

Impact of the Texas Pharmacy Closed Formulary

A Preliminary Report, 2012



Texas Department of Insurance

Workers' Compensation Research and Evaluation Group

Data and methods

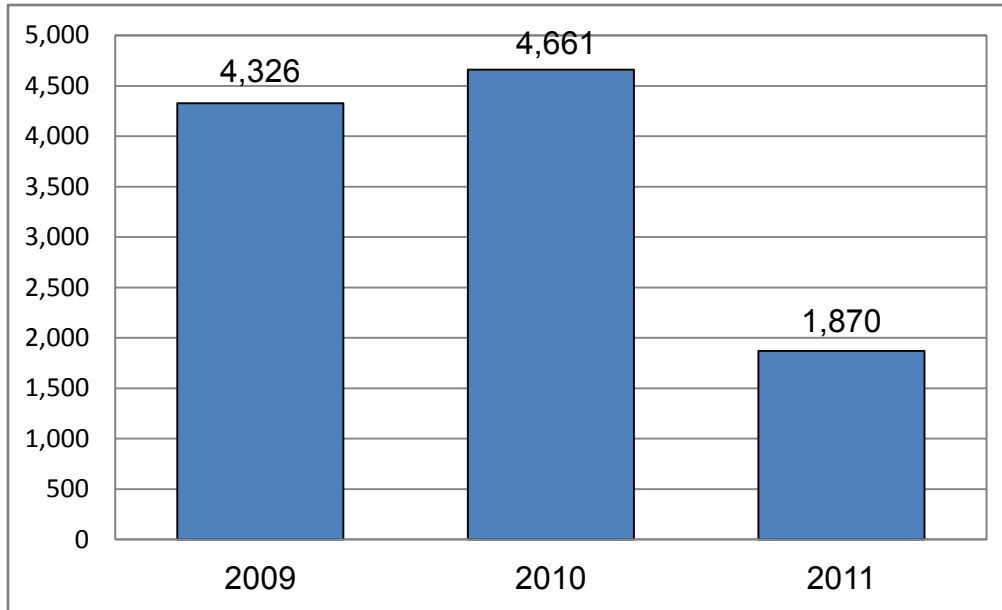
- Injury months: September – November
- Injury years: 2009 – 2011
- Injuries in 2011 are new injuries that occurred after the implementation of the pharmacy closed formulary
- Prescription months: September – May
- Six months maturity per claim
- N-drug list: approximately 150 drugs that require carrier preauthorization.
- Key measures:
 - ✓ Claim counts
 - ✓ Prescription utilization patterns
 - ✓ Prescription costs
 - ✓ Generic substitution rates
 - ✓ Most prescribed drugs

Number of claims receiving pharmaceuticals, by injury year (Sept-Nov)

Injury Year	2009	2010	2011	2010-2011 Percentage Change
N-drugs				
Number of claims	4,326	4,661	1,870	-60%
Percent of all claims	18%	18%	8%	-56%
Other Drugs				
Number of claims	23,752	25,649	24,392	-5%
Percent of all claims	98%	97%	99%	+2%

Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Number of N-drug claims, by injury year (Sept-Nov)



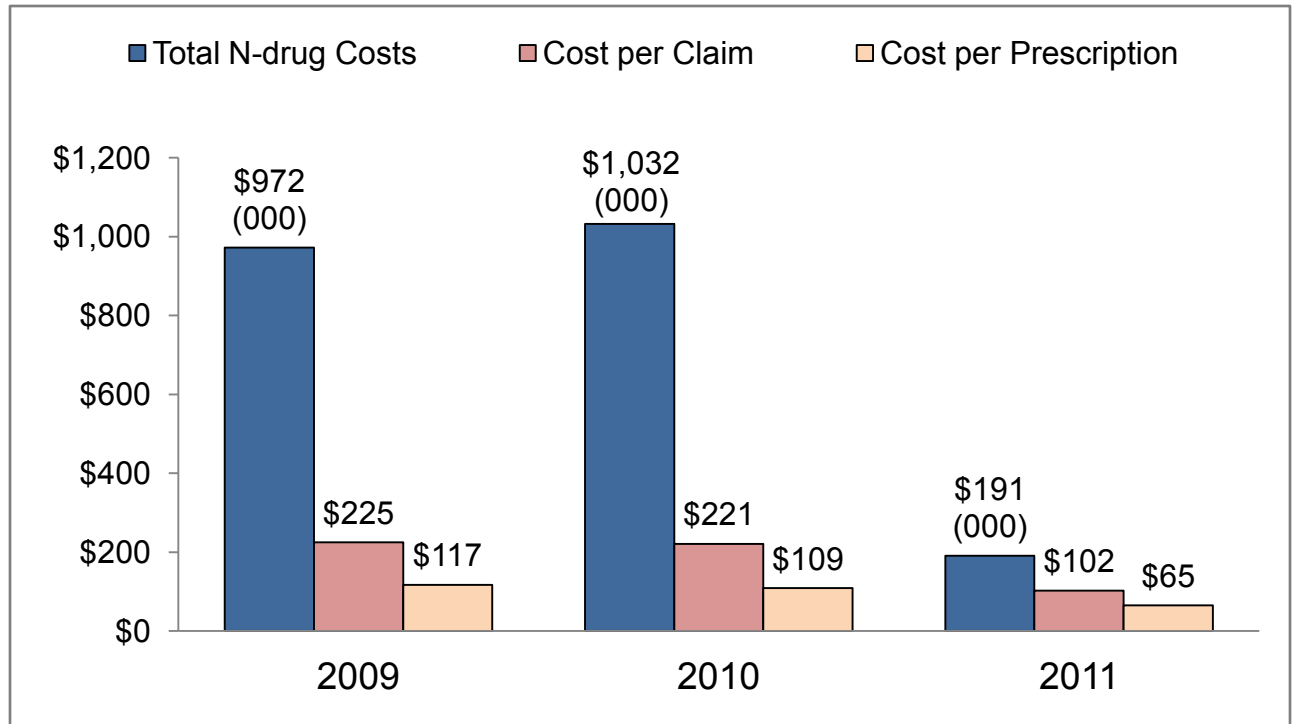
Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Cost of N-drugs, by injury year (Sept-Nov)

Injury Year	2009	2010	2011	2010-2011 Percentage Change
Total cost of N-drug prescriptions	\$972,198	\$1,032,395	\$191,302	-81%
N-drug cost as a percentage of total drug costs	19.3%	19.3%	4.4%	-75%
Average cost per N-drug prescription	\$117	\$109	\$65	-40%
Average N-drug cost per claim	\$225	\$221	\$102	-54%

Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

N-drugs: total and average costs, by injury year (Sept-Nov)



Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Number of prescriptions, by injury year (Sept-Nov)

Injury Year	2009	2010	2011	2010-2011 Percentage Change
N-drugs				
Number of prescriptions	8,345	9,515	2,952	-68%
Number of prescriptions per claim	1.93	2.04	1.58	-32%
Other Drugs				
Number of prescriptions	88,200	95,753	89,262	-7%
Number of prescriptions per claim	3.71	3.73	3.66	-2%

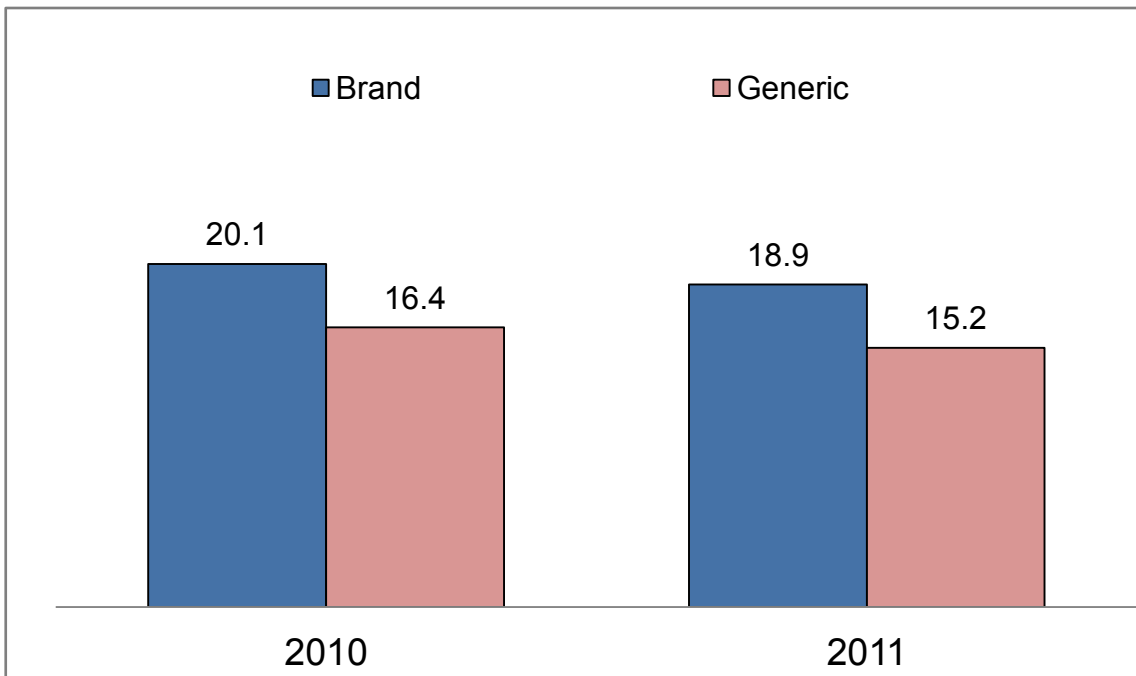
Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

N-drugs as a percentage of all prescriptions, by injury year (Sept-Nov)

Injury Year	2009	2010	2011	2010-2011 Percentage Change
Total number of all prescriptions	96,545	105,268	92,214	-12%
N-drug prescriptions as a percent of all prescriptions	9%	9%	3%	-65%
Number of N-drug prescriptions per claim	1.93	2.04	1.58	-32%

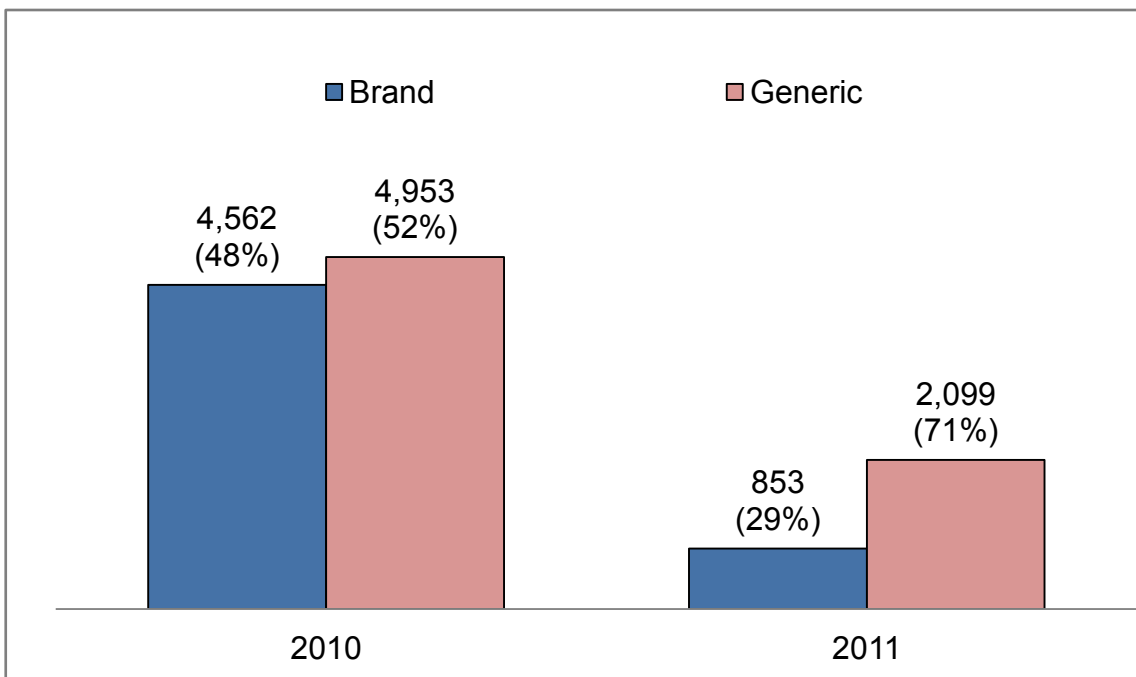
Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Average number of N-drug prescription days by generic status, by injury year (Sept-Nov)



Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

N-drug generic substitution, by injury year (Sept-Nov)



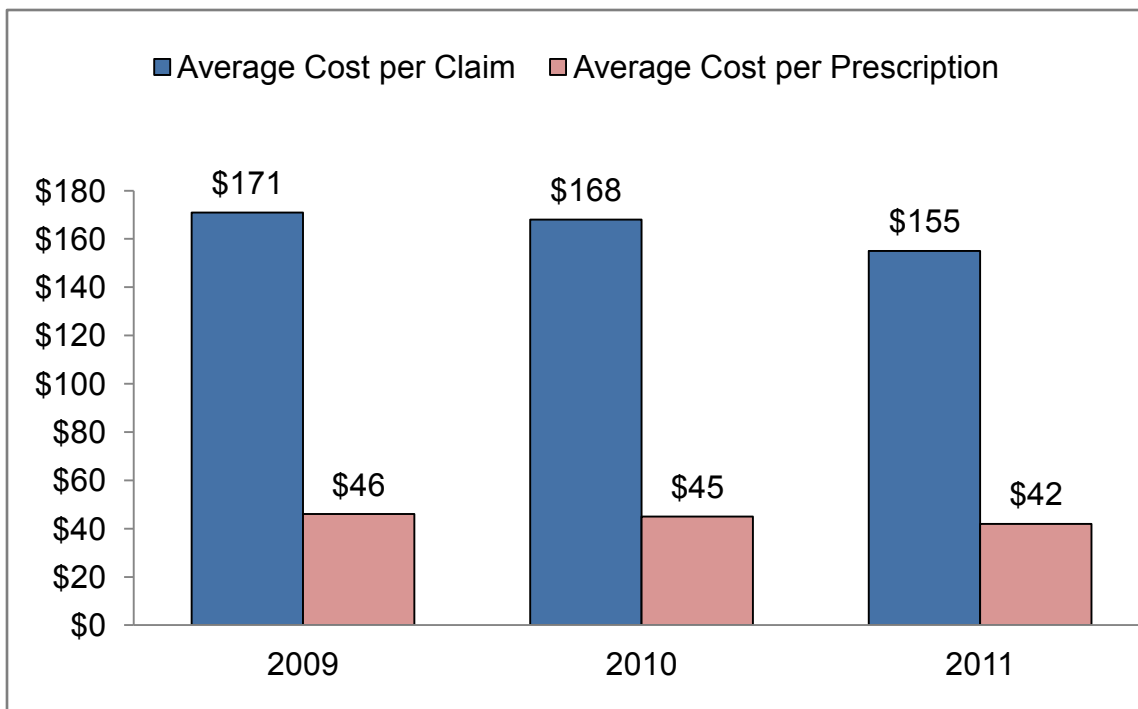
Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Other drugs: Total and average costs, by injury year (Sept-Nov)

Injury Year	2009	2010	2011	2010-2011 Percentage Change
Number of Other claims	23,752	25,649	24,392	-5%
Total cost of Other prescriptions	\$4,056,907	\$4,302,431	\$3,769,869	-12%
Average cost per Other claim	\$171	\$168	\$155	-8%

Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Other drugs: Average costs per claim and prescription, by injury year (Sept-Nov)



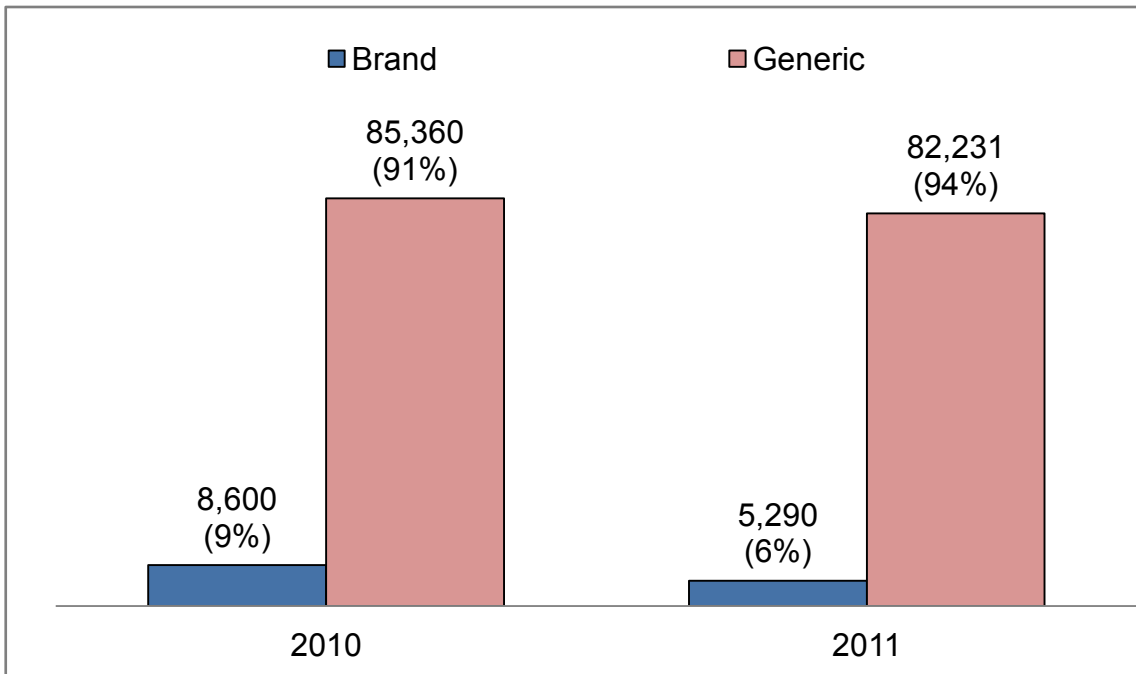
Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Other drugs: Total prescriptions and average costs, by injury year (Sept-Nov)

Injury Year	2009	2010	2011	2010-2011 Percentage Change
Number of Other-drug prescriptions	88,200	95,753	89,262	-7%
Average cost per Other-drug prescription	\$46	\$45	\$42	-7%
Number of prescriptions per claim	3.71	3.73	3.66	-2%

Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Other drugs: generic substitution, by injury year (Sept-Nov)



Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Number of prescriptions by drug group, by injury year (Sept-Nov)

N-drug Status	Drug Group	2010	2011	2010-2011 Percentage change
N-drug	Analgesics - Anti-Inflammatory	2,930	1,158	-60%
	Analgesics - Opioid	942	409	-57%
	Central Nervous System Drugs	1,475	404	-73%
	Musculoskeletal Therapy Agents	2,601	477	-82%
	Others	1,567	504	-68%
	Total	9,515	2,952	-68%
Other	Analgesics - Anti-Inflammatory	25,934	24,398	-6%
	Analgesics - Opioid	33,303	30,280	-9%
	Central Nervous System Drugs	2,774	2,420	-13%
	Musculoskeletal Therapy Agents	14,511	13,987	-4%
	Others	19,231	18,177	-5%
	Total	95,753	89,262	-7%

Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Ten most frequently prescribed drugs, by injury year (Sept-Nov)

Rank by Number of Prescriptions	Drug Name	Drug Group	Number of Prescriptions 2010	Number of Prescriptions 2011
1	Hydroco/APAP	Analgesics - Opioid	21,921	20,214
2	Cyclobenzapr	Musculoskeletal Therapy Agents	9,274	9,701
3	Naproxen	Analgesics - Anti-Inflammatory	9,203	8,395
4	Ibuprofen	Analgesics - Anti-Inflammatory	8,253	8,770
5	Tramadol HCL	Analgesics - Opioid	6,188	6,893
6	Meloxicam	Analgesics - Anti-Inflammatory	2,698	2,717
7	Methylpred	Others	2,512	2,027
8	Metaxalone	Musculoskeletal Therapy Agents	2,175	1,342
9	Celebrex	Analgesics - Anti-Inflammatory	2,167	1,459
10	Cephalexin	Others	1,985	1,756
Total	—	—	66,376	63,274

Source: Texas Department of Insurance, Workers' Compensation Research and Evaluation Group, 2012.

Ten most frequently prescribed N-drugs, by injury year (Sept-Nov)

Rank by Number of Prescriptions	Drug Name	Drug Group	Number of Prescriptions 2010	Number of Prescriptions 2011	2010-2011 Percentage change
1	Carisoprodol	Musculoskeletal Therapy Agents	1,210	184	-85%
2	Amrix	Musculoskeletal Therapy Agents	995	5	-99%
3	Diclofenac	Analgesics - Anti-Inflammatory	880	713	-19%
4	Zipsor	Analgesics - Anti-Inflammatory	813	195	-76%
5	Naprelan	Analgesics - Anti-Inflammatory	693	75	-89%
6	Flector	Others	486	73	-85%
7	Lidoderm	Others	480	128	-73%
8	Diazepam	Central Nervous System Drugs	468	108	-77%
9	Hydrocod/IBU	Analgesics - Opioid	384	186	-52%
10	Orphenadrine	Musculoskeletal Therapy Agents	332	257	-23%
Total	—	—	6,741	1,924	-71%



Summary of key findings

Since the implementation of the Texas pharmacy closed formulary:

- The number of injured employees receiving N-drugs fell by 60 percent.
- N-drug costs fell by 81 percent, and N-drug costs as a percentage of all drug costs decreased by 75 percent.
- The number of injured employees receiving other drugs fell by 5 percent.
- The share of N-drug claims among all claims fell by 56 percent.
- The total number of prescriptions for N-drugs fell by 68 percent.
- The number of prescriptions for the ten most-prescribed N-drugs decreased by 71 percent.
- The total number of prescriptions for other drugs fell by 7 percent.
- The average number of N-drug prescriptions per claim fell by 32 percent.
- The generic substitution rate for N-drugs increased from 52 percent in 2010 to 71 percent in 2011.