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BULLETIN

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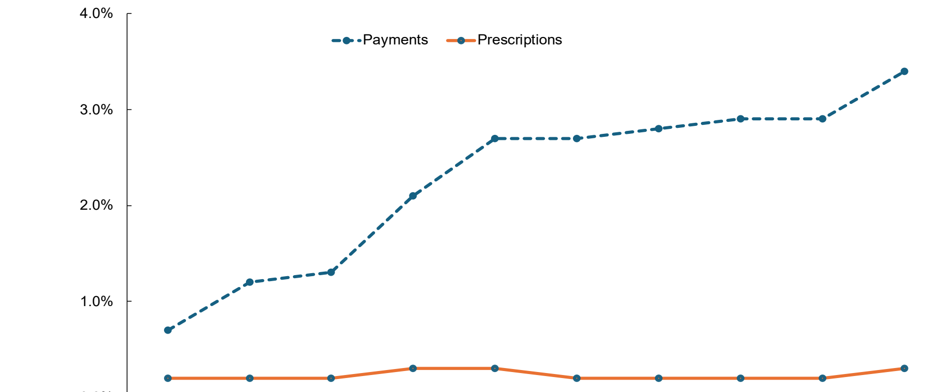
Psychotherapeutic & Neurological Drugs have largely flown under the radar in workers' compensation as they have consistently represented just a tiny fraction of prescriptions dispensed to injured workers, but a new CWCI study shows they have now emerged onto the list of the 10 most expensive drug categories in California workers' compensation.

The study, based on data from CWCI's Prescription Drug Interactive Application updated through June 2025 and the Institute's IRIS database, examines 10-year utilization and payment trends for five Psychotherapeutic & Neurological Drugs that accounted for 92.9% of all prescriptions in the drug group in 2024 and nearly 60% of the payments. Though the group itself represented only 0.2% to 0.3% of all California workers' comp prescriptions in service years 2015–2024, during that span its share of the workers' comp drug spend increased nearly fivefold from 0.7% in 2015 to 3.4% in 2024.

Exhibit 1: Psychotherapeutic & Neurological Drugs as a Percent of Calif WC Prescriptions & Drug Spend, 2015-2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Payments	0.7%	1.2%	1.3%	2.1%	2.7%	2.7%	2.8%	2.9%	2.9%	3.4%
Prescriptions	0.2%	0.2%	0.2%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%

The Psychotherapeutic & Neurological Drugs' growing share of the drug spend reflects the use of certain high-cost brand drugs which drove the average payment for Psychotherapeutic & Neurological Drugs overall up from $409 in 2015 to $1,147 in 2024, while average payments for brand drugs in the group more than quadrupled from $451 to $1,955 over that period. Thus, despite ranking 28th in terms of prescription volume, the group now ranks ninth in total drug spend, with brand drugs in the group ranking third in terms of total California workers' comp brand name drug spend, behind brand name Migraine Drugs and Dermatologicals, but ahead of brand name Anti-Inflammatory and Musculoskeletal Drugs.

The five drugs highlighted in the study have been approved by the FDA for a variety of conditions, including dementia; restless leg syndrome; neurological disorders; postherpetic neuralgia (PHN), which is nerve pain due to shingles; and pseudobulbar affect (PBA), described as "emotional incontinence" marked by uncontrollable and inappropriate laughter or crying that does not match how a person feels. Some of those conditions have a tenuous connection to workers' compensation, but the data suggest that their use within the system may include both approved indications and off-label use (e.g., chronic back pain), making oversight critical. The five drugs include:

- **Memantine HCl (Namenda):** FDA-approved as an Alzheimer's treatment, it has always been used sparingly in workers' comp (2.6%–8.3% of the prescriptions in its group in six of the 10 years studied). That percentage fell sharply after generics were introduced in 2015, as did the average payment, which fell from $309 in 2015 to $24 in 2024. In 2015 it consumed 5.6% of the payments in its group, but as a Non-Exempt formulary drug it now requires prior authorization and represented only 0.2 percent of the Psychotherapeutic and Neurological Drug spend in 2024.
- **Donepezil HCl (Aricept):** approved to treat dementia, Donepezil HCl's share of prescriptions nearly doubled from 2015 to 2024 (from 9.7% to 17.9%), likely aided by its formulary reclassification as an exempt drug in 2019. Since then, widely available generics have kept the average reimbursement low ($11–$46), limiting its financial impact. Even at its 2015 peak, however, Donepezil HCl only accounted for 2.3% of spending within its drug group.

- **Gabapentin Enacarbil ER (Horizant):** This drug is FDA approved for restless leg syndrome and PHN, but according to the manufacturer's prescribing information, it is *not* interchangeable with standard gabapentin, which is often used to treat nerve pain. Despite its limited indications, the data suggest it has been widely used as an off-label treatment for neuropathic pain in workers' comp, especially between 2016–2021, when it accounted for 20.3% to 25.2% of the prescriptions in its drug group. Horizant's average cost rose from $425 in 2015 to $969 in 2024, but its share of the Psychotherapeutic & Neurological Drug prescriptions fell sharply after 2020—from 23.1% to just 6.1%, reducing its share of the drug spend from 18.2% to 5.1%. Diagnostic and body part codes on job injury claims with Horizant prescriptions suggest that off-label use is continuing, mainly for spinal injuries and chronic pain.
- **Once-Daily Gabapentin (Gralise):** Approved solely for PHN, Gralise also appears to be used off-label for neuropathic and chronic spine-related pain. It dominated the drug group early in the decade, accounting for 53.6% of the prescriptions in 2015, then gradually lost share as Nuedexta's percentage of the prescriptions grew. The average payment climbed steadily from $392 in 2015 to $914 in 2023, but with the introduction of generic equivalents in 2024, the average fell sharply to $583, reducing Gralise's share of spending from 20.4% in 2023 to 12.6% in 2024.
- **Dextromethorphan HBr Quinidine Sulfate (Nuedexta):** FDA approved exclusively for PBA, this medication has become the dominant cost driver in the drug category. Its share of prescriptions within its drug group climbed from 8.6% in 2015 to 35.9% in 2024, while the average payment doubled from $659 to $1,317 per prescription. Nuedexta's share of Psychotherapeutic & Neurological payments rose correspondingly, from 13.9% in 2015 to 41.2% in 2024. This growth is notable given the drug's narrow FDA approval (PBA only), the MTUS/ACOEM guidance that does not recommend its use for TBI; its potential side effects, including heart risks; and the history of federal cases involving aggressive off-label marketing, alleged kickbacks, and False Claims Act settlements. Furthermore, the IRIS data suggest that in some cases Nuedexta may have been prescribed off label for conditions other than a confirmed PBA diagnosis, underscoring significant oversight concerns.

Overall, the findings of the Institute study demonstrate that Psychotherapeutic & Neurological Drugs, though rarely prescribed, are emerging as a pharmaceutical cost driver in California workers' compensation. Several factors merit increased scrutiny from claims administrators, PBMs, and UR physicians:

- Horizant, Gralise, and particularly Nuedexta appear to have been prescribed as off-label treatments in claims where clinical guidelines are lacking. For Nuedexta, off-label prescribing is especially concerning given potential side effects, the cost, and its history of marketing irregularities that resulted in multi-million-dollar settlements.
- Donepezil HCl's share of the prescriptions rose after it became exempt from prospective utilization review, while non-exempt drugs like Nuedexta and Horizant continue to require UR, but have still been approved often enough to help drive up Psychotherapeutic & Neurological Drug spending.
- The rapid rise of Nuedexta led to a redistribution of the Psychotherapeutic & Neurological Drug payments after 2018. Since 2022, Nuedexta has accounted for more than 40% of the payments in this group, and the group itself now consumes 3.4% of all workers' compensation drug dollars—nearly five times its 2015 share—despite negligible utilization.

Psychotherapeutic & Neurological Drugs remain a very low volume but increasingly expensive segment of the California workers' compensation pharmaceutical landscape. The use of high-cost brand drugs, which appears to have been amplified by off-label use, should raise a red flag. The growing impact of Nuedexta in particular signals the need for thorough clinical review to assure adherence to the MTUS or other applicable treatment guidelines.

CWCI has published its study in a Spotlight Report, "Emerging Drug Classes in California Workers' Compensation: Psychotherapeutic & Neurological Drugs," which is available to members and subscribers in the Research section at www.cwci.org. Others may purchase the report for $18 from CWCI's online store here. CWCI will continue monitoring Psychotherapeutic & Neurological Drug utilization and reimbursement and provide updates in future studies and in its Prescription Drug Interactive App, which is available to CWCI members under the Research tab on our website.

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