Workers' Comp

Directed Pharmacy Care Drives Positive Results

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5 MIN READ
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Learn how directed care benefits the workers' compensation industry and leads to better outcomes in pharmacy management and injured worker care.

Various issues in the workers' compensation industry continue to challenge pharmacies, payers, regulators and injured workers alike. One major tool to alleviate problems in the workers' compensation system is the use of directed care in a pharmacy setting. Learn how this approach can improve outcomes for all involved in the pharmacy portion of a workers' compensation claim.

Pharmaceutical Care Issues

Today's headlines are replete with stories of fraud and abuse around the provision of pharmaceutical care. Some of these headlines include:

- The New York Workers' Compensation Board suspended a physician after allegations of inappropriate prescribing of controlled substances.
- A CEO pled guilty in a scheme to bribe doctors to prescribe a particular brand of fentanyl.
- In many states, the workers' compensation system faces challenges related to high-cost medications dispensed by physicians or other non-retail providers.
- The US Department of Justice continues to investigate compounding pharmacy fraud involving hundreds of millions of dollars of unnecessary and high-cost compounded medications dispensed through federal programs, primarily topical creams for pain and scarring.

- In 2018, news broke that a group of applicant attorneys in Pennsylvania had ownership interests in compounding pharmacies and was referring clients to those pharmacies to fill expensive pain cream prescriptions.
- Other states have reported cases of injured workers receiving costly compound creams they neither wanted nor found beneficial.

For regulators, it is a constant game of cat and mouse to pass rules to close loopholes. It seems when one loophole is closed, another is discovered and exploited until it is closed, and then the cycle repeats. With this in mind, what methods can we utilize to curb system abuse and fraud? One under-utilized tool is employer-directed pharmacy care. Let's look at this solution and its advantages for the workers' compensation industry.

Directed Care: A Possible Solution

In a directed care environment, the employer or insurance carrier creates a network of pharmacy providers where injured workers are required to obtain pharmacy care. This means that a carrier or employer directs injured workers to a network of approved medical providers and pharmacies (similar to an HMO). Typically these networks are administered through a PBM. The network can choose to expel members, such as pharmacies, for fraudulent practices. Most workers' compensation pharmacy benefit managers (PBMs) have extensive networks that include local independent pharmacies, large retail chains and specialty pharmacies. Injured workers generally find the pharmacy they regularly use in their workers' compensation network. However, if their regular pharmacy is not in the network, the pharmacy can typically follow an outlined process to join the network. Networks may also offer mail-order options for convenience.

Advantages of Directed Care

There are significant advantages for pharmacies, payers, regulators and injured workers when a managed pharmacy care network is used.

Pharmacies

Pharmacies dispensing prescriptions to injured workers can face many unknowns, such as:

- Does the medication align with any treatment guidelines or formularies?
- Who is the ultimate payer?
- Is the claim compensable?
- Am I going to be paid?

Being part of a network removes most of the unknowns and risk for a pharmacy. Once an injured worker presents a pharmacy card, the pharmacy receives immediate feedback on whether or not the prescription claim will be accepted. If the prescription is accepted, the pharmacy is guaranteed reimbursement at the contracted rate.

Payers

When engaging with a network, a payer may benefit from more uniform pricing. However, the most significant benefit comes from clinical controls available through a network. PBMs screen prescription drugs to ensure the requested medication is related to and appropriate for the injury based on adopted treatment guidelines or

prevailing medical evidence. They can also help increase the use of lower cost, therapeutically equivalent generic drugs where appropriate. Many states are adopting drug formularies for their workers' compensation systems, which differentiate between approved drugs and drugs that need prior-authorization. By directing injured workers to a pharmacy network, the PBM can help ensure that prescribed medications align with the state-mandated drug formulary. One of the biggest advantages when using a pharmacy network is the ability to monitor risk. Visibility into the claim and drug dispensed history can help guard against potentially dangerous drug interactions and predict possible future risk of harm or addiction. To learn more about the potential of risk predicting, visit our article on predictive analytics.

Regulators

Directed care helps regulators to guard against potential fraud and abuse, therefore limiting the need for regulatory intervention. By negotiating reimbursement for medications, the network can also relieve pressure on drug price inflation and the need for regulators to update pharmacy fee schedules constantly. Additionally, the contracted relationships help facilitate prompt pay and minimize payment disputes.

Injured Workers

Directed pharmacy networks benefit injured workers by providing easier access to care with no out-of-pocket costs; these networks remove uncertainty at the pharmacy counter and guarantee payment on accepted claims. Clinical review of the medications also aids injured workers by confirming that the drugs dispensed are the most appropriate for the cited injury. That same review can help reduce the risk of potentially harmful drug interactions, dependence or addiction.

Directed Care: Driving Positive Results

There can be some hesitation among policymakers about removing choice of pharmacy providers for injured workers. However, given the breadth of the networks used by workers' compensation PBMs, most injured workers will not be inconvenienced by a requirement to choose from a list of approved pharmacies. The benefits of a directed care system outweigh the small limitations in pharmacy choice. Workers' compensation policy makers and stakeholders rightly espouse injured worker recovery as the leading goal of the workers' compensation system. Allowing employers and insurance carriers to direct pharmacy care into a managed environment will help serve that goal by reducing friction in the system and facilitating appropriate and cost-effective care designed to reflect the latest medical evidence supporting the best possible outcomes for injured workers.

For a deeper dive into Pharmacy Benefit Management, view the following articles.

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