

February 15, 2017

The Honorable Robert Kauffman  
Majority Chairman  
House Labor and Industry Committee  
312 Main Capitol Bldg.  
Harrisburg, PA 17120-2089

The Honorable John Galloway  
Minority Chairman  
House Labor and Industry Committee  
301 Irvis Office Bldg.  
Harrisburg, PA 17120-2140

Dear Chairmen Kauffman and Galloway:

I write on behalf of the Pennsylvania Chamber of Business and Industry in support of legislation to implement a prescription drug formulary for Pennsylvania's workers' compensation system.

A growing number of states utilize a prescription drug formulary for workers' compensation to help address over-prescribing of and addiction to medication among injured workers; establish a system for prescribing medication that is more predictable and efficient for healthcare providers; and help to facilitate better outcomes for employees.

Drug formularies list medications indicating Food and Drug Administration approval status and may separate medication types and amounts into 'pre-approved' and 'requires pre-authorization' categories based on medical evidence and research from the healthcare community. Most states utilize drug formularies, including Ohio, which completed implementation in 2011. According to a 2016 report from the International Association of Industrial Accident Boards and Commissions, the initial focus of the Ohio formulary plan was certain prescription drugs seen as the most frequently over-prescribed in workers' compensation, including opioids. The impact just a few years later was remarkable: by 2014, the number of opioid prescriptions had declined by 38 percent and scripts per injured worker was down 19 percent.

Pennsylvania, on the other hand, seems to continue struggling with management of prescription drug use among injured workers. The Workers' Compensation Research Institute, an independent, not-for-profit research organization, released a report in 2016 titled, "Interstate Variations in Use of Opioids," in which workers' compensation claims in 25 states were compared to analyze "interstate variations and trends in the use of opioids and prescribing patterns of pain medications..." Among the major findings was that Pennsylvania ranked third in opioid use (measured as Average Morphine Equivalent Amount per Claim with Opioid), with an amount that was *78 percent higher than the median state*. Pennsylvania lawmakers have demonstrated a firm commitment to combating the scourge of opioid abuse and addiction among the general population and implementing a prescription drug formulary would certainly help advance this cause for injured workers in Pennsylvania.

Formularies have also been shown to benefit the majority of providers, whose prescriptions and regimens are in line with standard practice within the healthcare community, consistent with medical evidence and therefore pre-approved. This guarantee improves efficiency and gives

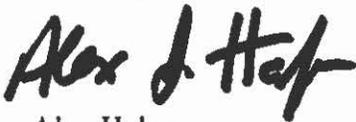
assurance to both patient and physician that medication will be covered by workers' compensation insurance. For providers interested in prescribing medication that is not FDA-approved or supported by clinical, peer-reviewed studies, a pre-authorization process may be necessary.

The PA Chamber is committed to promoting safe and healthy workplaces and ensuring that medical expenses and wage-loss benefits are covered for employees who experience a work-related injury or illness. We support workers' compensation but also recognize that Pennsylvania's law is not perfect; that we can and should reflect on Pennsylvania's experience and that of other states in order to develop policies that improve the system and, most importantly, help injured workers get healthy and back to full function and employment as soon as possible.

Accordingly, as a prescription drug formulary for workers' compensation would improve patient outcomes and the system in general, the PA Chamber urges the Committee to consider and pass legislation to implement a formulary system.

Thank you for considering our views on this important matter.

Sincerely,

A handwritten signature in black ink that reads "Alex Halper". The signature is written in a cursive, slightly slanted style.

Alex Halper  
Director, Government Affairs