

Medicaid Prescription Drug Use and Spending by Price Category, 2013 - 2016

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The Menges Group

Analysis Summary

- Overall annual prescription drug volume in Medicaid increased in each of the past three years, from 554 million scripts in CY2013 to an estimated 707 million scripts in CY2016—an overall increase of 28%.
- In this 44th Edition of the 5 Slide Series, we calculated the cost per prescription (pre-rebate) for each national drug code (NDC) and placed it into one of the following pricing categories:
 - <\$100 per prescription
 - \$100-\$499 per prescription
 - \$500-\$999 per prescription
 - ≥\$1,000 per prescription
- These categorizations provide a unique look at Medicaid prescription drug volume and pre-rebate expenditures by price from CY2013 to CY2016.
- While the volume of Medicaid prescriptions increased across all pricing categories, the percentage increase was largest in the \$1,000 or more per script category.
 - The number of prescriptions that cost \$1,000 or more per script increased by 75% since 2013, almost three times the overall rate of increase.
- Annual pre-rebate prescription drug spending in Medicaid increased by 59%, more than twice the rate of prescription volume growth from CY2013 to CY2016.
- Prescription drug expenditures in all four of the pricing categories increased significantly from 2013 to 2016, but the most expensive category (\$1,000 per script and above) rose by almost 130%.
 - This category's increase of \$13.3 billion accounts for over 60% of the overall increase in pre-rebate expenditures in this timeframe.

Changes in Medicaid Prescription Drug Volume by Price Category, CY2013 – CY2016

National Medicaid Prescription Volume by Price Per Prescription Category, CY2013 - CY2016

	CY2013	CY2014	CY2015	CY2016*	% Change, CY2013 - CY2016
<\$100/Rx	475,445,470	532,490,215	596,455,446	614,232,448	29%
\$100-\$499/Rx	67,367,783	72,639,261	77,070,930	76,092,786	13%
\$500-\$999/Rx	7,157,172	7,577,791	8,719,693	9,269,480	30%
≥\$1,000/Rx	4,270,058	5,687,581	6,789,461	7,467,180	75%
Overall	554,240,483	618,394,848	689,035,530	707,061,894	28%

**As data are only available through June 2016, CY2016 is estimated as double the first two quarters of that year.*

Changes in Medicaid Pre-Rebate Prescription Drug Expenditures by Price Category, CY2013 – CY2016

Medicaid Prescription Drug Expenditures by Price Per Prescription Category, CY2013 - CY2016 (All Figures are Pre-Rebate)

	CY2013	CY2014	CY2015	CY2016*	% Change, CY2013 - CY2016
<\$100/Rx	\$7,943,727,397	\$8,759,438,680	\$9,758,130,666	\$9,780,186,748	23%
\$100-\$499/Rx	\$14,243,245,645	\$16,464,151,973	\$19,122,979,816	\$19,627,842,984	38%
\$500-\$999/Rx	\$5,034,655,254	\$5,557,519,835	\$6,494,449,897	\$6,535,229,928	30%
≥\$1,000/Rx	\$10,276,109,754	\$15,791,690,341	\$19,876,804,652	\$23,554,782,757	129%
Overall	\$37,497,738,050	\$46,572,800,830	\$55,252,365,032	\$59,498,042,417	59%

**As data are only available through June 2016, CY2016 is estimated as double the first two quarters of that year.*

Note: Rebates on Medicaid prescriptions are significant in size but are not made publicly available on a drug-specific or NDC-specific basis. Rebates averaged approximately 50% of initial Medicaid pharmacy expenditures during 2013, 48% during 2014, and 46% during 2015.

Percent of Medicaid Prescription Drug Volume and Expenditures by Price Category, CY2013 – CY2016

**Medicaid Prescription Drug Volume
Percentage by Price Per Script Category,
CY2013 - CY2016**

	CY2013	CY2014	CY2015	CY2016*
<\$100/Rx	85.8%	86.1%	86.6%	86.9%
\$100-\$499/Rx	12.2%	11.7%	11.2%	10.8%
\$500-\$999/Rx	1.3%	1.2%	1.3%	1.3%
≥\$1,000/Rx	0.8%	0.9%	1.0%	1.1%

**Medicaid Prescription Drug Expenditures
Percentage by Price Per Script Category,
CY2013 - CY2016**

	CY2013	CY2014	CY2015	CY2016*
<\$100/Rx	21.2%	18.8%	17.7%	16.4%
\$100-\$499/Rx	38.0%	35.4%	34.6%	33.0%
\$500-\$999/Rx	13.4%	11.9%	11.8%	11.0%
≥\$1,000/Rx	27.4%	33.9%	36.0%	39.6%

**As data are only available through June 2016, CY2016 is estimated as double the first two quarters of that year.*

- As a share of prescriptions, the lower-priced prescription drugs account for the vast majority of prescription volume in Medicaid, but a small share of expenditures.
 - Drugs costing \$100 or less per script account for around 90% of all prescriptions but only around 20% of expenditures.
 - Drugs costing under \$500 per script account for 98% of all prescriptions.
 - Meanwhile, drugs costing over \$500 per script account for just 2% of prescriptions but represented 51% of CY2016 spending.
- The discrepancy between percent of prescription volume and percent of expenditure is widening through the years.
 - Drugs costing \$1,000 or more per prescription, while accounting for only 1% of Medicaid scripts have increased as a percent of total Medicaid prescription drug expenditures from 27% in 2013 to 40% in 2016.

Methodology

- Medicaid prescription drug use and pre-rebate expenditures are from national drug utilization data files produced by CMS on a quarterly basis.
 - CMS suppresses all NDCs with fewer than 11 scripts. However, when the data are rolled up into the national data files, only 0.1% of NDCs are suppressed per quarter—few enough that we did not adjust the overall prescribing volume or expenditures for this suppression.
- These data contain prescriptions paid in both Medicaid FFS and Medicaid managed care settings.
- Data used in the tabulations were only available through June of 2016, thus CY2016 was estimated by doubling the first two quarters of that year.

5 Slide Series Overview

Our 5 Slide Series is a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements. We strive to create new information in each edition – through our own data tabulations and/or through conveying our ideas and opinions.

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Address: 4001 9th Street N., Suite 227, Arlington VA 22203

Website: www.themengesgroup.com