

No. _____

Official Order
of the
Texas Commissioner of Insurance

Date: _____

Subject Considered: FY 2014 Research Agenda for the Workers' Compensation Research and Evaluation Group at the Texas Department of Insurance

The commissioner of insurance considers the proposed Fiscal Year (FY) 2014 Research Agenda for the Workers' Compensation Research and Evaluation Group (REG) at the Texas Department of Insurance. Labor Code §405.0025 authorizes the REG to conduct professional studies and research related to the delivery of benefits; litigation and controversy related to workers' compensation; insurance rates and ratemaking procedures; rehabilitation and reemployment of injured employees; the quality and cost of medical benefits; employer participation in the workers' compensation system; employment health and safety issues; and other matters relevant to the cost, quality, and operational effectiveness of the workers' compensation system. Labor Code §405.0026 requires the REG to prepare and publish annually in the *Texas Register* a proposed workers' compensation research agenda for the commissioner's review and approval.

In November 2013, the REG posted an informal request for suggestions for its research agenda on the TDI website to get input from stakeholders and the general public. The REG also asked legislative offices for input on the FY 2014 Research Agenda.

After considering the four responses to the informal request for suggestions, TDI published a proposed research agenda in the February 28, 2014, issue of the *Texas Register* (39 TexReg 1540) for public review and comment. TDI received two comments from one commenter and no hearing requests.

Comment:

A commenter expressed support for proposed FY 2014 Research Agenda Item No. 7, an analysis of the impact of the pharmacy closed formulary on the utilization and cost patterns in pharmacy prescriptions for new and legacy claims. The commenter encouraged the REG to expand its analysis of the utilization and cost patterns by specifically including compounded drugs containing an "N" drug and compounded drugs including only a "Y" drug as a key measure in FY 2014 Research Agenda Item No. 7. The commenter stated that the workers' compensation system has seen a steady increase in prescriptions for topical compounded medications and prescriptions for compounded drugs.

Agency Response: TDI appreciates the comment. The pharmacy data submitted to the Division of Workers' Compensation have limitations that prevent reliable identification of compounded drugs, whether N-drugs or not. The REG plans to continue work on these data issues so the requested study may be considered for next year's research agenda.

Comment:

A commenter encouraged the REG to include an analysis of "Y" drugs prescribed and reimbursed in future *Impact of the Texas Pharmacy Closed Formulary* updates.

Agency Response: TDI appreciates the comment. The recently completed report, *Impact of the Texas Pharmacy Closed Formulary* (www.tdi.texas.gov/reports/wcreg/documents/Pharma-mar2014.pdf), shows pharmaceutical utilization and cost trends since the implementation of the closed formulary. The results are reported by N-drugs and Other drugs. "Other drugs"

essentially means "Y-drugs" because Y-drugs are considered all other drugs not classified as N-drugs. Future reports on the impact of the closed formulary will continue to report information in this format.

The commissioner adopts the following FY 2014 Research Agenda for the Workers' Compensation Research and Evaluation Group at the Texas Department of Insurance.

1. Completion and publication of the eighth edition of the Workers' Compensation Health Care Network Report Card (see Insurance Code §1305.502(a)-(d)).
2. An update of the 2012 biennial study to estimate employer participation in the Texas workers' compensation system (see Insurance Code §2053.012(a)). The report is due on December 1, 2014.
3. An update of the 2012 "Setting the Standard" biennial report on the impact of the HB 7 (2005) legislative reforms of the Texas workers' compensation system. This report presents results on the affordability and availability of workers' compensation insurance for Texas employers and the impact of certified workers' compensation health care networks on return-to-work outcomes, medical costs, quality of care issues, and medical dispute resolution (see Insurance Code §2053.012). The report is due on December 1, 2014.
4. An annual update of medical costs and utilization in the Texas workers' compensation system.
5. An annual update of return-to-work outcomes for injured employees, including an examination of injured Texas employees' initial and sustained return-to-work rates and wage-recovery rates.
6. A comprehensive analysis of claims in which Supplemental Income Benefits, Lifetime Income Benefits, and Death Benefits are paid.

7. An analysis of the impact of the pharmacy closed formulary on the utilization and cost patterns in pharmacy prescriptions for new and legacy claims.

The commissioner approves and adopts the FY 2014 Research Agenda for the Workers' Compensation Research and Evaluation Group at the Texas Department of Insurance, as specified above, effective immediately.

Julia Rathgeber
Commissioner of Insurance

Recommended by:

DC Campbell, Director
Workers' Compensation Research and Evaluation Group

Attest:

Sara Waitt, General Counsel
Texas Department of Insurance

Commissioner's Order No. _____