Workers' Comp

Positive Compound Trends Continue in Work Comp

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Utilization and costs associated with compound medications fell significantly for both managed and unmanaged claims in 2017. This welcome news is attributable to payers continuing to leverage processes that identify whether a compound is necessary and only allowing those prescriptions that appear to provide medical benefit. In addition, most states have either been considering or have already implemented formularies in part to short-circuit exorbitant compound use.

Managed compound costs have steadily declined for three consecutive years and fell by more than half (1.4% points) between 2016 and 2017. The decreases were notable in California, New York, Pennsylvania, and Texas. Each of these states saw the percentage of all claims using compounds drop by more than half for the last two years. Unmanaged compound costs have likewise posted sharp declines, dropping 15.7% points to 9.9%. Spending has now reached the lowest level in seven years. The same large states that logged decreases in managed compound costs also registered sizable drops in unmanaged compound costs. Eight of the top 10 states experienced at least 40% reductions in the number of injured workers using compounds. These states were Arizona, California, Connecticut, Georgia, Illinois, New York, Pennsylvania, and Texas. The decreases are welcome news, of course, though it's important to understand what's driving the reductions in utilization and spending. Within our book of business we've found several developments have helped drive the decreases. These include:

• Program improvements: We continued our commitment to program development aimed at improving both compound medication utilization and cost containment. We implemented a more robust clinical evaluation of compounds presented. Just as important, we improved messaging and education to claims handlers. After all, they are responsible for the inevitable decision-making around the approval/denial of compounds. The education comes as there have been continued concerns about compounds' safety as well as questionable billing practices in programs such as Medicare.

• Improved claim management: In concert with our product-based improvements, we've offered education about the limited clinical appropriateness of compounds. We've also made use of various state regulations that allow for additional payer scrutiny and presented this information to Coventry clients and their claims management personnel. In addition, we've made it easier for claims management personnel to make referrals to Coventry's Utilization Review program. This puts a powerful support tool in the hands of claims management personnel looking to curb the unnecessary use of compounds.

• Environmental change: It's also possible that more payers, prescribers and injured workers have begun to question the need for a compound over a commercially available formulation. The workers' compensation

industry has for several years highlighted the limited clinical appropriateness of compounds, their high cost and the continued instances of civil and criminal investigations into compounding. As with most statistical analysis, the “answer” is that no one change or condition is at the root of this positive swing of the pendulum. Still, the larger lesson is that more effort and more attention have produced more beneficial results for compounds in workers’ compensation.



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