

# Progressive Medical Clinical Study:

## Using Medication Therapy Management to Dramatically Reduce Workers' Compensation Costs

Progressive Medical White Paper

April 2009



# Using Medication Therapy Management to Dramatically Reduce Workers' Compensation Costs

## Addressing the Cost Containment Challenge

Within healthcare as within the workers' compensation industry, medications are considered a hallmark of cost-effective therapy for illnesses and injuries. Currently, prescription costs account for 19 percent of worker's compensation expenses.<sup>1</sup> The longer a claim is open; however, the higher the prescription costs. On average, prescriptions typically amount to only 3 percent of a claim's medical costs during the first year. After seven years, however, these costs can account for almost 31 percent of overall costs with drug spending alone potentially averaging \$27,000 annually.<sup>2</sup> This 31 percent contributes to the overall 19 percent claim costs for medications.

With medication costs potentially amounting to tens of thousands of dollars over the life of a claim, it's important to ensure that all medication dispensed for a claim is appropriate for the injury and compensable. One solution that payers should take a closer look at is medication therapy management (MTM).

MTM enables a pharmacist to optimize an injured party's response to medications and minimize complications or interactions. The concept, which was originally established by the Medicare Modernization Act of 2003, ensures that medication therapy is customized to meet the unique needs of the individual injured party in workers' compensation.<sup>3</sup>

The initial steps of effective MTM are:

- Analysis of injured party's medical history
- Comprehensive medication review
- Detection of adverse drug events
- Monitoring of drug therapy outcomes

Based on this review, the pharmacist makes recommendations for modifying medication therapy and communicates treatment plans to other providers including insurers, physicians and retail pharmacists, to improve on patient medication outcomes.

It is essential for workers' compensation insurers to take a closer look at the medications prescribed for each claim. Otherwise, they can expect to pay for additional medications due to duplication in therapy or treatment of conditions caused by adverse effects to prescribed medications.

Progressive Medical recently conducted a study of the benefits of MTM. The purpose of the study was to better understand how MTM can be used to control costs and provide quality care to injured parties. This paper reveals the findings of this study and the implications for workers' compensation insurers.

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## 2008 Medication Therapy Management Study Findings

### Methodology

The study examined medication therapy management (MTM) reports completed between July 2007 and July 2008 for a group of injured parties in one jurisdiction only. It was determined that only workers' compensation claims would be included due to the varying degrees of each state's workers' compensation regulations.

Clinical pharmacists reviewed MTM reports that were completed at the request of a claims professional or nurse case manager assigned to the injured party's claim. Reasons for the original MTM report requests include determining if there were:

- Drug-to-drug interactions
- Duplications in therapy
- Opportunities for generic medications
- Medications were unrelated to workers' compensation injury
- Inappropriate medications for the sustained injury
- Appropriate dosage
- Utilization of multiple pharmacies or physicians

The clinical pharmacists reviewed each injured party's prescription history and medical records to identify any of the aforementioned concerns. Based on the outcome of the analysis, a report was provided that included recommendations for possible changes to the prescribing/treating physician. In addition, a cost analysis was performed on each review to estimate total potential savings; savings that would be realized if the recommendations provided were found appropriate by the physician and were followed. This analysis was performed using the average wholesale price (AWP), a nationally published benchmark of pricing for all prescription drugs in the United States.

The study compared prescription history three months following the report to those medications utilized at the time of its completion to determine if therapy changed and recommendations were followed. Each clinical issue was treated as a separate recommendation. This means that each claim could have several recommendations for one clinical issue.

*Note: For more information on the study methods and limitations please see Appendix A.*

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## Study Results

The study found that if every clinical pharmacist recommendation was followed, the average per claim savings could **amount to more than \$6,000 annually**. The projected cost savings per claim varied quite extensively based on utilization and follow-through on provided recommendations. For example, one claim included in the study had a potential economic savings of more than \$54,000, while another was annualized to as much as \$59,000 in reduced costs after a three-month follow-up was conducted.

The average baseline number of medications was also **decreased by 0.7 prescriptions per claim**.

Every claim had at least one utilization issue that resulted in a recommendation to modify therapy. What's more, **90 percent of the claims had at least one inappropriate medication** and 56 percent had prescription dosages that required modification.

Other major clinical issues discovered include:

- Dispensing of medications unrelated to injury (49%)
- Therapy duplications (45%)
- Drug-to-drug interactions (44%)

In addition, the clinical pharmacists recommended additions to the medication plans for six of the injured parties. However, the additional costs for these claims is outweighed by giving the injured parties the therapy they require and would potentially help them recover more quickly.

*Note: For information on the study limitations and outcomes please see Appendix A.*

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## Implications for Workers' Compensation Insurers

The results of this study suggest that workers' compensation insurers should consider using MTM as a way to get more control over prescription drug costs.

Although not all of the therapeutic recommendations were adopted by treating physicians, the average cost savings was still significant. Since many workers' compensation injuries result in lifelong conditions, an annual savings of \$6,000 per claim can reap long-term reduction in expenses for the insurer.

Insurers interested in using MTM to reduce annual costs per claim should look to incorporate MTM into their overall cost containment strategy. It is essential to establish benchmarks for when a claim should be flagged for review and the process for submitting a claim for in-depth clinical review.

By working with an experienced cost containment partner, workers' compensation insurers can build an effective MTM strategy that meets their objectives. Look for a partner that offers in-depth clinical review with in-house clinical pharmacists, strong relationships with clinical physicians and comprehensive drug utilization programs that feature extensive reporting capabilities. A comprehensive drug utilization offering includes prospective, concurrent and retrospective utilization reviews as well as formulary management.

Leverage MTM for claims that represent the most cost-savings potential. These usually include claims that:

- Have excessive medications; >6 medications
- Are more than 3-years old
- The injured party is being medicated for chronic pain resulting from the injury
- Show a history of more than one prescribing physician

A key challenge that was identified in the study was communication to the prescribing physician. Set-up protocols to ensure that claims professionals communicate the reviewing pharmacist's recommendations to the prescribing physician. It is also critical to open direct channels of communication between prescribing physicians and the clinical pharmacist who made recommendations based on the MTM Review Report.

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## Summary

With more than 4 million workers injured on the job each year, workers' compensation insurers are seeking ways to reduce costs.<sup>4</sup> Using medication therapy management (MTM) to reduce pharmacy costs, which can account for as much as 31 percent of a claim's total expenses, can help insurers meet this objective.<sup>5</sup>

Based on the outcomes of a recent Progressive Medical study, the annual cost savings potential of MTM averages tens of thousands of dollars per claim. Quality MTM programs entail setting up benchmarks to identify when claims should be flagged for review, establishing protocols for required actions by claims professionals and ensuring communication between prescribing physicians and reviewing pharmacists.

## The Authors

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## About Progressive Medical

Progressive Medical, through a national network, helps its clients build effective workers' compensation cost containment strategies. It has invested more than 20 years of experience in developing innovative pharmacy management and ancillary solutions for its clients. By combining its clinical expertise with access to an expansive network of pharmacies, home health care services and medical equipment, Progressive Medical enables its clients to manage costs while providing quality care to injured parties.

Learn more at [www.progressive-medical.com/MTM](http://www.progressive-medical.com/MTM) or by calling 866.271.8678.

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## Appendix A: About the Progressive Medical MTM Study

Pharmacists at Progressive Medical performed a clinical and economic analysis on a select group of MTM-type reports in the state of California. The purpose of this study was to examine the clinical and financial impact of pharmacist medication therapy recommendations through medication therapy management (MTMs).

*Methodology:* MTM reports were completed by the clinical services department by reviewing injured party prescription history and pertinent medical records. Our Clinical Services department is comprised of Registered Nurses and Pharmacists. Collective experience of our team members in the workers' compensation arena is in excess of 87 years. Each of the reports was initially requested by a claims professional or nurse assigned to the claim by the insurer.

The following was answered in each MTM request:

- Drug-to-drug interactions
- Duplications in therapy
- Opportunities for generic medications
- Medications related to workers' compensation injury
- Inappropriate medications dispensed for the type of injury sustained
- Appropriate doses (specifically narcotic medications)
- Utilization of multiple pharmacies or physicians
- Overlapping therapy among prescribers
- Patient seeing multiple physicians with same specialty

Cost analysis was performed to estimate total potential savings if recommendations included in the report were followed. The Average Wholesale Price was used to estimate economic savings. All MTM reports were from a selected client and completed between July 2007 and July 2008. Only MTM reports for the claim's state of jurisdiction that was identified for the study were included in the analysis. The following criteria led to 11 of the 90 MTM being excluded from this study's analysis:

- Incomplete MTM requests
- Claims where medical or pharmacy records were unavailable

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- Cost projections for settlement purposes (Note: Settlement costs projections are requested by a carrier to determine future medication costs for approximating the amount of a settlement. These reports are rarely used to assist in determining appropriate medication therapy).

Available prescription history from three months following DUR completion was compared against medications utilized at the study's completion to determine if therapy changed and recommendations followed. Each clinical issue was treated as a separate recommendation.

*Study Limitations:* It is unknown whether physicians were made aware of the pharmacist's recommendations for all injured parties. The DUR was sent to the claims professional who requested the report and it was their decision to communicate the recommendations. Recommendations were not followed for a large number of claims included in this study. It is not known if this observation was due to communication, prescriber determination not to modify therapy or if three months was not long enough to observe changes in therapy. Additionally, our one year enrollment period limited the study to 90 eligible injured parties. Further large-scale studies are needed to confirm the results observed in this study. Questions addressed by the pharmacists were pre-determined by the client.

Table 1: Summary of clinical responses from completed DURs

| Question                                      | Findings from DUR (n) |            |               |          | Recommendations followed? (n) |             |            |
|---|-----------------------|------------|---------------|----------|-------------------------------|-------------|------------|
|   | Yes                   | No         | Not Addressed | Unknown  | Yes                           | No          | Unknown    |
| Drug-drug interactions                        | 43.9% (36)            | 32.9% (27) | 23.2% (19)    | 0% (0)   | 28.7% (29)                    | 32.7% (33)  | 38.6% (39) |
| Duplications in therapy                       | 45.1% (37)            | 32.9% (27) | 22% (18)      | 0% (0)   | 38.2% (39)                    | 60.8% (62)  | 1% (1)     |
| Opportunity for generic                       | 18.3% (15)            | 64.6% (53) | 17.1% (14)    | 0% (0)   | 11.5% (3)                     | 88.5% (23)  | 0% (0)     |
| Unrelated medications                         | 48.8% (40)            | 36.6% (30) | 14.6% (12)    | 0% (0)   | 27.5% (22)                    | 60% (48)    | 12.5% (10) |
| Utilizing inappropriate medications           | 90.3% (74)            | 7.3% (6)   | 2.4% (2)      | 0% (0)   | 21.9% (42)                    | 77.1% (148) | 1% (2)     |
| Medication dose inappropriate                 | 31.7% (26)            | 52.4% (43) | 12.2% (10)    | 3.7% (3) | 20% (8)                       | 80% (32)    | 0% (0)     |
| Narcotic dose inappropriate                   | 39% (32)              | 40.2% (33) | 17.1% (14)    | 3.7% (3) | 16.7% (8)                     | 83.3% (40)  | 0% (0)     |
| Modify medication dose                        | 56.1% (46)            | 37.8% (31) | 6.1% (5)      | 0% (0)   | 12.9% (8)                     | 85.5% (53)  | 1.6% (1)   |
| Utilizing multiple pharmacies                 | 1.2% (1)              | 35.4% (29) | 59.7% (49)    | 3.7% (3) | 0% (0)                        | 100% (1)    | 0% (0)     |
| Overlapping therapy among prescribers         | 1.2% (1)              | 42.7% (35) | 54.9% (45)    | 1.2% (1) | 0% (0)                        | 100% (1)    | 0% (0)     |
| Multiple physicians within the same specialty | 1.2% (1)              | 35.4% (29) | 62.2% (51)    | 1.2% (1) | 0% (0)                        | 100% (1)    | 0% (0)     |

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## References

- <sup>1</sup> NCCI Research Brief: Medical Services By Claim, Winter 2009
- <sup>2</sup> 2007 NCCI Report on Prescription Drug Spending in Workers' Compensation
- <sup>3</sup> The Medication Modernization Act of 2003
- <sup>4</sup> U.S. Bureau of Labor Statistics, 2008
- <sup>5</sup> 2007 NCCI Report (Note: This is the same source as #2).