



2017 Workers Compensation Conference  
May 24-25, 2017  
Chicago, Illinois

### **RISE IN SPECIALTY DRUGS IN WORKERS' COMPENSATION**

#### **1. SPECIALTY DRUGS IN WORKERS' COMPENSATION**

-Overview

-Discussion will focus on specialty drugs:

- In the marketplace, and
- Cost drivers

#### **2. WHAT ARE SPECIALTY DRUGS?**

-Definition:

-Requires a difficult or unusual process of delivery to the patient (preparation, handling, storage, inventory, distribution, administration, Risk Evaluation and Mitigation Strategy (REMS) programs, data collection, or administration) or,

-Requires patient management prior to or following administration (monitoring, disease or therapeutic support systems).

-Academy of Managed Care Pharmacy

-FDA doesn't decide which drugs are considered "specialty"

#### **3. WHY ARE WE TALKING ABOUT SPECIALTY DRUGS?**

-Growing industry & growing costs:

-In 1990, there were only 10 specialty drugs on the market mostly to treat rheumatoid Arthritis, Multiple Sclerosis, Cancer and growth disorders.

-In 2012, there were nearly 300 specialty drugs. 40% of drugs currently in pharmaceutical research and development will be considered specialty drugs when released to the market.

-Specialty drugs are expected to represent 45% of pharmaceutical manufacturer sales by 2017.

- Becoming an increasingly important part of the healthcare industry.
- According to American Journal of Managed care, specialty drugs have 5 key components:
  - Cost >\$600 per month and
  - Treats a rare condition or
  - Requires special handling or
  - Uses a limited or restricted distribution network or
  - Requires ongoing clinical assessment.
  - Typically low volume but high cost.

#### **4. FACTORS IN HIGHER COST**

##### **WHY ARE THEY SO EXPENSIVE?**

- Address needs of patients that are either non-responsive to existing treatment therapies, or for those patients with conditions for which there were not treatment options in the past.
- Administration of certain specialty drugs are performed in the medical provider's office, increasing Carrier costs because they are billed as part of a physician or hospital bill.
- Great benefits at an even greater cost-Average specialty drug costs \$1,200 per month, but can range from \$500-\$2,500 per month.
- Other Cost Drivers:
  - Special handling requirements are needed to protect patients and healthcare providers from drugs that although are useful for a particular condition can be hazardous.
  - The limited or restricted distribution network requirements can be created or driven by the manufacturer.
  - Ensure that the entities involved in the distribution of the particular specialty drugs possess the specialized knowledge and skills required to ensure safe and effective use.

#### **5. SPECIALTY DRUGS IN WORKERS' COMPENSATION:**

What exposure does workers' compensation have to specialty drugs?

-Trends seen in group health insurance markets eventually trickle into the workers' compensation industry.

Types of WC claims that typically lead to specialty drugs from specialty conditions can be related either directly or indirectly to a work injury:

- A. Exposure claims which can lead to cancer, MS. Workers in chemical manufacturing, dye manufacturing, electronic computing, engineering, furniture manufacturing, healthcare, machinery, printing, shipbuilding, textile manufacturing and transportation equipment have a higher rise of cancer death than in other industries. Agricultural workers have a higher risk of developing MS.
- B. Healthcare workers who are exposed to a needle stick, infected blood and contracts HIV or hepatitis C.
- C. Post orthopedic surgery patients;
- D. Patient's with spinal cord injuries;
- E. Traumatic brain injury claimants;
- F. Repetitive use injuries which lead to Osteoarthritis and Rheumatoid Arthritis. An injured worker may sustain an injury that can directly or indirectly aggravate an existing inflammatory condition such as rheumatoid arthritis or multiple sclerosis, or pre-existing condition may need to be treated under workers' compensation if it presents a hindrance from recovery of the compensable accident, depending on jurisdiction.
- G. Claimant who has chronic kidney failure, hemophilia, or pulmonary arterial hypertension that must be treated under workers' compensation if it presents a hindrance from recovery of the compensable accident, depending on jurisdiction.

-For non-workers' compensation claims, specialty drugs also often used to treat:

- A. Organ Transplant
- B. Crohn's disease
- C. Psoriasis
- D. Growth hormone disorders

E. Cystic fibrosis.

## 6. ANTICOAGULANTS

-Used after surgery to prevent thromboembolic complications or blood clots and in rare cases pulmonary embolism, heart attack, or stroke.

-Without prevention, incidence of DVT is 40%-60% in patients undergoing major orthopedic surgery.

## 7. ANTIVIRALS

-Used by health care workers exposed to HIV virus to prevent transmission.

-Healthcare workers who may be at risk of HIV infection.

-Hospital laundry personnel exposed to soiled linens;

-Janitor at medical facility cleaning up bodily fluids.

-Nurses, doctors, aides and anyone coming into contact with patients or bodily fluids.

-Average risk of HIV transmission is about 0.3% following exposure to infected blood and 0.09% following mucous membrane exposure.

-Truvada - combination of Tenofovir and Emtricitabine.

-Taken once per day

-Combivir -two drug combination product.

-Duration of therapy- 1 tablet taken orally twice daily.

-Kaletra - combination of Lopinavir and ritonavir

-When to use:

if a healthcare worker is exposed to blood originating from an HIV positive patient. prevents HIV cells from multiplying in the body.

-Recommendation:

-Guiding prescribers toward Combivir will result in an approximate 40% cost savings.

-The cost savings related to the use of Combivir, however, may be negated if nausea and diarrhea are experienced and require additional medication.

-If an expanded regimen is necessary, Kaletra should be recommended as the primary agent.

## **8. BIOLOGIC AGENT**

(Immune Suppressant)

-What is a biologic agent?

-Genetically-engineered proteins derived from human genes to inhibit specific components of the immune system that fuel inflammation.

-Earliest biological agents were vaccines. most commonly known biologic is insulin.

-If used in workers' compensation the patient is most likely experiencing rheumatoid arthritis.

-Studies show a correlation of physical trauma and the onset of RA

-Biologics target certain areas instead of the whole immune system, and can cause fewer side effects.

-Other types of biologic agents:

-Use of living organisms such as bacteria to treat disease.

-Human growth hormones.

-Hormone therapies such as estrogen or testosterone.

-Blood products for transfusion.

-Human cells and tissues used for transplantation ie; tendons, ligaments, and bone.

-Treatment:

Biologic agents do not cure, but can dramatically slow the progression of disease and tend to cause fewer side effect than older drugs. Patients who do not respond to other drugs may benefit from a biologic.

## **9. VISCOSUPPLEMENTATION**

-Viscosupplementation has been shown to relieve pain in many patients who have not responded to other nonsurgical methods.

-It is a procedure in which a thick fluid called Hyaluronate is injected into the knee joint. aka joint lubricants.

## **10. NEW DRUGS IN THE PIPELINE:**

-Over 180 specialty drugs in manufacturers' pipelines for new drug development.

-in various stages of development.

-IMPACT ON WORKERS' COMPENSATION:

- According to Express Scripts Workers' Compensation Drug Trend Report, while specialty medications represent less than 1 percent of all medications used by injured workers, rapidly rising prices are a major concern. Spending on specialty medications increased 49.5% in 2015, with the average cost per prescription reaching \$1,799.02 – nearly 10 times that of a typical traditional medication.

-Antiviral medications to treat Hepatitis C and HIV were primary drivers of annual increase in overall specialty drug spending.

## **11. FINANCIAL IMPACT**

EXAMPLE:

HEPATITIS C THERAPY

-Average lifetime costs of Hepatitis C in the absence of a liver transplant are estimated at \$100,000 per individual.

-Approximately 1/3 of patients will require a liver transplant at a cost of about \$280,000.

-Specialty drugs may attain a cure in 3 months' time.

-At an average cost of \$1,000 per day, total drug expense = \$90,000.

-Primary savings from specialty drugs may be measured in avoidance of liver transplant and quality of life.

## **12. DIFFERING THEORIES FOR THE FUTURE OF SPECIALTY DRUGS:**

-Will some chronic diseases ultimately cost the system less due to the potential for specialty drugs to modify the course of a chronic disease?

Or, will these potential cost savings be outweighed by a growing number of patients living longer with chronic conditions?

## **13. OPIOID OVERUSE ISSUES**

- Not specialty drug, but huge concern for workers' compensation claims.
- Estimated that 17,000 people die every year from overdoses involving prescription pain medications.
- \$20,000 is the average additional cost for workers' compensation claims with opioid analgesics, compared to those without.
- A claimant is six times more likely not to return to work and have chronic work loss when opioid analgesics are used.

#### **14. COMPOUNDED MEDICATIONS**

-Not specialty drug but Compounded Medications are mixed, combined or altered drugs prepared for specific needs of one patient.

-Typically 4 to 5 common topical ingredients in compounded medications:

- a. NSAID,
- b. Opioids
- c. Local anesthetics,
- d. Antidepressants,
- e. Anticonvulsants,
- f. Muscle relaxants,
- g. Topical analgesics.

-Extremely expensive, effectiveness is sometimes unchecked.

#### **15. RECOMMENDATIONS FOR WORKERS' COMPENSATION EMPLOYER/CARRIERS/ TPA'S:**

-Early intervention to identify high risk claims that require attention to get them back on track clinically and financially.

-Cost containment by making informed decisions about specialty drugs.

- Consider employing a Pharmacy Benefit Manager (PBM). Physician dispensing of medication may occasionally be appropriate, but it is recommended that most products be managed through a PBM.

-Understand what diseases are prevalent among employees and develop a network of preferred physicians and other providers that will follow pharmacy guidelines and offer workers alternatives to medication.

-Utilization reviews and Medical Director Reviews to identify generic medication opportunities, an injured worker using multiple prescribers, potential interactions between medications, opioid usage and high risk potential.

-Keep a close eye on fraudulent activity.

- Encourage employees to only use in-network providers
- Ensure TPA's utilize competent adjusters and nurse case managers to drive better claim outcomes.
- Actively monitor compliance and side effects to prevent costly hospitalizations and ER visits.