Workers' Comp

The Pharmacy Blind Spot Created by Opportunistic Products

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Tom Kerr (TK): Opportunistic pharmaceutical products have become a major concern in our industry. As cited in Enlyte's Drug Trends Report, they represent a relatively small percentage of prescriptions, but account for a disproportionately large share of pharmacy spend.

Joining me today is Cameron Hannum, PharmD, to help break down what we're seeing and what organizations can do about it. Dr. Hannum, thanks for being here today.

Cameron Hannum (CH): Yeah, happy to be here. This is a topic that continues to evolve and one that can have a significant financial impact when it's not actively managed.

TK: So, let's start with the basics. Cameron, can you tell me what exactly are opportunistic products?

CH: Yeah, that's a great place to start. When we talk about opportunistic products, we're referring to medications that capitalize on pricing gaps and billing practices. Think fee schedule, for example, state formulary nuances and other market dynamics that tend to generate costs that are often out of proportion to their clinical value.

So, a common strategy is for manufacturers to take familiar over-the-counter or generic ingredients and reformulate them into new combinations, strengths, delivery systems that can be marketed as unique products with substantially higher price tags. While these products may sound innovative, many offer little additional therapeutic benefit compared to the lower cost ingredients they're built from.

And examples include private-label topical analgesics. There are high-cost prescription topicals, compound kits, convenience packs, and other pricing outliers. To give you an example that illustrates this, there's a product out there, Trubrexa. At its core, it's a topical product containing essentially lidocaine and capsaicin, which is the ingredient that gives hot pepper its heat.

So, these ingredients have been around for years and are available in a variety of low-cost, over-the-counter, and generic products. And what's changed isn't necessarily a therapy, it's just the packaging and the pricing. So, products like this are often positioned as innovative or unique formulations, but the clinical benefit over additional alternatives is often difficult to demonstrate.

So, from a payer perspective, that's why these products draw so much attention. They can carry a price tag that's exponentially higher than the underlying ingredients while providing very similar therapeutic effects. And what's particularly noteworthy is that while these products account for only a small percentage of prescription volume, they represent a much larger share of overall pharmacy spend.

In the out-of-network environment, as a percentage of overall scripts, opportunistic products account for just over 11% of prescriptions, but they drive nearly 46% of the total pharmacy costs. So, we're pushing that 50% range. And that's an incredible imbalance, and it highlights why payers increasingly want and need to focus on identifying and managing these products.

TK: So, you had mentioned out of network, and I know one of the themes throughout the Drug Trends Report is the significant impact of out-of-network dispensing. Why do opportunistic products seem to thrive in that environment?

CH: Well, the short answer is that out-of-network channels often have fewer opportunities for prospective clinical oversight and pricing controls. In fact, nearly 69% of all opportunistic product spending occurs through out-of-network channels. These are prescriptions that may be physician dispensed; they could be paper billed or processed outside of a traditional PBM (pharmacy benefit management) workflow.

And, as a result, many of the controls that work extremely well in networks, such as formulary management, prior authorizations, the point-of-sale edits with respect to quantities or day supplies, things of that nature.

These sorts of things may not be applied before the medication reaches those injured. So, the data also shows that opportunistic products account for only 2% of in-network prescription volume compared to close to 11% out-of-network. And that difference really illustrates where these products are concentrated and why visibility beyond traditional PBM reporting is so important.

TK: Cameron, what are you seeing specifically with topical analgesics in this report?

CH: Yeah, topicals, as you mentioned, it's been a recurring theme for years now, and they remain one of the biggest drivers of opportunistic pharmacy spend that we see. And the report looks specifically at prescription topical analgesics that meet the criteria for opportunistic pricing.

And while these products represent less than 17% of total topical volume, they account for almost 62% of total topical costs across all channels.

And what's particularly concerning is the trend we're seeing out of network. Utilization there continues to rise and cost per claim increase nearly 86% year over year, which is pretty substantial. So much of that increase appears to be driven by shifts toward more expensive lidocaine and diclofenac topical products offer limited differentiation from less-expensive alternatives. And this is a great example of why, again, cost management

isn't simply about utilization. Sometimes the larger issue is product mix and steering treatment toward clinically appropriate cost-effective options.

TK: OK, and to follow up on that within the topical therapeutic class of medications, another category highlighted in the report is private-label topical analgesics, or PLTAs. What are these and why do these products continue to be such a challenge?

CH: Sure. You can think of PLTAs as a different flavor of topical medication and one of the more persistent challenges in workers' compensation pharmacy. So, earlier, I gave the example of Trubrexa. And these products are typically branded topical medications that often contain ingredients similar to over-the-counter alternatives but are sold at dramatically higher price points.

And when I say dramatically higher, it is thousands versus tens of dollars in terms of price points for these agents. And many are marketed directly to physician offices and dispensed outside traditional pharmacy channels — mail order pharmacies partnering with physician offices, for example.

So even though utilization and costs have moderated, PLTAs still account for nearly 13% of all out-of-network pharmacy spend while representing less than 3% of prescription volume. And the average out-of-network script costs for these products remain well over $1,300 per prescription.

So, we also continue to see other categories such as compound kits and convenience packs almost exclusively processed out of network. And without integrated oversight, these products can easily fly under the radar while contributing significant unnecessary costs.

And I know we're focusing on topicals here, but another area we're watching very closely right now are non-steroid anti-inflammatory drugs (NSAIDs). And, as the industry has appropriately moved away from opioids, NSAID utilization and spending have continued to grow.

Unfortunately, whenever a therapeutic category gains traction, it can attract opportunistic products. And we're already seeing examples of high-cost ibuprofen that you can typically find over the counter. You know, diclofenac formulations as well. And they're being marketed at premium prices despite limited differentiation from traditional lower-cost alternatives. So, it doesn't represent a major issue today, but it's a trend worth monitoring as prescribing patterns continue to evolve.

TK: So, as we wrap up here, Cameron, what recommendations would you offer to payers and employers looking to optimize their pharmacy programs and better manage these emerging cost drivers?

CH: Yeah, I think the biggest recommendation is to move beyond a network-only view of pharmacy management and ensure you have visibility across all channels of prescription activity. So, opportunistic products are often concentrated in out-of-network and paper-built environments. Organizations need a comprehensive picture of pharmacy utilization to effectively identify and address those costs.

The second thing I would say is consider implementing automated prior authorization and retrospective review processes for out-of-network prescriptions. The report and the data show that organizations utilizing these types of controls have achieved reductions of up to 33% of annual out-of-network pharmacy spend, which can be really powerful.

Third, develop targeted clinical review protocols for high-cost topical products, particularly opportunistically priced prescription topicals and private label topicals. Establishing therapeutic substitution guidelines can help direct treatment toward more clinically appropriate and, ultimately, more cost-effective alternatives.

It’s also important to monitor physician dispensing activity and out-of-network mail-order pharmacy utilization, especially in jurisdictions where those channels are more prevalent. These can be common pathways for opportunistic products to enter a claim. And, finally, leverage analytics and ongoing education. Data can help identify emerging cost outliers before they become widespread issues, while educating prescribers and claims professionals can support better decision making at the claim level.

So, one of my mantras is if you can’t insight, you can’t manage the drug mix and opportunities with it. Ultimately, the organizations that combine visibility, analytics, clinical expertise and a more integrated management process are going to be best positioned to control costs while ensuring those injured continue to receive appropriate care.

TK: Great insights, Cameron. It definitely seems clear that while opportunistic products represent a relatively small portion of overall prescriptions, they continue to have an outsized impact on pharmacy spend, particularly in the out-of-network space.

CH: Absolutely. The key takeaway is that visibility matters. The more complete your view of prescription activity, the better positioned you’ll be to identify these cost drivers, intervene appropriately and support both quality patient care, which is always going to be front and center, and better financial stewardship.

TK: Great. Cameron, thanks again for joining us. We look forward to continuing our pharmacy trends discussion in future episodes. Until then, thanks for listening.



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