

AB 1124: CALIFORNIA WORKERS' COMPENSATION DRUG FORMULARY BILL CLEARS STATE LEGISLATURE

AB 1124 has been proposed to establish a formulary for prescription drugs in the workers' compensation system. A formulary is an agreed upon list of drugs that are appropriate for injured workers. The bill was passed in the California State Legislature on September 14, 2015 and is currently awaiting Governor Brown's signature. There is no indication that he will not sign the bill. Text and status of the legislation can be viewed here:

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB1124

According to the California Workers' Compensation Institute (CWCI), 44% of all adjudication disputes are related to medication and 50% of the Independent Medical Reviews are related to prescription drug denials. The benefits of a drug formulary would decrease these disputes by one-third overall. In addition, Urine Drug Testing and Detoxification Programs would be reduced with a drug formulary. Savings in implementing a statewide drug formulary would range from \$124 million to \$420 million according to a 2014 CWCI study.

DEVELOPING THE DRUG FORMULARY

The latest version of AB 1124 provides intent language guiding the development of the formulary by the California Division of Workers' Compensation (DWC) and the DWC is wasting no time. On September 9, 2015, the DWC held their first public forum on the topic in their Oakland office. The drug formulary will be evidence-based. The same statute authorizing Medical Treatment Utilization Schedule (MTUS) also allows the DWC to implement an evidence-based drug formulary. The DWC's authority to implement a fee schedule for prescription drugs also allows the division to control drug prices in the formulary.

Another critical component of the legislation is an exemption from the normal rulemaking process for drug updates once the formulary is operational. The DWC will set up a streamlined process so the formulary can be updated quickly as new drugs are approved or as new safety information related to current drugs in the formulary is released.

PHASED IMPLEMENTATION

AB 1124 establishes a phased implementation for claims with dates of injury prior to July 1, 2017. A phased implementation gives treating physicians and payers time to work through any potential issues for injured workers with long-term use of medications not included in the formulary.

Keenan's government affairs team will continue to monitor the progress of AB 1124 and be actively engaged in the drug formulary process. For more information regarding AB 1124, or for assistance providing information to your frontline provider, please contact your Claims Analyst or Ron Nassif at rnassif@keenan.com or 310.212.0363, Ext 3933.

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