

Prescription drugs and injured workers



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Prescription drugs play a significant role in the treatment of compensable injuries. Whether it be short-term use for initial injuries or long-term use for chronic conditions, injured workers' access to prescription drugs is an important piece of federal workers' compensation law.

Under Section 8103 of the Federal Employees' Compensation Act (FECA), OWCP may provide to an employee injured while in the performance of duty, the services, appliances and supplies prescribed

or recommended by a qualified physician, which OWCP considers "likely to cure, give relief, reduce the degree or the period of disability, or aid in lessening the amount of the monthly compensation."

Americans spend more than \$420 billion on prescription drugs every year. Most prescription drugs are produced by a handful of large, FDA-approved manufacturers. These manufacturers have a large and powerful lobby that has a direct effect on what drugs get approved and ultimately prescribed to patients.

The rising cost of prescription drugs has contributed to the rise in insurance premiums and out-of-pocket costs for consumers. To address these costs, health insurance providers have implemented a number of different cost-control methods.

With more than a billion dollars in annual workers' compensation costs, the Postal Service has initiated its own programs to reduce prescription drug costs. The Postal Service has contracted with pharmacies to provide compensably injured workers with prescription drug cards. The program negotiates lower prices on each prescription, saving the Postal Service millions of dollars each year.

For a variety of reasons, some patients are unable to consume mass-produced medications and need to get specialized compounded medication. Compounding drugs involves the combining or altering two or more drugs or their ingredients to create a hybrid that is tailored to the specific needs of a patient.

Compounded medications can be effective in meeting the specific needs of patients who are allergic to certain ingredients, such as dyes, gluten or other additives commonly found in commercially available medications. Other patients who are unable to swallow medication in pill form can get compounded medication in liquid form.

OWCP's compound medication costs have been rising from an estimated annual cost of \$2.5 million to \$400 million over the past five years. OWCP compound medication expenses are ultimately borne by federal agencies like the Postal Service, which saw its share of these costs rise to nearly \$100 million in 2015.

While there is concern about the cost of compounded

drugs, there are also instances when compounded drugs can be more cost-effective.

The Washington Post reported that when Turing Pharmaceuticals raised the price of a drug used for patients with compromised immune systems from \$13.50 a pill to \$750, a health insurance provider collaborated with a compounding pharmacy to create the same drug for \$1 per pill.*

The rising use and cost of compound medications has triggered reactions from the health insurance industry, Medicare and members of Congress. The Postal Service Office of Inspector General (OIG) investigated the rising cost of compound drugs and recommended Postal Service coordination with OWCP to implement best practices for controlling compound drug costs and authorizing payments for only FDA-approved drugs.

In response to pressure from USPS and other federal agencies, OWCP recently initiated a new policy to monitor and manage the prescription of compounded medications. OWCP has not limited claimants to FDA-approved drugs.

Unlike most prescription medicines that are routinely accepted by OWCP, compounded medications now require prior authorization. Compensably injured workers will have to get a letter of medical necessity (LMN) from the treating physician to authorize any compounded medication.

Upon receipt of any LMN for a compounded medication, an initial screening will be performed by the Central Bill Processing (CBP) Unit based on criteria developed by the OWCP medical director. The CBP is run by Affiliated Computer Services (ACS), a subsidiary of Xerox. ACS provides bill-pay and medical authorization services for OWCP.

ACS has information on its website where providers can access the authorization form for compounded drugs.

A doctor's request to fill a compounded prescription without prior authorization will automatically be denied and will be returned to the pharmacy. Both the pharmacist and claimant will be notified of the LMN requirement.

After review by the CBP, a request for authorization will be sent to the claims examiner for review. If the claims examiner approves the authorization, the prescription will be filled. The LMN must be updated no less than every 90 days.

If the prescription is rejected, the CBP will return the LMN to the requesting physician with reasons for rejection.

The claimant or authorized representative is entitled to a formal decision on entitlement to compounded medication, following appropriate development, if requested in writing, in response to a rejection by the CBP. Requests coming from physicians, however, are not subject to that requirement.

Should your doctor inform you that your request for a compounded drug was denied, contact your national business agent's office for a referral to a regional workers' compensation assistant (RWCA).

* *The Washington Post*: "Fraud concerns grow as spending on handmade 'compounded' drugs soars," July 17, 2016