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State: CA

Opioids Tied to Increased Frequency, Costs for Drug Testing: Top [2014-04-22]

By [Greg Jones](#), Western Bureau Chief

Medicare payment information from 2012 shows clinical laboratories were the biggest winners under the federal health care program, while ongoing research in California has found drug testing is one of the top cost drivers in the state's workers' compensation system.

"Drug testing pushed laboratory and pathology services way up in the pecking order of cost drivers in California's workers' compensation system," said Alex Swedlow, president of the California Workers' Compensation Institute.

CWCI is finalizing a report on opioids that will include an update on a 2012 study into the frequency and cost of drug testing. The 2012 study found that workers' comp carriers and self-insured employers paid nearly \$98 million for drug testing in 2011, about 2.5% of all medical spending that year. In 2004, employers spent just \$508,000 on drug testing.

Swedlow said the new study, which he expects will be published next week, shows "drug testing has just exploded in terms of frequency and cost" and that it's one of the most frequently billed codes in the past one to two years.

"It's definitely moved up in frequency and costs from being essentially a rounding error to being among the top cost drivers in the system," Swedlow said.

Increased costs for drug testing are "part and parcel" of the opioid epidemic, Swedlow said.

Many evidence-based treatment guidelines recommend drug testing patients who are prescribed opioids to identify whether the patient is taking medications that have adverse reactions when taken with painkillers and to assess whether the patient is taking the prescribed drugs.

The chronic pain section of California's Medical Treatment Utilization Schedule recommends urine drug testing before a therapeutic trial of opioids and after the drugs have been prescribed. Proposed opioid guidelines that the state Division of Workers' Compensation posted for public comment period on April 11 recommend doctors begin regular urine screenings when using opioids beyond the four-week "sub-acute" phase.

CWCI reported last year that Schedule II opioids such as fentanyl, oxycodone and morphine accounted for about 7% of all prescriptions and 19% of payments for outpatient pharmaceuticals provided to injured workers between 2010 and 2012, compared to slightly more than 1% of prescriptions and 4.7% of payments in 2002.

Swedlow said CWCI research has found many prescriptions for Schedule II painkillers are for relatively minor injuries, such as sprains and strains, conditions for which the use of opioids is not recommended.

“What our data routinely shows is a large proportion of Schedule II opioids are being used for injuries that really fall outside of the evidence-based guidelines,” he said. “Now you’re compounding the issue by testing for the presence or absence of these drugs.”

It’s not possible to identify the growth in payments to drug testing companies from the billing information released April 9 by the U.S. Centers for Medicare and Medicaid Services because it contains only one year of billing data. However, that data shows clinical laboratories accounted for 42 of the top 50 providers in terms of how much money they were paid by the federal government in 2012.

Of the \$2.78 billion paid to the top 50 service providers, clinical laboratories accounted for \$2.46 billion, 88.36% of payments to the top 50. Overall, CMS paid \$4.8 billion to clinical laboratories in 2012, about 6% of the \$77.4 billion it paid to all providers that year.

The 14 different subsidiaries of Quest Diagnostics Inc. brought in a combined \$669 million in 2012, more than any of the other clinical laboratories.

Millennium Laboratories Inc. (spelled “Millenium” in the CMS data) of San Diego topped the list of Medicare payees in 2012, bringing in \$190 million.

Millennium’s rival, Baltimore, Md.-based Ameritox Ltc., ranked No. 8 with \$99.6 million.

Opioid testing accounted for only a small percentage of procedures for which labs billed Medicare in 2012. Of the 364 million individual line service counts billed by labs that year, only 4.7 million, or slightly more than 1%, used Healthcare Common Procedure Coding System code use for an opiate test. Tests for benzodiazepine, which is contraindicated in patients also taking opioids, are billed under different codes, as is cocaine and other drugs.

Combined, Millennium and Ameritox accounted for more than half of all opiate tests billed to Medicare in 2012. Millennium billed for 1,742,627 such procedures and ranked No. 1, while Ameritox ranked No. 2 billing for 791,478 opiate tests.

The two companies are also currently squaring off in a legal dispute before U.S. District Court for the Middle District of Florida.

Ameritox is alleging that Millennium has violated Florida’s Deceptive and Unfair Trade Practices Act, engaged in unfair competition under California and New Hampshire law, committed common law tortious interference with business relationships in Arizona, Florida, California, New Hampshire, Tennessee and Texas, and engaged in common law unfair competition in Arizona, Florida, New Hampshire and Texas.

Millennium filed counterclaims accusing Ameritox of violating the California and Florida laws against deceptive and unfair practices and violated New York’s Consumer Protection from Deceptive Acts and Practices law, committed common law unfair competition in Florida, Texas and

Washington and engaged in common law tortious interference with business relationships in California, Florida, New York, Tennessee, Texas, Washington and Oregon.

At the heart of both party's complaints is allegations that the other used financial incentives to encourage physicians to maximize billings for drug tests.

Millennium alleges that Ameritox instructed physicians to target workers' compensation carriers because they were more likely than CMS or group health insurers to pay for drug tests administered at every office visit. Ameritox, meanwhile, claims that sales representatives for Millennium used marketing materials that show a doctor can make as much as \$45,000 a month by performing just five drug tests per day.

The case is set to go to trial in June.