



CompPharma



Prescription Drug Management in Workers' Compensation

The Twentieth Annual Survey Report
(2024 data)

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Introduction

This industry report examines recent spending and clinical management trends in pharmacy within the workers' compensation industry. Respondents provided insights based on their 2023 and 2024 drug spend and pharmacy programs.

This is the 20th survey; it was not produced in 2020 due to the pandemic. Pharmacy data from 2019, when available, was combined with 2020 data in the 17th survey.

Top Takeaways

1. 2024 brought the largest single-year increase in drug spend since 2010 – 4.09%.
2. The number of prescriptions filled in 2024 DECREASED roughly 4% from 2023.
3. Despite the increased cost, the industry score for PBMs rose to 3.46, up from 3.26 last year.
4. myMatrixx leads the field of vendors with an average grade of 4.29 out of 5.
5. Spending on opioids accounted for just 1 of every 8.5 dollars spent on pharmacy in 2024. Just four years ago, that figure was 1 in 5 dollars spent.
6. For the 6th year in a row, pharmacy importance DECREASED. At just 2.79 out of 5, the average score broke below 3 for the first time, indicating pharmacy issues are slightly less important than other managed care facets.
7. Respondents gave their PBMs the highest customer service grade since we have been tracking, at 4.53 out of 5.
8. Respondents are embracing AI. There is much less skepticism from respondents, as roughly 1/3 say their organization is employing AI tools in some capacity.
9. Organizations are grappling with GLP-1s. A majority are handling them on a case-by-case basis, but there are tight guardrails and noticeable grumpiness about potentially having to cover them.
10. Network penetration rates plummeted to 2009-2010 levels at just 82%.

Pharmacy in Workers' Compensation – The Big Picture

Total workers' comp pharmacy spend in 2024 was likely between \$2.2 and \$2.7 billion, with a best-guess estimate of \$2.35 billion. We recognize that the figure is significantly lower than other estimates, but extensive analysis supports it.



After much research and study, it is clear that it is impossible to precisely calculate workers' compensation drug spend for several reasons:

- Total medical spend across all workers' comp payers was just over \$29 billion in 2022 according to the National Academy of Social Insurance (NASI) report: Workers' Compensation: Benefits, Costs, and Coverage, published November 2024. (note as of the date of this report, NASI has not published a more recent study)
- In previous reports we estimated total medical spend for the study year by trending NASI medical spend forward, incorporating medical inflation rates from the National Council of Compensation Insurance NCCI Annual Issues Symposium State of the Line report. However, given the dramatic reduction in spend from 2019 to 2021 and the lack of any useful industry-wide medical cost data for 2023 and 2024 at the time of this writing, we cannot precisely estimate the percentage of medical spend attributable to pharmacy.

Other considerations affecting pharmacy spend estimates include:

- Different estimates are based on data from different states, and the various estimates use differing methodologies. The methodology used by NCCI is based on an analysis of projected spend for claims occurring in accident years using data from NCCI-reporting states. As such, the NCCI estimate is based on the anticipated total spend over the entire life of the claims incurred in a specific year, and not on drug spend in that calendar year.
- In contrast, anecdotal information from payers indicates drug costs account for 4-8% of medical spend (there are some outliers - notably in California - with drug spend below 4% of total medical cost).
- The basis for determining which products or billing codes are included in drug spend varies among payers and jurisdictions. Different payers have different processes and coding logic for prescription bills on paper and/or patient-paid bills that are reimbursed.
- Drugs are dispensed in a variety of settings and by a variety of providers; therefore, some drug costs may be included in other charge categories.

For example, specialty drugs may be billed under home health care/durable medical equipment services, while long-term care and hospital-dispensed medications typically are counted as facility expenses. It is highly unlikely all payers surveyed use the same methodology when calculating drug costs.

- Depending on the payer, some or all physician-dispensed drugs may or may not be counted toward drug spend, as they can be billed on standard medical billing forms with the cost "rolled up" under physician costs for reporting purposes.



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Over the last 20 years, workers' compensation prescription drug costs have decreased by approximately \$2.65 billion, almost 50%.

Several factors contributed to this decline:

- Massive decrease in opioid utilization and impact on co-prescribing;
- Significant reduction in California's pharmacy fee schedule;
- Very significant reduction in the use of branded medications/replacement with generics;
- Industry-wide adoption of PBMs;
- An extremely competitive PBM market; and
- The consolidated PBM industry provides greater buying power.

Notably, this is the first year in recent memory that we have seen an increase in overall spend, albeit a small one. No doubt COVID affected spend in 2020 and 2021; thus we cannot confidently attribute changes to other factors. That said, wherever we identified interesting correlations or counterintuitive findings, we highlighted them.

Respondents

We wish to express our gratitude to the workers' compensation professionals who carefully and thoughtfully responded to the survey. Their willing participation is deeply appreciated. All responses are confidential, and care has been taken to "sanitize" responses to protect the anonymity of the respondents. Interviews were conducted in the fall of 2025 using 2023 and 2024 data on pharmacy spend and other metrics.

Respondents were decision makers, clinical personnel, and operations staff in state funds, carriers, self-insured employers, guarantee funds, and third-party administrators (TPAs).

Respondents included:

California Joint Powers Insurance Authority
EMC Insurance
City and County of San Francisco
Washington Department of Labor and Industries
Cincinnati Insurance
Berkley Insurance
Wyoming Workers' Compensation
State of Montana
Kentucky Employers' Mutual Insurance
LWCC



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Sentry
TPCIGA
FutureComp
Republic Indemnity
ICW Comp
PMA
Texas Mutual
AIM
1 private payer from the Midwest
1 guarantee fund from the South

Financial Results

Overall

For the third year in a row, respondents reported an overall increase in drug spend. On a weighted basis, drug spend increased 4.09% – the largest single-year increase since 2010. Unlike last year, the per respondent median was a very slight decrease at .19%. Last year this figure was right around 3%. The respondent pool was rather evenly split with 50% reporting decreases, 45% reporting increases, and 5% unchanged year-over-year.

The top reason noted for increased spend was inflation. 40% of respondents who observed an increase in drug spend cited inflation as the primary driver, with more claims and outlier/complex claims making up the remainder of the reasons.

Script Count

Script counts were included in this year's dataset. In an effort to drill down on spend changes beyond having respondents comment on whether they saw more scripts or acquired more business leading to more scripts, the script count data point is very helpful in understanding the pharmacy utilization and individual prescription price changes.

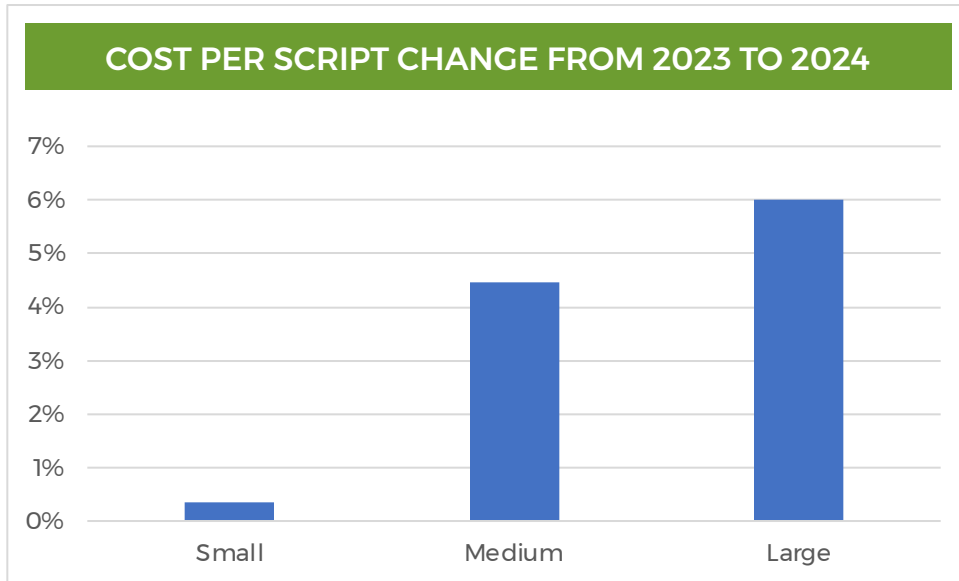
Despite overall pharmacy spend increasing 4% overall, the overall script count was down nearly 4% (median of 4.72% decrease on a per respondent basis). 65% of respondents reported a drop in the number of scripts processed between 2023 and 2024.

The overall cost per script in 2024 was 131.90. This is up from 125.57 (5%) from 2023. On a per respondent level, the median increase in cost per script was 6.32%¹.

¹ Several respondents did not provide script counts. For the calculation of cost per script, respondents who did not provide script counts were completely omitted.



The size of the respondent² showed a direct relationship to the percent increase in cost per script in 2024. As shown in the chart below, large respondents reported a 6% increase in cost per script overall, while mid-sized respondents reported an increase of 4.45% and small respondents reported just a .35% increase overall.



While the comparison isn't perfect as we did not factor script counts last year, large respondents showed the largest spend increase at 6.16%, with mid-sized payers coming in at 4.45%, and small respondents showing a minimal increase of .36% last year.

Industry Thoughts about PBMs

Pharmacy Importance

The streak continues. For the SIXTH year in a row, the average grade for pharmacy importance compared to other medical care issues has reached a new low at 2.79³. The decrease from 3.05 last year to 2.79 this year is a little sharper than the last couple years but back to the pre-Covid rate of decline.

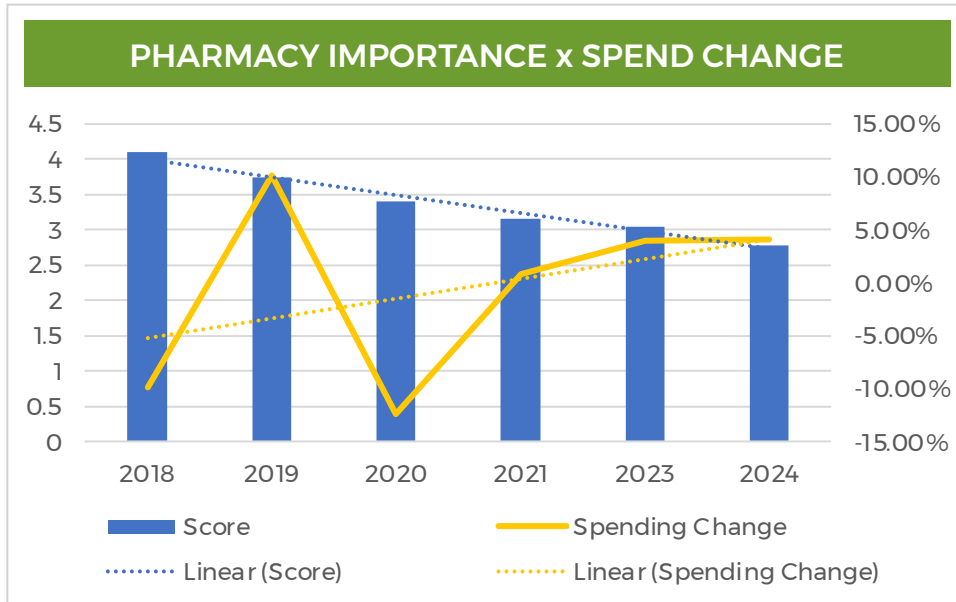
To underscore just how much this has dropped, since 2009 the average score for pharmacy importance has been 3.82. Between 2009 and 2018, there was only one instance when the average score for this question was even below a 4. Since then, only 2018 has shown a score above 4.

² Respondent groupings were: small under 1.5 million in annual pharmacy spend, mid-sized between 1.5 million and 5 million, and large over 5 million.

³ This is on a scale of 1 to 5 with 1 being far less important, 3 being about the same, and 5 being far more important.



While the trend is interesting in and of itself, this year marks the third straight year of increases in overall pharmacy spend. Since we first saw the increase in spend in 2021, pharmacy importance has dropped each year and gone from 3.16 to its current position of 2.79.



Mid-sized respondents are showing quite a bit more interest in pharmacy than the small or large sized respondent groups. There is nearly a 10% difference in importance score between mid-sized respondents and the next highest score. Interestingly, large respondents reported the most focus on pharmacy issues in last year’s survey. Their average score last year was just under a 3.5 vs. this year, when they are the lowest-scoring group at 2.5. The drop in importance is odd given that large respondents, yet again, reported the largest increases in pharmacy spend.

Looking ahead, the large respondent class expects to spend a little more time on pharmacy matters, but their forward-looking score is still lower than the mid-sized and small groups.

Pricing Methodologies

Respondents voiced a range of opinions from a few interested in new/innovative pricing methodologies e.g. moving away from AWP-based pricing or greater transparency models. Similar to last year, 50% of respondents talked about transparency. Most respondents spoke positively or mentioned a need for more transparency, but several respondents noted that simple transparency is not purely the fix. Transparency PLUS understanding the data is really what respondents are



looking for. The data is great, but having trusted experts walk through the data is what truly increases understanding and comfort with PBM results.

A few quotes from this year:

“PBM pricing is better than previous but still a little aloof.”

“Smoke and mirrors – discounts off AWP is what they use. Transparency is great but often confusing. Comfortable with AWP but not perfect.”

“We use transparent, pass-through pricing. Anything else is an invitation for mischief.”

“Having a PBM that provides background specifics and transparency on their pricing methodologies and rebates forms a strong partnership.”

Last year there was a fair amount of anger toward PBM pricing methodologies, with 25% stating they do not bother learning much about PBM pricing as they do not believe it would make a difference. “They [PBMs] all; have a number to hit and will find a way to hit it.” This year, however, much of the anger was gone. Respondents definitely would appreciate more transparency and perhaps new pricing structures but they were far more measured in their criticism. Outright advocacy for a fully transparent model with an admin fee tacked on was not mentioned nearly to the extent of last year.

Large organizations indicated the most comfort with PBM pricing methodologies and their accuracy. As the size of the organization shrinks, so does the comfort. Increasing references to confusion and lack of transparency creep in when evaluating the mid-sized responses and certainly the small respondents. Mid-sized respondents were particularly frustrated in last year’s survey. The frustration led us to speculate that mid-sized respondents had been left behind with regard to the offerings by PBMs – large organizations received ample attention and then small respondents had a few products created with their scale in mind, but mid-sized organizations were forced to pick which products better fit their size. This year, though, it seems the theme is more that larger organizations have the analytic capabilities to better monitor PBM results while smaller organizations lack the resources to analyze PBM outcomes.

Transparency

Rather than asking the respondent’s opinion on simple transparency, we asked what transparency in pharmacy management looks like. Over the previous few years, the push for transparency bloomed – going from under 50% of respondents asking for more transparency in 2019 to last year, when 90% of respondents were pushing for more transparency.

Several years ago, respondents viewed transparency as more access to data. A couple years ago, the pure-pass-through model was the new popular version for



transparency. In this year’s survey, a firm understanding of the pharmacy program, results, pricing, etc. seems to be the popular definition of transparency. Today, half of the respondents stated gaining full “understanding” of terms, contracts, prices, outcomes, etc. would be their definition of a sufficiently transparent pharmacy program. Roughly a quarter of the respondents also mentioned access to data and pure-pass-through models as consistent with their view of transparency, with several mentioning multiple or all three (access to data, pass through, and full understanding) as combining to create a sense of transparency.

Obstacles to Changing PBMs

The one thing most respondents agree on is that changing PBMs is a big undertaking. To seriously consider changing PBMs means there must be an issue with a critical component of the relationship – primarily outcomes or customer service.

Broadly speaking, implementation and IT issues were seen as the most difficult obstacles to overcome. General IT resources, working through a new system (eligibility issues and workflows), data migration, and integrating a new system with other medical management units are the areas several respondents specifically mentioned.

A secondary, but present, consideration for many respondents was injured worker/end user disruption. The hassle of issuing new cards to claimants and employers, the fear of disrupting continuity of care, and the need to properly implement and communicate first fill instructions were all aspects respondents were worried about managing.

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Looking Ahead

AI

When it comes to the role AI will eventually play in pharmacy, respondents tended to focus on three areas: clinical review and safety, prior authorization approval and decision support, and document summarization and info extraction. It was not mentioned much, but formulary evolution was another area where respondents were interested in seeing AI’s eventual impact.

A few comments:

“Would use to look at prior authorizations, reading medical history, etc.”

“See the potential for information to be pulled forward to Adjusters for decision support.”

“AI can quickly determine if the person is suited for the drug or will develop a dependence.”

“Can have a role – clinical oversight benefits for sure. Enhance things generally.”

“Expect it will be fully integration at some point in the near future.”

“I see AI in the future of everything.”



There is less skepticism about AI among respondents to this year's survey than we heard last year. This is completely understandable as more people have had a chance to see AI tools in action; that said, the shift is noteworthy. In last year's survey about 1 in 4 respondents accepted the use of AI in pharmacy at some point but either were not thrilled about the idea or said the AI tools had an incredibly high bar to pass before gaining approval. This year, there is still an element of needing to see significant proof of competency prior to even considering a pilot, but fewer adversarial positions from a conceptual level. Furthermore, the number of respondents seeing AI taking either a major role or taking over the entire operation has doubled from last year.

Interestingly, the size of the organization doesn't have a huge impact on whether or not organizations are currently using AI tools. Roughly 30% of each group are using AI tools in some capacity. The tools are primarily being deployed as document scanning/trimming/summarizing tools with a single respondent mentioning grander AI plans either as a goal or in progress (predictive analytics or decision support). Generally speaking, larger organizations tend to be further ahead on AI adoption as they have more resources, IT, and personnel to research and implement a new tool, but this does not seem to be the case in pharmacy... yet.

Emerging Concerns, Unmet Opportunities, Biggest Issues Looming in Workers' Comp Pharmacy

Respondents are generally quite content. 60% of respondents did not mention a particular issue their PBM was not taking care of for them. Additionally, 35% of the field complimented their PBM's handling of their pharmacy program.

The areas where folks would like to see PBMs make more progress included better dissemination of actionable recommendations. Respondent organizations, particularly smaller ones, would like to hear areas of their program they need to focus on and/or improve... and they want to hear that from the "experts." Other areas that were mentioned include: enhanced clinical oversight, OON/paper bill solutions, better cost controls for specialty drugs, formulary improvements.

Large respondents seem particularly pleased with their PBMs. Just 15% of the respondents in the large cohort had anything they would like their PBM to improve (specialty drug cost containment). Furthermore, nearly 75% of the respondents who explicitly complimented their PBM were in the large group. Mid-sized respondents had a range of desires - paper bill and OON solutions, more recommendations, and enhanced clinical oversight. As mentioned above, small respondents predominantly wanted more recommendations on their program.

The biggest problem related to pharmacy today is transparency - albeit narrowly. 25% of respondents noted a lack of full transparency as the largest problem in



workers' comp pharmacy. Transparency was not strictly with regard to PBM pricing practices, though. Lack of trust or insight into drug efficacy vs. the cost of the drug and physician incentives to dispense drugs were noted along with PBM/pharmacy relationships and pricing methodologies. Right behind transparency was physician dispensing at 20% of respondents. This is the second year in a row that transparency has claimed the top spot for biggest problem and third year in a row being in the top 2 slots.

A handful of granular items like legacy claim management, opioid dispensing, topicals, paper billing, and cost controls each received light volume. More theoretical items mentioned include PBM reputations and PBM consolidation (also on light volume).

Large respondents focused on physician dispensing as their largest issue with topical management and cost containment included as well. Small respondents had a wide variety of issues including legacy claims management, paper billing, consolidation concerns, reputation concerns, and financial incentive worries. Mid-sized respondents overwhelmingly are the block that cites transparency as the biggest problem today. 80% of the respondents who cited transparency were mid-sized.

Topical and "new" drugs are the leading emerging issues that have respondents worried. 40% and 35% of respondents respectively cited topicals and new drugs as their emerging concern - especially compounded topicals and new drugs as seen on TV. Specialty drugs, specifically migraine medications, were mentioned by 20% of respondents. Topicals are a particular pain point for smaller organizations as 50% of the respondents complaining about topicals reside in this cohort.

GLP-1s were a popular discussion point; programs seem perplexed as to how to treat them. About 1/4 of respondents discussed GLP-1s and the issues they pose particularly when it comes to creating an organization-wide policy/position on their compensability.

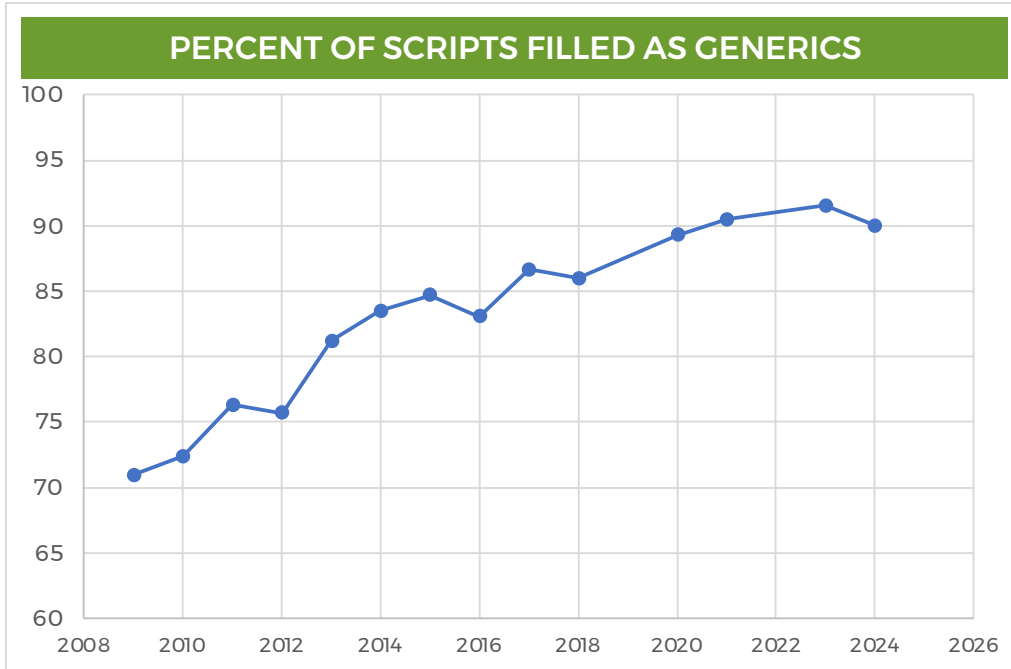
Physician dispensing is also an area of concern for 25% of respondents. This keeps with the trend of "if it is happening to you, it is the biggest problem you have." The issue also impacts organizations of all sizes. Small, medium, and large organization respondents opined on the challenges that physician dispensing is creating.

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The Nitty Gritty Aspects of PBMs

Generic Fill Rate

The generic fill rate for 2024 was 90%. This is a slight retreat from 2023 when the generic fill rate was 91.54% but still higher than 2022's rate at just 86%. 90% is also significantly higher than the first time we measured this in 2009 (70.1%) and still well above the long-term average of 82.5%.



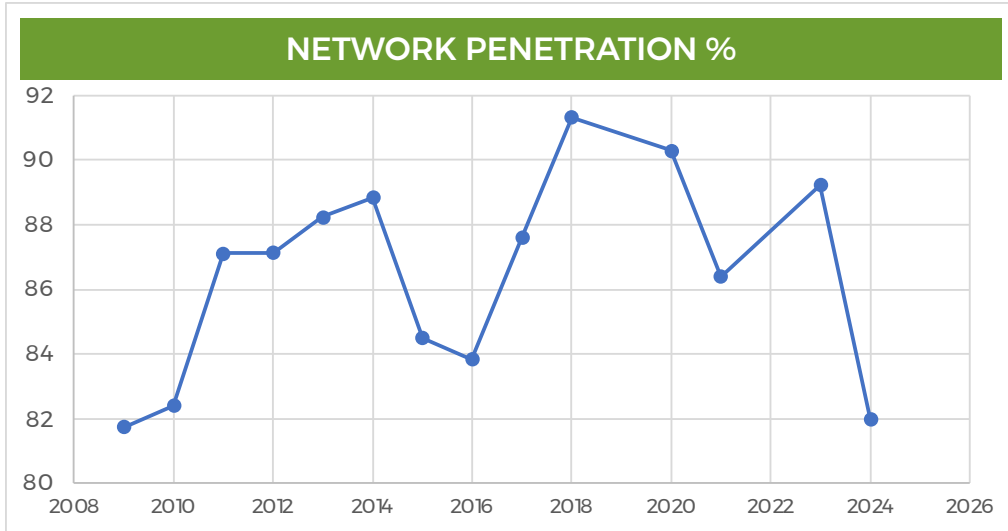
Payer size directly related to the generic fill rate. Small respondents averaged 81.9%, mid-sized respondents averaged 92%, and large respondents averaged 95%. It is worth noting that the small respondent pool had one organization record an abnormally low generic fill rate so the low figure is more of an individual issue rather than the entire group.

Network Penetration

The network penetration⁴ figure dropped significantly from last year. This year’s figure of 82% is over 7 percentage points lower than last year’s figure. Last year, we noted that the 89.23% network penetration rate was the first time in three years that it was below 90%. The drop back to the low eighties not only bucks the general trend of the last fifteen years but brings the 2024 rate back to 2009 and 2010.

Large respondents reported the lowest rates of network penetration. On average the group reported an 80% network penetration rate. Both the small and mid-sized cohorts averaged 84%. Last year the mid-sized group was lower while smaller and larger respondents were within one percentage point of each other. In general, though, there was not a significant delta between the lowest and highest group similar to last year – just 2.5 percentage points of difference between the low and the high last year and 4 percentage points this year.

⁴ Calculated by dollars spent through the network rather than number of scripts/claims processes in-network.



There was significant polarization in the rates reported by the respondents. There were three respondents who reported network penetration rates below 60% while four reported rates of 99 or 100%.

When segmenting the respondents by the change in their cost-per-script from 2023 to 2024, two conflicting dynamics appear. Of respondents who showed an increase in cost-per-script from 2023 to 2024, their generic fill rate was much higher at 93.3% (against just 81% for those whose cost-per-script decreased). On the flip side, respondents whose cost-per-script decreased reported a network penetration rate of 88% against just 80% for those who showed an increase in cost-per-script.

Pharmacy Spend Paid via Bill Review

40% of reported pharmacy spend was processed via bill review. The range was as significant as it can get, as several respondents reported 0% while several others reported 100%. The median figure was 39%.

On a size of the organization perspective, large respondents paid 66% of their pharmacy spend via bill review with mid-size respondents paying 21% via bill review, and small respondents splitting the difference and paying 36% through bill review.

GLP-1s and High Blood Pressure Meds

Managing GLP-1s is far from settled. Respondents seem to be in a range of stages in terms of policy development to handle GLP-1s. Some respondents note that they have had a policy in place for more than a year at this point, while others candidly admit they are struggling to develop consistent policy other than universal denial.

“Consider them to be under “aid to recover” and use should be time-limited with objective progress toward accepted condition.”



“Developed a criteria for GLP-1, not denying meds, but managing them.”

“Would refer to their group health provider.”

“Struggling currently. Taking on a case-by-case basis. If surgery needed but need to lose weight, we will allow for a small period of time.”

“Obesity we consider nonindustrial but if it treats an industrial we may approve on a one-off.”

“If they are found to be directly related to the claim and after second medical review we will cover them.”

A majority of respondents are handling GLP-1 claims on a case-by-case basis. In order for approval, respondents need to see “evidence” that GLP-1 usage is directly related to the claim or would significantly speed up return to work. Even with evidence, respondents are a mix of skeptical and wary that the use of these high-cost drugs is worth it. Several respondents note for these drugs to be covered they will require consistent clinical review.

25% of respondents report having a universal denial policy for GLP-1s. Of that 25%, a couple said they deny on the workers’ comp front but refer it over to group health. Beyond this population, there is palpable grumpiness about possibly having to pay for GLP-1s:

“Shouldn’t have to pay for lifestyle issues but comp gets roped in.”

PBM Attributes

Yet again customer service leads the way as the top attribute that makes for an excellent PBM. With an identical score to last year, customer service scored a 4.79 out of 5. Just 4 respondents gave this attribute a 4; all others scored it a 5.

The 4 tiers of PBM attributes:

- 1** Customer Service – 4.79

- 2** Effectively Manages Overall Rx Costs – 4.47
Strong Clinical Management – 4.37

- 3** Effectively Communicates with Front-line Workers – 4.16
Reduces Front-line Staff Workload – 4.11
Best Possible Discount – 4.05
Anticipates my Needs – 4.05
Flexible and Well-Designed Reporting – 4.05

- 4** E-Prescribing Integration – 3.63
Seamless Paper Bill Solutions – 3.37



Customer service is universally #1, irrespective of the size of the organization. Small organizations place much more emphasis on front-line workload reduction – “reduces front-line staff workload” is scored 4.67 by small respondents vs. 3.85 for medium and large sized respondents. Mid-sized respondents highlight the importance of clinical management (4.57) and anticipated needs (4.29). Large organizations do not score paper bill solutions terribly high (3.83) but they score it higher than small or mid-sized organizations who averaged 3.15.

Overall, each of the three sizes of respondents are about the same in terms of being demanding⁵. Last year, large payers were the most demanding with an average attribute score of 4.41 while small payers (4.32) and medium payers (4.22) lagged slightly behind. This year, all three were quite close together:

- Small payers: 4.08
- Mid-sized payers: 4.13
- Large payers: 4.1

Physician Dispensing

Physician dispensing is gaining notoriety. The overall average score⁶ continued its move higher from a 2.79 last year to a 3.05 this year. Prior to last year, the average score for physician dispensing was stuck at 2.6 in 2021 and 2022.

The polarization still exists, but the universal population of respondents have generally shifted toward viewing it as more of an issue. Last year, under 20% of respondents scored physician dispensing a 3 (average importance), while 42% were a 1 or 2 and 42% were a 4 or 5.

This year, 25% of respondents rated the issue a 3, while 45% rated it a 4 or 5 with 25% rating it just a 1 – again, emphasizing the “if it is happening to you, it is the biggest problem you have” theme.

There was a loose connection between network penetration rates and the score for how much of an issue physician dispensing is. Of the respondents who rated physician dispensing a 1 (not a problem), 75% of the respondents reported a network penetration rate of 99% or 100%. Conversely, the lowest network penetration rate in the field scored physician dispensing a 5.

The dramatic nature of the problem is further underscored by the prevalence of respondents talking about physician dispensing within answers to other questions, like emerging issues in workers’ comp pharmacy and the single largest issue facing workers’ comp pharmacy.

**CUSTOMER
SERVICE IS
UNIVERSALLY
IMPORTANT**

⁵ The overall average of all 10 attributes needed for an excellent PBM.

⁶ Scored on a 1 to 5 scale with 1 being a non-issue and 5 being a huge problem.



Alternative Pain Management

Across respondents, sentiment toward non-pharmaceutical approaches to pain was generally favorable, but rarely unconditional. Most participants viewed non-pharma options as an important part of the toolkit—particularly when they are evidence-based, can be tied to functional improvement, and are implemented in a way that is operationally realistic.

The most consistent friction points weren't philosophical; they were practical: proving outcomes and value, and driving adoption among injured workers and providers (with some noting that alternatives can be difficult to sustain vs. medication).

Some telling quotes:

“Supportive of evidence-based non-pharmacological interventions for pain management.”

“I am for it provided it's cost effective and overall effective.”

“It can be very helpful if done correctly.”

“Tried some coaching stuff. Can be helpful but claimants don't all love alternatives.”

“We support it but need physicians and claimants on board.”

“We're open to them as long as they are clinically supported and outcomes driven with data to back that.”

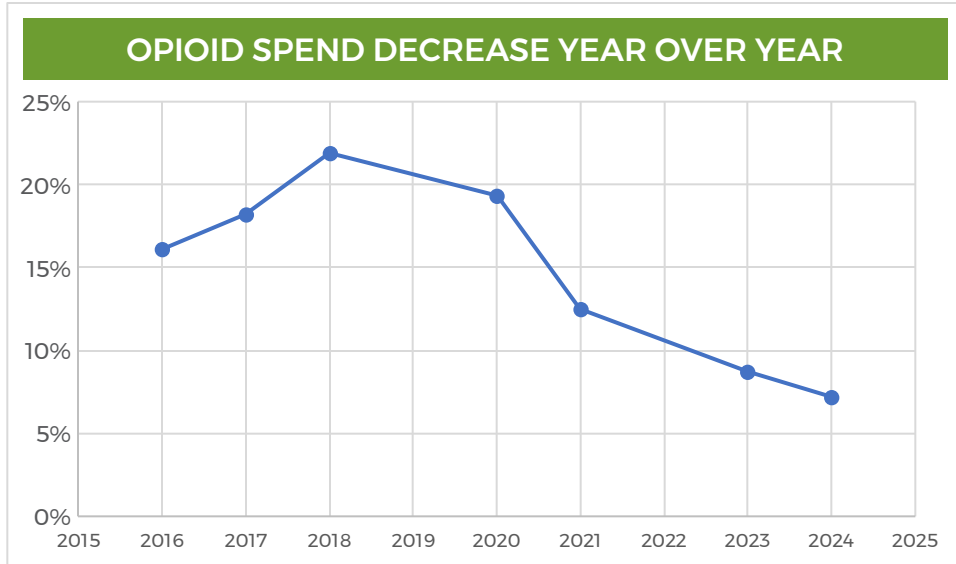
By segment, smaller and mid-sized organizations tended to be more uniformly supportive (often emphasizing behavioral/CBT-type programs), while larger respondents were more mixed – reflecting both greater exposure to real-world implementation challenges.

Opioids

This year's survey showed opioid spending decreased overall by 7.18%. This represents a continuation of last year's slowdown in opioid spend reduction. Last year, overall opioid spend decreased by 8.7%, which was markedly lower than the 13.2% average reduction from the prior three years.

The respondent average dramatically slowed from a 7.85% decrease to just a 2.5% decrease this year. In fact, 45% of respondents reported an opioid spend increase. These tended to be smaller programs, as the total opioid spend increase from respondents reporting a year-over-year increase was under \$400,000, while overall opioid spend decreased by roughly \$1,000,000.

The size of the organization directly correlated to opioid spend reductions. Small respondents observed opioid spend reductions of 0.59%, mid-sized respondents reported reductions of 1.75%, and large respondents showed reductions of 5.29%.



Considering even the large respondent population average is lower than the overall opioid spend reduction reported, we can tell that the largest payers in the survey were very successful in reducing opioid spend.

To gain a sense of how far along opioid programs are in the small, medium, and large respondent pools, we looked at the year-over-year changes going back to 2016.⁷ Small respondents have performed the best, reducing their opioid spend 81.32% on average. Large respondents are slightly behind them at a 76.66% reduction on average. Mid-sized respondents are noticeably behind at a 63.95% reduction on average. The impressive levels of progress respondents in the small pool have made could be a possible explanation for their lagging reductions this year. Of course, that doesn't explain the lag observed in the mid-sized payer pool; however, the mid-size cohort has significantly trailed both small and large respondents for a decade.

As a percentage of overall pharmacy spend, opioids accounted for 11.75% of respondents' drug spend. This is a decrease of 11%. While an 11% decrease is certainly good, it is far less than the 32% reduction we observed in last year's survey. On an average per-respondent basis, opioids accounted for 13.35% of the respondent pool's total drug spend. This decrease was just 1.9% from 2023 and, again, falls well short of the 15.9% reduction reported last year.

It is important to understand the magnitude of the massive reduction in opioid usage among injured workers. Ten years ago, opioids accounted for 28% of a total

⁷ The respondents were not the exactly same in each year so these figures are not a pure "apples to apples" comparison. Instead, the average reduction was factored for respondents in the small, medium, and large cohorts for each survey then combined for an overall figure.



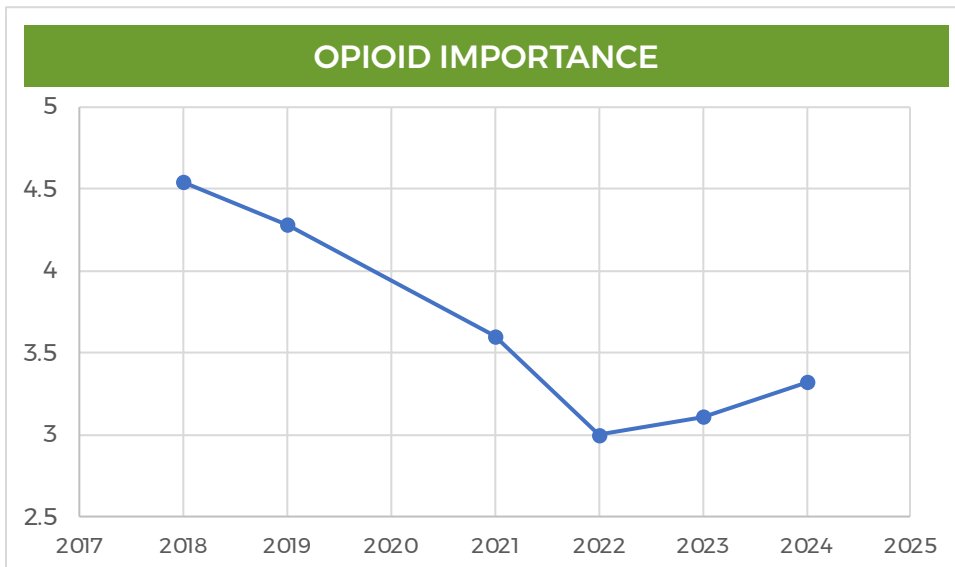
drug spend of approximately \$5.5 billion – double what it was in this year’s report. (Prescription Drug Management in Workers’ Compensation, The Thirteenth Annual Survey Report (2015 data) CompPharma.com). By 2023 opioid spend in workers’ comp had been slashed by approximately \$1.2 billion, a result that not only saved employers and taxpayers hundreds of millions of dollars but also greatly reduced the harm caused by overuse of opioids.

Organizations of all sizes are spending a roughly similar amount on opioids as a percentage of their overall drug spend. Small organizations spend the most at just over 14%, while mid-sized organizations spend the least at 12.93%. Large organizations trend toward mid-sized organizations at 13.15%. Medium and large organizations reduced their spend on opioids as a percentage far better than small organizations since 2023, at 5.91% and 4.56% reductions, respectively. Meanwhile, small organizations reported only a 0.39% reduction.

While the results are slowing, it is important to recognize the progress already made. Just four years ago, opioids comprised more than 1 in every 5 dollars spent on pharmacy. Today that figure stands at just 1 of every 8.5 dollars spent. As progress continues, it is only natural for progress to slow.

For the second year in a row, opioid importance has increased. The average opioid importance this year was 3.32⁸ – markedly higher than the 3.11 reported last year and the 3.00 the year before that. Since 2009, the trend, as shown below, has been a steady decline. While 3.32 is still lower than any score prior to 2020, this is the first time where we have seen two straight increases.

**TEN YEARS
AGO, OPIOIDS
ACCOUNTED FOR
28% OF TOTAL
DRUG SPEND...
DOUBLE WHAT
IT WAS IN THIS
YEAR’S REPORT**



⁸ Scored on a 1 to 5 scale with 1 being not important and 5 being very important.



CompPharma

Again, similar to last year, large payers showed significantly more concern about opioid use than mid-sized and small payers. The average score for large payers was 3.83, much higher than the 3.14 and 3.00 for mid-sized and small payers, respectively. Large payers stayed remarkably steady relative to last year (3.8 last year vs. 3.83 this year), but both small and mid-sized respondents' pools increased from below a 3 to at or above a 3 in importance.

Results are mixed when it comes to dealing with legacy opioid claimants. 50% of the field reported strong progress in moving legacy claimants off opioids. But 30% of the field detailed a serious lack of success.

Quotes representing the field:

"Good progress and we continue to see YoY declines!"

"Significant progress has been made in our spend primarily due to the use of our internal Rx nurse team."

"Tons!"

"Killing us - a vast majority of opioid spend is on legacy claimants."

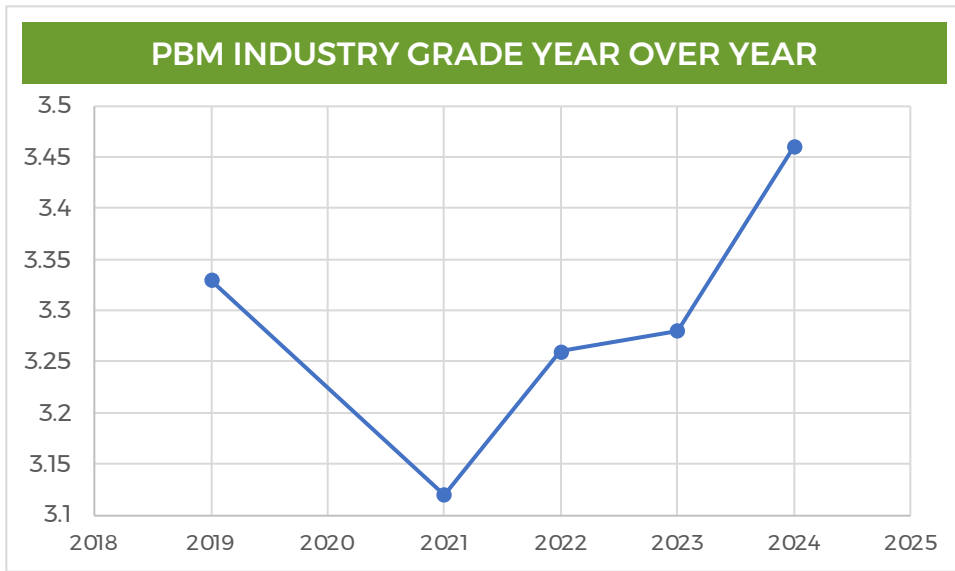
"Almost none."

There appears to be little to no connection between how much progress has been made combating legacy opioid use and a respondent's grade for opioid importance to the organization. Similarly, there is not a single size of organization that is reporting more or less progress dealing with legacy claimants either. The obstacles appear parallel for all cohorts as well - a mix between lack of prescriber engagement, patient resistance, and attorney resistance. Regulations limiting ability or options received mentions by just over a quarter of the respondents, too.



Vendors Grades

The overall score for all PBMs (Industry score) was 3.46. This is noticeably higher than the scores from the prior two years of 3.28 and 3.26 as well as the recent rolling average of 3.29.



From a vendor-specific perspective, myMatrixx retains the crown among all respondents for the fifth straight year with an average grade of 4.29. This score is the highest score in recent surveys and strikingly higher than last year's 4. The 4.29 also puts myMatrixx more than 10% higher than the next highest vendor (HealthSystems - 3.73).

Vendor	2019	2020	2021	2023	2024	Rolling Avg.	Delta 19 vs. 24
First Script	3.11	2.75	3.06	3.27	3.14	3.07	0.03
Alius		3.33	3.33	3.22	3.17	3.26	-0.16
CadenceRx		3.30	3.25	3.80	3.56	3.48	0.26
CorVel	2.19	2.30	2.38	2.76	2.67	2.46	0.48
HealthSystems	3.68	3.20	3.41	3.09	3.73	3.42	0.05
Mitchell	3.42	3.20	3.00	3.22	3.64	3.30	0.22
myMatrixx	4.13	3.70	4.21	4.00	4.29	4.07	0.16
Optum	3.32	3.20	3.29	3.00	3.07	3.18	-0.25
Overall	3.33	3.12	3.26	3.28	3.46	3.29	0.13



A score of 3.73 is a welcome sign for HealtheSystems, as their score had trended down significantly from 2019 to 2023, but 3.73 is their highest in recent surveys. CorVel was the only vendor to score in the 2s at 2.67. While it is lower than the field of PBM vendors, CorVel has shown the largest positive growth in score since 2019, at almost 10% improvement albeit from a very low starting point. Mitchell scored a 3.64 in this year’s survey, which makes three straight years of score improvement for the vendor. Optum has shown the largest drop in score from 2019 to 2024, with a 5% decrease.

In an effort to reduce respondent bias, we separate vendors’ grades by client and non-client scores. Understandably, respondents tend to have a more favorable opinion of their current vendor – though certainly not always. This year, that statement has never been truer. Every single respondent graded their current PBM a 5 out of 5. There are varying numbers of clients per vendor in the survey field, so some of the scores are light on volume, but nonetheless everyone received a 5.

Vendor	Overall	Without Clients	Clients	Delta Clients vs. Non-Clients
First Script	3.14	3.0	5	2.0
Alius	3.17	3.17	x	x
CadenceRx	3.56	3.38	5	1.62
CorVel	2.67	2.38	5	2.62
HealtheSystems	3.73	3.6	5	1.4
Mitchell	3.64	3.5	5	1.5
myMatrixx	4.29	3.33	5	1.67
Optum	3.07	2.58	5	2.42
Overall	3.46	3.09	5	1.91

Once clients are removed, HealtheSystems emerges as the top-rated PBM at 3.6. Mitchell comes in 2nd at 3.5, CadenceRx comes in 3rd at 3.38, and myMatrixx lands at 4th at 3.33. CorVel and Optum register the largest split between client and non-client and end up in the low and mid 2s at 2.38 and 2.58, respectively.

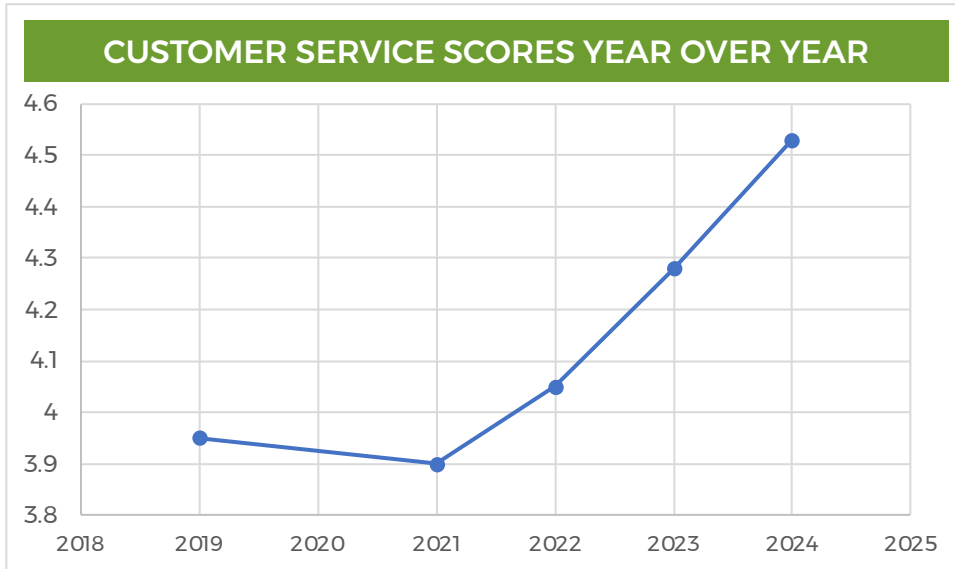
Customer Service

Respondents scored their current PBM vendor’s customer service a 4.53, the highest score since we have been tracking it. We noted in last year’s report that the 4.28 score given by respondents was noticeably higher than the prior three surveys and only the second time the overall average was above 4. The move this year was to push even higher AND increase by even more than last year’s move.

Small payers were the happiest with their level of customer service, scoring it an average of 4.71. Mid-sized payers were the least thrilled at 4.33. However, 4.33 is still



an excellent score and would be higher than any prior year’s overall customer service score. Large payers were right in the middle of small and medium payers at 4.5.



Customer service appears to continue correlating tightly with overall scores. In this year’s survey, we observe the highest customer service score since we have been tracking the statistic, as well as the highest client-only grade for PBMs. Furthermore, for the second year in a row, 70% of respondents gave the same score for their PBM’s customer service and overall performance. Of the 30% who graded their customer service differently than the overall performance, all but 2 respondents gave an adjacent score.

Additionally, customer service routinely tops the list of most important attributes for an excellent PBM relationship. At 4.79 this year, customer service was the only attribute scored above a 4.5. Not only did it top the list overall, customer service was the highest-scoring attribute for every size of respondent, too.

Even as we move further into the big tech world with AI, high-quality customer service is still traditionally evaluated. Responsiveness is overwhelmingly the first thing respondents assess when judging PBM customer service. Simply being available is not the only factor in creating a high-quality customer service experience, though. Lots of folks can respond quickly – especially if you count chatbots – competence is the next level. Answering questions quickly and accurately moves the needle for many respondents.

Beyond responsiveness and competence, being proactive, willing to listen, and taking steps to act like a partner received attention from multiple respondents. One respondent specifically mentioned how great their PBM was in dealing with their injured workers and how much of a difference that makes.



Conclusion

Total script count dropped, but spending still rose appreciably. Despite this, PBM vendors have never been more popular with their clients. PBMs seem to have done a great job positioning themselves as partners to their clients rather than just a service you can unplug and re-plug somewhere else. The key to creating a sense of partnership has been strong customer service – as evidenced by the customer service score being the highest on record while also being graded the most important PBM attribute.

While some payers still grapple with opioid-related issues – namely legacy claimants – other categories of drugs are creating headaches. Topicals, specialty drugs, and GLP-1s are becoming more of a problem. GLP-1s, in particular, are forcing pharmacy programs to adjudicate claims on a case-by-case basis and repeatedly reassess progress rather than implementing an overarching policy. Additionally, physician dispensing is far from solved. The data suggests that while some respondents are not impacted at all, the number of organizations impacted is rising. Respondents are looking to their partner, their PBM, to work with them to create solutions to these expensive issues.

AI might hold at least part of the answer. Respondents are warming up to AI as they begin to trust its output more and see it being beneficial to several facets of pharmacy management, like document summarization or more advanced predictive analytics and decision support. As PBMs roll out AI tools, their strong customer service programs will be put to the test as issues will undoubtedly arise and need quick, accurate answers before skepticism creeps back into respondents' minds.