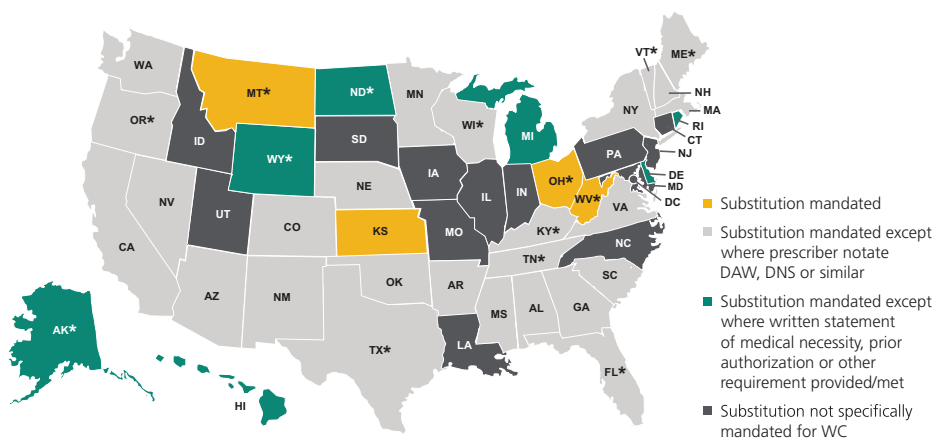


## Five factors influencing the use of generic medication in workers' compensation

One of the proficiencies of a pharmacy benefit manager (PBM) is to encourage the dispensing of generic medications by the pharmacist whenever possible. Analysis of our prescription data shows a multi-year trend of increasing generic utilization with persistent generic efficiency. The data also show generic medications are dispensed at a rate of 94.7 percent during the first year of a workers' compensation claim. However, as a claim ages, generic utilization decreases to 78.1 percent in year nine with the resulting 21.9 percent of dispenses being brand-named medication. This perked our curiosity: why does the use of brand-named medications jump as claims age? Our research reveals five influential factors.

**1. State of jurisdiction requirements.** As shown in Figure 1, four states mandate the use of generic medication: Montana, Kansas, Ohio and West Virginia. Twenty-six states mandate generic use except where the prescriber notates dispense as written (DAW) or do not substitute (DNS). In Alaska, Wyoming, North Dakota and Michigan, substitution is mandated except where written statement of medical necessity or prior authorization is provided, or another requirement under the practice act, is met. Meanwhile, the remaining twelve states either are silent on the subject or do not mandate their use.

**Figure 1. Jurisdictional generic medication mandates**

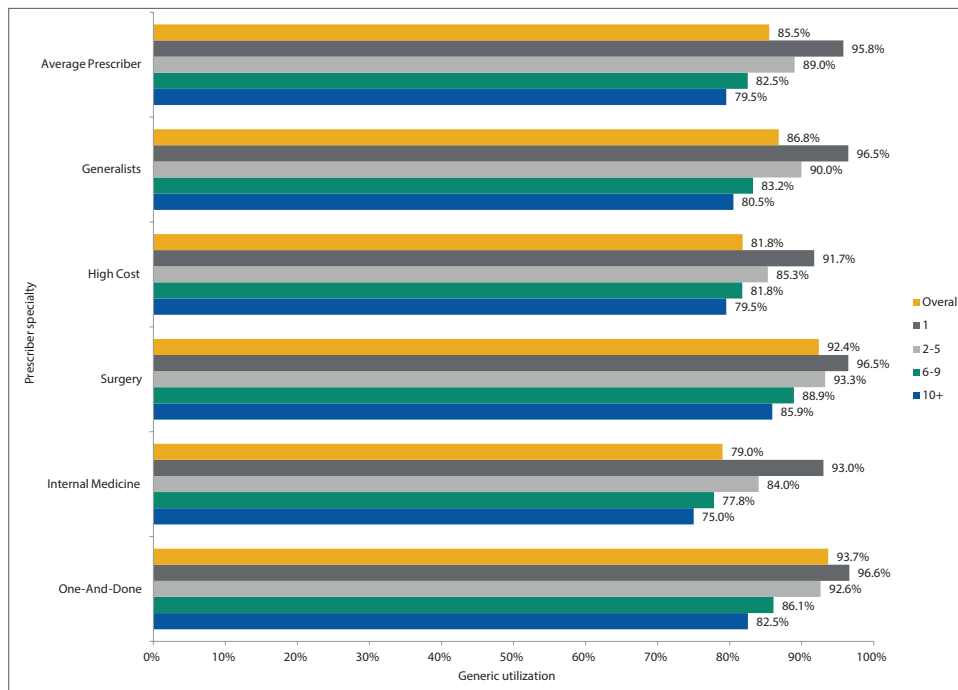


DAW = Dispense as Written DNS = Do Not Substitute  
 Data - Reflects published state statutes/regulations on generic dispensing.  
 \*Indicates injured worker can pay difference between brand and generic when brand dispensed without proper authorization.  
 Current as of January 2017.

**2. Age of claim.** Our data show the average cost-per-prescription for a three-year-old claim is more than double that of a one-year-old, and an eight-year-old claim is triple the cost of a one-year-old claim. One reason for this is certain injury types require a longer recovery period. For example, a spinal disc rupture has an average claim age of 17 years. Another reason could be the claimant reaching maximum medical improvement (MMI) and as a result, is on a maintenance medication therapy regimen. These longer-term claims typically display a consistent, but fewer, physician-visit pattern. There is also increasing involvement of physician's assistants and/or nurse practitioners, as well as physician time constraints which may be contributing to higher use of brand-named medications as there are fewer opportunities to review, and change, the medication regimen. As a claimant ages and their overall use of medication increases, lower use of generic medications could be the result of switching from a first-line generic medication, whose effectiveness has decreased, to a brand-named medication. It could also be a result of trying to decrease certain side effects housed within a medication regimen by using newer branded medications.

**3. Prescriber specialty.** Our data show prescriber specialty influences the rate of brand-named versus generic medication prescribing. Orthopedic surgeons and physicians classified as "one-and-done prescribers," such as emergency medicine and preventative medicine physicians are top prescribers of generic medications during the first year of a claim, with a generic utilization exceeding 95 percent. These prescriber specialties maintain this top position throughout the life of a claim. Conversely, physical medicine and rehabilitation (PMR) physicians and pain specialists prescribe brand-named medications at a higher rate in claims enduring beyond two years. Figure 2 shows the variance over the life of a claim by prescriber specialty.

**Figure 2. Generic dispensing by claim age bands and prescriber clusters**



- 4. Prescriber preference.** Prescribers may have a preference for recommending certain brand-named medications over their generic equivalent and data suggests this could be a result of their office demographics, the community of patients served, a medication's market availability or their own medical practice experience. A prescriber's knowledge of generic alternatives and availability could also be a factor in the use of branded medications as the generic alternatives are simply overlooked.
- 5. Claimant preference.** Claimants may prefer taking a brand-named medication because of prior experience with a generic medication causing an adverse reaction or their perception that the medication insufficiently alleviated their symptoms. For some claimants, there may be a safety concern or degree of skepticism of medical equivalency because of a change in the size, shape or color of the medication. A claimant might also hesitate or resist a change in therapy out of fear that the new medication, while equivalent to their current brand-named medication, will adversely affect how they feel.

### **What we measure, we can change.**

As a claim and its claimant ages, medication utilization typically continues to increase. Sometimes this is due to the injury or disease progression, an increase in comorbid conditions attributed to aging, or both. One method of controlling the associated rise in pharmacy cost is making sure generic medications are dispensed whenever possible.

At Optum, our formularies and programmatic business rules mandate generic use while reinforcing state of jurisdiction requirements starting with the first fill and continuing through claim resolution and/or settlement. Knowing medication utilization increases and generic utilization decreases as a claim ages, along with understanding the aforementioned factors and their potential influence on generic utilization heightens awareness for an opportunity for change. With data guiding our actions, we are successfully working with our clients, the injured worker and their prescribers to promote the safe and efficacious use of generic medications throughout the claim lifecycle, yielding additional cost savings without detriment to the claim.



#### **About Optum for Workers' Compensation**

The workers' comp division of Optum collaborates with our clients to deliver value beyond transactional savings while helping ensure injured workers receive safe and effective clinical care. Our innovative and comprehensive medical cost management programs include pharmacy, ancillary and managed care services from first report of injury to settlement.

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