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Brand and Generic Trends in Managed and Unmanaged Populations

July 15, 2018
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Regulars at Costco know the Kirkland name well. The in-house brand offers a generic equivalent for a range of products the warehouse chain's deal-seeking customers are after. Kirkland is such a force, in fact, that it brings in about a quarter of Costco's sales. That's well above the industry average for private-label revenue. So why do Kirkland products sell so well? *Forbes* puts it [this way](#): "Costco shoppers are not only drawn to Kirkland brands because they are cheaper than the name-brand offerings, but Kirkland products have a quality they have come to rely on."

Luckily, we can see that same quality-value balance play out with an increasing number of the prescription medications clinicians are using to treat injured workers. Our latest Drug Trends Report reveals generic medication usage, as a percentage of all managed prescriptions, increased for the seventh straight year. There was also an increase in generics among unmanaged prescriptions, which fall outside the contracted networks of a traditional pharmacy benefit manager. These developments are welcome news because using more generics — when safe and effective — dampens the impact of relentless increases in the average wholesale price of prescription medications. In short, generics offer injured workers medicines with equivalent efficacy and safety and, at the same time, offer payers much-needed savings. **Managed Prescriptions** Generics accounted for 86.8% of all prescribed medications for the managed population compared with 85.7% in the prior year. Some of the gains in generic use were notable. For example, the generic efficiency rate for topicals rose 5.5% points to 92.6%. This was the biggest increase among the top 10 drug classes. Beyond an increase in the use of generic medications, there were other signs of improvement in the managed group. Managed prescriptions per claim dropped 5.9%. There were notable decreases among opioids, muscle relaxants, and topical medications. Some of the drops were in the double digits:

- Opioid usage declined 9.8% with reductions occurring for generics (9.6%), brand (10.3%), and brand with generic available (13.6%).
- Muscle relaxant usage dropped 4.9% and decreased for generics (4.5%), brand (20.3%), and brand with generic available (19.5%). Usage of topical medications fell 6.5% as the decline in brand (35.5%), as well as in brand with generic available (39.8%), more than offset the increase in generics (11.1%).

Unmanaged Prescriptions As with managed prescriptions, generic use grew among unmanaged prescriptions. Generics as a percentage of all prescriptions rose 2.6% points to account for 81.8% of all unmanaged utilization. A decline in compounds per claim led to a 2.5% point drop in brand usage and a corresponding increase for generics. Signs of further progress emerged in a range of other numbers. For example, the generic efficiency rate for topicals rose 3.6% points to 95.4%. Here are a few other highlights:

- Unmanaged prescriptions per claim decreased 7.4%.
- First Script's clinical oversight made a significant impact on brand drug usage. A 70.9% decrease in compound prescriptions per claim led to a declining trend for brand drugs.
- Unmanaged opioid prescriptions declined substantially across all categories for a combined average of 20.7%.

The improvements detailed in our Drug Trends Report underscore what is possible when we work with our partners on the common goal of balancing quality and value. Providing injured workers access to safe and effective generic equivalents is an important way to achieve outcomes that are good for people and for payers.



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