


Pain Management's Influence on Medical Trends in the California Workers' Compensation System

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CWCI: Background

Established in 1964;
Private, nonprofit organization of insurers representing approximately 80% of premium dollars and self-insured employers;
Dedicated to improving the California workers' compensation system through four primary functions:

- Research
- Education
- Information
- Representation

Website: www.cwci.org

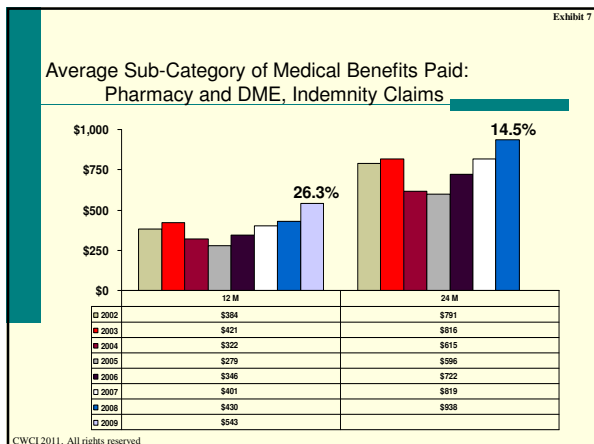
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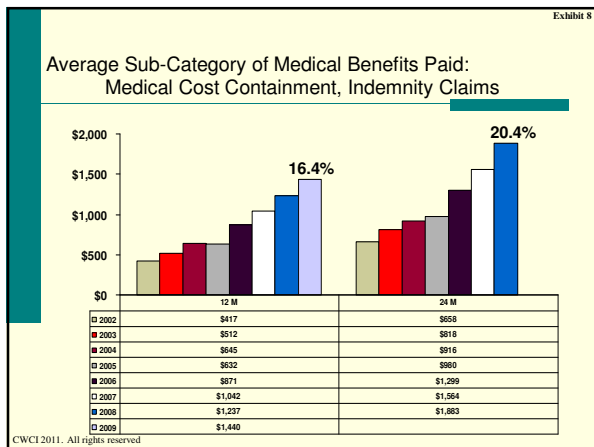
Exhibit 3

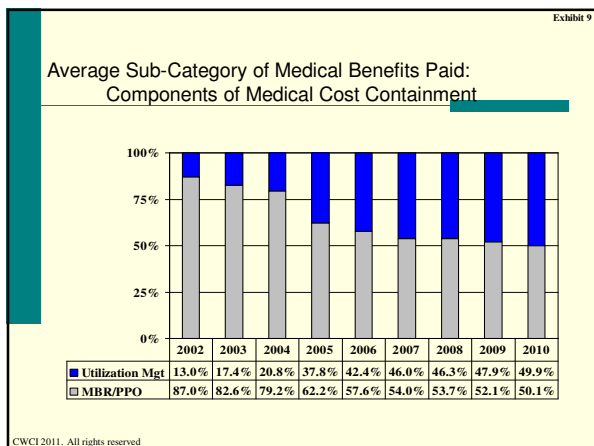
Agenda

1. Overall Medical Trend Analysis
2. Medical Cost & Utilization Controls
3. Pain Mgt's Contribution to the Medical Trend
4. National and Regional Public Policy Activity

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Rules and Regulations:

Chronic Pain Mgt Guidelines § 792.21(a)(2)(A)(ii)

- Implemented July 2009
- Competing definitions and triggers
 - Hierarchy of medical evidence
 - Different levels of specificity
- Lack of other supply and demand side controls

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Exhibit 11

Case-Mix-Adjusted Analysis of Medical Trends

Objectives

- Factors underlying rising medical costs?
 - ER and injured worker characteristics
 - Claim Characteristics
- Factor analysis isolates:
 - Weight (isolated cost contribution)
 - Slope (cost increasing or decreasing over the trend)
 - Prevalence (occurring more or less often)
 - Overall impact (interaction of power and prevalence)
- Variables inside & outside current controls/policies

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Exhibit 12

Benefit Development

- **Data and Methods**
 - ICIS V12B: 1.7M Claims
 - DOI 1Q/04 – 3Q/09
 - Policy And Claim Characteristics
- **Medical Bill Review Detail**
 - Injury Characteristics
 - Co-morbidities
 - Rx Utilization

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Exhibit 13

Case-Mix-Adjusted Analysis of Medical Trend
Influence of Cost, Slope & Prevalence on Medical Cost

Examples of Claim Milestones

	Additional Med Cost @ 24 Months (Beta, Full Model)	Slope (Beta Slope Model)	Prevalence Slope (Beta Prev Model)	Overall Impact on Trend
Indemnity (non-litigated)	\$1,338	\$67	2.4%	↑
Indemnity (litigated)	\$7,001	\$255	-2.6%	↑
MPN	(\$159)	\$(22)	193.5%	↓
Inpatient Admission	\$15,951	\$470	-6.2%	↑
Opioid Rx	\$1,840	\$30	14.5%	↑
Psychotropic Rx	\$8,331	\$ 388	-2.7%	↑

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Exhibit 14

Case-Mix-Adjusted Analysis of Medical Trend
Influence of Cost, Slope & Prevalence on Medical Cost

Examples of Co-morbidities and Secondary Conditions

	Additional Med Cost @ 24 Months (Beta, Full Model)	Slope (Beta Slope Model)	Prevalence Slope (Beta Prev Model)	Overall Impact on Trend
Substance Abuse	\$2,528	\$(87)	-2.1%	↑
Mental Health	\$4,722	\$(80)	5.5%	↑
Circulatory System	\$7,812	\$55	-0.3%	↑
Obesity	\$1,787	\$163	10.3%	↑
Metabolic & Endocrine	\$5,232	\$83	1.1%	↑
Inflam & Degen	\$2,005	\$(92)	-13.4%	↑

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Exhibit 15

Case-Mix-Adjusted Analysis of Medical Trend
Influence of Cost, Slope & Prevalence on Medical Cost

Top 10 Prevalence Adjusted Factors Associated with Increasing Cost Trend

Rank	Variable	Prevalence-Adj Weight
1	Indemnity claim w/ Attny Involvement	29.1
2	Indemnity claim	15.6
3	Inpatient Hospitalization	13.0
4	Psychotropic prescription	7.6
5	Industry: Prof and Clerical Services	5.3
6	Age Group - 65+	3.9
7	Obesity	3.9
8	Opioid prescription	3.7
9	Body Part: Multiple Body Parts	2.3
10	Death claim	1.5

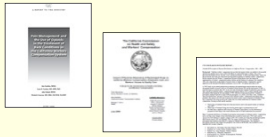
(Claims with condition X Beta Slope) / (Total claim count)

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Areas of CWCI Rx Research

Changing Role of Rx in Workers' Compensation

1. Repackaged Drugs
2. Sole Source v. Multi-source
3. Compound Pharmaceuticals
4. Opioids & Schedule-II Rx



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Changing Role of Rx in Workers' Compensation

1. Growing use of pharmaceuticals
2002: 5% of medical benefits
2010: 13% of medical benefits (NCCI estimate)
2. Reforms in pricing and fee schedules
3. Growing influence of pain management practices

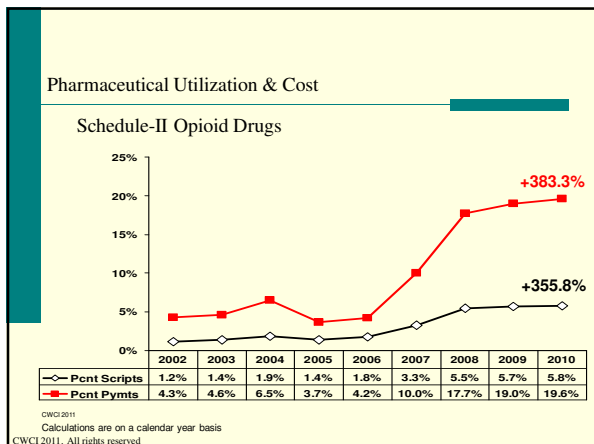
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Top Schedule-II Drugs by Active Ingredient

CWCI Research Spotlight Report (Sept 2009)
Schedule II Prescription & Payments in CA Workers' Comp

Schedule II Drug Category	% Schedule-II Prescriptions	% Schedule-II Prescription \$
Oxycodone	53.1%	45.4%
Morphine	18.6%	16.9%
Fentanyl	14.6%	32.2%
Methadone	6.3%	0.6%
Hydromorphone	3.7%	1.3%
Oxymorphone	1.7%	2.8%
Other Schedule II	1.6%	0.8%

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Evidence-based Medicine and Comparative Effectiveness Research on Opioids

ACOE Insights on Opioids

- Opioid use is “the most important factor impeding recovery of function in patients referred to pain clinics”
- Opioids do not consistently and reliably relieve pain and can decrease quality of life and functional status
- The use of opioids during the sub-acute and chronic phases of an injury, especially in the absence of an objectively identifiable pain generator, **cannot be recommended.**

Genovese, Harris, Korevaar 2007
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Rx & Pain Management

Report to the Industry

What is the association between the use of opioids on low back pain on:

- Average Benefit Costs
 - Medical
 - Lost time (Indemnity)
- Productivity (Return To Work)

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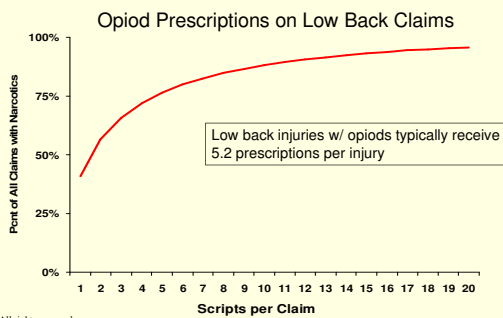
Pain Mgt and the Use of Opioids

Study Population

- 166,336 California injured workers
- Medical back conditions without spinal cord involvement
- A total of 854,244 opioid prescriptions were dispensed
- Controls (morphine equivalents) for different types of opioids
- Case-mix adjusted outcomes

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Background on Pain Management



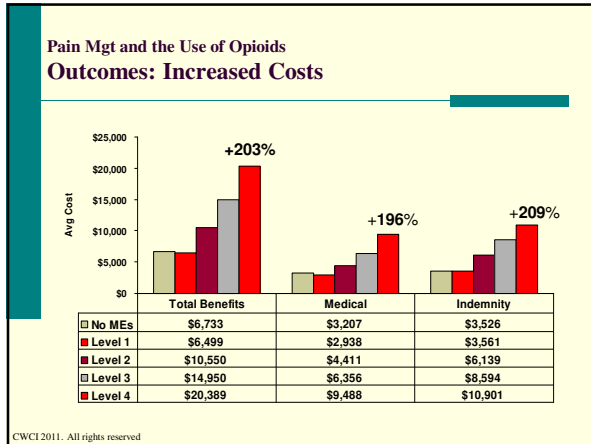
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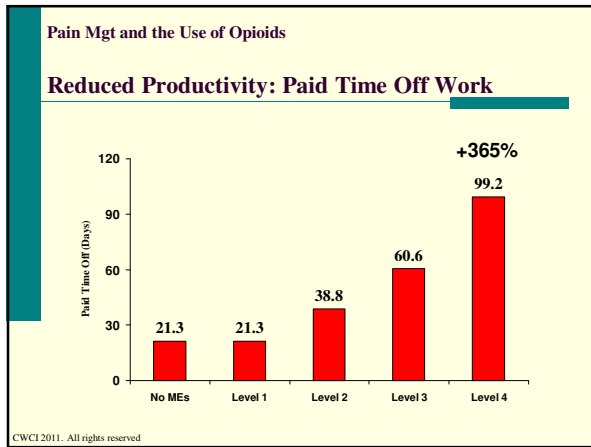
Pain Mgt and the Use of Opioids

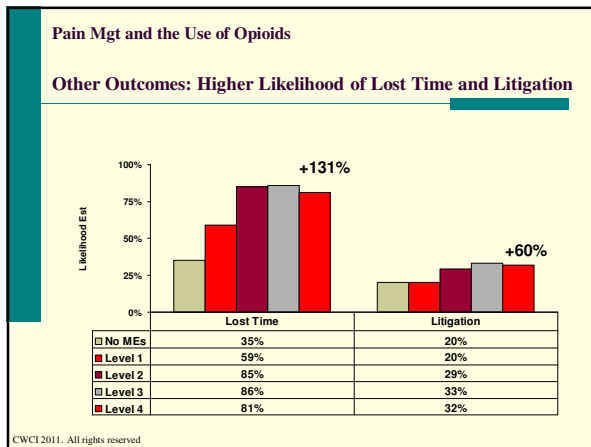
Morphine Equivalents Categories

Category	Average MEs in Category	Range of MEs in Category
No MEs	0	0
Category 1	124	3-240
Category 2	406	241-650
Category 3	1,207	651-2100
Category 4	14,870	2,101 and up

ME conversions based on American Pain Society Conversion Tables
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Pain Mgt and the Use of Opioids

Summary of Results

- Injured workers with modest levels of opioids had similar outcomes to those who received none.
- Increasing levels of opioids were associated with higher costs, more time from work and higher litigation rates.
- The preponderance of evidence suggests that prolonged administration of opioids impedes, rather than facilitates, injured workers' recovery from disabling back conditions.

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Pain Mgt and the Use of Opioids

Analysis of Prescribing Patterns Schedule II Opioids



CWCI March 2011

Analysis of:

1. Injury Characteristics
2. Physician Prescribing Patterns
3. Injured Worker Characteristics



PBM and ICIS Data:

- 16,890 Claims
- 9,174 Prescribing physician DEA code
- 233,276 Prescriptions
- Script, dosage and days
- Pharmaceutical characteristics
- DOS, billed and paid amount
- ER and EE characteristics

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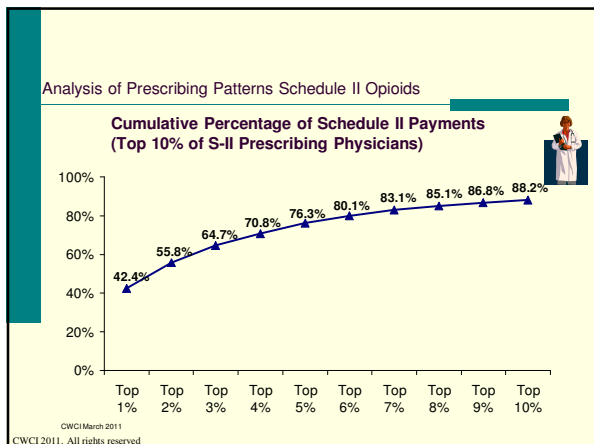
Analysis of Prescribing Patterns Schedule II Opioids

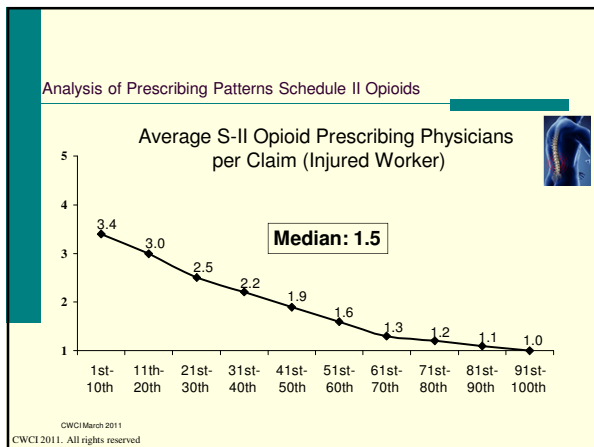
Top Injury Categories w/ Schedule II Opioids

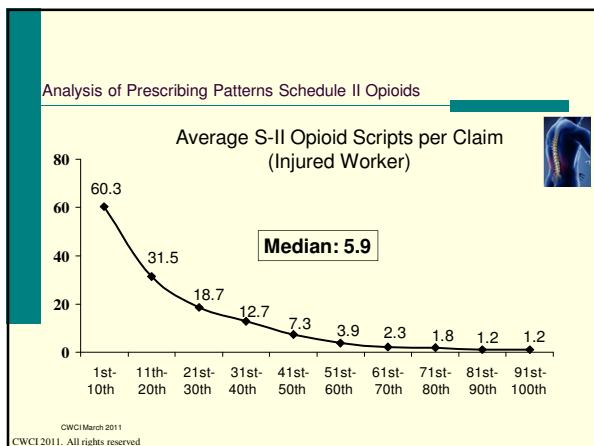
Diagnostic Category	Pcnt of S-II Opioid Claims	Pcnt of S-II Opioid Scrips	Pcnt of S-II Opioid Pymnts
Medical Back w/o Spinal Cord Invlvmnt	35.7%	47.1%	50.2%
Spine Disorders w/ Spinal Cord or Root Invlvmnt	11.3%	15.1%	16.1%
Cranial & Peripheral Nerve Dis	5.0%	6.8%	6.5%
Degen, Infect & Metabol Joint Dis	9.3%	6.1%	5.4%
Other Injuries, Poisonings & Toxic Effects	5.5%	5.9%	6.8%
Ruptured Tendon, Tendonitis, Myositis & Bursitis	6.0%	3.6%	2.7%
Sprain of Shoulder, Arm, Knee or Lower Leg	6.8%	3.2%	2.8%
Wound, FX of Shoulder, Arm, Knee or Lower Leg	6.3%	2.7%	1.6%
Other Mental Disturb	1.2%	1.7%	1.5%
Other Diagnoses of Musculoskeletal Sys	1.5%	1.4%	1.1%

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Managing Pain Management

Summary

- Rapid growth in S-II opioids use ;
- The top 3 percent S-II prescribing MDs account for:
 - More than half the S-II prescriptions,
 - 2 out of 3 S-II payments;
- Top 10 percent of injured workers obtain scripts from 3.4 different physicians.
- Over half of S-II prescriptions are for injuries "typically not useful in the sub-acute and chronic phases."
- Growing interest in state-wide and federal action.

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Federal and State Action

Federal: Prescription Drug Abuse Prevention Plan (April 2011)

1. Education
2. Monitoring
3. Proper Medication Disposal
4. Enforcement

AB 378 (Solario – Signed by Gov Brown Oct 2011)

1. Establish guidelines for dispensing and reimbursement for compound drugs
2. Eliminates self-referral incentives

AB 507 (Hayashi – Signed by Gov Brown Oct 2011)

1. Amends Health & Safety Code 124960 & 124961
2. Revises "Pain Patient's Bill of Rights"

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