Chronic Pain: The Hidden Driver of WC Costs

Executive Summary

Neil Smithline, MD, FACP

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Neil Smithline, MD, FACP
StratiVision LLC
100 Woodward Avenue
Sausalito, CA 94965

415 331 7407
neils@well.com
www.strativision.com

StratiVision LLC
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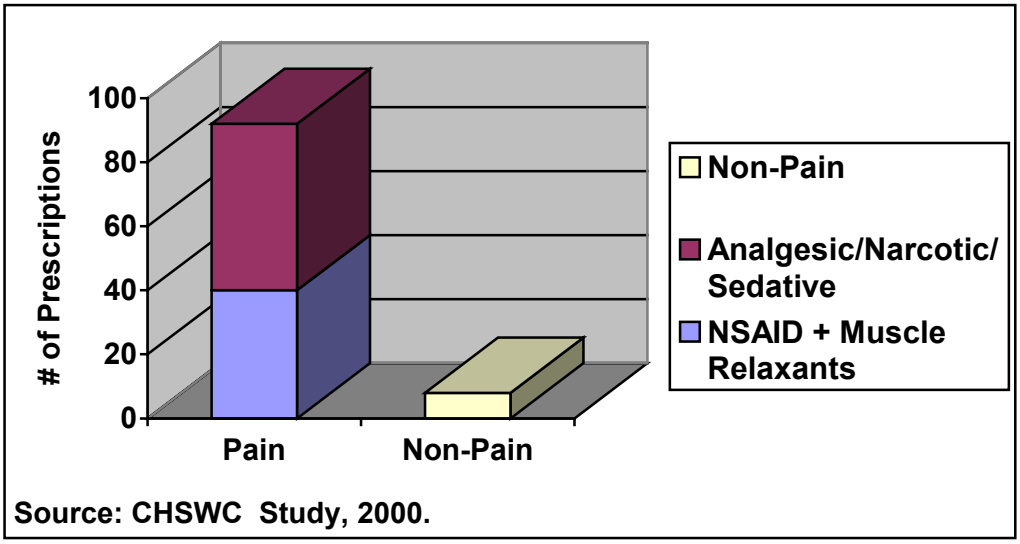
Introduction

Chronic pain is the number one unrecognized cost driver in the workers' compensation (WC) system today. Studies of various WC pharmacy databases show that over 90 percent of prescriptions are for pain medications and that this accounts for over 80 percent of pharmacy costs. Furthermore, for those claimants who do not return to work quickly, pain is often the major complaint. Yet, little attention has been focused on the role of pain as a major cost driver in WC.

Problem 1: Pain Drugs Are a Major Cost to WC System

A recent study performed by the California Commission on Health and Safety and Workers' Compensation (CHSWC), demonstrated that approximately 90 percent of all prescriptions were for pain medications* of one type or another (Figure 1).

Figure 1. 90% of all California WC Scripts Are for Pain Drugs



Source: CHSWC Study, 2000.

The CHSWC study also demonstrated that in 1996, the cost of WC prescription drugs for all California employers was $114 million.[1] Based on study projections, these costs will more than triple, to $374 million by the year 2005. Similarly, the percent of the medical benefit attributable to medication cost is projected to double: from 3.8% in 1996, to 5.8% in 2000, to a projected 7.3% in 2005. If these trends hold true, by the year 2005, California employers will be spending

* Pain drugs include narcotics, NSAIDS (non-steroidal anti-inflammatory drugs), drugs used to treat muscle spasm and anti-depressants and anti-seizure medications commonly used to treat pain.

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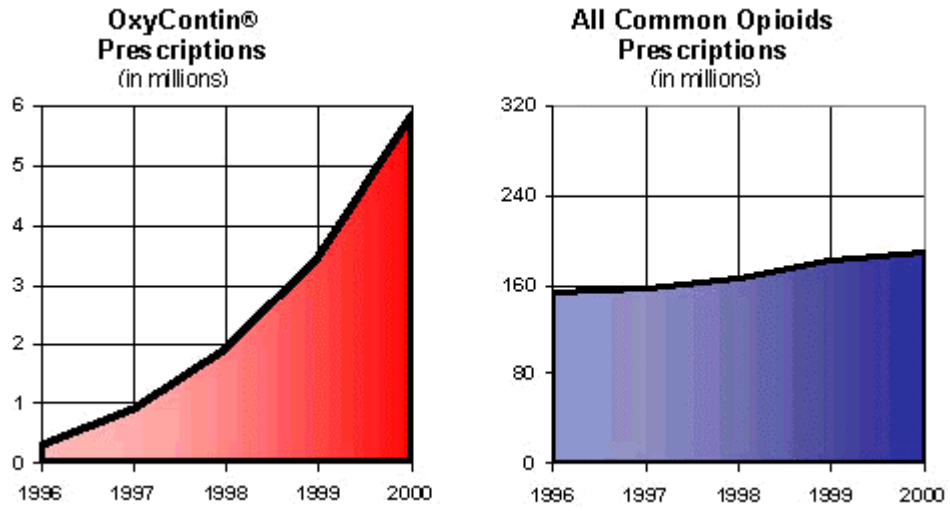
approximately $300 million on pain medications. Despite these findings, little attention has been paid to chronic pain in WC.

Problem 2: Rising Use of Expensive Pain Drugs in US

From a StratiVision analysis of multiple databases it is clear that pain medication accounts for approximately 80 percent of WC pharmaceutical costs.* Furthermore, both the utilization and cost of pain medications is rising. There are three types of drugs driving most of this cost:

- Brand-name narcotics, primarily OxyContin®, which represents up to 10 percent of all WC medication costs in some regions of the US (See Figure 2);
- Newer COX-2 NSAIDs such as Celebrex® and Vioxx®, representing about 15 percent of all WC medication costs; and
- Off-label use of adjuvant medications such as Neurontin®, accounting for another 5-6 percent of WC medication costs.

Figure 2: Soaring Increase in OxyContin Use Since Approval



Source: DEA*

Problem 3: We Don't Treat Chronic Pain Effectively

Pain Treatment Today

Most chronic pain treatment today consists primarily of the prescribing of a pain medication. While such treatment may reduce the pain, this narrowly focused approach generally fails to improve functional status or return the injured worker to work. In response to this larger need, a multidisciplinary approach to pain evolved in the 1990s, known as Chronic Pain Rehabilitation (CPR).

Alternative Approaches to Pain—CPR

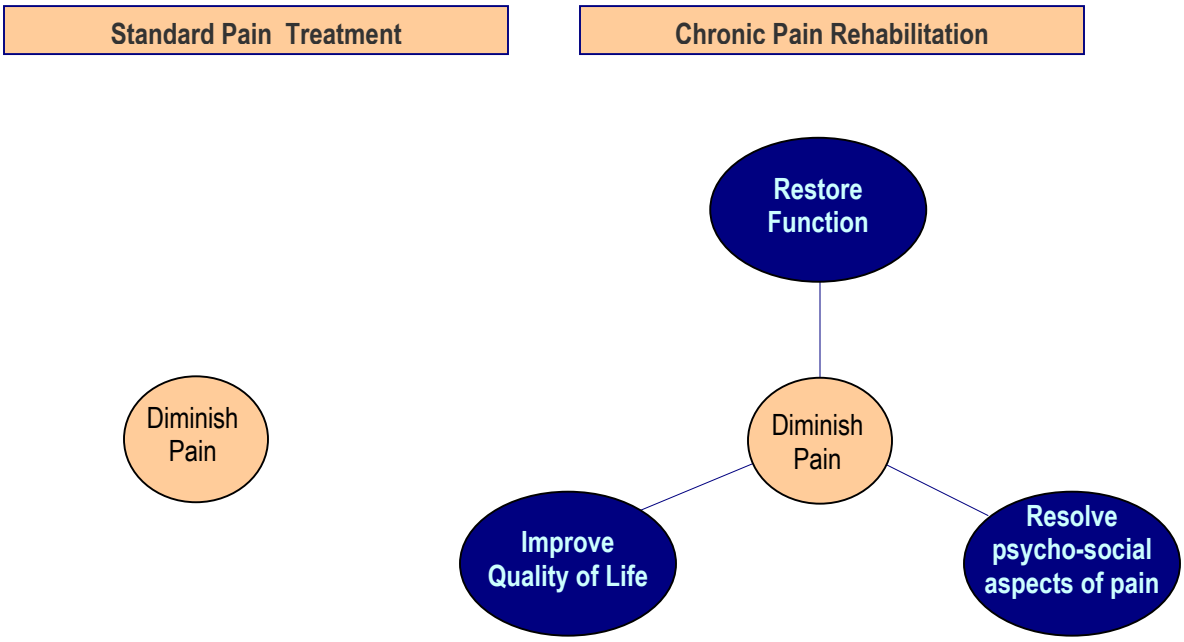
Other approaches commonly used in WC for pain treatment include surgery (often back surgery), physical therapy and implantable pain control devices. However, in the WC system, while pain

* Four proprietary regional/national WC data sources.

relief is important, the larger goal is to restore the claimant to full pre-injury function or as close to full function as possible. More recently, Chronic Pain Rehabilitation or CPR, a multi-disciplinary approach to pain control has been used and is favored both by the American Pain Society and the Commission for Accreditation of Rehabilitation Facilities (CARF),

As shown in Figure 3, CPR adds to the goal of reducing the pain, three important elements: restoring function, improving quality of life and resolving the psycho-social aspects of pain — so that the patient can return to gainful employment and enjoy a high quality of life.

Figure 3. Standard Pain Treatment vs. Chronic Pain Rehabilitation.



CPR involves a multidisciplinary team usually comprising a pain management physician, a nurse who specializes in pain, a psychologist, a pharmacist and a vocational counselor.

Treating the Pain Is Not Enough

Individuals with chronic pain typically experience depression, sleep disturbance, fatigue and diminished overall physical and mental functioning. It is not surprising, therefore, that single modalities of treatment are rarely successful in treating chronic pain.[2,3] Treating just the pain, whether by nerve block or pain medication, without treating the underlying social and psychological factors, is unlikely to succeed.

StratiVision's evaluation of the effectiveness of each of these modalities in returning patients to gainful employment began by looking at randomized controlled studies of pain. There are no randomized control trials demonstrating the effectiveness of long term opioids.[4] Following surgery for pain, about 20 percent of individuals return to work compared to about 25 percent following implantable pain control devices.[5] The multidisciplinary CPR approach to pain has been shown to have better outcomes than traditional approaches: both reducing chronic pain and increasing functional activity and return to work.[6] This is because pain is complex—and it's solution must be multifaceted. To achieve the larger goal of returning the claimant from to full function, it is vital to appreciate the full portrait of the patient in pain, including the

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accompanying sleep disturbance, fatigue and depression. Successful therapy must address all these aspects of pain.

The StratiVision Learn-Act Solution

LEARN

- Which medications are driving costs
- Which diagnoses and cases have excessive medical and disability costs because of poorly treated pain
- Which occupational medical clinics, primary care physicians and orthopedists use best practices for ongoing pain
- Which pain clinics get the best results for extreme pain

ACT

Reduce medical and indemnity costs with a:

1. Referral Program
    - Direct cases with ongoing pain to providers with best outcomes
    - Direct cases with extreme pain to pain specialists with best outcomes

2. Provider Practice Modification Program
    - Provide comparative med lists with pricing and variance in prescribing
    - Targeted educational messages to modify current prescribing practices
    - Onsite visits to clinics to educate and drive preferred prescribing practices

The StratiVision team would be happy to discuss with you the best solutions for your organization. We can be reached at 415 331 7407 or info@strativision.com.

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