Workers' Comp

Texas DWC Announces Formal Rule to Amend Compounded Medication Definition

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The Texas Division of Workers' Compensation (DWC) released a memo on January 11, 2018, announcing the publication of a formal rule proposal changing the definition of compounded medications to include any compounded medications, not just those with “N” drug ingredients. The proposed effective date of the change is July 1, 2018.

This change has long been sought by employers, insurers and self-insured administrators to close a loophole in the Texas closed formulary that allowed compounded medications containing all “Y” ingredients, as defined by Appendix A in the Official Disability Guidelines (ODG), to be prescribed without any type of prior approval. Immediately following the implementation of the closed formulary in 2011, the system saw a spike in the prescribing of all “Y” ingredient compounds. The amount increased from 1.6% of all prescriptions in 2010 to 3.2% of all prescriptions in 2016. The increased utilization was accompanied by a dramatic rise in average cost per prescription, from $356 in 2010, to $829 in 2016, as evidenced by a compounded medication study released by the Texas Research and Evaluation Group in May of 2017.

The proposed rule will be published in the Texas Register on January 19, 2018. A public hearing will be held on February 15, 2018, at 10:00am in the Tippy Foster Room of the Division of Workers' Compensation. Public comments will be accepted by the DWC until 5:00pm CST on February 20, 2018.

The Mitchell government affairs team has been engaged in this issue for several years. We will be submitting comments and attending the hearing. We urge stakeholders to review the proposed rule and offer comments to the DWC.

The rule announcement memo can be found here.

The text of the proposed rule can be found here.

For questions regarding this alert or other legislative and regulatory changes, please contact Brian Allen, Vice President of Government Affairs, at Brian.Allen@mitchell.com or at 801-661-2922.



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