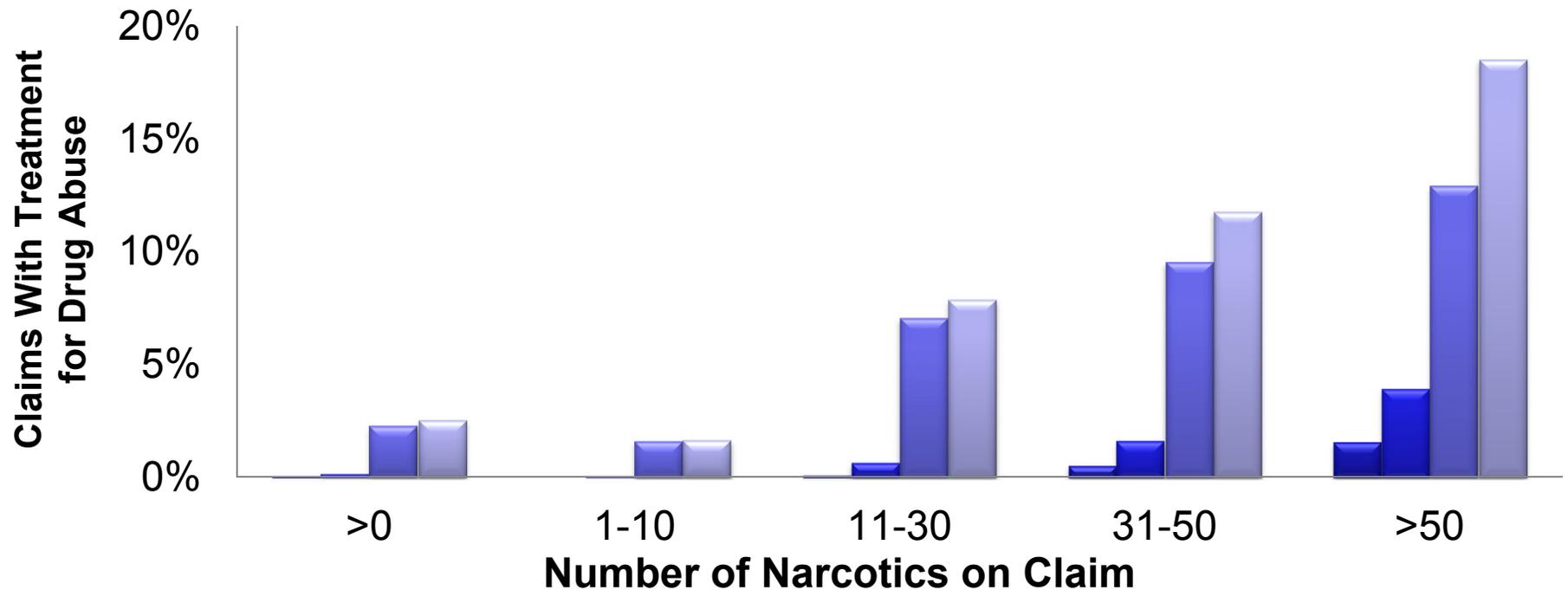


Source: Derived from sample data provided by carriers
Injury Years 2001 through 2004

MEA is defined as the milligrams of Morphine required to produce the same analgesic effect
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Calculation of MEA limited to the active ingredients Fentanyl, Fentanyl Citrate, Hydrocodone, Morphine, Oxycodone, Oxymorphone, and Codeine Phosphate
Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)

Claims With Heavy Narcotics Use Are More Likely to Have Drug Abuse Treatments



- Dependent and Nondependent
- Only Nondependent Drug Abuse

- Only Dependent Drug Abuse
- Either Dependent or Nondependent

Injury Years 1997 through 2001
 Relative Service Years 1 through 7
 Source: Derived from sample data provided by carriers
 Aggregation of nationwide sample (excluding ND, OH, WA, WV, and WY)



Questions?

For more information, please see our research reports on ncci.com