

from Matthew Foster, PharmD BCPS

Medication AWP Increases in the Workers' Compensation Industry

The impact of drug price increases for older Americans has been well documented and studied by AARP. However, the drug price increases identified in these studies represent only the medications commonly used by group health organizations. In the workers' compensation industry, there is a substantially different list of the top medications used by patients, which is based on short- and long-term injury treatment.

As the table below indicates, not only are the top medication classes different for group health organizations versus workers' compensation patients, there is also a substantial increase in the medications used for pain relief in workers' compensation cases. Because of these issues, it is crucial to differentiate between group health organizations and workers' compensation drug inflation rates.

The Critical AWP Difference in Workers' Compensation

The Average Wholesale Price (AWP) is currently used as a benchmark for 25 of the 50 states for determining workers' compensation standard rates. The AWP rate is criticized for representing artificially high baseline prices. Because of this, price increases based on AWP are much more critical in the workers' compensation industry.

To measure the impact specifically for workers' compensation, the top 307 brand name and 651 generic name medications by dosage

strength were reviewed for changes to the (AWP) between January 1, 2006 and January 1, 2007. Medications that had a first entry of generic medications in 2006 were not included if there was no price change during that time. For example: meloxicam (brand name Mobic®) and sertraline (brand name Zoloft®) became available as generics in 2006.

Of the top 651 generic products, only 10 products experienced a change in price. Four had AWP increases ranging from 8.3% to 83%, and six had AWP decreases ranging from 0.2% to 18.4%. Because these transactions only account for 1% of the 2.2 million transactions for generic medications, it can be reasonably stated that the AWP for generic medications did not increase in 2006.

The AARP reports the generic price decrease of 2% during the year 2006.

Of the top 307 brand name medications, 265 medications had an increase in the AWP. There were no brand name drugs that had a decrease in the AWP price. The average increase was 10.8%, with a range of 2% to 134%.

The AARP reports the brand name price increase as 6.2% during the year 2006.

TOP MEDICATION CLASSES: GROUP HEALTH ORGANIZATIONS VERSUS WORKERS' COMPENSATION

GROUP HEALTH ORGANIZATIONS			WORKERS' COMPENSATION		
Rank	Class	% of Total Spend	Rank	Class	% of Total Spend
1	Antihyperlipidemics	9.9%	1	Narcotic analgesics	33%
2	Antidepressants	7.5%	2	Anticonvulsants	10.6%
3	Anti-ulcer drugs	7.3%	3	NSAIDs	10.0%
4	Antihypertensives	5.3%	4	Muscle relaxants	9.1%
5	NSAIDs	4.9%	5	Antidepressants	8.0%
6	Antidiabetics	4.6%	6	Dermatological	5.7%
7	Antiasthmatics	4.3%	7	Anti-ulcer drugs	4.4%
8	Hormones	3.0%	8	Sedative/hypnotics	4.0%
9	Narcotic analgesics	3.0%	9	Antianxiety	2.0%
10	Anticonvulsants	2.9%	10	Antipsychotics	1.5%
	% total spend of top 10	47%		% total spend of top 10	88.2%

Source: Caremark 2004 Trends Report

Brand Name Increases

The medications that experienced the greatest price increases in 2006 include:

- **Opioid analgesics:** The opioid medications are the most often prescribed medications in workers' compensation. There were significant increases in AWP prices even for those products that have generic formulations available.

Avinza 6%, Duragesic 5% (generic available), Kadian 5%, MS Contin 7% (generics available), Oxycontin 6% (generics available), Percocet 20.8% (generics available), Vicodin 14% (generics available)—the AWP for Actiq increased 134% in 2006 and a generic formulation that is identical to the brand name product (but not listed as AB equivalent by the FDA) was released in December 2006.

- **Anticonvulsants:** The anticonvulsant medications are frequently used off-label for the treatment of chronic neuropathic pain.

Gabitril 25%, Lyrica 6%, Neurontin 5% (generic available).

- **NSAIDs:** The one remaining COX-2 inhibitor on the market is Celebrex. It is still the #6 medication in total cost in the workers' compensation industry.

Celebrex 5%.

- **Antidepressants:** The antidepressants are used for treatment of depression associated with chronic pain, as well as off-label use for the treatment of neuropathic pain.

Cymbalta 10.8%, Effexor 7.9%, Wellbutrin XL 17.6% (300 mg strength is available as a generic).

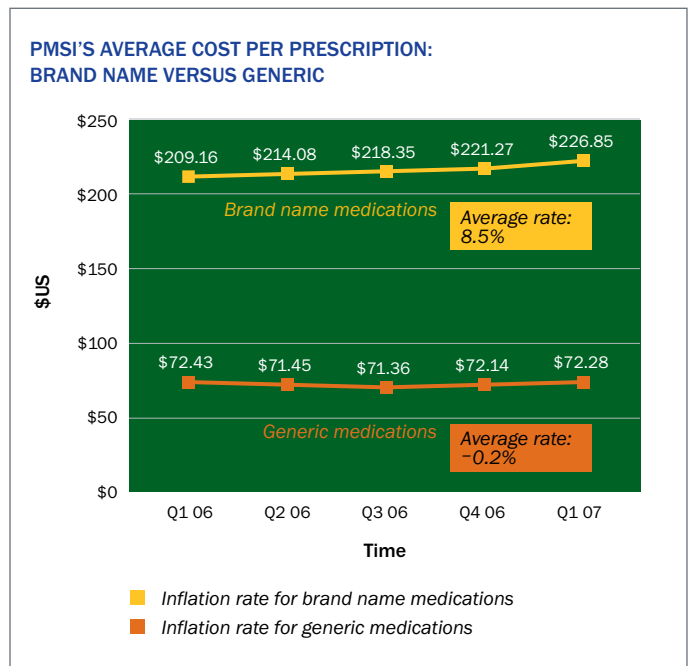
- **Sedatives:** All of the major sedatives experienced dramatic price increases. This follows closely after the 2005 introduction of Lunesta, Rozerem and Ambien CR that expanded the use of sedatives into the general population as well as those in the workers' compensation industry.

Ambien 5 mg 33.3%, Ambien 10 mg 21.3%, Ambien CR 9.2%, Lunesta 18.8%, Rozerem 19.3%.

Bottom Line

Increases in brand name AWP for the most frequently used medications in workers' compensation were significantly higher—at 10.8%—than the general inflation rate of 3.7%, or the AARP-calculated inflation rate of 6.2% reported for brand name drugs used by group health organizations. PMSI, an industry leader in the development of programs and services tailored to the workers' compensation industry, experienced an inflationary rate of 8.5% among its brand name drugs and a -0.2% inflationary rate for its generics. These figures beat the overall predicted inflationary rates for both drug categories, displaying the power of PMSI's fully integrated suite of Clinical Services to help clients contain costs and control utilization.

The analysis and conclusions within this report represent the continued commitment PMSI has toward the betterment of the workers' compensation industry, the care injured workers receive and our clients' bottom lines.



PMSI—The Only Solution You Need. PMSI is the single-source solution for workers' compensation. Founded in 1976, today PMSI is the nation's largest full-service network provider of pharmacy, Medicare Set-Asides, medical services and equipment, and clinical services. PMSI promotes quality care for injured workers while helping clients contain costs and control utilization. PMSI is a subsidiary of AmerisourceBergen Corporation—ranked #27 in the Fortune 500 list and among the Top 5 in the Pharmaceuticals Service Providers category.



Single-Source Solution
for Workers' Compensation