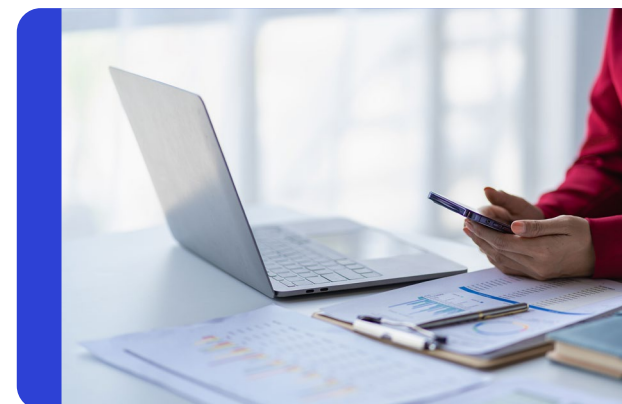


Alternatives to the High Cost of Topicals for Pain Management



In the wake of declining opioid prescriptions, the utilization of high-cost topical pain relievers has surged, raising financial concerns for employers and workers' compensation programs. As a recognized leader in risk management with over 20 years of experience providing pharmacy benefit management services, CorVel acknowledges this challenge and introduces effective alternatives to manage topical medication expenses without compromising the quality of care. This white paper delves into the escalating costs associated with private-label topicals, the disparities in prescribing practices, and CorVel's strategic initiatives to address these issues. By analyzing prescription patterns, engaging in clinical interventions, and advocating for cost-effective therapies, CorVel aims to optimize pain management solutions and contain costs.



“It’s been a dramatic and costly increase for employers. We are paying close attention to the dispensing of some high-cost topical analgesics and actively working to rein in costs,” said Ryan Hamm, Pharm. D., Clinical Pharmacist at CorVel.

The Soaring Costs of Topical Medications

The use of opioids has decreased from nearly 216 million prescriptions in 2006 to nearly 143 million in 2020, according to the Centers for Disease Control and Prevention (CDC). As the medical landscape shifts away from opioid prescriptions due to their associated risks, high-cost topical analgesics have seen a notable upswing. CorVel's pharmacy data indicates a substantial rise in dispensing expenses, raising alarms about the financial implications for employers and the efficacy of care provided to injured workers. CorVel has identified a 56% increase in topical medication dispensing over the last five years.

The escalation of costs related to high-cost topical analgesics has caught the attention of stakeholders across the industry. The use of these topicals varies significantly by state, contributing to disparities in the average payment per claim. For example, the Workers Compensation Research Institute (WCRI) completed a study across 28 states in December 2021 that concluded that states had a 20-fold variation in average payment per claim, with costs ranging from \$139 in New Jersey to \$2,712 in Illinois for similar treatments.

What Are Topicals?

Unlike oral medications that are taken in the form of a pill, tablet, or injectable that is administered through a needle or syringe, a topical medication is a patch, cream, or ointment applied directly to a specific area of the body, usually through the skin, to treat localized conditions or pain.

Because they work locally rather than systemically, topicals are generally considered safer. They provide a range of benefits that include fewer drug interactions, fewer unwanted side effects, and lower risk of addiction, overdosing, or other toxicities for the patient.



Private-Label Topicals: A Costly Trend

Private-label topicals are independently manufactured products with common over-the-counter ingredients such as methyl salicylate, menthol, capsaicin, and lidocaine. Although effective in relieving localized pain and inflammation, these topicals lack FDA approval for their combined formulations. Private-label topicals contain various strengths and combinations that also can be found in less costly versions and have become a focal point of concern due to their rising costs.

CorVel's pharmacy experts emphasize that many of these ingredients are available in less expensive over-the-counter or prescription alternatives, significantly undercutting the cost of private-label versions. This trend highlights the need for comprehensive interventions to ensure cost-efficient care.

"Many of these products are already available in over-the-counter or prescription products, and they are just as effective and much less expensive," Hamm said. "Private-label topicals can cost thousands of dollars for a month's supply, while available alternatives can cost well under \$100." Examples of these products include Terocin and LidoPure.



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Formularies Linked to Rising Costs

The increasing use of expensive private-label topicals may also be attributed to state-mandated formularies or drug lists established to provide high-quality care using the most cost-effective medications.

In some cases, they may be doing just the opposite because these drug lists need to make distinctions regarding cost. Formularies can unintentionally lead to increased costs as pharmacies lean toward dispensing expensive private-label topicals rather than less costly but just as effective alternatives.



Methyl salicylate is an example of a private-label topical with inflated costs and the need for clarity in formulary inclusion. Methyl salicylate is a medication that relieves topical pain and inflammation. Some states that manage their own workers' compensation formulary have included methyl salicylate. However, there is no distinction as to which formulation was intended when included – the formulary simply states "methyl salicylate." Private-label manufacturers have exploited that vagueness and brought various high-cost formulations of the medication to market. It can be reasonably assumed that when states included methyl salicylate in their formularies, they intended to include cheaper over-the-counter preparations instead of expensive, prescription-only formulations. In this scenario, CorVel would suggest using the lower-cost formulations or contacting providers and pharmacies for further rationale.

Addressing High-Cost Topicals

CorVel takes a proactive approach to tackle the escalating costs of high-priced topical analgesics. By analyzing both in-network and out-of-network pharmacy data, CorVel identifies patterns in prescription practices and works with dispensing pharmacies and prescribers to transition high-cost prescriptions to equally efficacious and economically viable alternatives.

CorVel recommends using lower-cost formulations or engaging providers and pharmacies to promote cost-conscious decisions. These meaningful clinical interventions guarantee that patients continue to receive efficient and cost-effective pain management therapies. Joseph Hunt, Pharm. D., Clinical Pharmacist at CorVel, explained, “By making meaningful clinical interventions such as this, patients can still receive the efficacious and cost-effective pain management therapy they need.”

Another way CorVel addresses the high cost of topicals is through education and communication with regulating entities. The company is working with states’ workers’ compensation bodies to promote cost-effective therapies that do the job as well as or better than private-label topicals.

“CorVel is using data to identify prescribers and pharmacies that are more likely to prescribe or dispense high-cost topical medications.”

- Ryan Hamm,
Pharm. D., Clinical
Pharmacist at CorVel



CorVel’s Holistic Approach to Pharmacy Management

CorVel’s overarching strategy to curb pharmacy costs extends beyond addressing high-cost topicals. With a high-touch pharmacy benefit management program, the company ensures that prescribed medications align with patients’ conditions and offer the most cost-effective options. This approach includes opioid management and enforced generic dispensing, executed with in-house pharmacists and nationally certified pharmacy technicians. The comprehensive monitoring of pharmaceutical care spending throughout the claims process allows CorVel to intervene and optimize prescriptions as needed.



A Commitment to Optimal Care and Cost Management

As the prevalence of high-cost topicals continues to rise, CorVel remains steadfast in its commitment to promoting well-informed choices that prioritize patient safety. By leveraging data-driven insights, fostering collaboration, and advocating for cost-effective therapies, CorVel aims to navigate the complex landscape of pain management, focusing on optimal outcomes for patients and clients.

“By making meaningful clinical interventions such as this, patients can still receive the efficacious and cost-effective pain management therapy they need. With the use of high-cost topicals on the rise, we’re committed to ensuring that they are chosen wisely, with the safety of the injured worker and cost in mind.”

- Joseph Hunt,
Pharm. D., Clinical Pharmacist, CorVel



For more information about CorVel's innovative pain management and cost containment approaches, please visit <https://www.corvel.com/services/workers-compensation/pharmacy-benefit-management/>.

