



Topical medications in workers' compensation

2023 Roger L. Williams National Regulators
College: "Features of the Medical Payment
System"

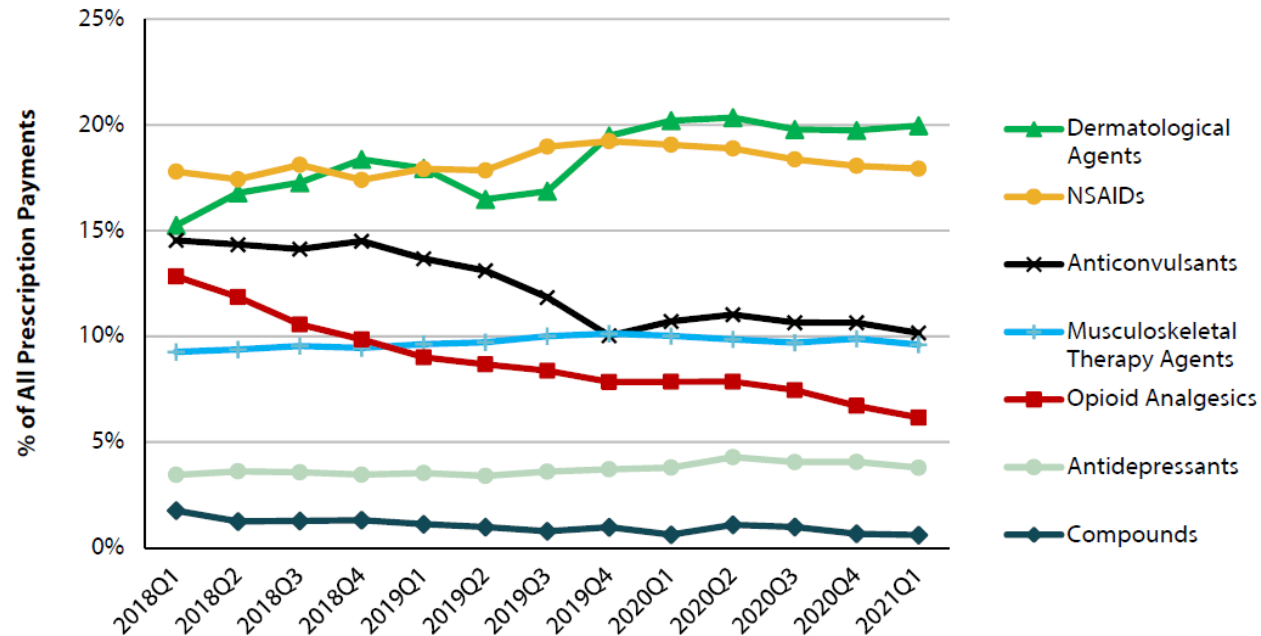
August 22, 2023



Overview

- A topical medication is a medication applied to the skin or mucous membranes
- Used as an alternative to the oral delivery of medications
- Often intended for the purpose of treating pain or other medical condition affecting a specific area of the body
- May be prescription or OTC
- Could be commercially available or compounded by a pharmacy (“topical” and “compound” are not the same)
- May contain one or more active ingredients
- Those applied to the skin are commonly referred to as “dermatologic medications” / “dermatological agents”
- Generally considered 2nd or 3rd line treatments in nationally recognized guidelines and state-based formularies or medical treatment protocols

Trends in payment share for the 7 groups of drugs in 28-state median

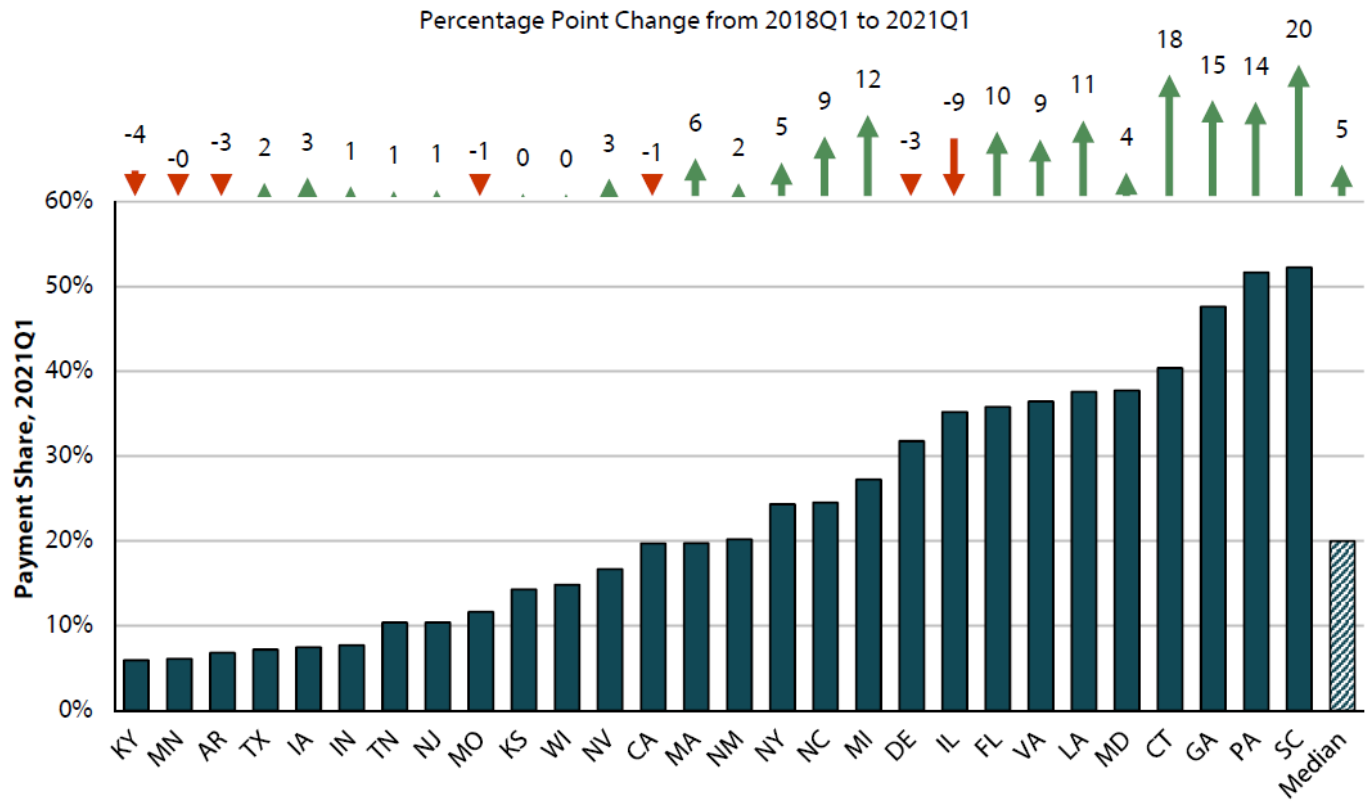


Variation in cost per claim for dermatologic

- \$10 in Minnesota
- \$312 in Pennsylvania
- \$242 in South Carolina
- \$206 in Florida
- \$200 in Georgia
- \$195 in Connecticut

Cost share of prescription payments for dermatological agents

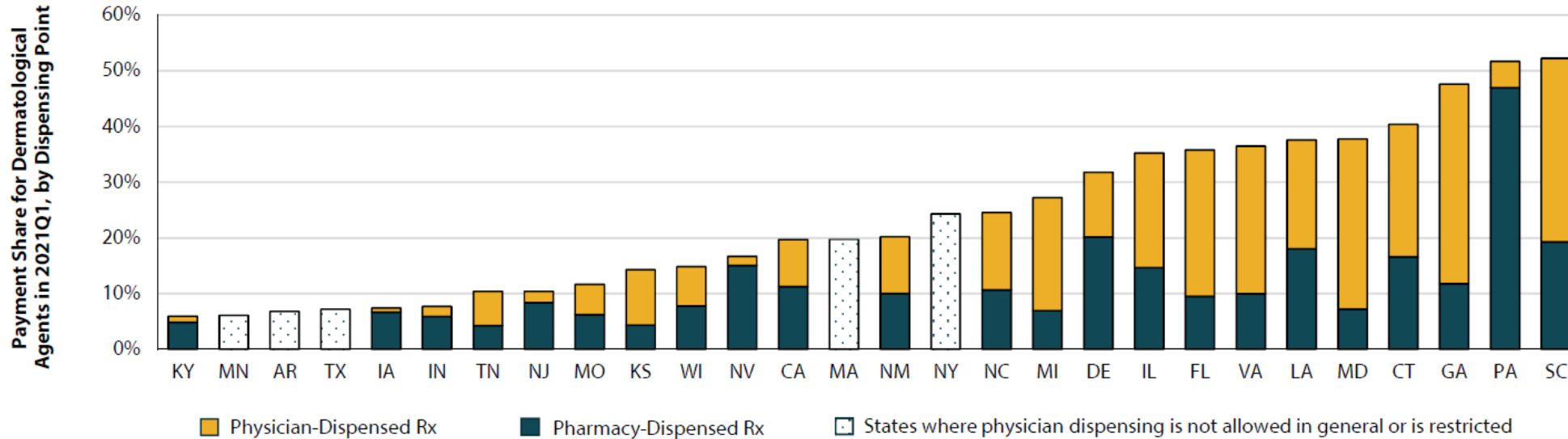
2021 Q1 vs. 2018 Q1



WCRI Flash Report "Interstate Variation and Trends in Workers' Compensation Drug Payments" June 2022

Payment share for dermatological agents

2021 Q1



% Point Change 2018Q1-2021Q1 ^a	KY	MN	AR	TX	IA	IN	TN	NJ	MO	KS	WI	NV	CA	MA	NM	NY	NC	MI	DE	IL	FL	VA	LA	MD	CT	GA	PA	SC
Rx payment share for dermatological agents	-4	0	-3	2	3	1	1	1	-1	0	0	3	-1	6	2	5	9	12	-3	-9	10	9	11	4	18	15	14	20
Physician-dispensed Rx	0	0	0	0	0	1	1	1	-3	2	2	-2	0	0	1	0	8	10	-5	-14	11	10	-1	4	15	11	2	6
Pharmacy-dispensed Rx	-4	0	-3	2	3	1	0	0	2	-1	-2	5	-1	6	1	5	1	3	2	6	-1	-1	13	-1	3	3	13	14

WCRI Flash Report "Interstate Variation and Trends in Workers' Compensation Drug Payments" June 2022

Notable state regulatory responses

California

DWC P&T Committee actively looking at addressing high-cost topical medications in the work comp drug formulary

Colorado

Reimbursement for any topical agent containing only active OTC ingredients capped at cost to provider up to \$30.60 per 30-day supply for any application (excludes patches); max for a patch is cost to billing provider up to \$71.40 per 30-day supply

Prior authorization required for any NSAID, muscle relaxant, or topical agent for which a “significantly lower-cost” therapeutic equivalent is available, including commercially or OTC, even in a different strength/dosage

Michigan

All commercially manufactured topical medications that do not meet the definition of “custom compound” (defined and capped separately in rules) shall not exceed a 30-day supply; reimbursement at max of acquisition cost + a single \$8.50 dispense fee (one dispense fee per topical medication in a 10-day period)

Notable state regulatory responses

Mississippi

Max reimbursement for manufactured topical medications other than patches = billed charge up to max of \$30 for a 30-day supply; patches = billed charge up to max of \$70 for a 30-day supply

Topical lidocaine, including patches, must first be obtained OTC

South Carolina

Payment for prescription topical medications = \$240 for 30-day supply, not to exceed 90 days, plus a single \$5 dispensing fee

Physicians urged to prescribe therapeutically equivalent medications or OTCs when available in lieu of a prescription-strength topical medication

Tennessee

Work comp drug formulary excludes, among other categories, topicals (require prior approval)

Possible solutions

- **Address utilization**
- **Address cost**
- **Do both**
- **Be sure to work with ALL stakeholders**

Optum

About Optum Workers' Comp and Auto No-Fault Solutions

Optum Workers' Comp and Auto No-Fault Solutions collaborates with clients to lower costs while improving health outcomes for the injured persons we serve. Our comprehensive pharmacy, ancillary, medical services, and settlement solutions, combine data, analytics, and extensive clinical expertise with innovative technology to ensure injured persons receive safe, appropriate and cost-effective care throughout the lifecycle of a claim. For more information, email us at expectmore@optum.com.

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