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BULLETIN

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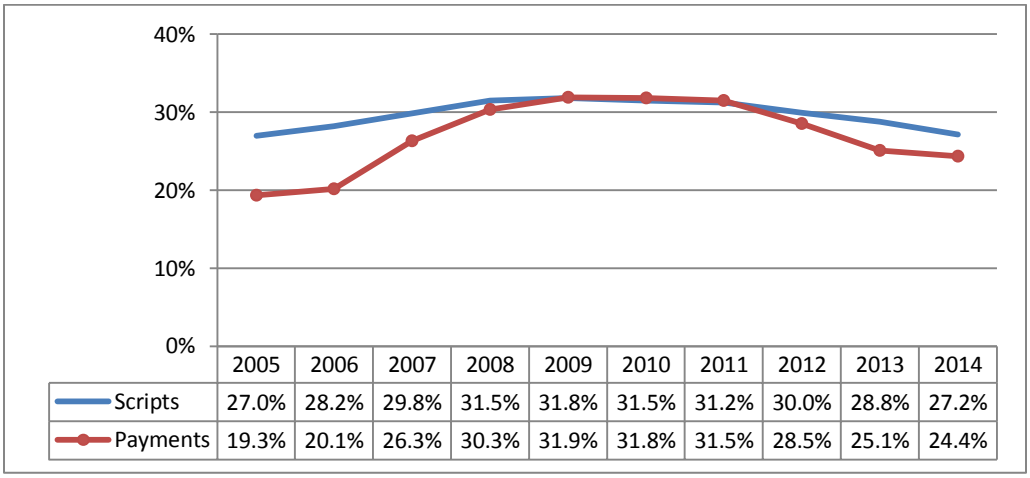
As California regulators wrestle with the task of developing a workers' compensation formulary to assure that drugs dispensed to injured workers are appropriate and effective, a new CWCI study identifies trends in the volume, cost, potency and types of opioids used in California workers' compensation over the past decade and finds that even though opioid use may have peaked, they remain the number one category of drugs in the system.

Over the past two decades the use of opioids to treat injured workers has expanded despite increased awareness that their use can have severe and even fatal repercussions, especially for long-term users who are given these drugs for chronic pain. Several CWCI studies have documented the rapid growth in the use of opioids in California workers' compensation that began in the 1990s, the most recent being a 2014 study that compared utilization and payment trends for Schedule II opioids such as oxycodone, morphine and fentanyl, to less potent but still potentially addictive Schedule III opioids -- primarily hydrocodone combination drugs (Vicodin, Norco, Lortab), which are by far the most commonly prescribed opioid in workers' compensation and in other programs. The new analysis updates and expands upon those studies using data from more than 10.8 million California workers' compensation prescriptions dispensed between January 2005 and December 2014, resulting in $1.1 billion in pharmacy payments. However, because the U.S. Drug Enforcement Agency (DEA) has reclassified hydrocodone combination products from Schedule III to more restrictive Schedule II controlled substances, the new study analyzes these drugs based on their active ingredients rather than by their Schedule II and Schedule III classification.

The latest results show that opioids' proportion of workers' compensation prescriptions has fluctuated over the past decade, increasing from 27 percent of the prescriptions filled in 2005 to 31.8 percent in 2009, but then falling back to 27.2 percent in 2014. That trend was mirrored in the payment data, which showed opioid reimbursements as a proportion of the total workers' compensation drug spend increased from 19.3 percent in 2005 to 31.9 percent at the peak in 2009, then began trending down, declining to 24.4 percent in 2014.

Opioids as a Percent of Total California Workers' Comp Prescriptions and Prescription Drug Payments

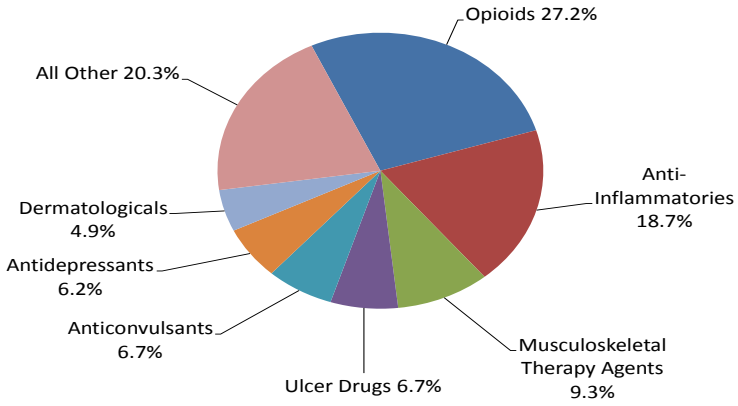


	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Scripts	27.0%	28.2%	29.8%	31.5%	31.8%	31.5%	31.2%	30.0%	28.8%	27.2%
Payments	19.3%	20.1%	26.3%	30.3%	31.9%	31.8%	31.5%	28.5%	25.1%	24.4%

The dropoff in opioid use and the associated payments began to accelerate in 2012, which coincides with increased scrutiny of opioids by utilization review and independent medical review programs, and restrictions imposed by pharmacy benefit managers, medical provider networks and payors. But, even with the recent decline, opioids remain the number one category of prescription drug dispensed in category in both use and payments.

The distribution of 2014 California workers' compensation prescription drugs by therapeutic group is shown below. With more than a quarter of the prescriptions, opioids ranked well ahead of anti-inflammatories, which accounted for less than 1 out of 5 prescriptions, followed by musculoskeletal therapy agents, ulcer drugs, anticonvulsants, antidepressants and dermatologicals. All other therapeutic groups together accounted for 20.3 percent of the 2014 prescriptions but none of those individual groups represented more than 2.5 percent of the total.

Distribution of 2014 Calif WC Prescriptions by Therapeutic Group



Source: CWCI

The study traces some of the growth in opioid payments over the past decade to a surge in the use of brand-name opioids between 2005 and 2009. In 2005, less than 1 out of every 6 dollars paid for an opioid in California workers' compensation was for a brand-name drug; but by 2009, brand drugs represented nearly half of all dollars paid for opioids. Since 2009, however, use of lower cost generic opioids has increased relative to brand name opioids, so the proportion of the opioid drug spend going toward brand-name drugs has dropped to 41 percent. Another factor contributing to the increasing share of prescription dollars going toward opioids: between 2005 and 2014, the average payment per opioid increased 85 percent from $61 to $113, while the average payment for non-opioid drugs increased 39 percent from $94 to $131.

The study also examined the percentage of injured workers who had received opioids at various points of development within the life of a claim, and how that has changed over time. For example at 24 months post injury, the proportion of claims in which opioids had been dispensed increased from 22.4 percent in AY 2005 to 27.9 percent in AY 2012. On the other hand, the 24-month data also revealed that two measures of opioid use that had increased in the early years of the study period are now declining:

- The number of opioid prescriptions per user increased from 3.38 in AY 2005 to a peak of 4.43 in AY 2009, but then declined to 4.10 in AY 2012.
- In terms of potency, the average morphine milligram equivalents (MMEs) per opioid prescription rose from 473 in AY 2005 to a peak of 550 in AY 2007, but then declined to 422 in AY 2012; while the average MMEs per opioid user increased from 1,599 in AY 2005 to 2,355 in AY 2008 then decreased to 1,728 in AY 2012.

The study has been released in a CWCI Research Note, "Trends in the Use of Opioids in California Workers' Compensation," and is posted at www.cwci.org/research.html. CWCI members also can log into the Members section of the website to access an interactive application that will allow them to drill down into the workers' compensation prescription drug data to identify industry norms for comparison to their own results.

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