

Innovative Compound Drug Program Reduces Total Pharmacy Costs.

When it comes to compounded prescription drugs, it's a fairly good bet that payers in the workers' compensation market are paying more than they should. In fact, according to pharmacy experts at Healthcare Solutions, the parent company of pharmacy benefit manager (PBM) Cypress Care, compounded drugs are an area in which payers are often in the dark in terms of what is being billed as part of a workers' compensation claim.

Prescriptions for compound drugs may be written for a multitude of reasons, including for a patient who is allergic to inactive ingredients, unable to swallow a pill or in need of a different dosage of a standard medication.

But, according to Jim Andrews, R.Ph., senior vice president of pharmacy services at Healthcare Solutions, many paper bills for compounded medications contain inflated ingredient costs that do not always comply with state pharmacy fee schedules. Rigorous review by experts can pay off in savings and significantly reduce costs.

A recent prescription filled in California for a workers' compensation claimant included a special compounded cream billed to the insurer for \$307. After Healthcare Solutions investigated the true cost, the bill was reduced to \$21.

"Even in states that are trying to keep compound drugs costs in line, the results are often far from reliable," said Chip Robison, Pharm.D., director of clinical pharmacy services at Healthcare Solutions.

"For example, in California, the state's pharmacy fee schedule addresses these medications but there are many compounding entities creating bills that exceed state guidelines."


Both Andrews and Robison, who have worked in drug compounding during their careers as pharmacists, say that professional expertise should be factored into the compound prescription price. In fact, some state pharmacy fee schedules even allow for an additional fee on compounded drugs.

"But that doesn't justify overcharging," Andrews said. "The issue is about billing practices that may not correlate to the sum of ingredients inside a compound."

As a result of these billing practices, Healthcare Solutions developed and implemented a sophisticated program to help customers manage bills for compound medications.


"We knew that there had to be a billing adjustment process that would satisfy everyone," Andrews said. "We created a standard process where we obtain missing information from the bill and then use proprietary crosswalks to calculate appropriate reimbursement for the drug based on state pharmacy fee schedule."

Robison cites the example of a recent prescription filled in California for a workers' compensation claimant that included a special compounded cream billed to the insurer for \$307. After Healthcare Solutions investigated the true cost, the bill was reduced to \$21.



“No matter which PBM you choose, it’s important to work with a company that has designed and implemented a program to replicate this process, as it can save an average of 60 percent per compound medication,” Robison said.

A pharmacy benefit management team, such as the one at Healthcare Solutions, should include pharmacists with in-depth workers’ compensation industry knowledge and the willingness to dedicate additional resources to manage the compound drug review process, Robison added.



Healthcare Solutions initially piloted its compound drug program in California due to the increasing volume of compound bills coming from clearinghouses in that state, Andrews explained.

“The savings were astonishing, especially considering the relatively small volume of compounded prescriptions across many customers’ books of business” Andrews said.

Healthcare Solutions’ compound drug program applies jurisdictional regulations and state pharmacy fee schedules during the bill review process. As the majority of bills do not contain all of the necessary elements, including ingredient name, quantity and NDC number, when these elements are not included on the bill, Healthcare Solutions’ clinical pharmacy team obtains the missing information from the dispensing pharmacy. Developed under the guidance of a clinical pharmacist, the program requires manual review and processing of each bill.

“Technology helps, of course, but we continue to utilize experienced pharmacy professionals to ensure appropriate reimbursements,” Andrews said. “In addition, we use automated system rules to return substantial savings to customers.”

Best of all, the outcomes of Healthcare Solutions’ efforts have not been disputed by providers.

“Our innovative program meets several key tests – it’s resourced, scalable and compliant, said Andrews. “And, best of all, it provides meaningful savings for our customers.”

About Healthcare Solutions

Healthcare Solutions, the parent company of pharmacy benefit manager Cypress Care, is one of the fastest growing providers of healthcare solutions in the workers’ compensation and auto casualty markets.

The company’s technology-based solutions help customers gain management control of medical expenditures and significantly reduce costs, particularly in difficult-to-manage areas. Utilizing market-leading technology, Healthcare Solutions delivers demonstrated benefits and savings complemented by deep industry expertise.

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