



*News from:*  
**COMPTROLLER KEVIN LEMBO**

FOR IMMEDIATE RELEASE

MONDAY, AUGUST 24, 2015

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**COMPTROLLER LEMBO RESTRICTS UNREGULATED AND  
UNTESTED COMPOUND DRUGS; REDUCES STATE'S  
MONTHLY COMPOUND DRUG COSTS BY \$2 MILLION**

Comptroller Kevin Lembo today announced that new restrictions he implemented to curb a rapid rise in unregulated compound drug prescriptions through the state health plan have dramatically reduced state spending – by approximately \$2 million per month – on certain questionable medications.

Compound drugs are prepared by pharmacists who combine two or more drugs to create a customized medication. The questionable use of these compound drugs, particularly in the form of expensive and untested topical pain medications or scar creams, has skyrocketed in recent years – from \$800,000 in claims to the state health plan in Fiscal Year 2012 to approximately \$24 million this year on an annualized basis.

Compound drugs were once traditionally used in only limited circumstances – for example, when patients are allergic to a federally approved drug, or when elderly or young patients require a liquid form of a drug that could not be swallowed in pill form.

To address serious concerns about the safety and cost of this trend, Lembo implemented a “prior authorization” requirement in May under which a doctor must certify that a compound medication is medically necessary for a patient before the plan will pay for it.

“The rapid increase in compound drug prescriptions for topical pain and scar creams has raised significant concerns about the safety, efficacy and explosive costs of these unregulated and untested drugs,” Lembo said. “As the administrator of the state health plan, I have the responsibility and authority to address these concerns. This new policy has provided

immediate and dramatic relief to the state plan, while protecting the safety of plan members against aggressive drug marketing for questionable drugs.

“The growth in these new medications has been driven, in large part, by the aggressive marketing of out-of-state compound pharmacies. Topical compound drugs are not approved by the U.S. Food and Drug Administration (FDA) and utilize ingredients that have not been tested for safety and efficacy in a topical form.”

The cost savings since implementing the prior authorization requirement in May has been significant – decreasing monthly compound drug spending by approximately \$2 million, Lembo said.

Lembo released data today from CVS/Caremark, the state’s pharmacy benefits manager, which shows that, following the prior authorization requirement’s effective date in May:

- The average monthly gross savings on compound drugs is \$2.24 million.
- Total gross spending on compound prescriptions has dropped from a high of \$3.1 million per month in April to \$36,229 per month in July.
- Average monthly compound drug prescriptions have dropped from an average of 785 per month to 221 per month.
- The policy has reduced not only the rate of compound drug prescriptions, but the average costs charged for prescribed compounds.

“This data demonstrates loud and clear that simple steps can have significant benefits – both on the safety and cost of health care,” Lembo said. “Our approach ensures that patients have access to medically necessary traditional compound medications – while eliminating excessive use of unregulated expensive compound drugs.”

Lembo said Connecticut’s position reflects the growing trend among states and the federal government.

Lembo also noted that the majority – 91 percent – of compound drug claims to the state plan in Fiscal Year 2014 came from out-of-state compound pharmacies, and the cost per script that same year was significantly higher for out-of-state pharmacies.

“The precipitous increase in compound drug prescriptions, combined with uncertain safety and efficacy, have led large self-insured groups and large public health plans – including state plans in neighboring Rhode Island, Massachusetts and New York – to also limit compound drug prescription coverage,” Lembo said. “Actions range from broad exclusions of bulk drug substances used in the manufacturing of compound medications from coverage to requiring prior authorizations of all compound prescriptions over a certain threshold.

“Connecticut and neighboring states stand together in implementing reasonable requirements that respect decisions by doctors and patients, while safely shielding against abuses.

“In Connecticut, both management and labor have recognized the need for action to protect patient safety and limit the plan’s financial exposure,” Lembo said.

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