CompPharma

CompPharma Platform on Physician Dispensing and Repackaged Medications
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Issue:

Workers' compensation prescribers, nationwide, continue to dispense medications directly to injured workers. The absence of meaningful controls around this practice has led to injured workers experiencing greater risks to their health and safety. Additionally, as a result of some opportunistic prescribers and their business partners, the national workers' compensation environment continues to labor under unjustified increases in the use and cost of medications dispensed by prescribers.

Background:

Physician dispensing creates unnecessary health and safety risks for injured workers because physicians do not always have complete information regarding prescribed medications. Injured workers often see multiple physicians for their work-related injuries, in addition to any group health doctors. Each of these prescribers may prescribe one or more medications and typically these independent prescribers are not aware of other treating prescribers, their prescribing patterns, or all of the medications the injured worker is taking.

Conversely, processing prescription claims through pharmacies in conjunction with a pharmacy benefit manager (PBM), gives the pharmacist and the PBM an entire snapshot of the patient's medication therapy, enabling detection of duplicative medication, possible negative drug interactions, early refills, dangerous dosing, and other medication safety measures.

Injured workers are placed at an additional risk by prescribing dispensers because of the aberrant nature of the medications written for and dispensed by these providers. Prescribers are uniquely limited as medication dispensers because their ability to dispense is dependent on their access to the medications, which they have physically available when seeing their patients. Therefore, the temptation to either overprescribe for unnecessary companion medications or to pre-select medications based solely on available stock is significant.

In addition to the heightened safety risks to injured workers that accompany prescriber dispensing, physician-dispensed medications usually cost more than pharmacy dispensed drugs. Therefore, the workers' compensation system is experiencing an overall increase in pharmacy costs.

Prescriber-dispensed medications cost more because the drugs dispensed fall outside of system cost controls.

Drug repackagers avoid cost controls by buying medication in bulk and repackaging drugs into uncommon unit sizes. These sizes are not typically provided for in State pharmacy fee

schedules. Repackagers then set their own prices based on new National Drug Codes (NDCs) assigned to repackaged products.

A recent Workers' Compensation Research Institute study[1] detected a new issue – physician dispensing of new strengths of common drugs. When common strengths of a drug are 5 or 10 milligrams, an original manufacturer can produce that drug in a different strength, such as 7.5 milligrams and assign a new Average Wholesale Price that is much higher than equivalent dosages of the existing 5- or 10-milligram drug.

Several industry research organizations have studied this marketplace trend, comparing billing and payment data from actual pharmacies with data to physician bills for the identical pharmaceuticals. Each study concluded the costs associated with physician dispensing have skyrocketed in recent years, as compared to costs for identical medications dispensed in retail pharmacies.

This cost difference is tied to the absence of cost containment tools and existing loopholes which are found in many states' workers' compensation medical fee schedules and billing rules. For example, recent studies published by NCCI[2], WCRI[3] and CWCI[4] have found physician dispensing to be a rapid cost driver in states without specific billing and reimbursement rules for repackaged medications. These studies also noted cost containment efforts implemented in states such as California and Oregon have dramatically decreased the prevalence of physician dispensing, with no adverse impact on patient care or outcomes.

Other studies show that injured workers may be put at a greater risk of addiction, disability and extended work loss when opioids are obtained directly from physician's offices. A WCRI study found evidence that physician dispensing may have encouraged physicians to prescribe strong opioids when they may not have been needed.[5]

Position:

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[1] Wang, D., Thumula, V., and Liu, Te-Chun. "Are Physician Dispensing Reforms Sustainable?" Workers Compensation Research Institute. January 2015. Available to order at http://www.wcrinet.org. Accessed August 24, 2015.

[2] Lipton, B., Laws, C. and Li, L. "Workers' Compensation Prescription Drug Study 2011" National Council on Compensation Institute (NCCI). https://www.ncci.com/documents/2011_ncci_research_rxdrug_study.pdf Accessed August 27, 2015.

[3] Wang, D. and V. Thumula. "Are Physician Dispensing Reforms Sustainable?" Workers Compensation Research Institute. January 2015. Available to order at http://www.wcrinet.org. Accessed August 24, 2015. and Lipton, B., Colon, D., Robertson, J. "The Impact of Physician Dispensing Reform in Georgia, 2nd Edition," WCRI. September 2013. Available to order at http://www.wcrinet.org. Accessed August 24, 2015.

[4] Swedlow, A. and Ireland, J. "Analysis of Post-Reform Outcomes: Changes in Pharmaceutical Utilization and Reimbursement in the California Workers' Compensation System." California Workers Compensation Institute. September 2009. http://www.cwci.org/research.html. Accessed August 27, 2015. .

[5] Thumula, V. "The Impact of Physician Dispensing on Opioid Use." Workers Compensation Research Institute. December 2014. Available to order at: http://www.wcrinet.org. Accessed February 23, 2015.

Recognizing that a majority of dispensing practitioners choose to dispense directly to their patients out of the altruistic goal of providing the best possible care, CompPharma specifically opposes physician dispensing and drug repackaging when it is medically unnecessary or used as a profit center by physicians and repackaging companies. CompPharma believes physician dispensing creates health and safety risks for injured workers, whereas PBMs are better equipped to manage injured workers' medication therapies and monitor safety concerns by detecting duplicative or similar medications, potentially dangerous dosage levels and/or drug interactions, too early refills, and more. Further, CompPharma opposes physician dispensing when it circumvents workers' compensation cost containment tools such as fee schedules.

Recommendations:
CompPharma recommends states adopt pharmacy fee schedules that level reimbursement for physician dispensed, repackaged medications to rates comparable to medication dispensed in the retail pharmacy setting.

CompPharma recommends states adopt billing rules which require physicians and other prescribers, or their billing agents, to supply the payer with both the underlying/original National Drug Code for the medication dispensed in addition to the repackaged NDC to allow the payer to accurately reimburse the provider at a fair and reasonable rate. Along these lines, another important step states can take to control costs associated with repackaged medications, is to implement standardized billing formats such as those developed by the National Council for Prescription Drug Programs, a national independent standards organization.