Workers' Comp

Defining Formularies & Step Therapy Medications

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HealthCare.gov defines a formulary as, a list of prescription drugs covered by a prescription drug plan offering prescription drug benefits. Typically, a “prior authorization” for coverage is needed when a medication is not listed on the formulary or requires step therapy. Management of the formulary is often maintained by a pharmacy benefit manager (PBM), such as First Script. Meaning, when a medication is not on a formulary, First Script would start the prior authorization process to get approval for payment of the medication. Step therapy is the concept of a patient trying a first-line recommended medication before taking a “step up” to a medication that costs more and/or has less supporting evidence of effectiveness. Typically, a formulary (aka, drug list) shows where a medication is regarding “step” in therapy and what conditions need to be met before the medication is approved for payment. The medications on a drug list and the conditions of step therapy can be determined in several ways. However, The Official Disability Guidelines (ODG) from the Work Loss Data Institute and the Practice Guidelines from the American College of Occupational and Environmental Medicine (ACOEM) are tailored to workers’ compensation. In the case of workers’ comp, many factors may go into step therapy requirements and formulary placement, including work-relatedness, cost of the medication, place in therapy, treatment guidelines, availability of alternative agents, and evidence-based medicine (EBM) resources.

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