

## **Work Comp Insights: How Opioid Use Affects Workers' Compensation**

Prescription opioids are the number one workers' compensation problem in terms of controlling the ultimate cost of indemnity losses. This comes from a recent Lockton Companies report that also states that there's never been a more damaging impact on workers' compensation claims than the abuse of opioid prescriptions for the management of chronic pain.

In fact, the economic toll of the opioid crisis exceeded \$1 trillion between 2001 and 2017, according to research and consulting institute Altarum. One-third of that cost is typically shouldered by health insurers and workers' compensation carriers.

### **Costs Are Hidden**

Many claims professionals, CFOs and corporate risk managers are oblivious to how much influence prescription drugs have on their claims costs. They're aware of the discount pricing their third-party administrator communicates to them but are unaware of what pharmacy stewardship reports fail to mention.

What's contributing to hidden prescription costs is a process called physician dispensing, which allows doctors to sell opioids to injured workers at a markup of 60-300% more than what a pharmacy benefits manager would charge.

What's more, research shows that when physician dispensing takes place, doctors prescribe 3.2 times the quantity of opioids that they should.

### **Claims Are Skyrocketing**

A recent John Hopkins study determined that employees who were prescribed just one opioid had total claims costs that were four to eight times greater than employees with similar claims who didn't take opioids. The reason was that employees who took opioid prescriptions had increased emergency room visits for addiction treatment, related illness, overdose and even death.

The opioid epidemic is becoming even more important in workers' compensation settings since prolonged opioid use has been associated with poorer outcomes, longer periods of disability and higher medical costs for injured workers.

### **Government Action**

Many states either have implemented parameters on prescribing opioids or are in the process of doing so. For example, some states now limit the quantity of opioids dispensed for first-time prescriptions. Certain states are also proposing that opioids are kept off insurers' preferred lists for pain medications.

Some workers' compensation carriers and government agencies that have shouldered the cost of the opioid crisis want their money back. But any reimbursement is likely to require an investigation by Congress, lawsuits by individual states, counties and cities, collaboration among attorneys general and class-action lawsuits.

Contact AmeriTrust at 800.825.9489 for more information on workers' compensation insurance.