Workers' Comp

Prescription Drug Affordability: Why Work Comp Costs Keep Rising Despite Reform Efforts

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Affordability seems to be the issue of the day, and the 2026 midterm elections will likely be decided on this perception. Housing, energy, food, insurance, health care and prescription drug costs are all pain points for businesses and consumers. Controlling prescription drug costs has been one area that has proven to be elusive for policy makers, notwithstanding some creative efforts.

Given many drugs are much cheaper in other countries than in the U.S., drug importation was widely discussed some years back across the country amongst state legislatures. Despite these talks, complex rules and regulations made importing impractical. One cost reducing avenue that surfaced was drug purchasing tourism. For example, one smaller health plan was flying beneficiaries to Mexico to purchase high-cost brand medications because it was cheaper to pay for a flight, hotel, other travel expenses, and the cost of the drug itself in Mexico verses purchasing the same drug in the U.S.

At the federal level there have been some efforts to reduce drug costs. Medicare is now able to negotiate prices on 15 medications and those negotiated prices are much lower, though these discounted prices are not necessarily translating into the private marketplace. In May of 2025, the White House announced a "most favored nation" drug pricing policy designed to require manufacturers to charge U.S. consumers no more than the price for the same drug in other developed countries. Since that announcement more than a dozen manufacturers have signed agreements to offer reduced pricing on select drugs. That said, according to 46brooklyn Research, drug manufacturers also raised prices on 870 drugs an average of 4% in January of 2026, including all the manufacturers who entered into agreements with the Administration to lower prices. Some drugs did see decreases, including some insulin products discounted up to 75%. The administration also launched the creation of TrumpRx, a platform designed to sell drugs at discounted prices direct to consumers despite some unresolved legal concerns.

At the state level, legislators continue to place more constraints and transparency requirements on pharmacy benefit managers (PBMs). Every state has passed laws to gather information related to drug pricing and many states have passed laws capping co-pays and other out-of-pocket costs for drugs in an effort to help rein in health care costs. While out-of-pocket costs may decrease for individuals, the overall costs for drugs in commercial and government programs continue to rise.

Workers' compensation continues to face its own unique challenges when it comes to drug costs. About half of states allow employers and/or self-insured employers to direct care into pharmacy networks. In states where injured employees are free to choose their pharmacy provider, the lack of in-network contract pricing can lead to abusive practices. Since an injured employee bears no responsibility for the cost, they have no incentive to question the price or seek a lower cost alternative, and the price can be significantly different as indicated in the chart below.

Negotiated Per Unit Cost

	PBM Contract Pricing (Average)	Physician Dispensed Pricing (Average)	Non-Retail Dispenser Pricing* (Average)
Drug Name	**Per Unit Cost**	**Per Unit Cost**	**Per Unit Cost**
DICLOFENAC SODIUM	$0.10	$0.28	$16.42
LIDOPRO	$4.79	$5.39	$34.20
PREGABALIN	$3.92	$6.56	$5.96
LIDOCAINE	$5.63	$8.88	$7.77

*Non-retail dispensing includes out-of-state mail order or boutique pharmacies that often focus on workers' compensation patients.

Additionally, non-retail pharmacy providers dispense medications not typically found or dispensed in neighborhood pharmacies. Often these drugs carry high price tags with very similar over the counter (OTC) alternatives, some less than $90 and often less than $25.

Medication Examples

Drug Name	Billed Amount	OTC Cost

Trubrexa	$2,400.00	$27.00
Lidocan	$2,890.00	$90.00
Zylotrol Cream	$779.00	$13.00
Zylotrol Patch	$2,425.00	$9.00

Government and commercial health plans rarely see these types of outlier drugs because they require plan beneficiaries to use a pharmacy network that offers a health plan discounted contract rate.

In some workers' compensation cases, these out-of-network dispensers provide a necessary service. In the early stages of a claim before compensability has been established, or when there is an on-going dispute regarding compensability of a claim, an out-of-network provider can help facilitate access to care for an injured employee who is unable to receive it through the designated network. These dispensers do assume some risk for non-payment that could justify a slightly higher reimbursement rate than a retail pharmacy, but in most cases not the egregious pricing we frequently encounter in out-of-network workers' compensation.

Once a claim has been accepted, there is no need for these higher cost providers to deliver medications that could be easily accessed through a pharmacy network at a negotiated discount rate. There is also nothing prohibiting these out-of-network providers from joining a network to continue to deliver care and be paid a contracted rate once a claim has been accepted.

Workers' compensation is the only large private system that is prohibited by state law from allowing employers or insurers, who carry the financial burden, to negotiate discounted rates for pharmacy care. These prohibitions create a fertile field for fraudulent and abusive pricing practices to take root and flourish. At a time when affordability is a real concern for individuals and businesses alike, states that currently prohibit direction of pharmacy care in the workers' compensation system should reconsider empowering their employers to manage these drug costs more affordably through network controls.

The Enlyte Regulatory Compliance and Governmental Affairs Team actively monitors escalating drug costs associated with workers' compensation programs. To learn more about what the Enlyte government affairs team is working on, and stay up to date on this and other regulatory issues, sign up to receive our monthly Compliance Connection Newsletter.

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