

California MTUS Drug Formulary: The Zurich Response



It is well known that drug over-utilization coupled with workers' compensation claims may lead to increased medical costs, higher risk of surgery, prolonged opioid use, increased days away from work and – in extreme cases – even accidental overdose. As opioids top the charts in terms of medications most frequently prescribed and as pharmaceutical costs continue to rise, it is hoped that the implementation of a state formulary will be the missing piece in prescription control in California.

On January 1, 2018, the State of California Department of Industrial Relations (CDIR) implemented a new, evidence-based workers' compensation drug formulary. The goals of the new formulary are to aid in encouraging high-quality medical care, patient safety and to promote return to work while minimizing administrative costs and burden.

Background

The United States is in the midst of an opioid epidemic. In California, opioids are the most frequently prescribed medications, representing \$1 in \$5 of all pharmaceutical payments.¹ While opioid prescriptions have dropped by approximately 26% between 2011 and 2016 in California, the average cost of brand prescriptions has increased by 226% between 2007 and 2016.¹ This is, and has been, a growing problem for both employers and carriers in controlling the cost and driving the quality of care in workers' compensation claims. While the formulary was not solely enacted to combat over-utilization of opioids, it is expected to have a significant impact. A California Workers' Compensation Institute study estimates a system-wide savings of 10% – 50%.¹

The Medical Treatment Utilization Schedule (MTUS) formulary took into consideration recommendations from the American College of Occupational and Environmental Medicine (ACOEM). The formulary is inclusionary, which means the State of California has published a list of medications that are "exempt" (do not require a prospective review), as well as a list of medications that are "non-exempt". Medications that are listed as "non-exempt" will require prospective review (pre-authorization) before the prescription can be filled. Any medications that are not listed in the formulary will require pre-authorization.

Zurich responds

The CDIR formulary allows carriers to create their own formulary as long as it is not more restrictive than the one published by the CDIR. Zurich's Claims and Utilization Review departments collaborated closely to develop a formulary that, while less restrictive than the CDIR's formulary, puts an emphasis on patient safety, drug efficacy and cost efficiency to address these new regulations in a way that allows us to better serve our customers.

Zurich is emphasizing patient safety, drug efficacy and cost efficiency to address the formulary so we can better serve our customers.

Overview

- The effective date is January 1, 2018.
- All drugs dispensed on or after January 1, 2018 are subject to the MTUS drug formulary, regardless of date of injury.
- Exempt medications may be prescribed without authorization if they are prescribed in accordance with the MTUS Treatment Guidelines.
- Non-exempt medications and medications not listed in the formulary require authorization through prospective review.
- Prospective review is not required for the off-label use of an exempt drug if it is recommended by the MTUS Treatment Guidelines. (Off-label use relates to the prescription of a drug for a condition other than that for which it has been officially approved.)
- Physician-dispensed drugs (as opposed to drugs dispensed by a pharmacy) must be authorized through prospective review. Physicians may dispense a one-time, up to seven-day supply of an exempt medication in the first seven days following the date of injury, as long as the medication is prescribed in accordance with MTUS Treatment Guidelines.
- **Special Fill** – The formulary lists certain medications subject to the Special Fill policy, which means drugs may be dispensed without prospective review if the drug is prescribed at the initial visit within seven days of the date of injury, it is for the supply indicated on the MTUS list and the drug is an FDA-approved generic or single-source brand, and the drug is prescribed in accordance with the MTUS Treatment Guidelines.
- **Perioperative Fill** – Drugs identified as perioperative-eligible may be dispensed without prospective review if the drug is prescribed during the perioperative period (four days prior to surgery to four days following surgery), the prescription is for the supply indicated on the MTUS list, the drug is an FDA-approved generic or single-source brand, and the drug is prescribed in accordance with the MTUS Treatment Guidelines.

Frequently Asked Questions

What happens with the medications prescribed to injured workers who were injured prior to January 1, 2018?

There will be a transition period for injured workers receiving medications that are not listed as exempt. The prescribing physician should request authorization for a treatment plan that outlines the safe weaning or transition to exempt medications, or provide the medical justification to continue the injured worker on their current medications.

If the injured worker is being treated in California but the jurisdiction of the claim is a different state (Nevada, for example), are they subject to the formulary?

No, the jurisdiction of the claim drives the application of the formulary.

What happens if Zurich does not authorize a medication that the prescribing provider feels is necessary?

The rule details a dispute resolution process for disagreements over the medical necessity of pharmacy treatment covered by the MTUS Treatment Guidelines.

Why did Zurich choose to implement a formulary less restrictive than the CDIR formulary?

Zurich is taking the approach of quality over quantity in order to best serve our customers by maximizing return on investment. Zurich spent a significant portion of 2017 developing a formulary in collaboration with our Claims and Utilization Review departments that emphasizes patient safety, drug efficacy and cost efficiency. Zurich's formulary will require prospective review for certain medications, including the following:

- All compounded medications
- Opioid medications
- Benzodiazepines
- Amphetamines
- Sleep medications

Zurich's formulary is a living document and will be regularly reviewed and evaluated for efficiency and effectiveness as workers' compensation trends continue to evolve.

Do I, as the employer, need to do anything under the new formulary?

No. Zurich has been working on an implementation strategy since early 2017 to align with the new formulary effective January 1, 2018. In preparation for implementation, Zurich worked with our Pharmacy Benefit Manager to contact physicians/providers and claimants receiving medications impacted by the Zurich formulary. This alerted them to prescriptions affected by the changes and encouraged proactive conversations regarding alternative medications. The State of California has also been doing outreach education to physicians on the new CDIR formulary. No additional actions are required of Zurich customers.

Looking ahead

Beyond other factors already mentioned, a significant consideration in the evolution of our formulary is the exclusion of drugs that are not in step with occupational medicine best practices and/or are not cost-effective compared to alternative medications. If there is one statement that everyone can agree on, it is that "things change." Zurich is committed to ongoing analysis of government regulations, as well as scientific and social trends related to prescription medications. This is part of our commitment to help customers protect their business.

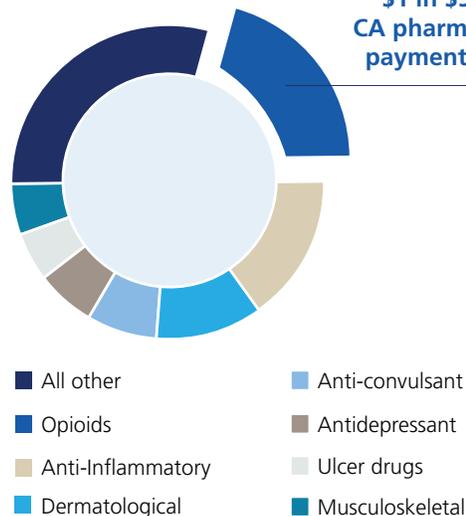
For more details on the CDIR drug formulary, please visit the State of California's Department of Industrial Relations webpage:

www.dir.ca.gov/dwc/DWCCPropRegs/MTUS-Formulary/MTUS-Formulary.htm



Distribution of Therapeutic Groups 2016 Payments

Opioids represented
\$1 in \$5 of all of
CA pharmaceutical
payments in 2016



Source: California Workers' Compensation Institute

Do you have questions about Zurich's formulary? Please contact:

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1. California Workers' Compensation Institute. "Focus on the Formulary" webinar. 4 October 2017.

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