

2019
Workers'
Compensation
Drug Trend Report

Executive Summary



Drug spend declines continued for our workers' compensation payers



In 2019, payers with a workers' compensation program managed by myMatrixx experienced a 6.1% decline in total costs and a 4.3% decrease in number of prescriptions. Per injured patient, prescription drug costs decreased 2.4%, while utilization increased 1.9%.

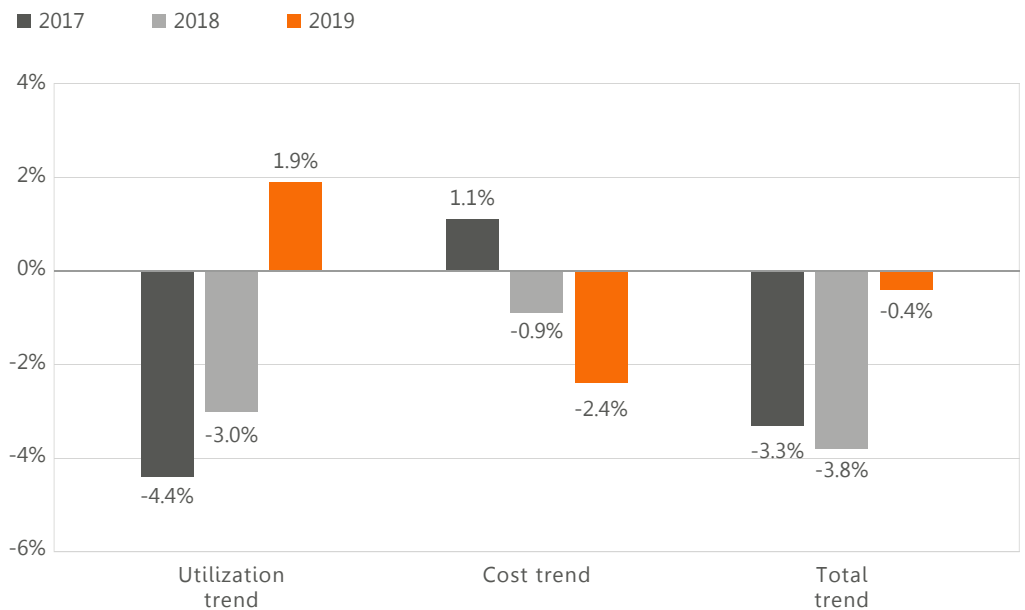


49.7%

of plans managed by myMatrixx reduced drug spending in 2019

WORKERS' COMPENSATION: DRUG TREND

Components of trend, by year



Keeping the downward pressure on opioids



Average spending on opioids declined 10.7% for payers, from \$259.58 to \$231.83 per injured patient per year between 2018 and 2019.



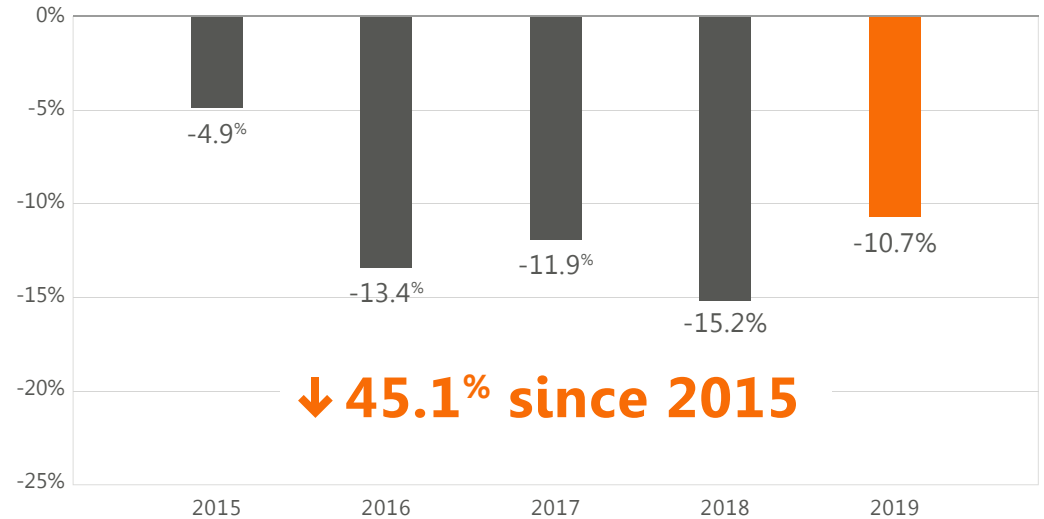
73.1%
of payers spent less on opioids in 2019

14.7%
of injured patients used opioids for 30 or more days, down from 17.0% in 2018

\$904.87
lower cost for generic non-abuse-deterrent formulations vs. branded abuse-deterrent formulations (ADF), per adjusted Rx

WORKERS' COMPENSATION: SPENDING ON OPIOIDS

2015-2019



Branded ADF opioids

- Embeda (morphine sulfate and naltrexone hydrochloride)
- Hysingla ER (hydrocodone bitartrate)
- MorphaBond ER (morphine sulfate tablet)
- OxyContin (oxycodone)
- RoxyBond (oxycodone hydrochloride)
- Xtampza ER (oxycodone)

Generating value with generic substitution and channel optimization



After the launch of pregabalin in July 2019, we converted 91.8% of Lyrica® prescriptions to the generic within four weeks and 96.4% within 180 days. Payers spent 40% less on pregabalin (\$12.01 average cost per days' supply) compared to Lyrica (\$19.98).

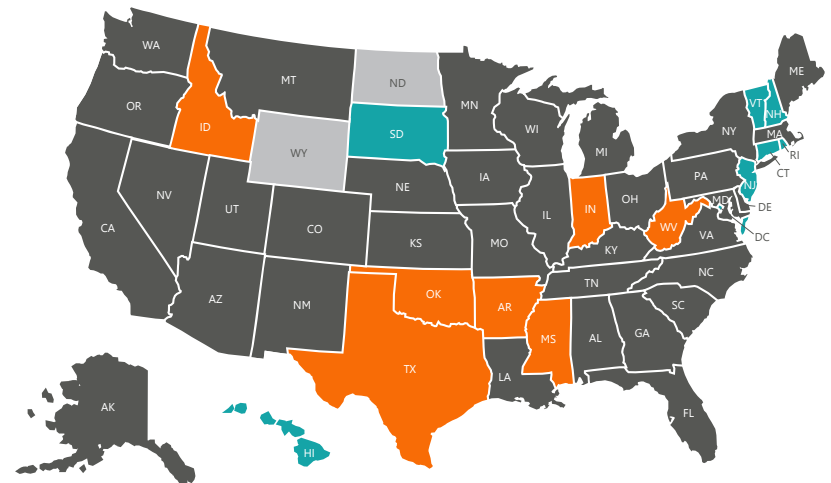
The average generic fill rate reached 87.0% in 2019

In 2019, payers could have saved \$21.4M by achieving optimal mix, the maximum clinically appropriate generic fill rate for each therapy class. State-level mandates along with programs that encourage generic usage, such as step therapy and our physician outreach, can help reduce waste due to suboptimal mix.

WORKERS' COMPENSATION: GENERIC FILL RATE

By state, 2019

- 80%-85%
- 85%-90%
- 90%-100%
- Sample size too small



23.1%

lower cost for prescriptions filled through home delivery vs. retail pharmacies

Facing a new concern: Physician-dispensed private-label topicals



Many topical drugs or dermatologicals applied to the skin are available over-the-counter or are dispensed affordably through retail pharmacies. Other ones are private-labeled and distributed only by prescribers. Many of these are egregiously priced and offer little to no therapeutic advantage for injured patients over traditional therapies.

12.0%
of total
physician-dispensed
prescriptions

35.4%
of total spent on
physician-dispensed
medications

PRIVATE-LABEL TOPICALS

By physician-dispensed cost, 2019

DRUG NAME	TYPICAL COST FOR PHYSICIAN-DISPENSED PRODUCT	AVG COST FOR COMPARABLE RETAIL PHARMACY PRODUCTS
Diclofenac sodium solution 1.5%	\$2,163	\$261
Terocin patch 4%-4%	\$1,592	\$54
LidoPro® patch 4%-4%-5%	\$1,518	\$54
Lidothol patch 4.5%-5%	\$1,452	\$54
LidoPro® ointment	\$846	\$27
Terocin lotion	\$717	\$17
LidoRx® gel 3%	\$469	\$10
Dendracin Neurodendraxcin® lotion	\$463	\$17
Methyl salicylate cream 25%	\$345	\$5
Lidocaine cream 3%	\$82	\$10

Bold = Prescription required

Giving specialty therapies the attention they deserve



While just 2.1% of injured patients used a specialty drug in 2019, the costs accounted for 8.8% of total pharmacy spend for workers' compensation payers.

18.8%
increase in specialty medication spending for injured patients

27.0%
increase in specialty drug utilization, to 1.75 days' supply PPPY

As the traditional drug market becomes saturated with generic drugs, the next influx of generics will be for specialty drugs. In the super spending example at right, the generic substitution of icanitbant for brand Firazyr® alone saves over \$414,000 on an annualized basis.

Injured patients in "super spending" category

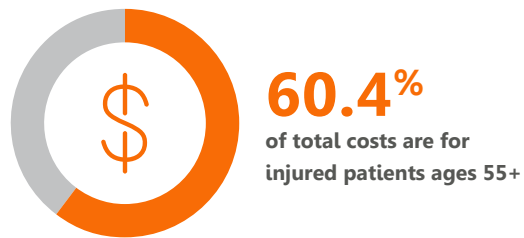
As in the commercial market, having prescription drug costs of \$250K or more is considered super spending, including these workers' compensation cases from 2019.

INDICATION FOR INJURED PATIENT	STATE	PRIMARY SPECIALTY DRUG(S)	TOTAL ANNUAL DRUG SPEND
Angioedema	CA	Takzyro®	\$1,252,181
		Firazyr®	
		icanitbant	
Nephrotic syndrome, ophthalmic disease and/or sarcoidosis	CA	Acthar®	\$697,285
Seizure disorders	MI	Epidiolex® Sabril®	\$421,376
Pulmonary arterial hypertension	CA	Opsumit®	\$360,851
		Upravi®	
Pulmonary arterial hypertension	CA	Opsumit®	\$279,526
		tadalafil	
		Upravi® Veletri®	
Acute myeloid leukemia	CA	Tibsovo®	\$275,125

Understanding that higher costs come naturally with age



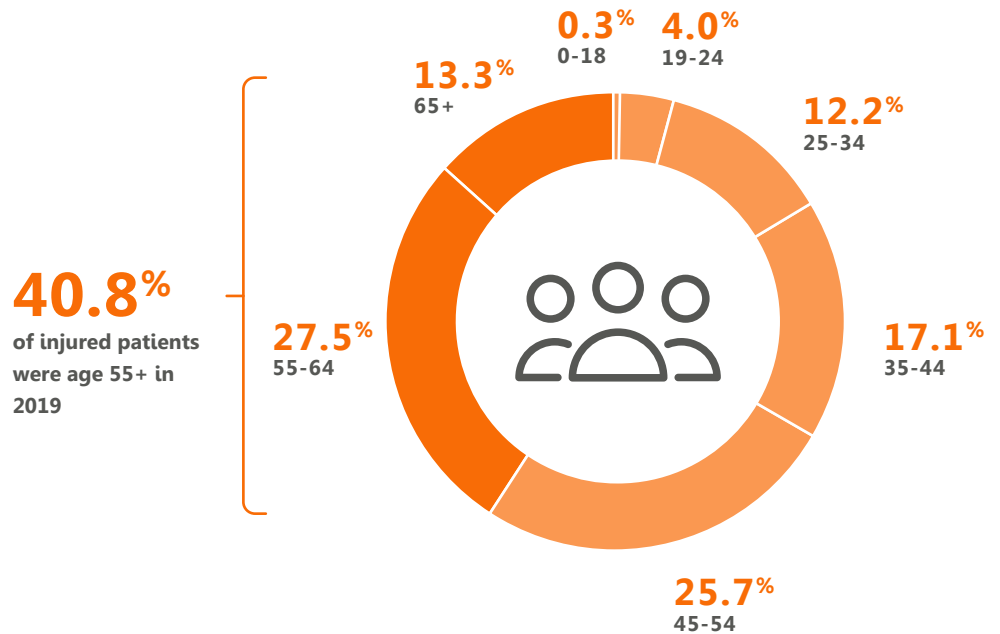
Costs escalate for injured patients in older age groups.



\$1,459.71
higher costs per injured patient age 65+ vs. under 65

PERCENT OF INJURED PATIENTS

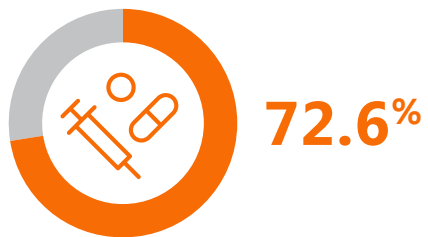
By age group, 2019



Top 10 therapy classes and insights



The top 10 therapy classes accounted for 72.6% of total workers' compensation drug spending in 2019.



\$1,326.35

spent by payers per injured patient for prescription drugs, on average

27.6%

higher costs per days' supply for anticoagulants, moderated by low and negative trend for other therapy classes

In 2019, utilization increased for nine of the top 10 therapy classes, particularly dermatologicals (23.5%) and anticoagulants (11.7%) with opioids being the only class to decline (-8.6%). New to the top 10 were antihyperlipidemics, used to treat high cholesterol. Its -2.4% total trend was driven primarily by a 6.6% increase in days' supply PPPY, moderated by an 8.9% decrease in the average cost per days' supply.

WORKERS' COMPENSATION: TREND FOR THE TOP 10 THERAPY CLASSES

By per-patient-per-year spend, 2019

THERAPY CLASS	TOTAL TREND
Opioids	-10.7%
Anticonvulsants	-6.4%
Dermatologicals*	10.7%
NSAIDs	4.8%
Muscle relaxants	-0.6%
Antidepressants	-1.6%
Anticoagulants	27.6%
Ulcer drugs	9.4%
Antihyperlipidemics	-2.4%
Antiasthmatics	2.8%
All other	1.5%
Total	-0.4%

*Includes both traditional and private-label topicals, as discussed in this report.

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For additional insights, download the myMatrixx Drug Trend Report: mymatrixx.com/2019-drug-trend-report

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