



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

Public Hearing on the State of Addiction

Before the:
Center for Rural Pennsylvania

Presented by:

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Williamsport, PA
October 26, 2017

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Chairman Yaw and members of the Center for Rural Pennsylvania Board of Directors, my name is Gene Barr and I am the President and CEO of the Pennsylvania Chamber of Business and Industry. The PA Chamber is the largest, broad-based business advocacy association in Pennsylvania. We have approximately 9,400 employer members of all sizes, crossing all industry sectors throughout the Commonwealth. Thank you for the opportunity to testify today regarding the prescription drug and heroine epidemic through which many Pennsylvania citizens are so tragically struggling.

This crisis is personally impacting many PA Chamber members and employers throughout Pennsylvania, as it is the general public in communities nationwide. However, there are macro-level impacts as well that are affecting the economy and will very likely trigger long-term consequences.

Princeton economist Alan Krueger released a report this past September which analyzed the extent to which the opioid crisis has contributed to workforce challenges and, in particular, the steady increase of working-age Americans who are unemployed and not looking for work. By comparing county level opioid prescription rates and labor force data from the periods of 1999 to 2001 and 2014 to 2016, Dr. Krueger concluded that opioid prescriptions accounted for 20 percent in the workforce participation decline for men and 25 percent for women. Not surprisingly, he also

found that the unemployed are more likely to use painkillers than those with a job.

These realities and troubling trends related to workforce challenges and the impact of prescription drug use exist in Pennsylvania as well. In 2016, the PA Chamber commissioned Susquehanna Polling and Research to conduct a survey of Pennsylvania employers focusing on their experience and expectations concerning the workforce. 428 Pennsylvania employers – PA Chamber members and non-members – were contacted in early April 2016 and their responses painted a daunting picture.

A combined 52 percent of responses said it is very or extremely difficult to recruit qualified candidates to fill the workforce needs of their company. Most believe finding qualified applicants has gotten more difficult over the last five years (61 percent) and most also believe it will become more difficult over the next five years (57 percent). A mere two percent of respondents believe it will get easier.

We also asked employers how often job applicants or potential new hires fail to pass drug test? More than one in five responded either very or somewhat often.

These responses are consistent with anecdotal feedback I have heard from employers all over Pennsylvania; many of whom describe scenes in which a room full of job applicants are informed of pre-employment drug screening and half or more of the

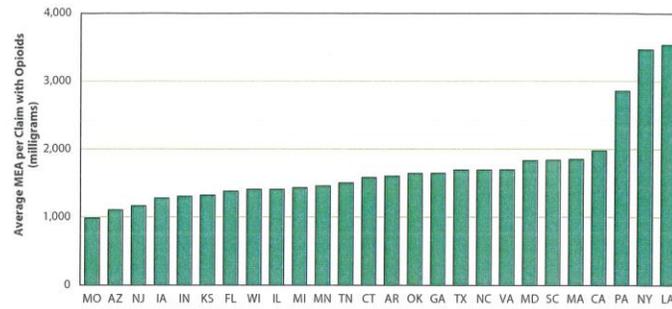
applicants simply leave.

To be sure, reversing these broad workforce trends will require a long-term, multifaceted strategy involving employers, educational institutions, parents, students and others to help narrow the skills gap and improve employability. However, it is becoming increasingly clear that addressing the prescription drug and opioid epidemic is an integral component of this workforce strategy.

Of course, the impact of the prescription drug and opioid epidemic on employers and the workforce includes not just job applicants but active employees as well. One population of employees that has become particularly relevant to this discussion is injured workers.

In 2016, the Workers' Compensation Research Institute, a national, independent, not-for-profit research organization, released a report titled "Interstate Variations in Use of Opioids," which analyzed opioid prescribing patterns and use among injured workers among 25 study states during the years 2012-2014. As the following chart shows, Pennsylvania ranked third as measured by average morphine equivalent amount per claim with opioids and was 78 percent higher than the median study state.

Figure 3.3 Average Morphine Equivalent Amount per Claim with Opioids,^a 2012/2014



Notes: The underlying data include nonsurgical claims with more than seven days of lost time that had prescriptions filled by injured workers over the defined period and paid for by a workers' compensation payor. 2012/2014 refers to claims with injuries occurring in October 1, 2011, through September 30, 2012, and prescriptions filled through March 31, 2014.

^a Reported are the mean values of MEA per claim with opioids after excluding a small percentage of claims that had unusually high amounts of opioids. See Chapter 2 for a description of how we identified claims with unusually high amounts of opioids.

Key: MEA: morphine equivalent amount.

A review of workers' compensation systems around the country shows many states successfully mitigating prescription drug and opioid overuse and abuse among injured workers by implementing a prescription drug formulary. Drug formularies are standard in other areas of healthcare and public insurance programs like Medicaid. Drug formularies are established and regularly updated by teams of doctors and healthcare professionals who organize prescriptions based on FDA approval status, clinical research and medical evidence of effectiveness. Medication, dosage amounts and duration are designated as either 'pre-approved' or 'requires authorization'.

Treating physicians are not strictly bound by the formulary but typically must demonstrate why a patient requires a prescription that objective experts believe falls outside of mainstream medicine. This approach has been shown to help address both long-term opioid use for chronic conditions and providers who tend

to prescribe narcotic painkillers prematurely when alternatives may be more appropriate, particularly when weighed against the possibility of abuse and addiction.

States have experienced compelling results from implementing a prescription drug formulary for their workers' compensation systems. Just a few examples:

- Ohio implemented its formulary in 2011 under the leadership of John Hanna, RPh, MBA, who served as Director of the Pharmacy Program at the Ohio Bureau of Workers' Compensation from 2009-2017. Mr. Hanna was quoted saying the following: "Our workers comp drug formulary has been a critical part of our statewide effort to fight prescription drug and opioid overuse and abuse."

According to both local media and national publications, the experience in Ohio seems to confirm Mr. Hanna's assessment:

- Injured workers were prescribed 15.7 million fewer opiate doses in 2014 than in 2010, representing a 37 percent decrease
- By 2015, total opioid doses for injured workers declined by 41 percent
- The number of work comp patients considered opioid dependent was cut in half – from 9,343 to 4,723.

That's over 4,600 fewer injured workers in Ohio becoming addicted to opioids and Mr. Hanna, the architect of their State's efforts to combat opioid use among injured workers, described their formulary as the "foundational element of our work."

- Washington State implemented a drug formulary in 2013 and, according to their state Department of Labor & Industry, opioid prescriptions were reduced significantly: costs of opioids declined by almost a third as a percent of overall prescription drug spend and have continued to decline ever year.
- The Texas Department of Insurance, Division of Workers' Compensation released a report in Dec. 2016 which states "The Texas workers' compensation system has helped pave the way to addressing opioid overuse among injured employees through implementation of the closed formulary." As a result, the frequency of all opioid prescriptions was reduced by 11 percent in just one year following implementation.

And according to a 2016 report from the International Association of Industrial Accident Boards and Commissions, in the first month following implementation of its formulary, Texas experienced an average pharmacy cost per legacy claim reduction of 18 percent.

It is worth noting that this approach has enjoyed bipartisan support around the country. In 2015, California Democratic Governor Jerry Brown signed legislation introduced by Democratic Assemblyman Henry Perea to implement a workers' compensation drug formulary, which the California Workers' Compensation Institute estimates will save employers between \$124 million to \$420 million through fewer prescriptions. And in April of 2017, the New York legislature passed workers' compensation drug formulary legislation which was signed by Democratic Governor Andrew Cuomo. Incidentally, New York and California were other states that ranked high in the 2016 WCRI study on opioid use, ranking second and fourth, respectively.

Here in Pennsylvania, Senator Don White has indicated his intention to introduce a bill with Senators Scarnati and Regan as original cosponsors (as of Oct. 19th legislation has not yet been introduced) and H.B. 18 was introduced by Rep. Ryan Mackenzie earlier this year in the House. In addition to implementing a workers' compensation drug formulary, H.B. 18 has a complementary requirement that Utilization Review Organizations be certified to help ensure that qualified experts are holding parties accountable to properly apply the formulary. The bill was reported out of the House Labor & Industry Committee and is pending in the Rules Committee.

I urge the Center for Rural Pennsylvania to engage in this important issue and legislation to help injured workers avoid opioid dependence. This measure builds on the critical work of lawmakers and the Wolf Administration to combat the prescription drug and opioid epidemic and is consistent with other deterrence proposals, including the administration's new prescribing guideline recommendations for the safe and effective use of opioids and the Attorney General's proposal to add a preauthorization requirement for opioid prescriptions. Addiction treatment is critically important but helping Pennsylvanians avoid the path to addiction should be the ultimate goal and therefore must be a focus of public policy.

Again, thank you for the opportunity to testify. I am happy to answer any questions.