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**MATHEMATICA**  
Policy Research, Inc.

**Chartbook: Medicaid  
Pharmacy Benefit Use  
and Reimbursement in  
2004**

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Submitted to:

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## **CHARTBOOK: MEDICAID PHARMACY BENEFIT USE AND REIMBURSEMENT IN 2004**

### **INTRODUCTION AND OVERVIEW**

This chartbook, prepared for the Centers for Medicare & Medicaid Services (CMS) by Mathematica Policy Research, Inc., presents highlights and key comparisons from the Statistical Compendium on Medicaid pharmacy benefit use and reimbursement in 2004. The 54 exhibits in the chartbook are summarized below.

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**BENEFICIARY CHARACTERISTICS AND ILLUSTRATIVE USE  
AND REIMBURSEMENT MEASURES**

**EXHIBIT 1**

**DISTRIBUTION OF MEDICAID STUDY POPULATION  
BENEFICIARY CHARACTERISTICS, 2004**

Beneficiary Characteristics	Percent of Beneficiaries			
	Among All Medicaid Beneficiaries <sup>a</sup>	Among Nondual Beneficiaries <sup>b</sup>	Among Dual Eligibles <sup>b</sup>	Among Beneficiaries Who Resided in Nursing Facilities All Year <sup>c</sup>
<b>Age</b>				
5 and younger	21	25	< 1	
6–14	21	25	< 1	
15–20	12	14	< 1	
21–44	25	27	14	
45–64	10	8	21	14 <sup>e</sup>
65–74	5	< 1	25	13
75–84	4	< 1	23	30
85 and older	3	< 1	15	43
<b>Sex</b>				
Male	40	40	36	29
Female	60	59	64	71
<b>Race</b>				
African American	23	24	18	14
White	46	43	59	76
Other/Unknown	31	33	23	10
<b>Dual Eligibility Status<sup>b</sup></b>				
Dual Eligibles	16	0	100	92
Nondual Beneficiaries	84	100	0	8
<b>Basis of Eligibility<sup>d</sup></b>				
Children	49	58	< 1	< 1
Adults	24	29	1	< 1
Disabled	17	12	43	17
Aged	10	1	56	83
<b>Number of Beneficiaries in Study Population</b>				
	42,398,568	35,483,047	6,915,521	890,266

Source: Medicaid Analytic Extract (MAX), 2004. This table is based on information contained in Tables 2, ND.2, D.2, ND.8, and D.8 in the Statistical Compendium Volume, United States (hereafter “the Compendium”).

<sup>a</sup>Medicaid beneficiaries featured in this chartbook include those who had fee-for-service (FFS) Medicaid pharmacy benefit coverage for at least one month during calendar year 2004. Beneficiaries who were in capitated managed care arrangements for the entire year are excluded. For more details on how we determined the study population, see Table 1 of the Compendium.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage for at least one month during their Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never

EXHIBIT 1 (*continued*)

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dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefit coverage. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>c</sup>This group includes beneficiaries who resided in nursing facilities throughout their Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined all-year nursing facility residency.

<sup>d</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness. The children's group includes children receiving foster care and adoptive services.

<sup>e</sup>The percentage represents all ages below 65.

**EXHIBIT 2**

**ILLUSTRATIVE MEASURES OF MEDICAID STUDY POPULATION PHARMACY BENEFIT USE AND REIMBURSEMENT, 2004<sup>a</sup>**

Measures of Pharmacy Benefit Use and Reimbursement	Among All Medicaid Beneficiaries <sup>b</sup>	Among Nondual Beneficiaries <sup>b</sup>	Among Dual Eligibles <sup>b</sup>	Among Beneficiaries Who Resided in Nursing Facilities All Year <sup>b</sup>
Total Medicaid Pharmacy Reimbursement (in \$ million)	\$38,471	\$17,864	\$20,607	\$3,357
Average Annual Pharmacy Reimbursement per Beneficiary <sup>c</sup>	\$907	\$504	\$2,980	\$3,771
Average Pharmacy Reimbursement per Benefit Month <sup>d</sup>	\$110	\$65	\$283	\$369
Average Annual Number of Prescriptions per Beneficiary	13.4	7.3	44.7	68.3
Average Number of Prescriptions per Benefit Month	1.6	0.9	4.2	6.7

Source: Medicaid Analytic Extract (MAX), 2004. This table is based on information contained in Tables 3, 4, 6, ND.3, ND.4, ND.6, ND.8, ND.9, D.3, D.4, D.6, D.8, D.9, and N.1a in the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>See footnotes to Exhibit 1 for how these groups were defined. Annual or monthly measures reflect use and reimbursement among beneficiaries in FFS settings, and may thus be higher or lower than if use and reimbursement in capitated managed care settings were included.

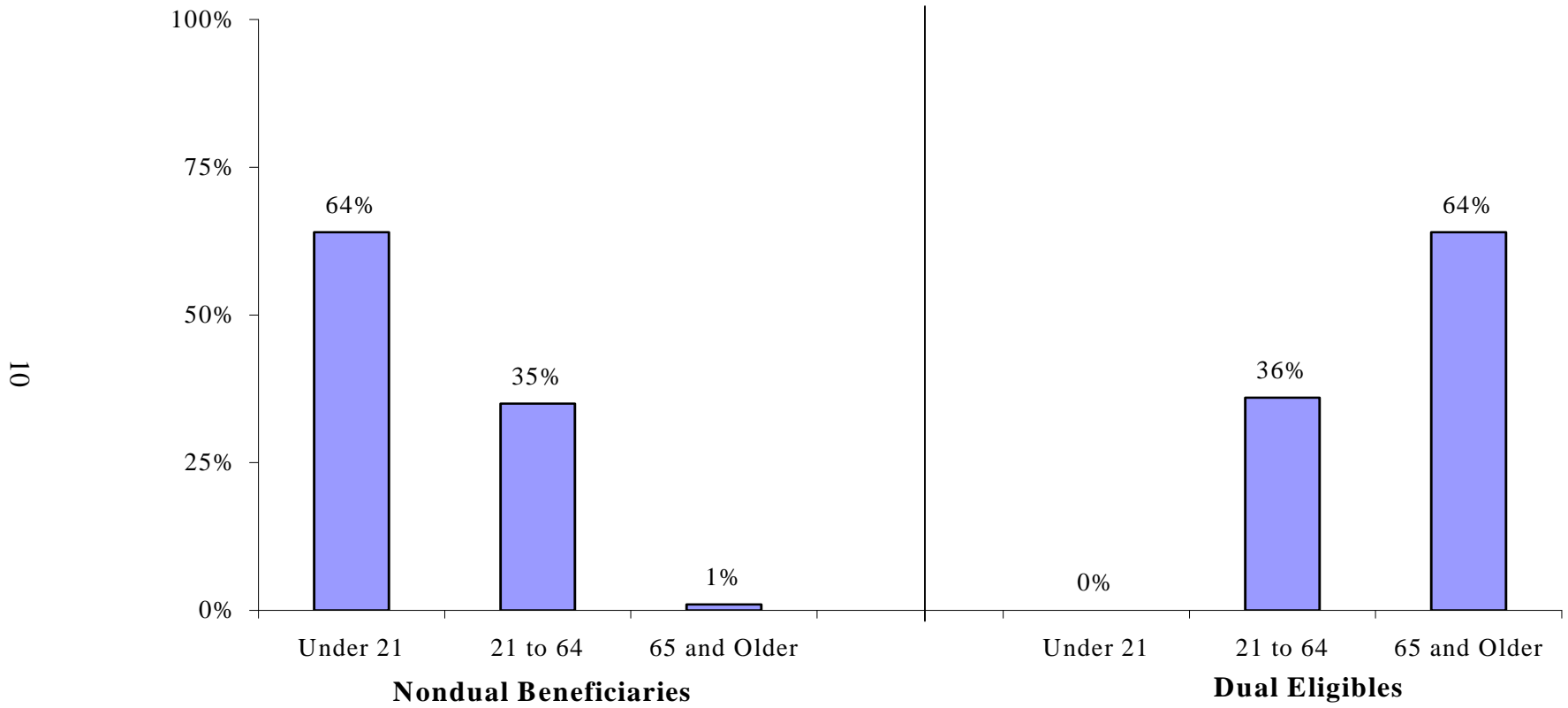
<sup>c</sup>Annual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. Medicaid beneficiaries in the study population had, on average, 8.2 months of coverage. The comparable number was 7.8 months among nondual beneficiaries and 10.5 months among dual eligible beneficiaries, and 10.2 months among beneficiaries who resided in nursing facilities throughout their Medicaid enrollment in 2004.

<sup>d</sup>Monthly use and reimbursement amounts were calculated by dividing total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

## **STUDY POPULATION CHARACTERISTICS**

**EXHIBIT 3**

**DISTRIBUTION OF MEDICAID STUDY POPULATION BY AGE GROUP,  
NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2004<sup>a</sup>**

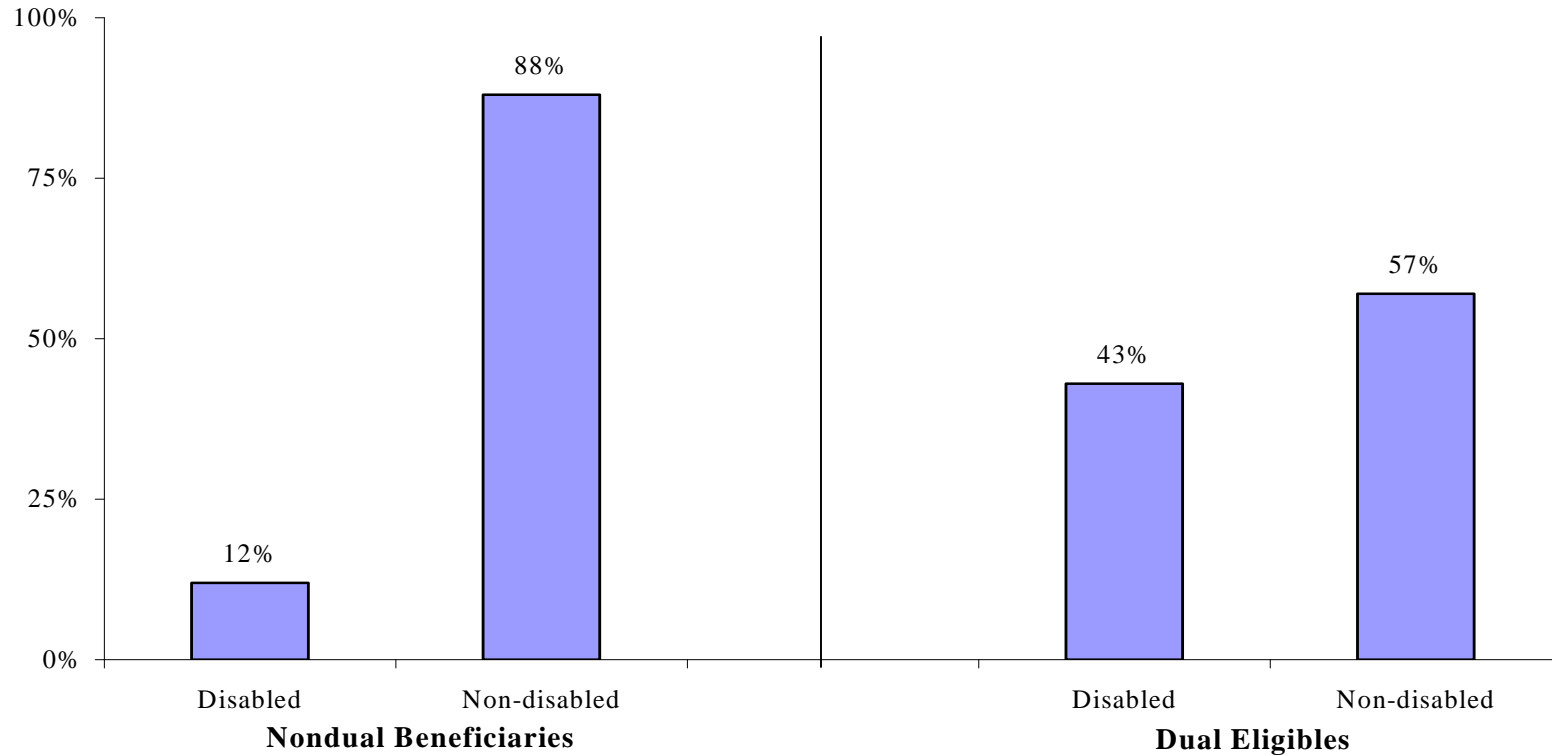


Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.2 and D.2 of the Compendium.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 4**

**DISTRIBUTION OF MEDICAID STUDY POPULATION BY DISABILITY STATUS,  
NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2004<sup>a,b</sup>**



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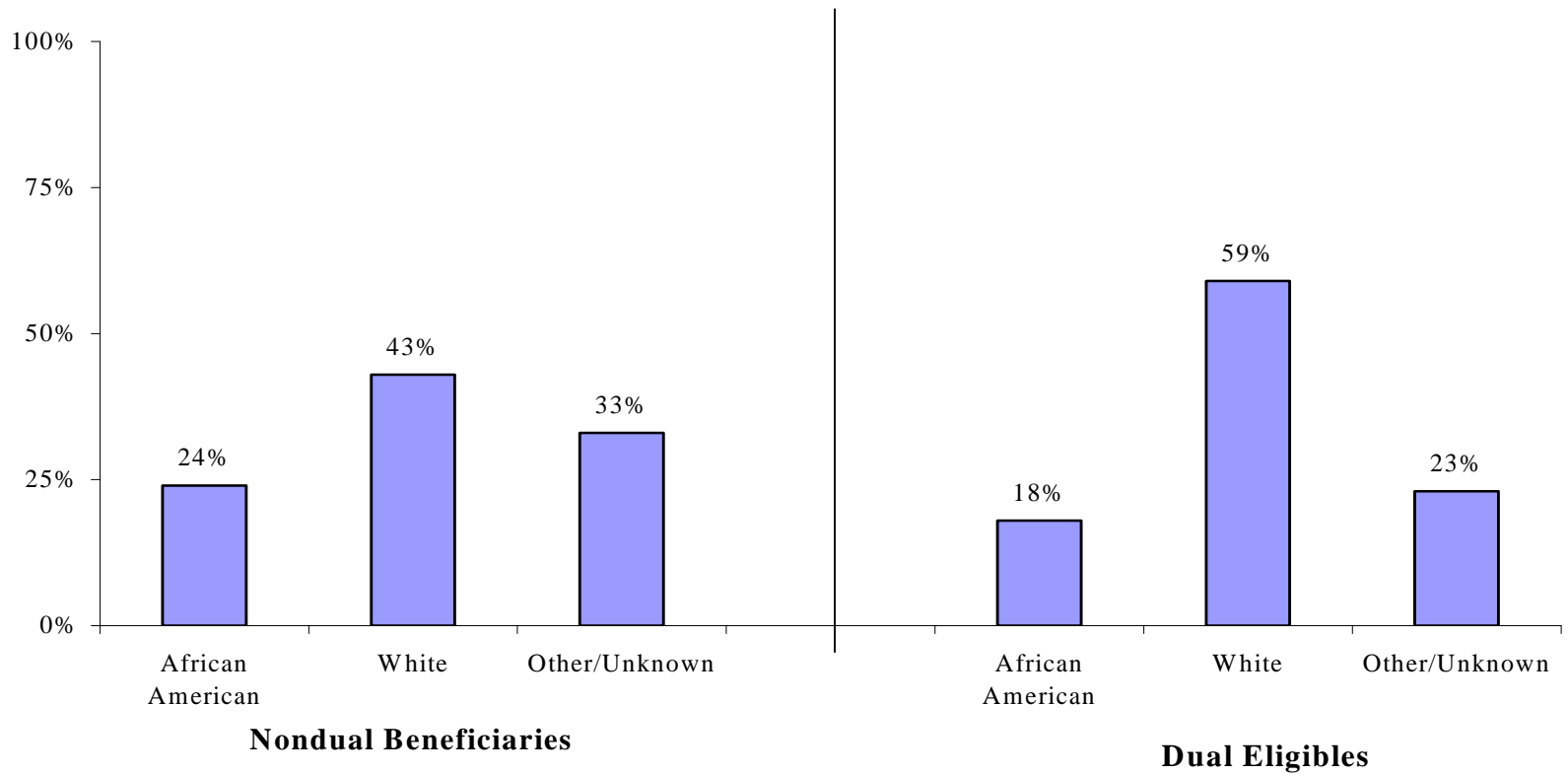
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.2 and D.2 of the Compendium.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>b</sup>The disabled eligibility group includes beneficiaries of any age who were determined to be eligible for Medicaid because of disability or blindness.

**EXHIBIT 5**

**DISTRIBUTION OF MEDICAID STUDY POPULATION BY RACE,  
NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2004<sup>a</sup>**



12

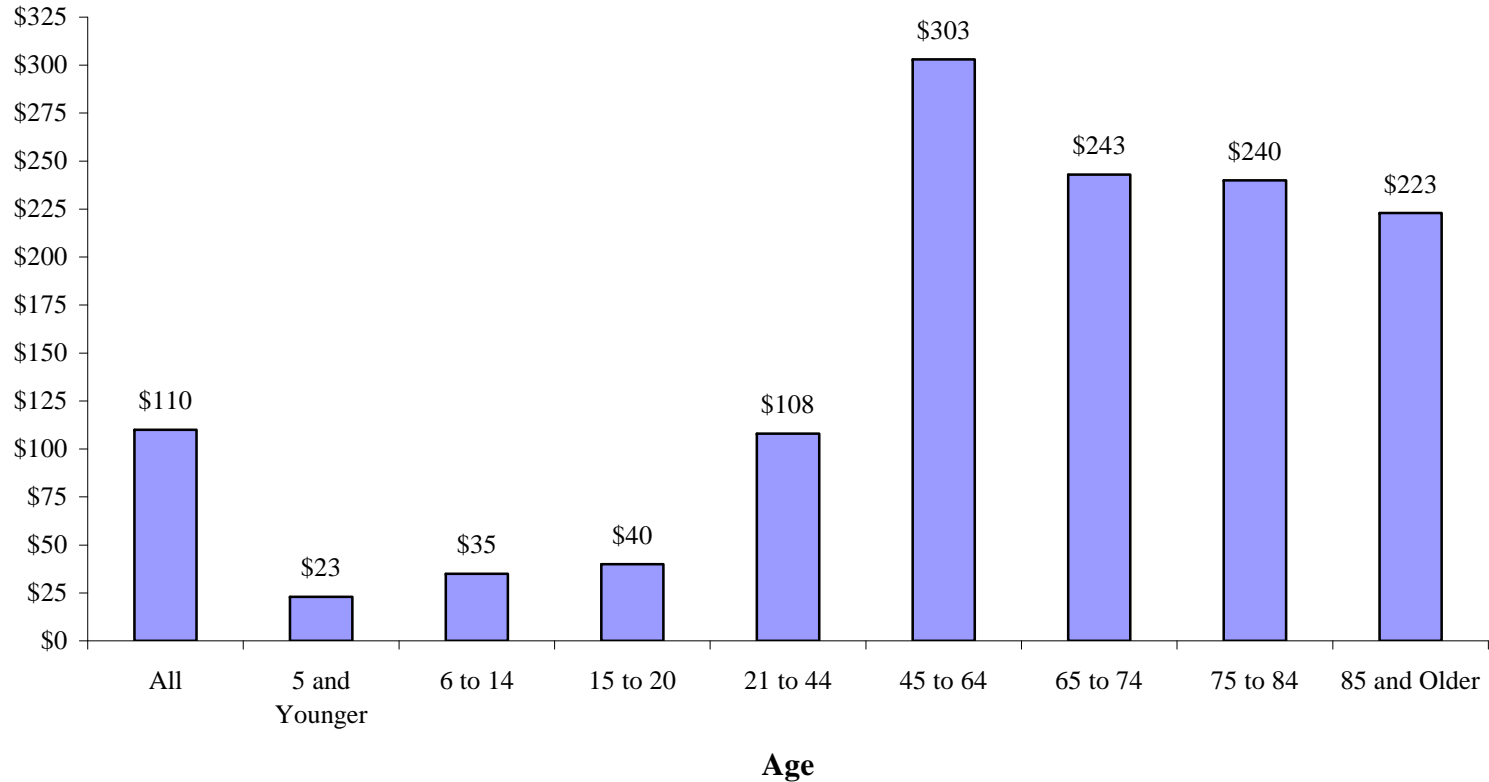
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.2 and D.2 of the Compendium.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY REIMBURSEMENT AND USE,  
BY TYPE OF BENEFICIARY**

**EXHIBIT 6**

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT,  
BY AGE GROUP, 2004<sup>a,b</sup>**



14

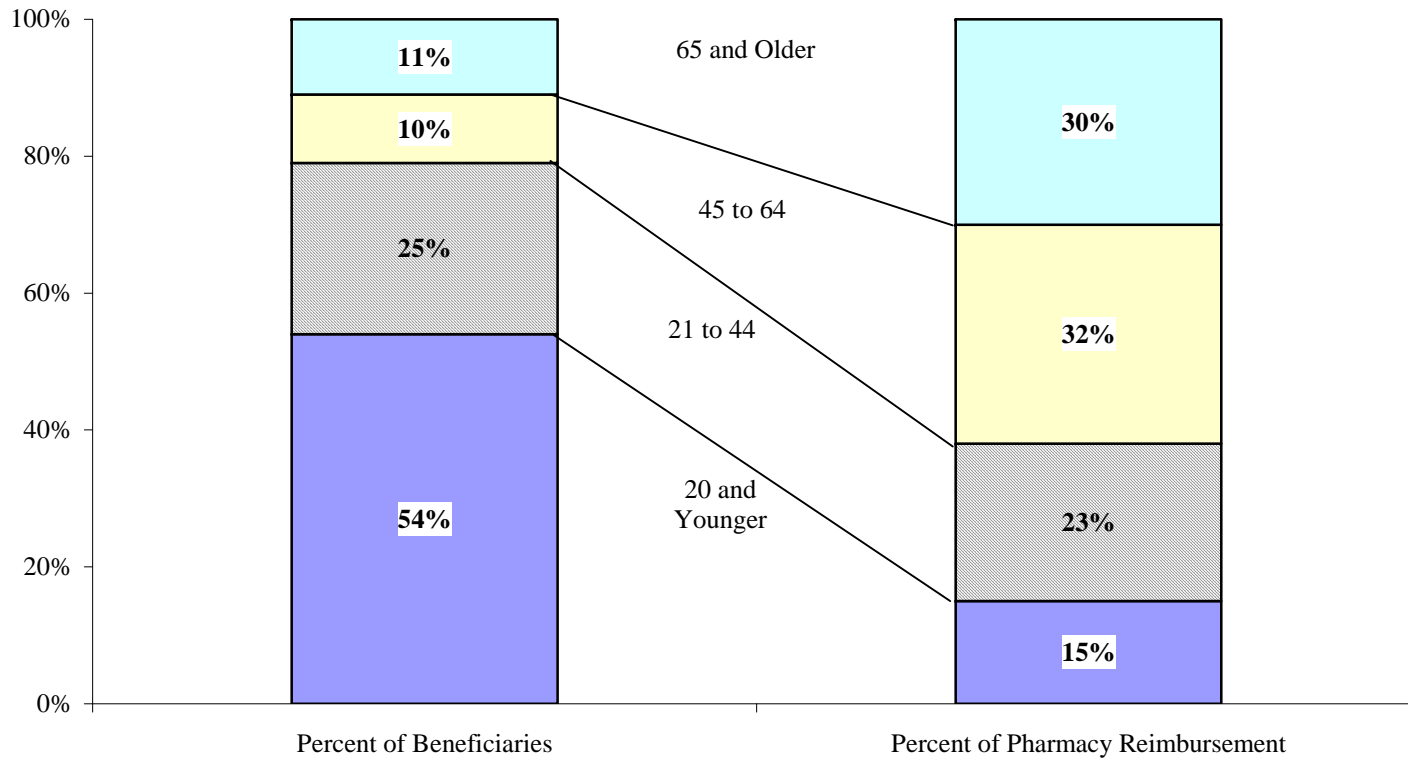
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 4 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 7**

**DISTRIBUTION OF MEDICAID AGE GROUPS AND TOTAL PHARMACY REIMBURSEMENT, 2004<sup>a</sup>**



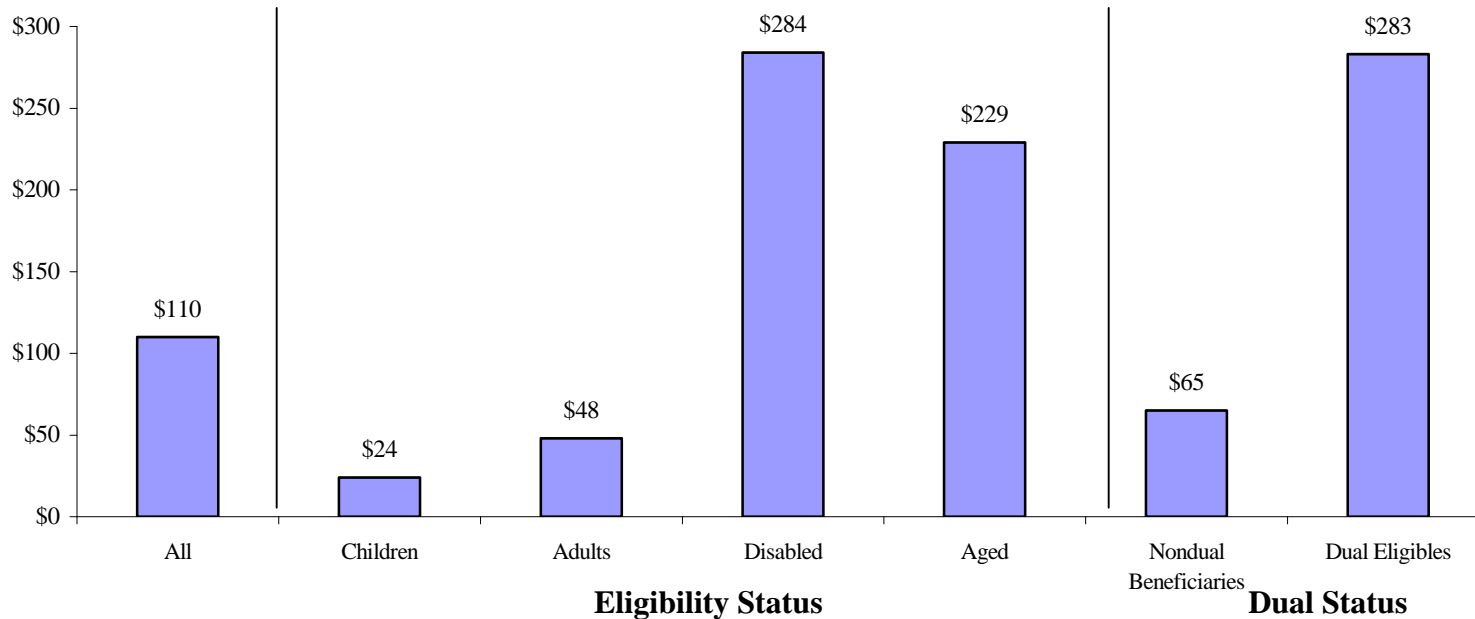
15

Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables 2, 3, and 6 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

**EXHIBIT 8**

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT,  
BY BASIS OF ELIGIBILITY AND DUAL STATUS, 2004<sup>a,b,c,d</sup>**



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Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables 4, ND.4, and D.4 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

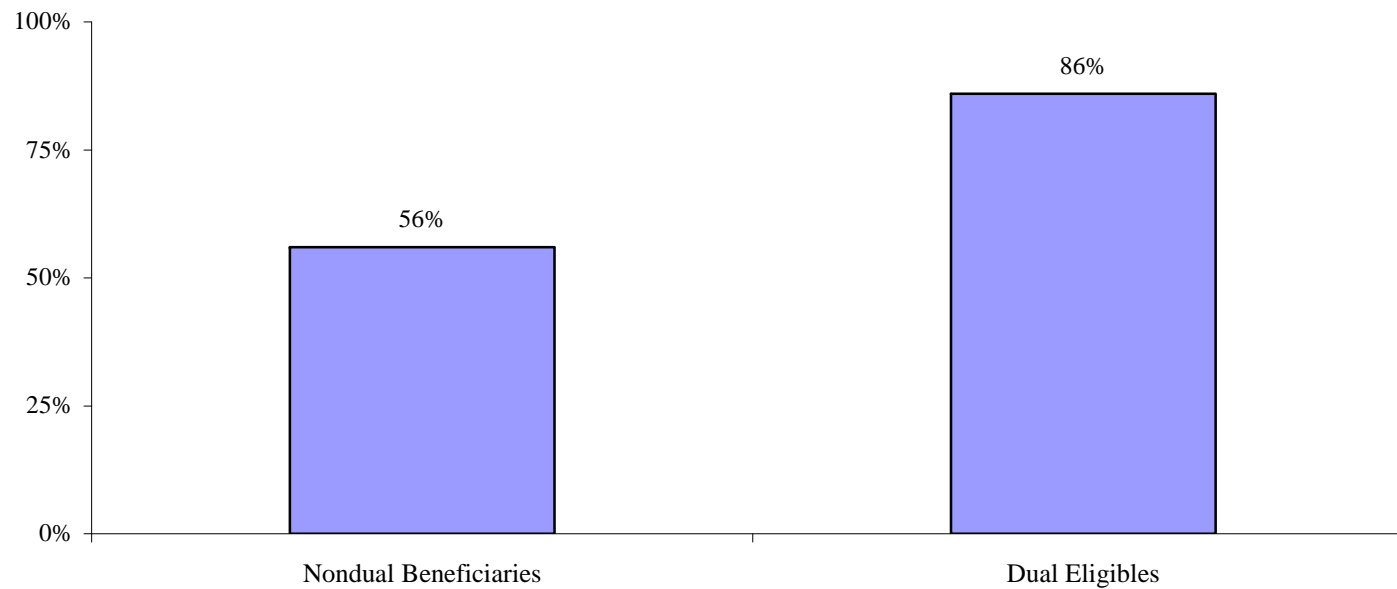
<sup>b</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

<sup>c</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 9**

**PERCENTAGE OF MEDICAID BENEFICIARIES WITH AT LEAST ONE PRESCRIPTION DRUG CLAIM,  
BY DUAL ELIGIBILITY STATUS, 2004<sup>a</sup>**

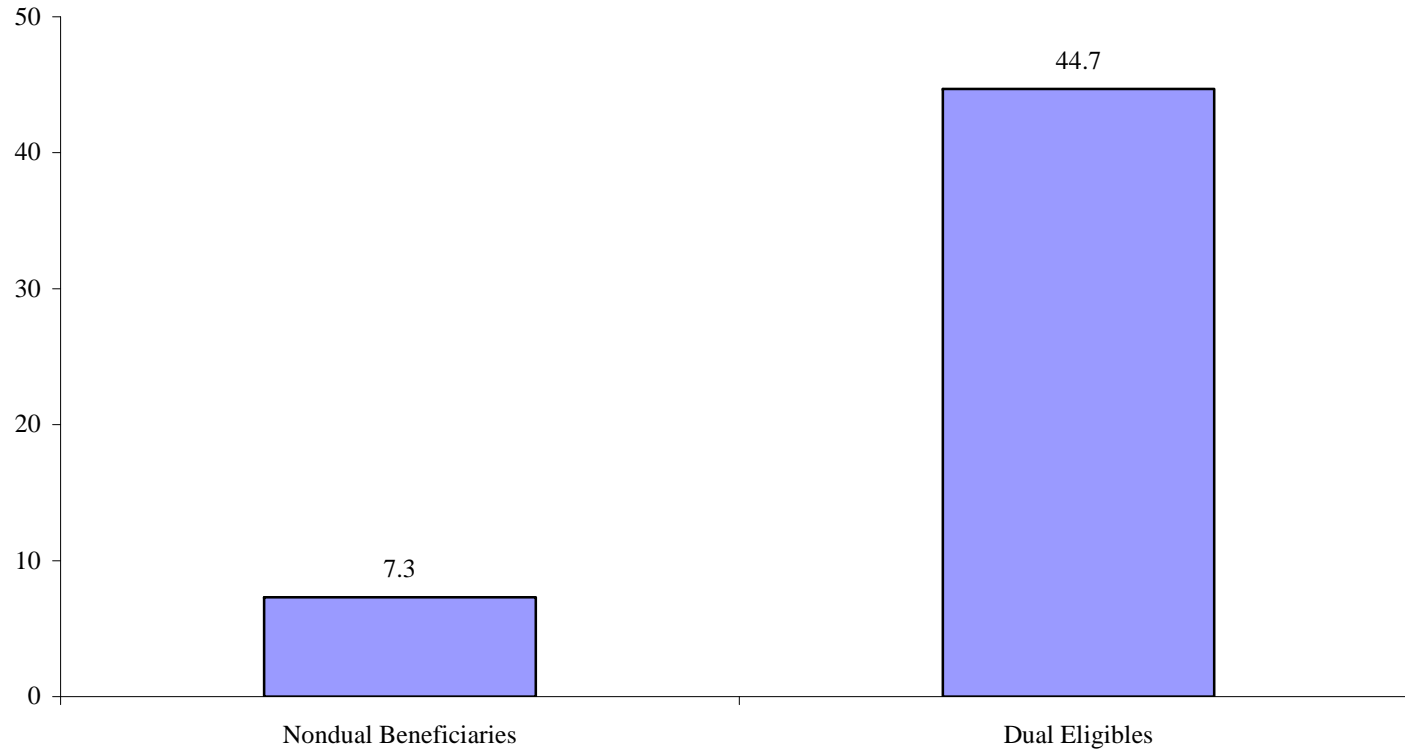


Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.3 and D.3 of the Compendium.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 10**

**AVERAGE ANNUAL NUMBER OF MEDICAID PRESCRIPTION DRUG CLAIMS PER BENEFICIARY,  
BY DUAL ELIGIBILITY STATUS, 2004<sup>a,b</sup>**



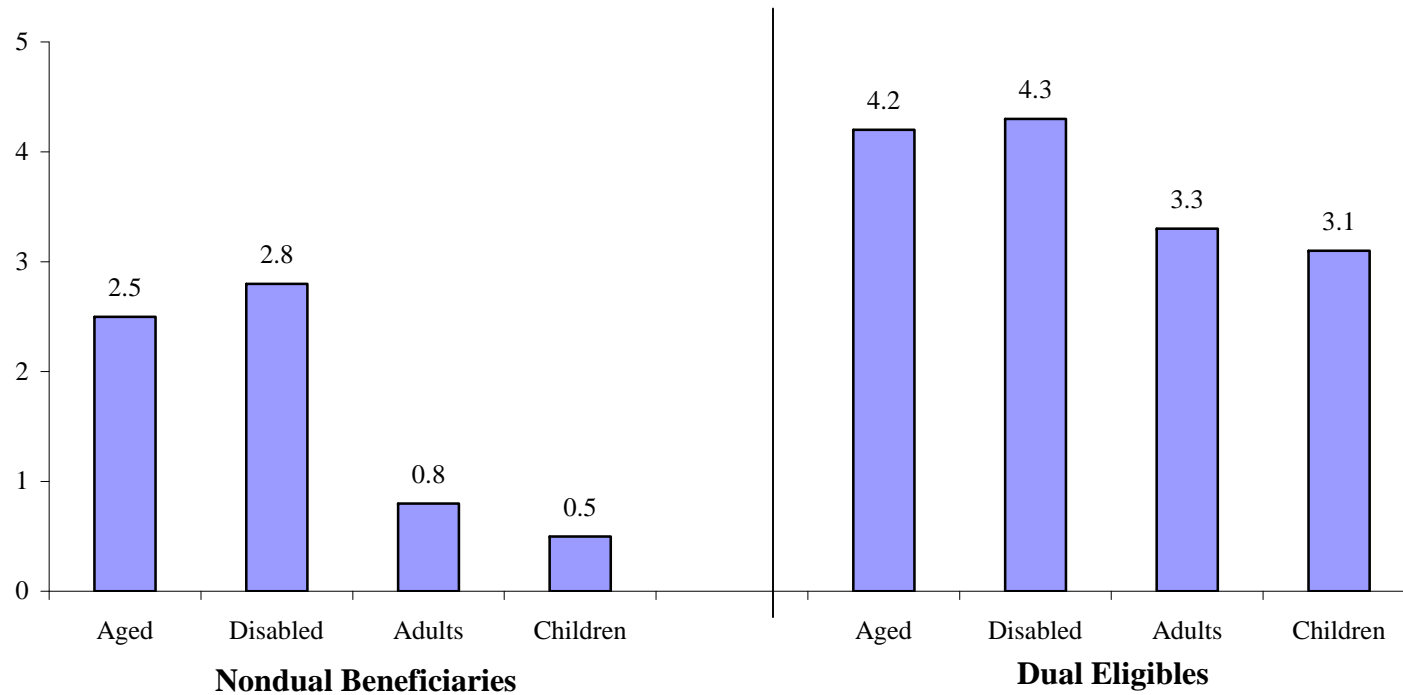
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.3 and D.3 of the Compendium.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>b</sup>Nondual beneficiaries, on average, had fewer months of Medicaid eligibility in 2004 than dual eligible beneficiaries: 7.8 months for nonduals and 10.5 months for duals.

**EXHIBIT 11**

**NUMBER OF MEDICAID PRESCRIPTIONS PER BENEFIT MONTH, BY BASIS OF ELIGIBILITY AND DUAL ELIGIBILITY STATUS, 2004<sup>a,b</sup>**



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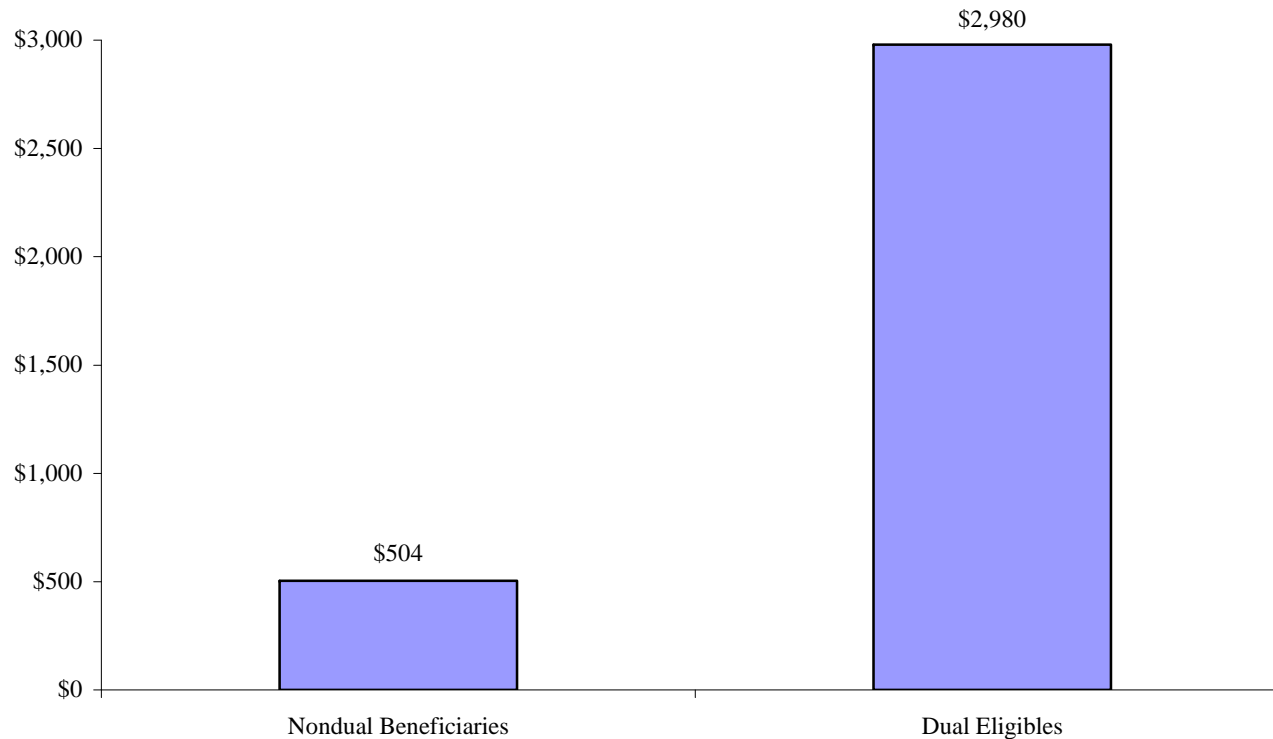
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.4 and D.4 of the Compendium.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 12**

**AVERAGE ANNUAL MEDICAID PRESCRIPTION DRUG SPENDING PER BENEFICIARY,  
BY DUAL ELIGIBILITY STATUS, 2004<sup>a,b</sup>**



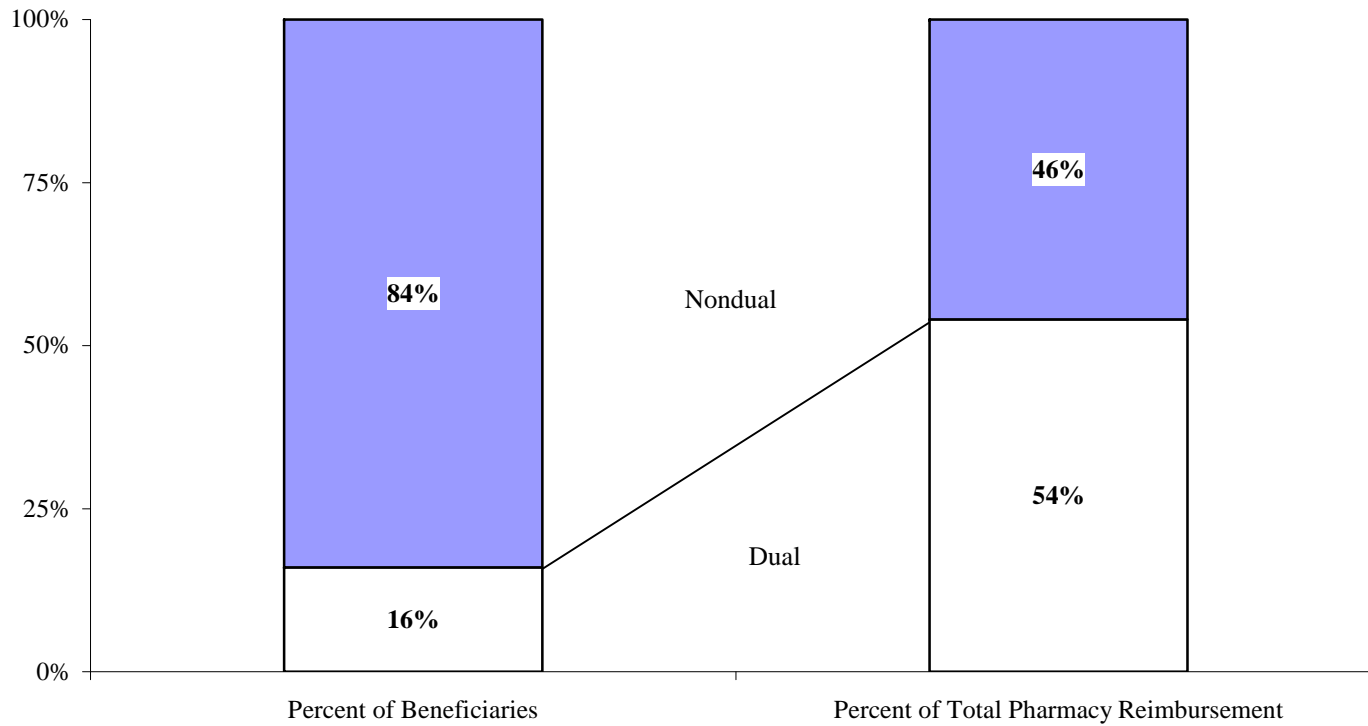
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.3 and D.3 of the Compendium.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>b</sup>Nonduals, on average, had fewer months of Medicaid eligibility in 2004 than dual eligible beneficiaries: 7.8 months for nonduals and 10.5 months for duals.

**EXHIBIT 13**

**DISTRIBUTION OF MEDICAID DUAL ELIGIBILITY STATUS AND TOTAL PHARMACY REIMBURSEMENT, 2004<sup>a,b</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables 2, ND.2, D.2, 6, ND.6, and D.6 of the Compendium.

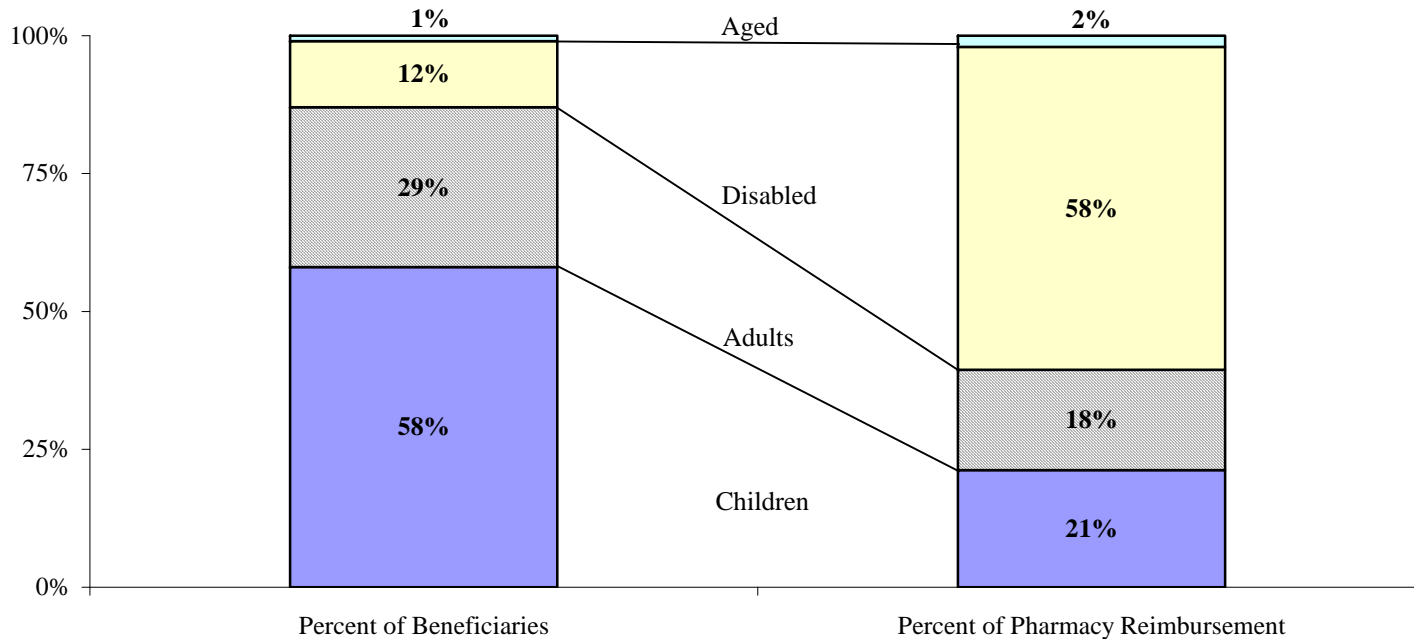
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,  
NONDUAL BENEFICIARIES**

**EXHIBIT 14**

**DISTRIBUTION OF MEDICAID BENEFICIARIES AND TOTAL PHARMACY REIMBURSEMENT AMONG NONDUAL BENEFICIARIES, BY BASIS OF ELIGIBILITY, 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.2, ND.3, and ND.6 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

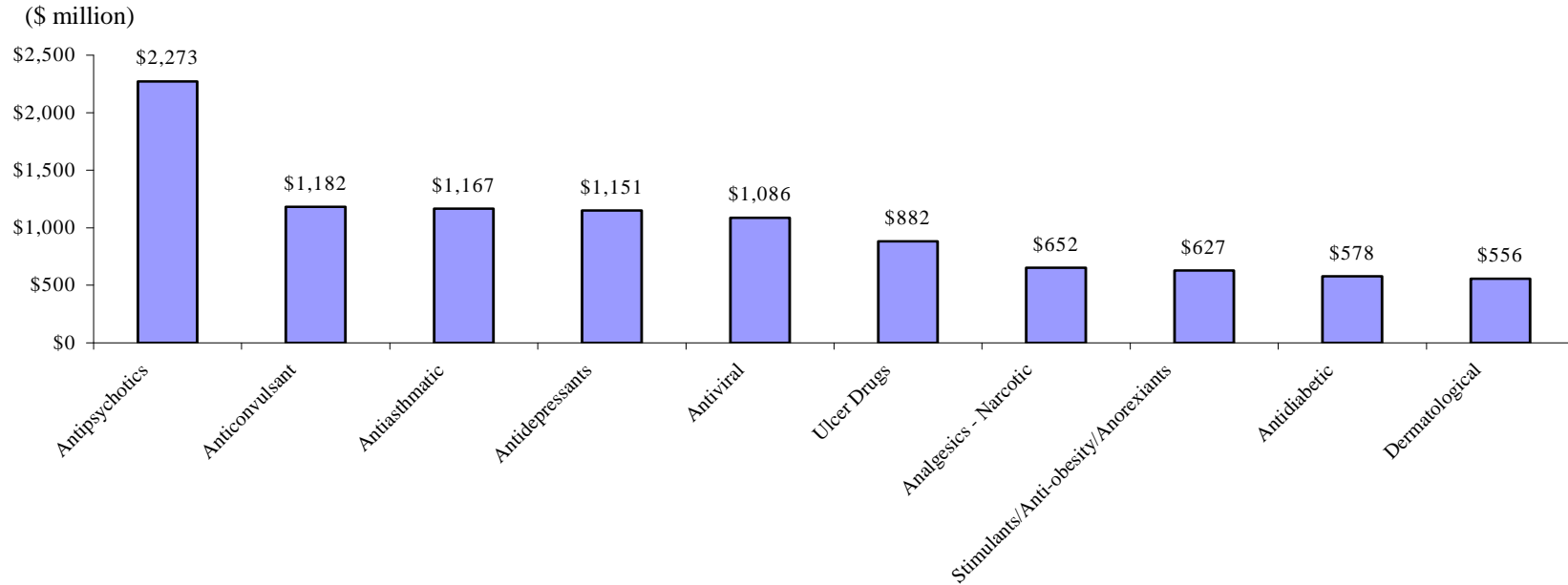
<sup>b</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>c</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 15**

**TOTAL ANNUAL MEDICAID REIMBURSEMENT FOR TOP 10 DRUG GROUPS AMONG NONDUAL BENEFICIARIES, 2004<sup>a,b,c,d</sup>**

*The top 10 drug groups (out of over 90 drug groups) accounted for 57 percent of total Medicaid FFS pharmacy reimbursement for nondual beneficiaries in 2004.*



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table ND.7 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

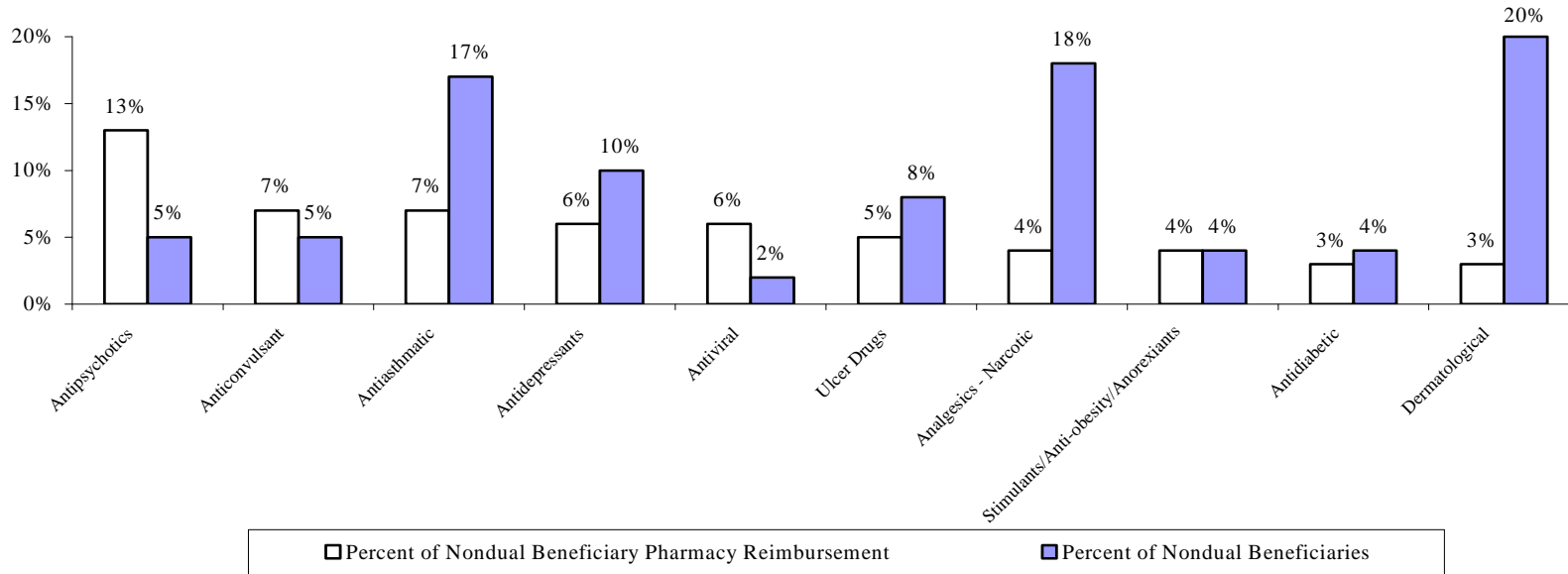
<sup>b</sup>Annual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, nondual eligible Medicaid beneficiaries in the study population had, on average, 7.8 months of coverage.

<sup>c</sup>The top 10 drug groups were determined based on total Medicaid reimbursement in 2004. For information about these drug groups, see Wolters Kluwer Health, [<http://www.medispain.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc>] (September 26, 2008).

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 16**

**PERCENTAGE OF MEDICAID PHARMACY REIMBURSEMENT AND USERS FOR TOP 10 DRUG GROUPS AMONG NONDUAL BENEFICIARIES, 2004<sup>a,b,c,d</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table ND.7 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>A user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2004. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these drug groups, see Wolters Kluwer Health, [<http://www.medispan.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc>] (September 26, 2008).

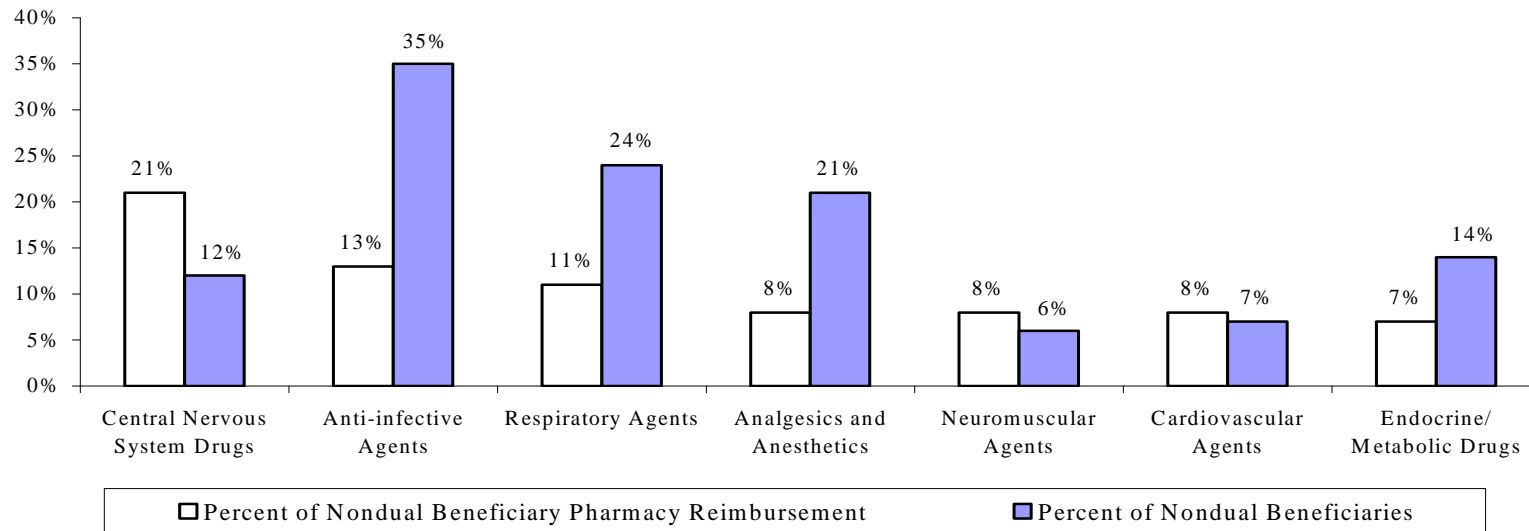
<sup>c</sup>The top 10 drugs groups were determined based on total Medicaid reimbursement in the state for 2004. For information about these drug groups, see Wolters Kluwer Health, [<http://www.medispan.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc>] (September 26, 2008).

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 17**

**PERCENTAGE OF PHARMACY MEDICAID REIMBURSEMENT AND USERS FOR TOP 7 THERAPEUTIC CATEGORIES AMONG NONDUAL BENEFICIARIES, 2004<sup>a,b,c,d</sup>**

*The top 7 therapeutic categories (out of 18 therapeutic categories) accounted for 75 percent of total Medicaid FFS pharmacy reimbursement for nondual beneficiaries in 2004*



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table ND.6 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

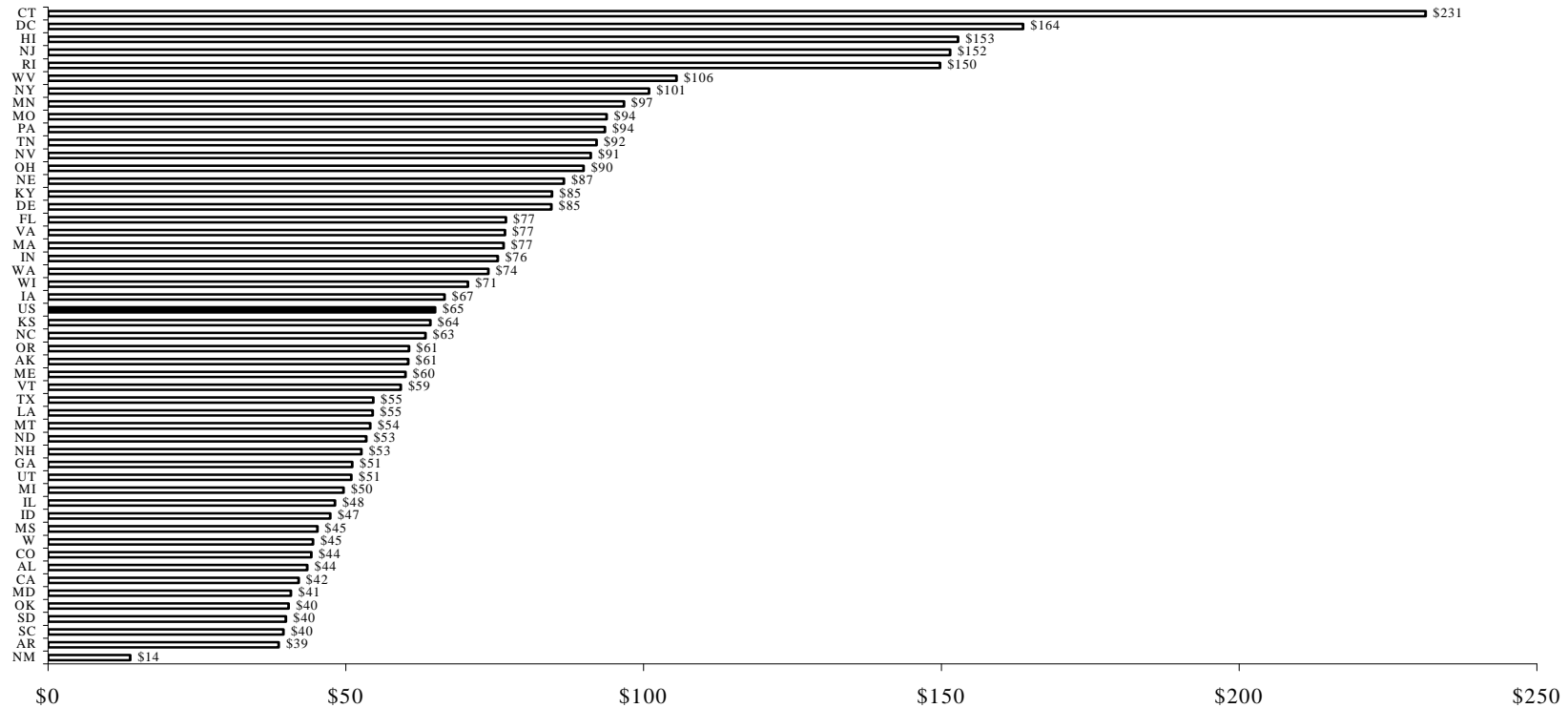
<sup>b</sup>A user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2004. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these therapeutic categories, see Wolters Kluwer Health, [http://www.medispans.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>c</sup>Top 7 categories were determined based on total Medicaid reimbursement in 2004. For information about these therapeutic categories, see Wolters Kluwer Health, [http://www.medispans.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 18**

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT AMONG NONDUAL BENEFICIARIES, BY STATE, 2004<sup>a,b,c</sup>**



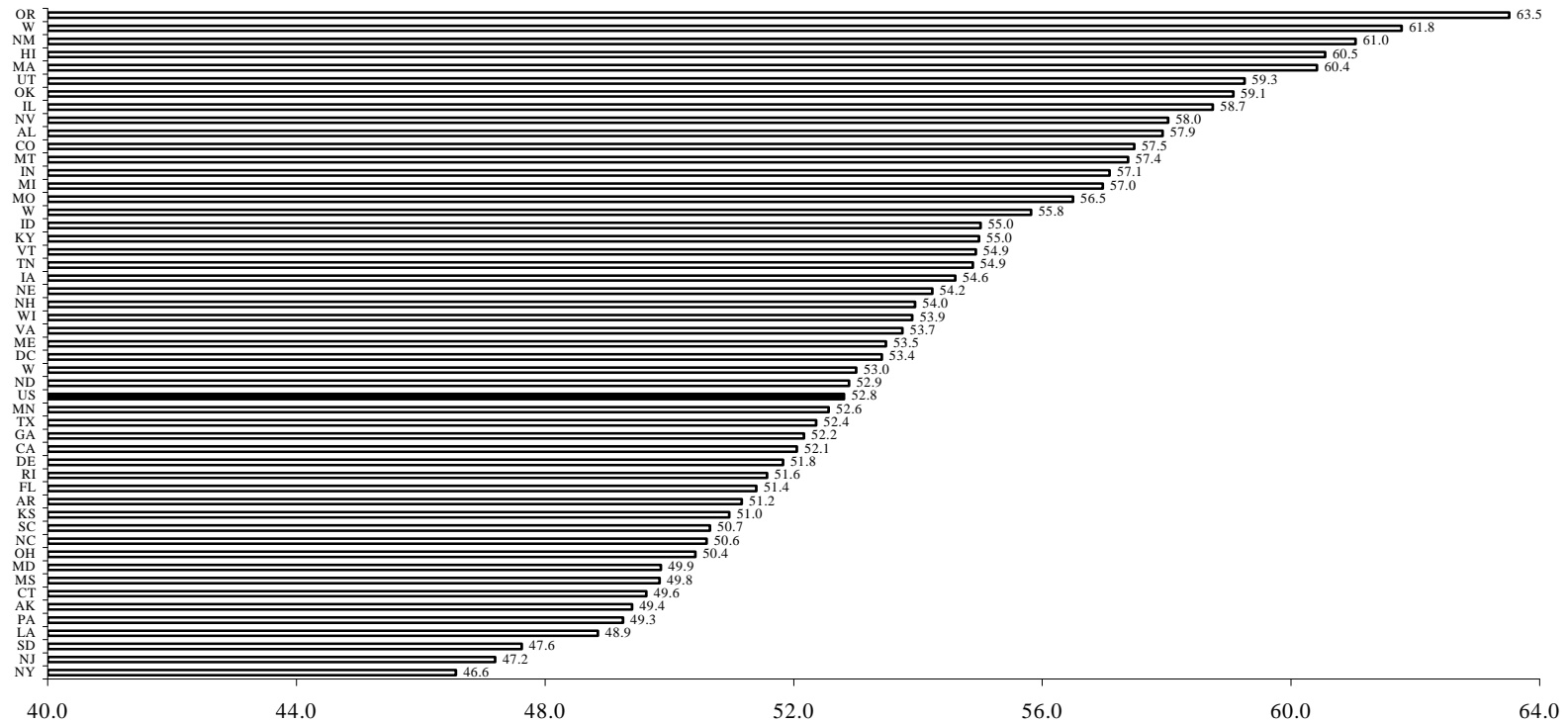
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table N.2 of the Compendium for the nation. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

<sup>c</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 19**  
**GENERIC PRESCRIPTIONS AS PERCENTAGE OF ALL MEDICAID PRESCRIPTIONS**  
**AMONG NONDUAL BENEFICIARIES, BY STATE, 2004<sup>a,b</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table N.2 of the Compendium for the nation. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

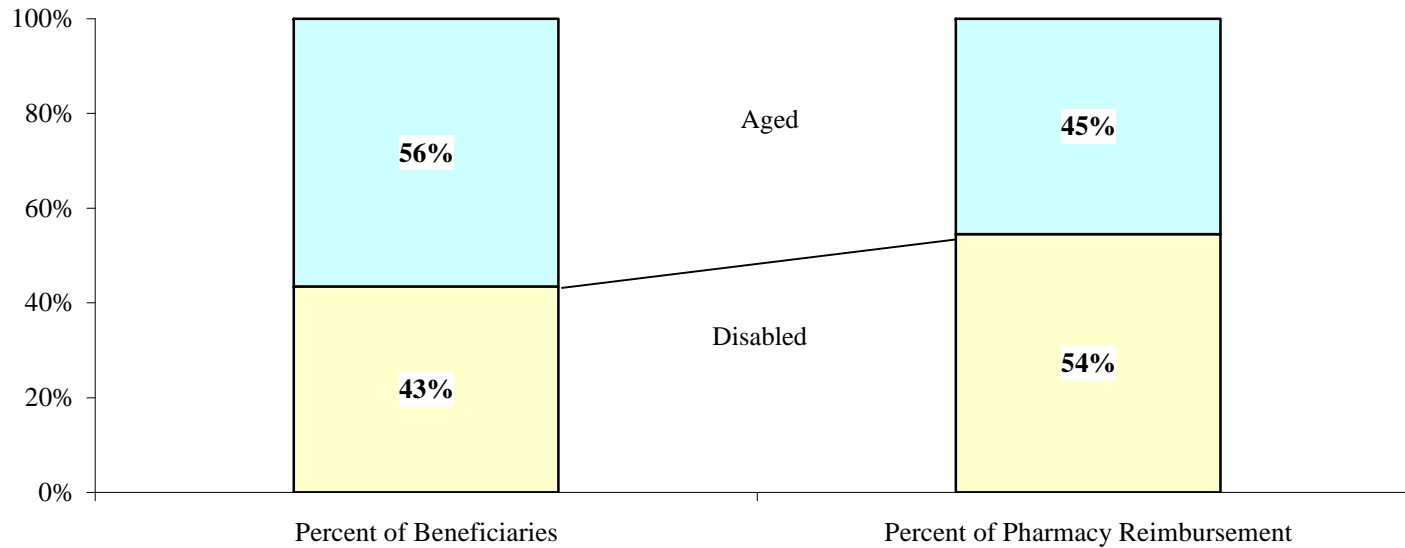
<sup>a</sup>Brand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, [http://www.medispn.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,  
DUAL ELIGIBLE BENEFICIARIES**

**EXHIBIT 20**

**DISTRIBUTION OF MEDICAID BENEFICIARIES AND TOTAL PHARMACY REIMBURSEMENT AMONG DUAL ELIGIBLES, BY BASIS OF ELIGIBILITY, 2004<sup>a,b,c,d</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables D.2, D.3, and D.6 of the Compendium.

<sup>a</sup>Children and adults comprise less than 1 percent each of dual eligible beneficiaries both in percentage of beneficiaries and in percentage of pharmacy reimbursement.

<sup>b</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

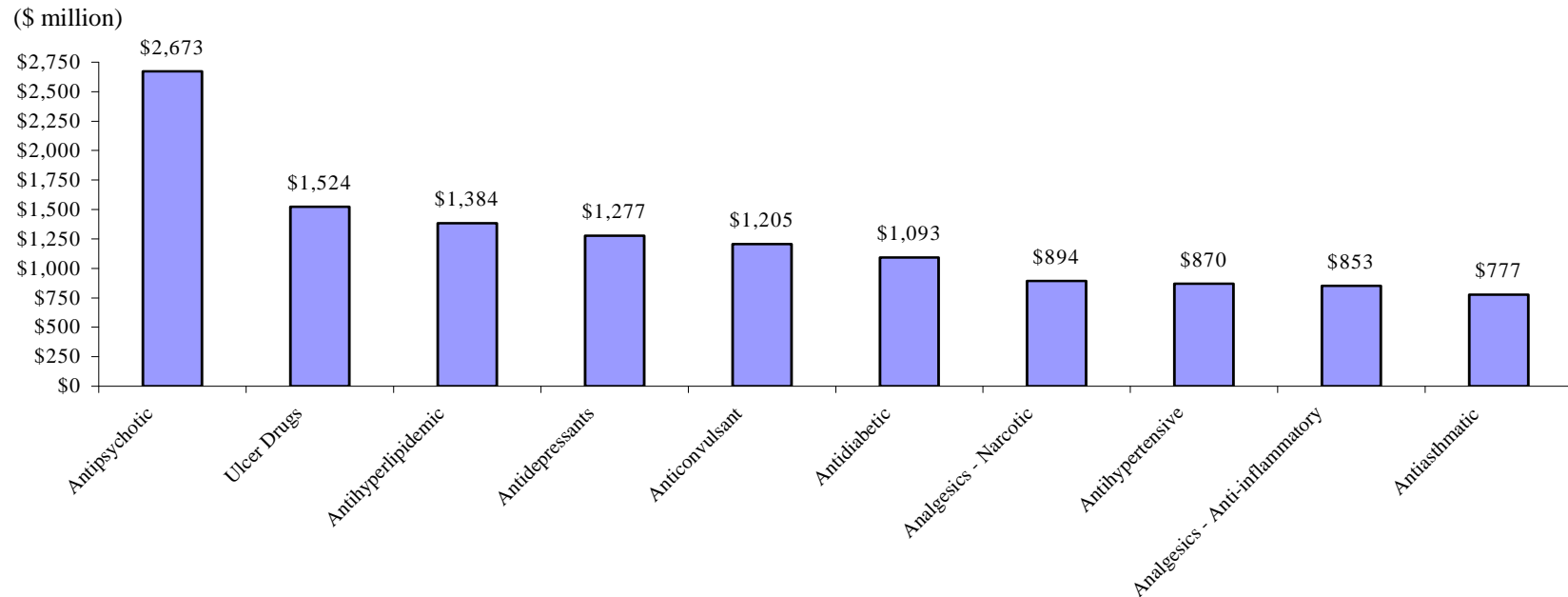
<sup>c</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

## EXHIBIT 21

### TOTAL ANNUAL MEDICAID REIMBURSEMENT FOR TOP 10 DRUG GROUPS AMONG DUAL ELIGIBLES, 2004<sup>a,b,c,d</sup>

The top 10 drug groups (out of over 90 drug groups) accounted for 61 percent of total Medicaid FFS pharmacy reimbursement for dual eligibles in 2004.



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D.7 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

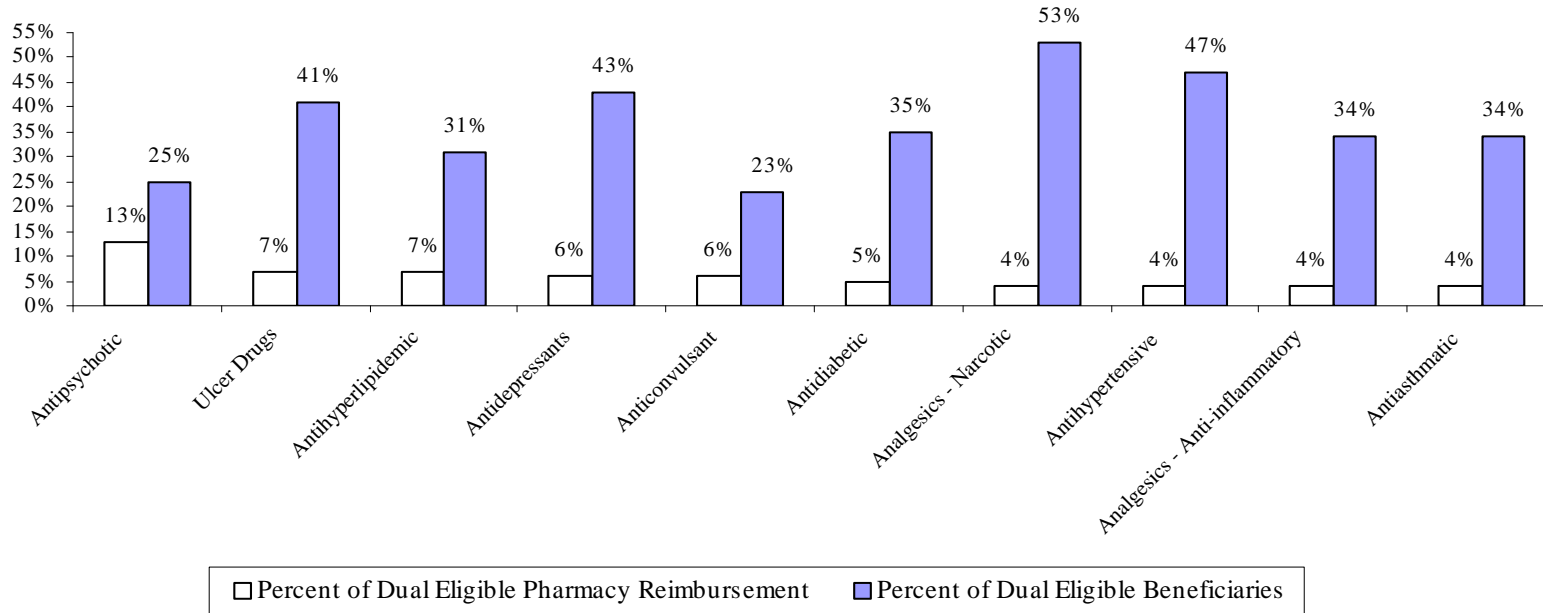
<sup>b</sup>Annual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, nondual eligible Medicaid beneficiaries in the study population had, on average, 10.2 months of coverage.

<sup>c</sup>The top 10 drug groups were determined based on total Medicaid reimbursement in 2004. For information about these drug groups, see Wolters Kluwer Health, [http://www.medispain.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 22**

**PERCENTAGE OF MEDICAID PHARMACY REIMBURSEMENT AND USERS FOR TOP 10 DRUG GROUPS AMONG DUAL ELIGIBLES, 2004<sup>a,b,c,d</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D.7 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>A user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2004. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these drug groups, see Wolters Kluwer Health, [http://www.medispn.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

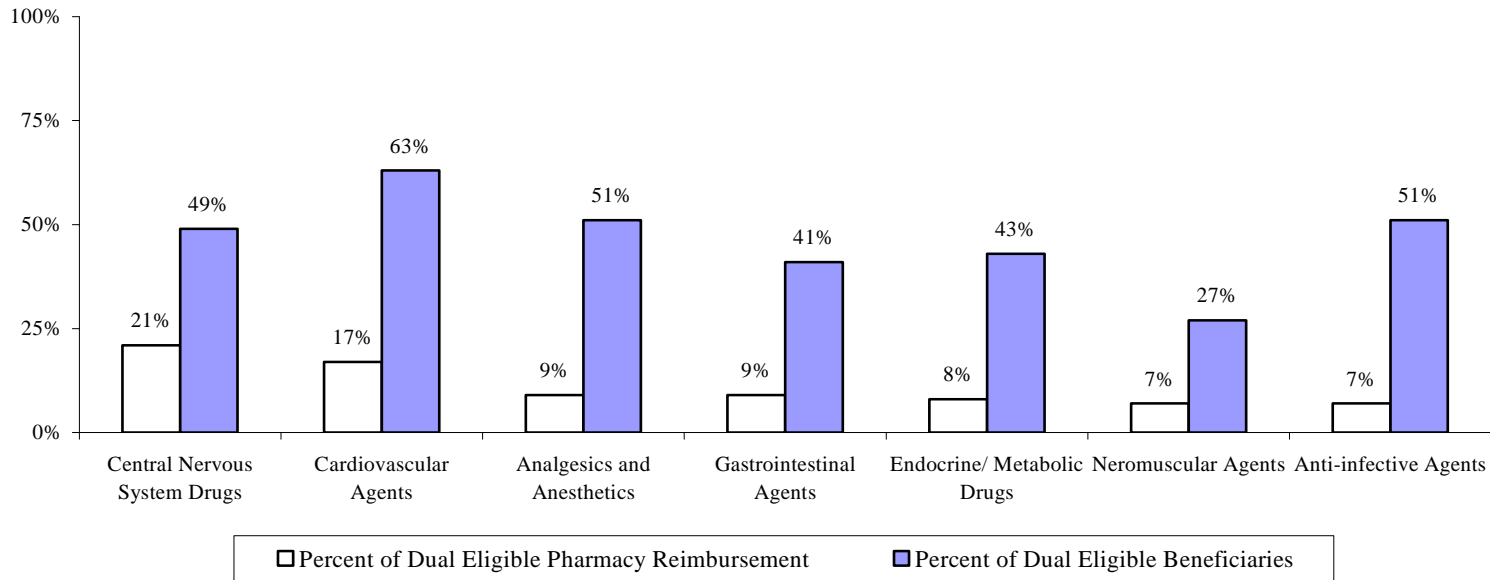
<sup>c</sup>The top 10 drugs groups were determined based on total Medicaid reimbursement in the state for 2004. For information about these drug groups, see Wolters Kluwer Health, [http://www.medispn.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 23**

**PERCENTAGE OF MEDICAID PHARMACY REIMBURSEMENT AND USERS FOR TOP 7 THERAPEUTIC CATEGORIES AMONG DUAL ELIGIBLES, 2004<sup>a,b,c,d</sup>**

*The top 7 therapeutic categories (out of 18 therapeutic categories) accounted for 78 percent of total Medicaid FFS pharmacy reimbursement for dual beneficiaries in 2004*



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D.6 of the Compendium.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

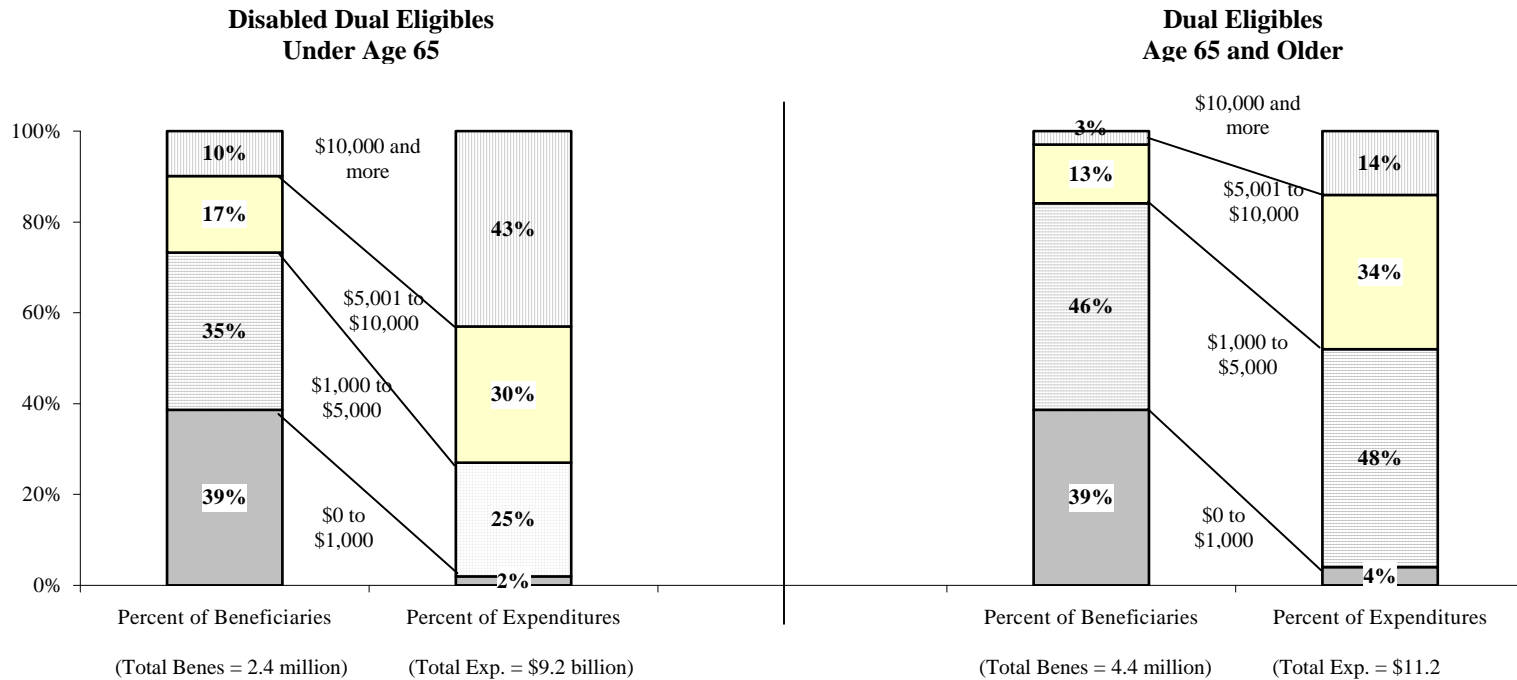
<sup>b</sup>A user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2004. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these therapeutic categories, see Wolters Kluwer Health, [http://www.medispain.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>c</sup>Top 7 categories were determined based on total Medicaid reimbursement in 2004. For information about these therapeutic categories, see Wolters Kluwer Health, [http://www.medispain.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>d</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 24**

**DISTRIBUTION OF ANNUAL MEDICAID PHARMACY REIMBURSEMENT FOR DUAL ELIGIBLES, UNDER-AGE-65 DISABLED VS. AGE 65 AND OLDER, 2004<sup>a,b,c</sup>**



34

Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Supplemental Tables 1A and 1B of the Compendium for the nation.

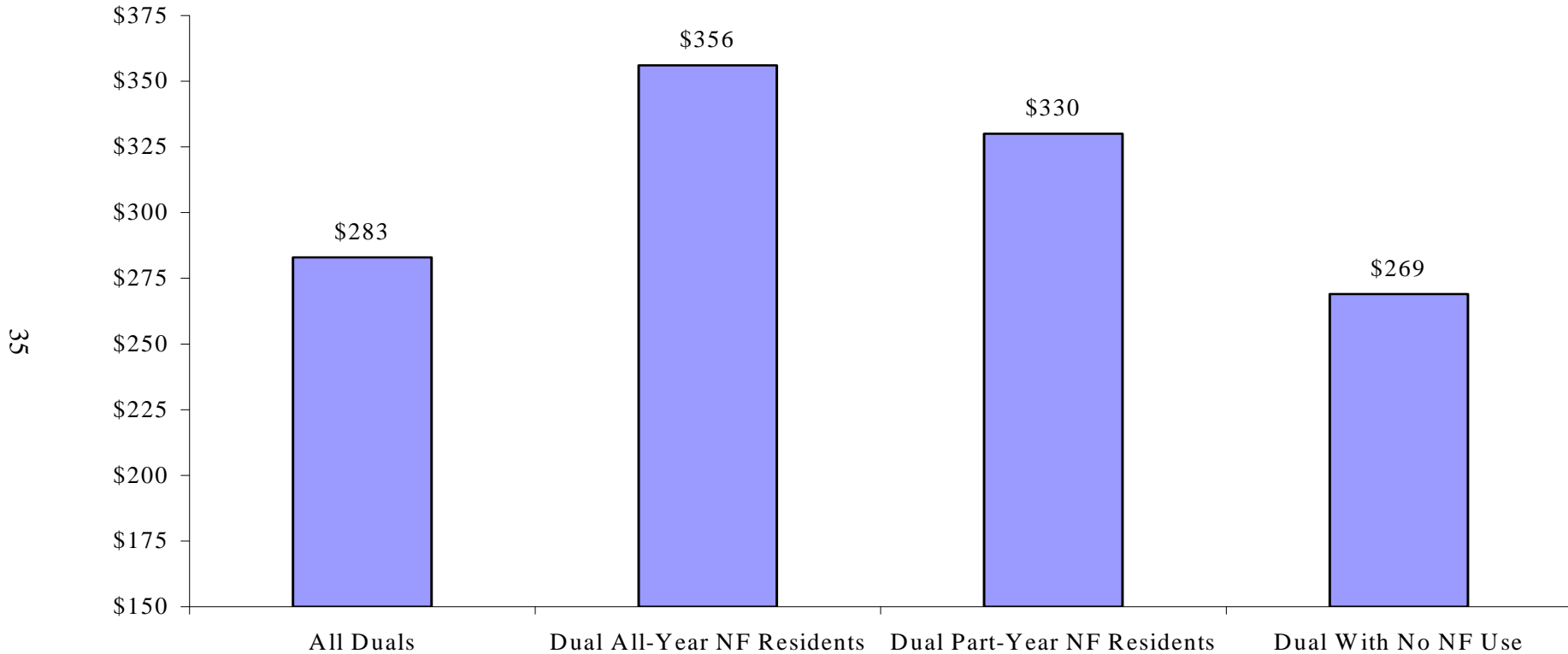
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Annual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.5 months of coverage in 2004.

<sup>c</sup>Dual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 25**

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT AMONG DUAL ELIGIBLES,  
BY BENEFICIARY NURSING FACILITY RESIDENCE, 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D.4 of the Compendium.

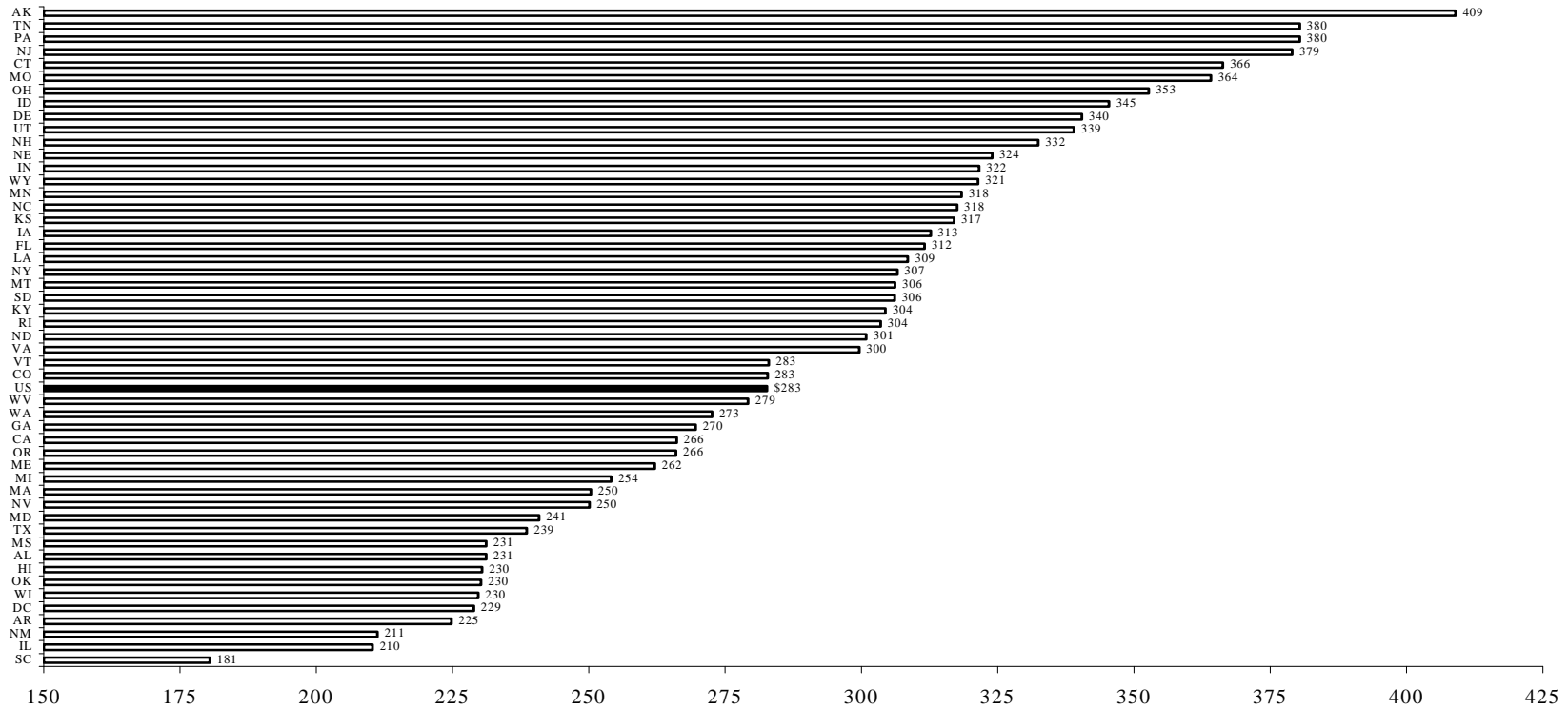
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

<sup>c</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 26**

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT AMONG DUAL ELIGIBLES, BY STATE, 2004<sup>a,b</sup>**



36

Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table N.5 of the Compendium for the nation. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

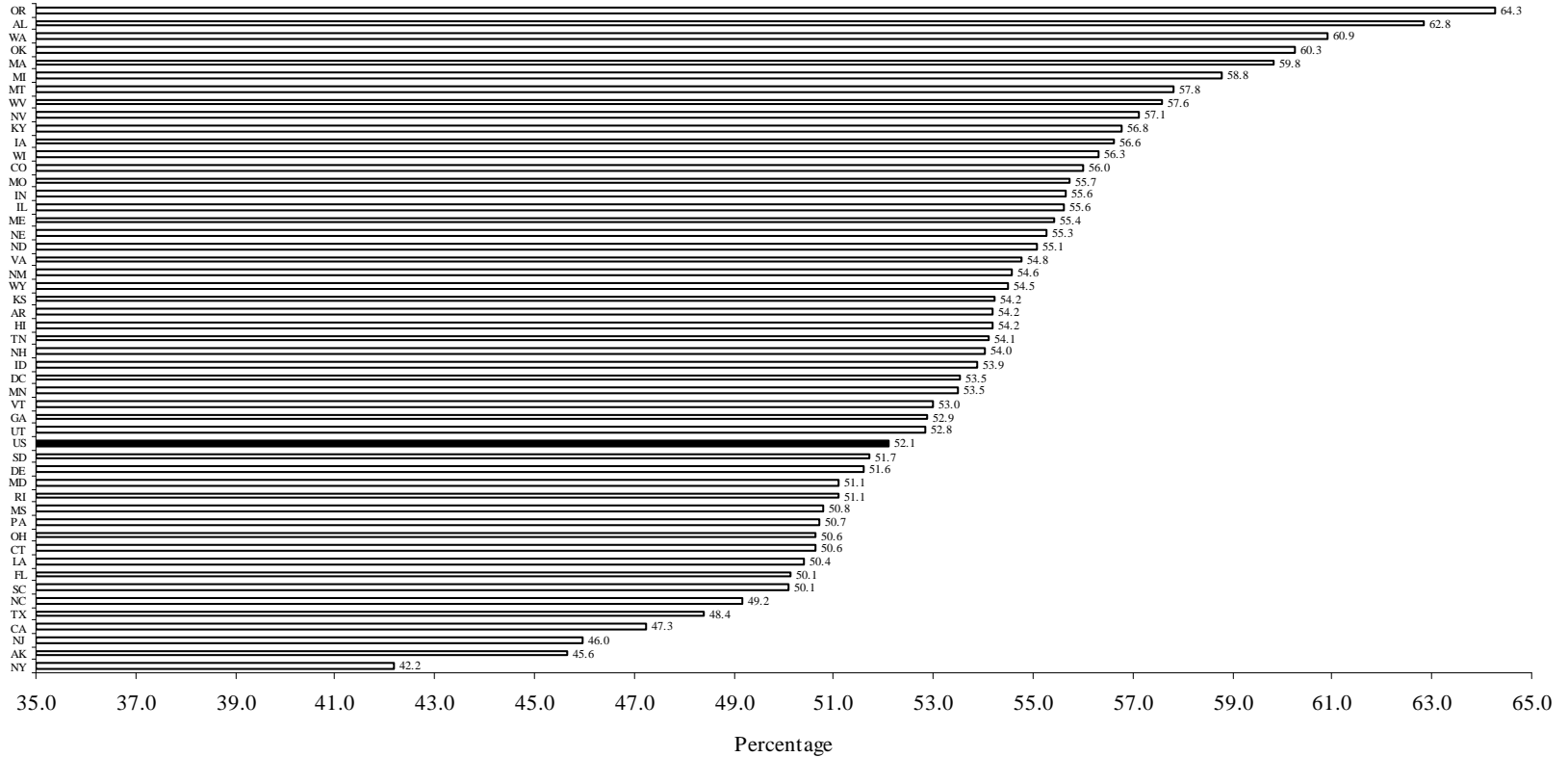
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Monthly use and reimbursement amounts were calculated by dividing the total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

<sup>c</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 27**

**GENERIC PRESCRIPTIONS AS A PERCENTAGE OF ALL MEDICAID PRESCRIPTIONS AMONG DUAL ELIGIBLES, BY STATE, 2004<sup>a,b</sup>**



37

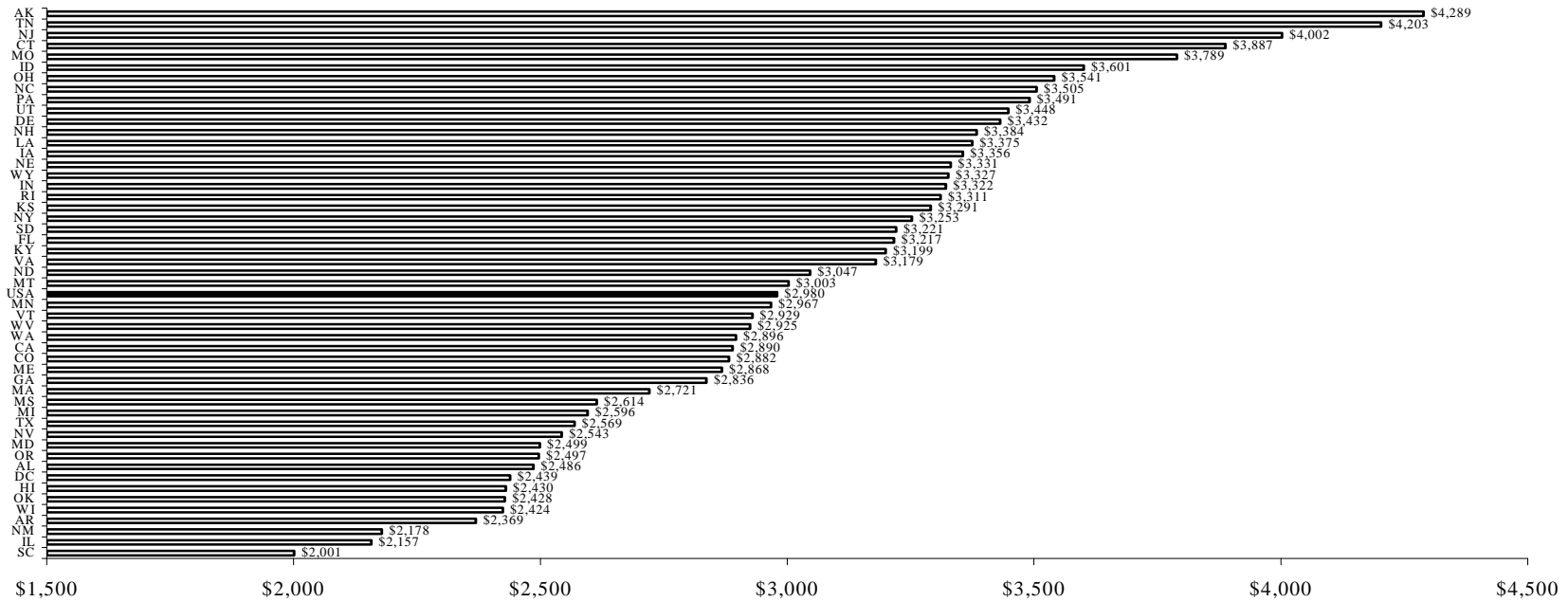
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table N.5 of the Compendium for the nation. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

<sup>a</sup>Brand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, [http://www.medispain.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc] (September 26, 2008).

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 28**

**AVERAGE ANNUAL MEDICAID PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY FOR AGED DUAL ELIGIBLES, BY STATE, 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in State Tables D.3 of the Compendium. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

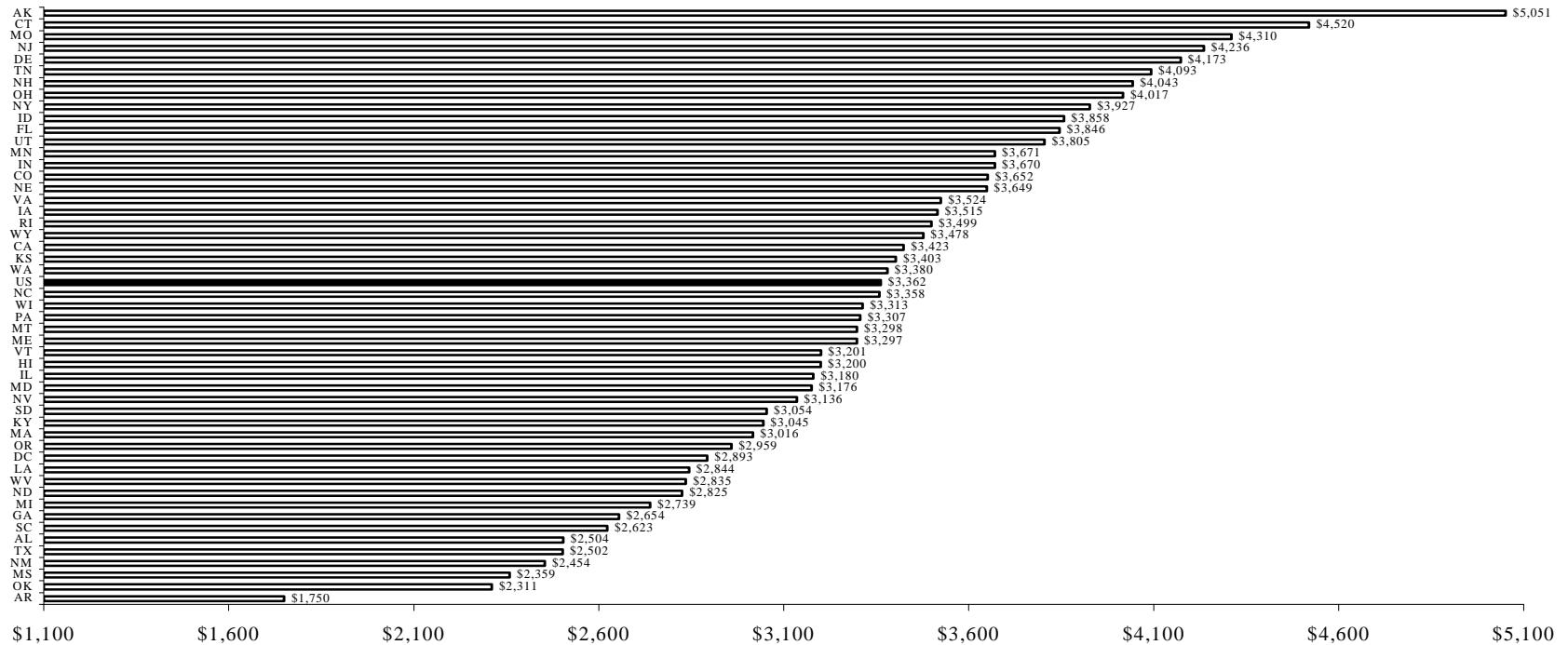
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Annual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, aged dual eligible Medicaid beneficiaries in the study population had, on average, 10.3 months of coverage.

<sup>c</sup>Dual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 29**

**AVERAGE ANNUAL MEDICAID PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY FOR UNDER-AGE-65 DISABLED DUAL ELIGIBLE BENEFICIARIES, BY STATE, 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in State Tables D.3 of the Compendium. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

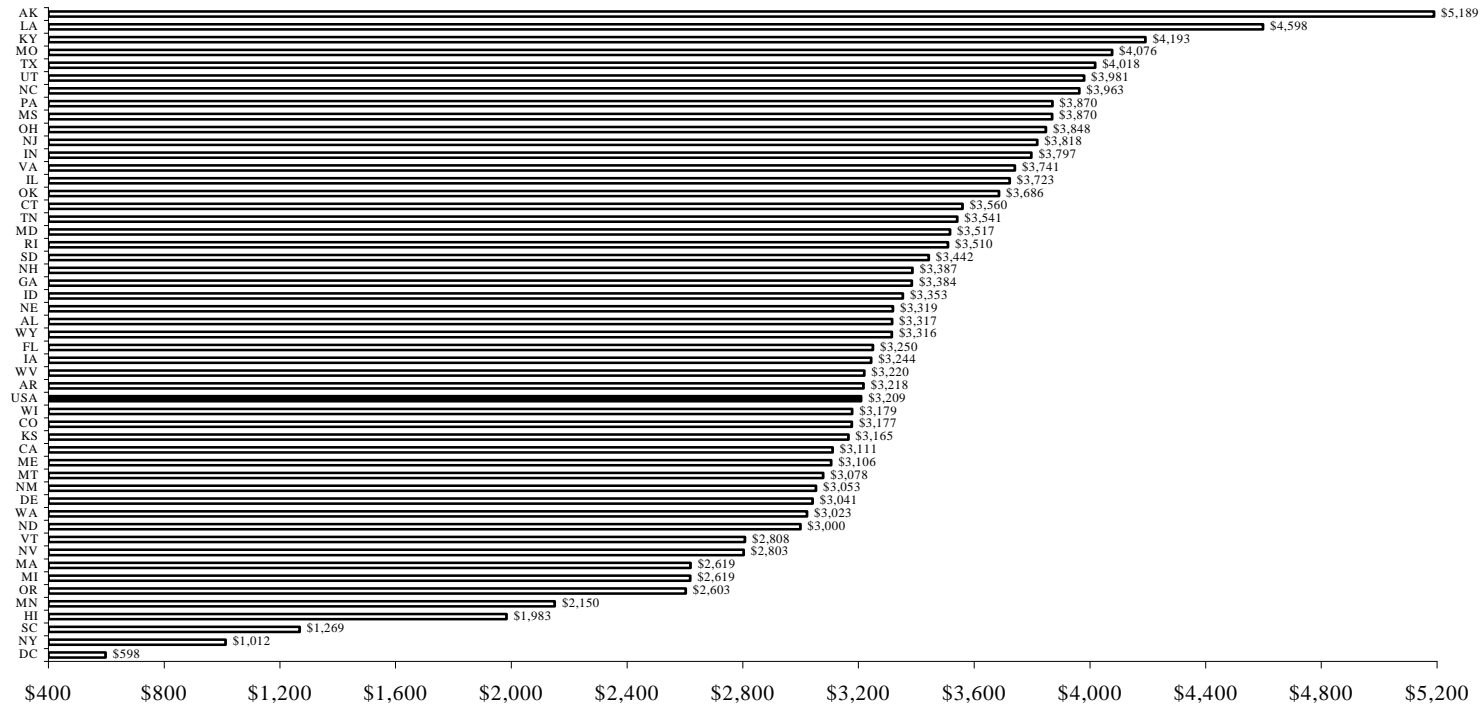
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Annual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, disabled dual eligible Medicaid beneficiaries in the study population had, on average, 10.9 months of coverage.

<sup>c</sup>Dual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 30**

**AVERAGE ANNUAL MEDICAID PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY FOR DUAL ELIGIBLE ALL-YEAR NURSING FACILITY RESIDENTS, BY STATE, 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in State Tables D.3 of the Compendium. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

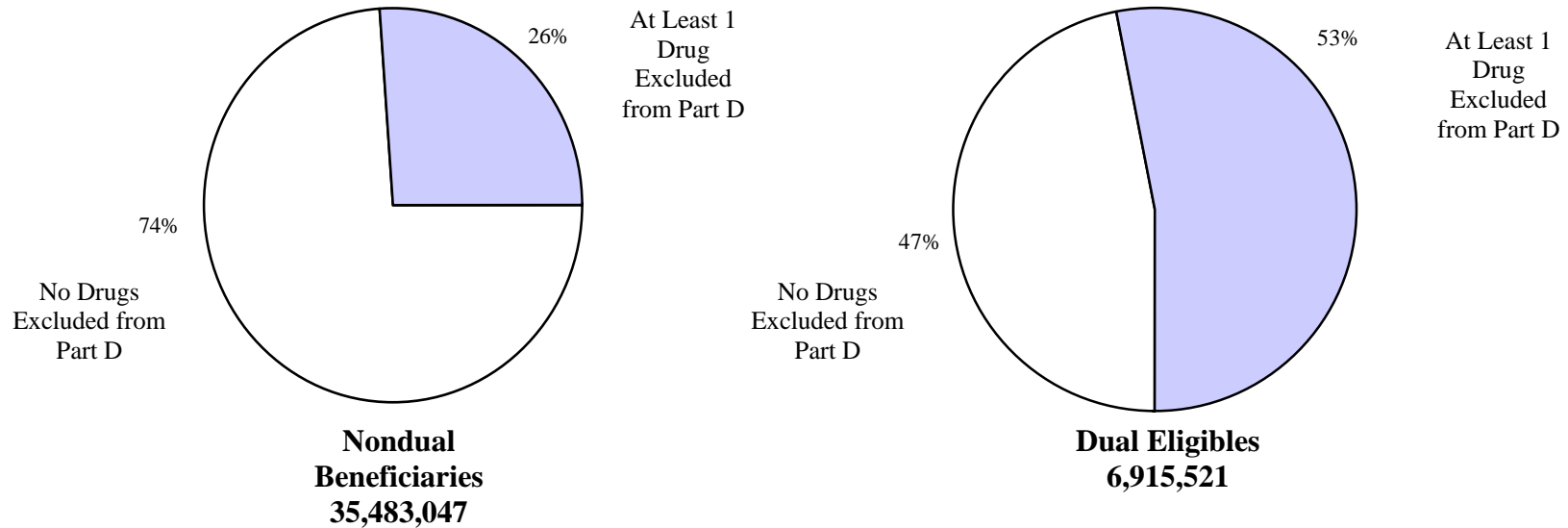
<sup>b</sup>Annual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population who resided in nursing facilities full-year had, on average, 10.2 months of coverage.

<sup>c</sup>Dual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,  
DRUGS EXCLUDED BY STATUTE FROM MEDICARE PART D**

**EXHIBIT 31**

**PERCENTAGE OF MEDICAID BENEFICIARIES USING AT LEAST ONE DRUG EXCLUDED FROM MEDICARE PART D, 2004<sup>a,b</sup>**



42

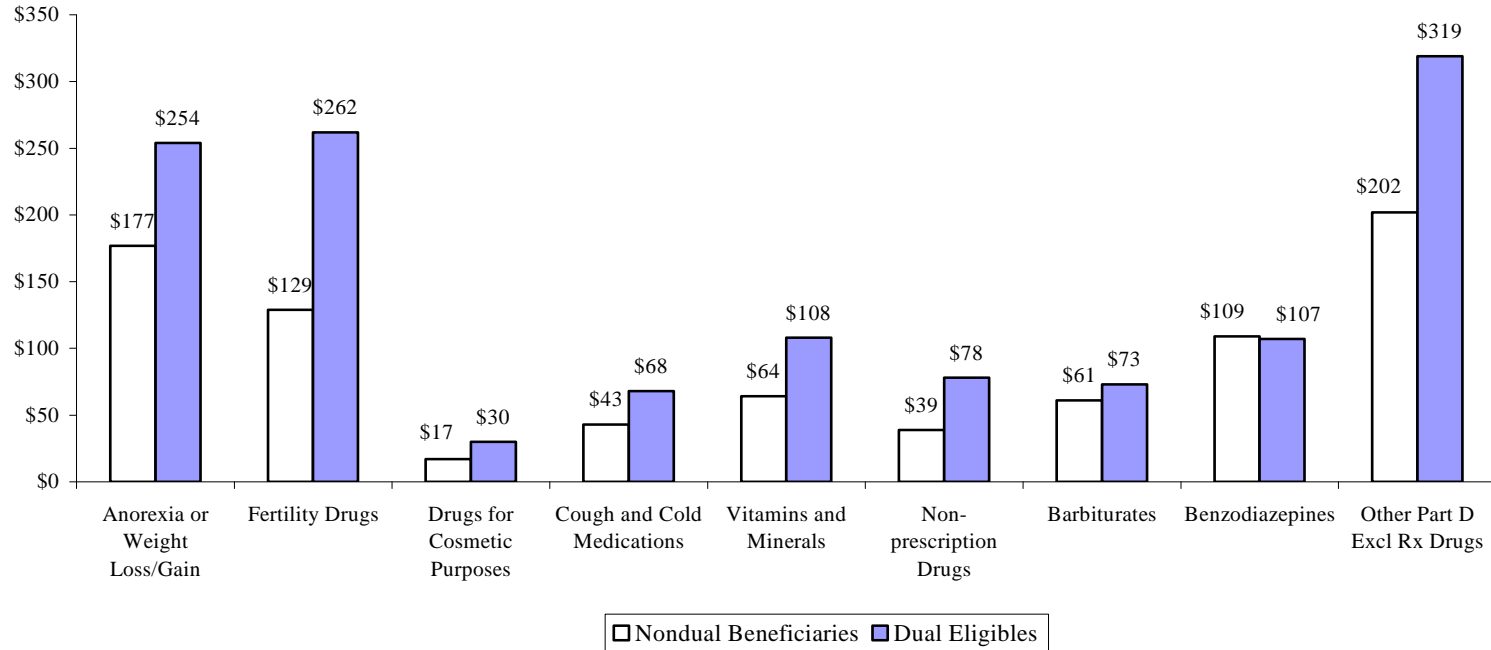
Source: Medicaid Analytic Extract (MAX), 2004. These graph are based on the information contained in Tables ND.11 and D.11 of the Compendium.

<sup>a</sup>The statute that established the Medicare Part D drug benefit excluded several types of drugs from Part D coverage. State Medicaid programs are required to continue covering these drugs for dual eligibles if they are covered for any other Medicaid beneficiaries. Drugs excluded from the Medicare Part D drug benefit include benzodiazepines; barbiturates; nonprescription (OTC) medications; prescription vitamins and minerals (not including prenatal vitamins and fluoride preparations); and drugs used for anorexia, weight loss, or weight gain. Other excluded drugs include those that promote fertility; those used for cosmetic purposes or hair growth, for symptomatic relief of coughs and colds; or drugs for which the manufacturer requires that associated tests or monitoring services be purchased exclusively from the manufacturer.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 32**

**ANNUAL MEDICAID PHARMACY REIMBURSEMENT FOR DRUGS EXCLUDED FROM MEDICARE PART D, NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2004<sup>a,b</sup>**



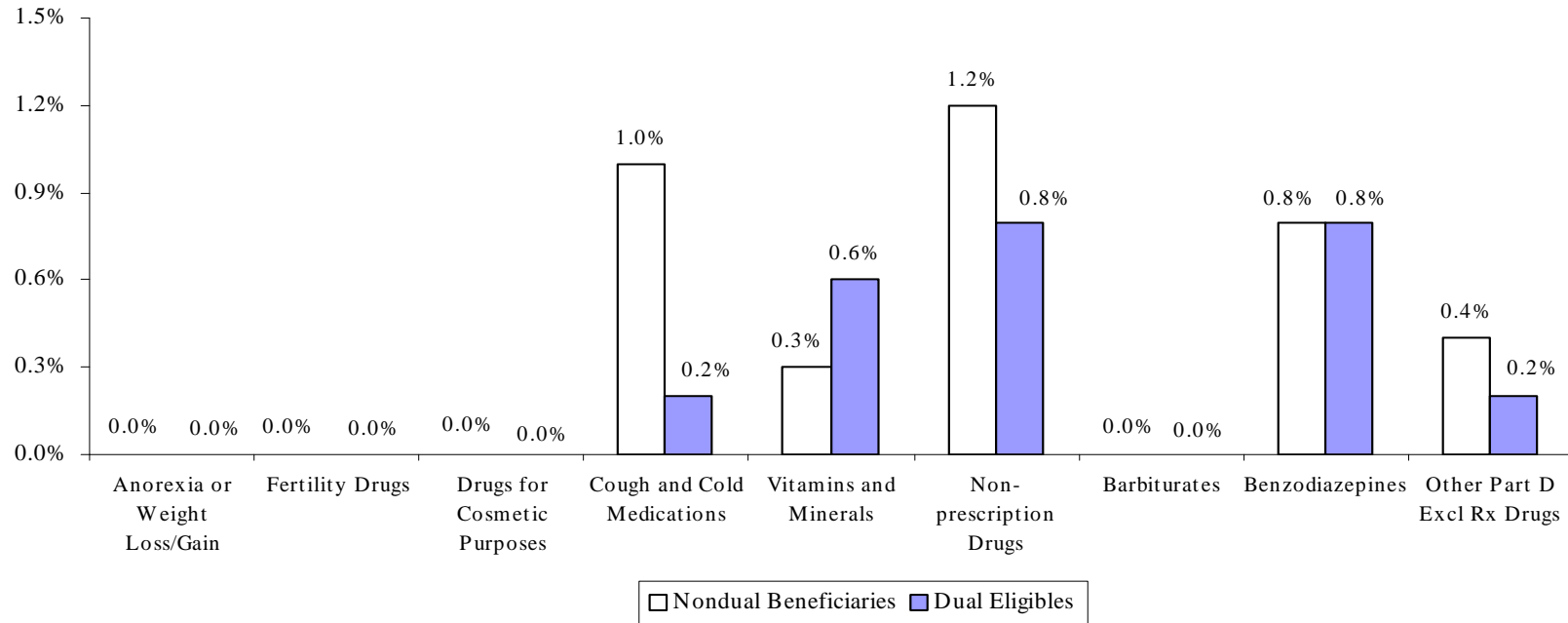
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.13 and D.13 of the Compendium.

<sup>a</sup>The statute that established the Medicare Part D drug benefit excluded several types of drugs from Part D coverage. State Medicaid programs are required to continue covering these drugs for dual eligibles if they are covered for any other Medicaid beneficiaries. Drugs excluded from the Medicare Part D drug benefit include benzodiazepines; barbiturates; nonprescription (OTC) medications; prescription vitamins and minerals (not including prenatal vitamins and fluoride preparations); and drugs used for anorexia, weight loss, or weight gain. Other excluded drugs include those that promote fertility; those used for cosmetic purposes or hair growth, for symptomatic relief of coughs and colds; or drugs for which the manufacturer requires that associated tests or monitoring services be purchased exclusively from the manufacturer.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 33**

**ANNUAL MEDICAID PHARMACY REIMBURSEMENT FOR DRUGS EXCLUDED FROM MEDICARE PART D FOR NONDUAL AND DUAL ELIGIBLE BENEFICIARIES AS A PERCENTAGE OF TOTAL ANNUAL MEDICAID REIMBURSEMENT FOR NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2004<sup>a,b</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND.13 and D.13 of the Compendium.

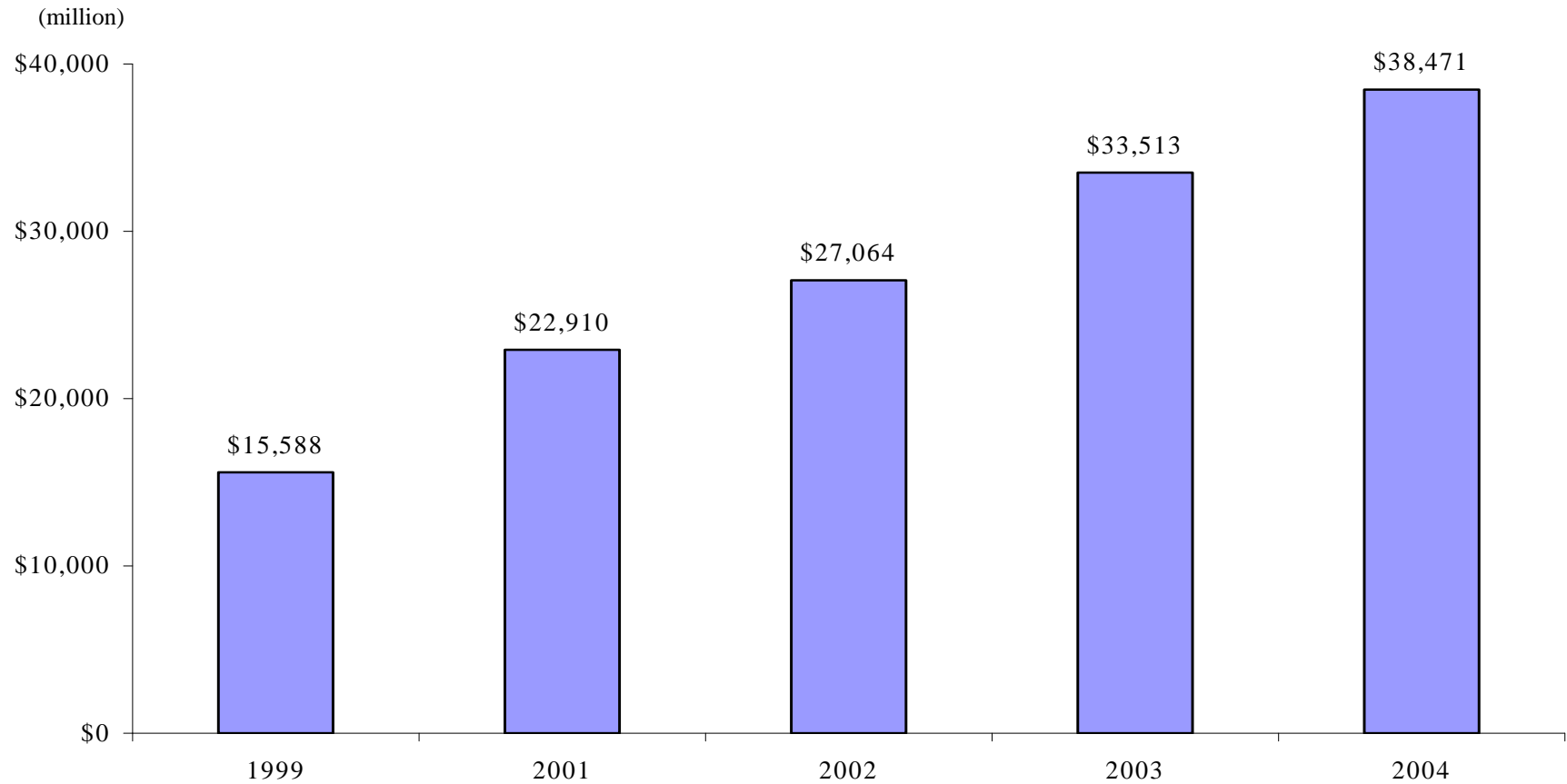
<sup>a</sup>The statute that established the Medicare Part D drug benefit excluded several types of drugs from Part D coverage. State Medicaid programs are required to continue covering these drugs for dual eligibles if they are covered for any other Medicaid beneficiaries. Drugs excluded from the Medicare Part D drug benefit include benzodiazepines; barbiturates; nonprescription (OTC) medications; prescription vitamins and minerals (not including prenatal vitamins and fluoride preparations); and drugs used for anorexia, weight loss, or weight gain. Other excluded drugs include those that promote fertility; those used for cosmetic purposes or hair growth, for symptomatic relief of coughs and colds; or drugs for which the manufacturer requires that associated tests or monitoring services be purchased exclusively from the manufacturer.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,  
1999, 2001, 2002, 2003, AND 2004**

**EXHIBIT 34**

**TOTAL MEDICAID PHARMACY REIMBURSEMENT, 1999, 2001, 2002, 2003, AND 2004<sup>a,b</sup>**



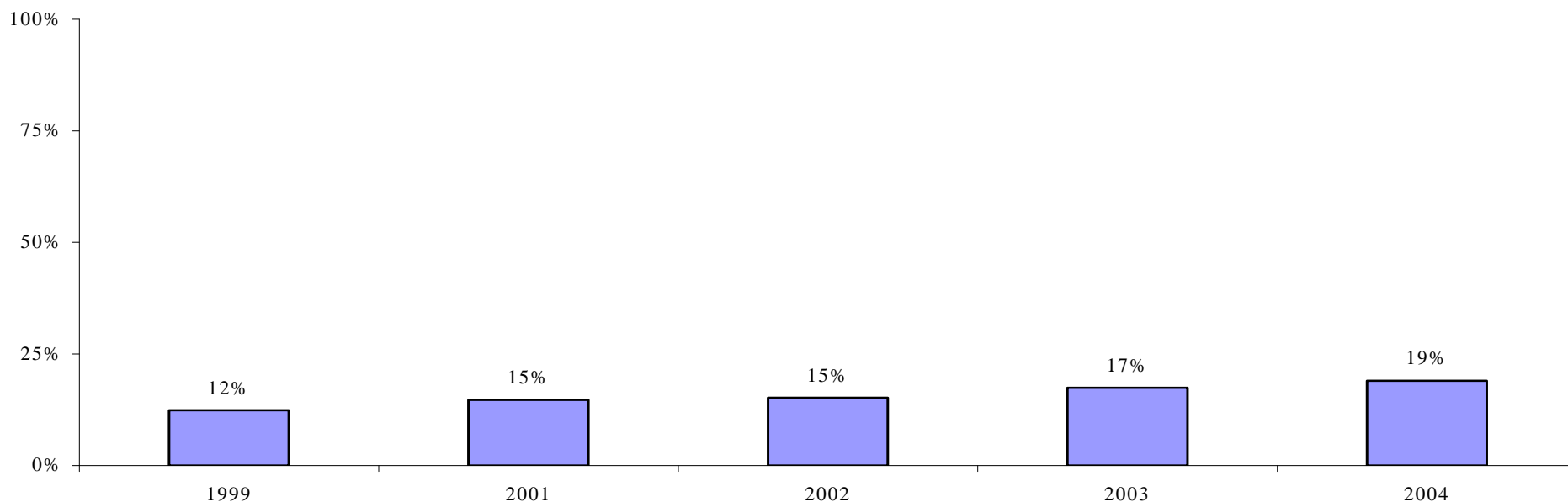
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 6 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

### EXHIBIT 35

#### MEDICAID PHARMACY REIMBURSEMENT AS A PERCENTAGE OF COSTS OF ALL SERVICES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c</sup>



47

Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 4 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

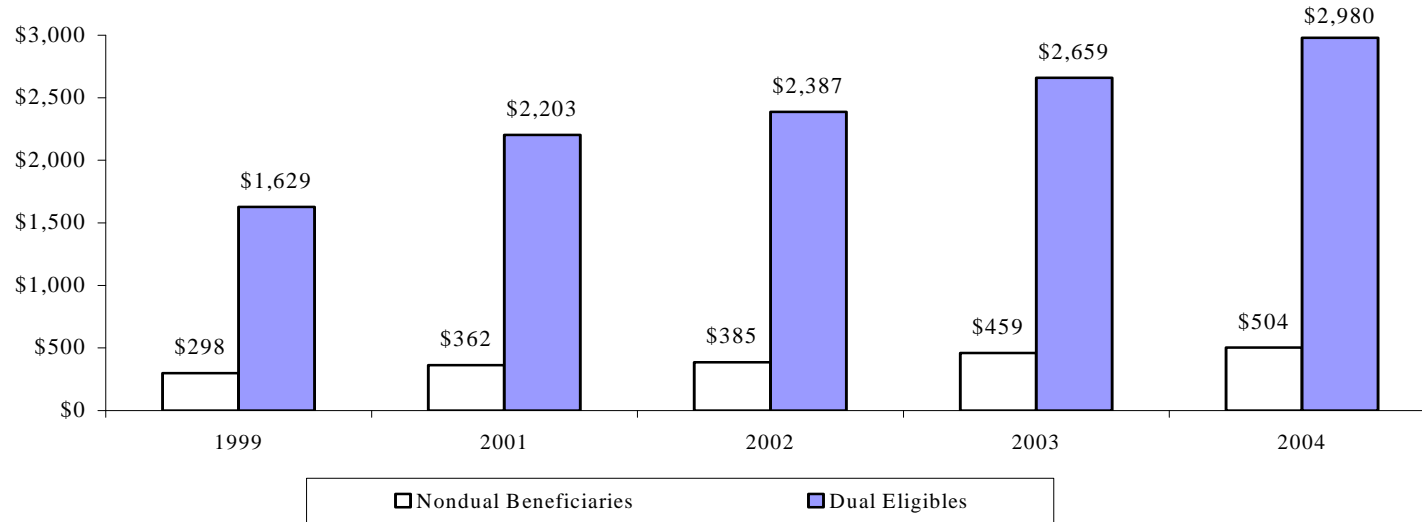
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

<sup>c</sup>In seven states in 2004 (DE, IA, NE, NY, TX, UT, and WV), expenditures include only Rx drug expenditures for those enrolled in capitated managed care plans, and not expenditures for other services covered by the plans or long-term-care services not covered by the plans. As a result, pharmacy reimbursement as a percentage of the costs of all Medicaid services is higher in 2004 than it would otherwise be.

**EXHIBIT 36**

**AVERAGE ANNUAL PRESCRIPTION DRUG REIMBURSEMENT PER MEDICAID BENEFICIARY, NONDUAL BENEFICIARIES AND DUAL ELIGIBLES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND3 and D3 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>b</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>c</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 37**

**AVERAGE MONTHLY PHARMACY REIMBURSEMENT PER MEDICAID BENEFICIARY, NONDUAL BENEFICIARIES AND DUAL ELIGIBLES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND4 and D4 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

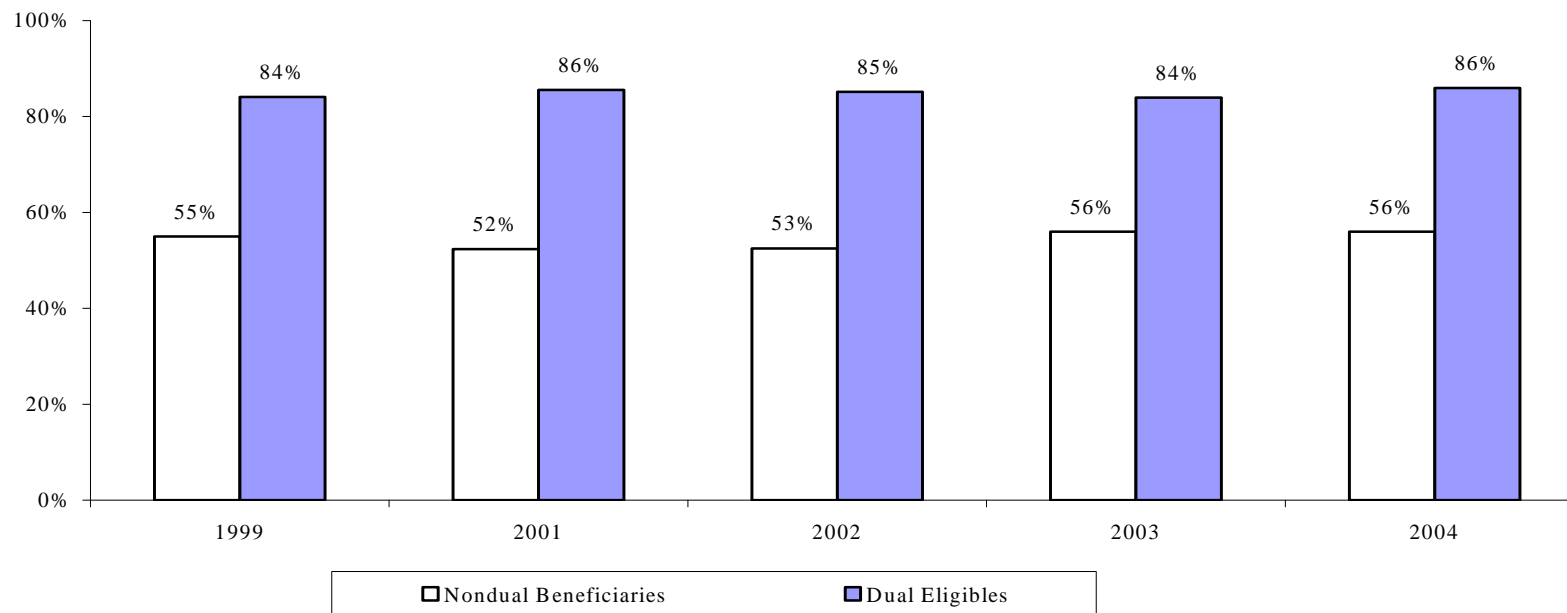
<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>b</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>c</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 38**

**PERCENTAGE OF MEDICAID BENEFICIARIES WITH AT LEAST ONE PRESCRIPTION FILLED, NONDUAL BENEFICIARIES AND DUAL ELIGIBLES, 1999, 2001, 2002, 2003, AND 2004<sup>a</sup>**



50

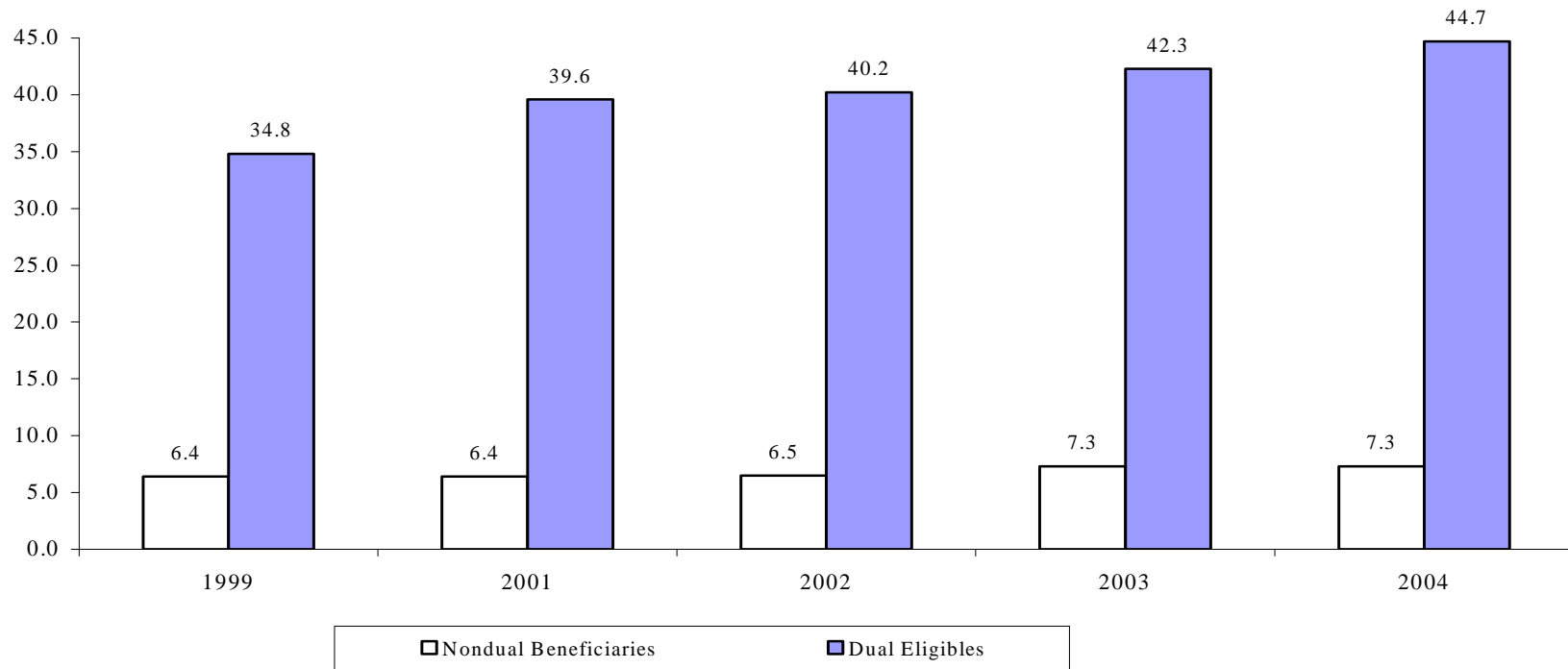
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND3 and D3 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 39**

**AVERAGE ANNUAL NUMBER OF PRESCRIPTION CLAIMS PER MEDICAID BENEFICIARY, NONDUAL BENEFICIARIES AND DUAL ELIGIBLES, 1999, 2001, 2002, 2003, AND 2004<sup>a</sup>**

51

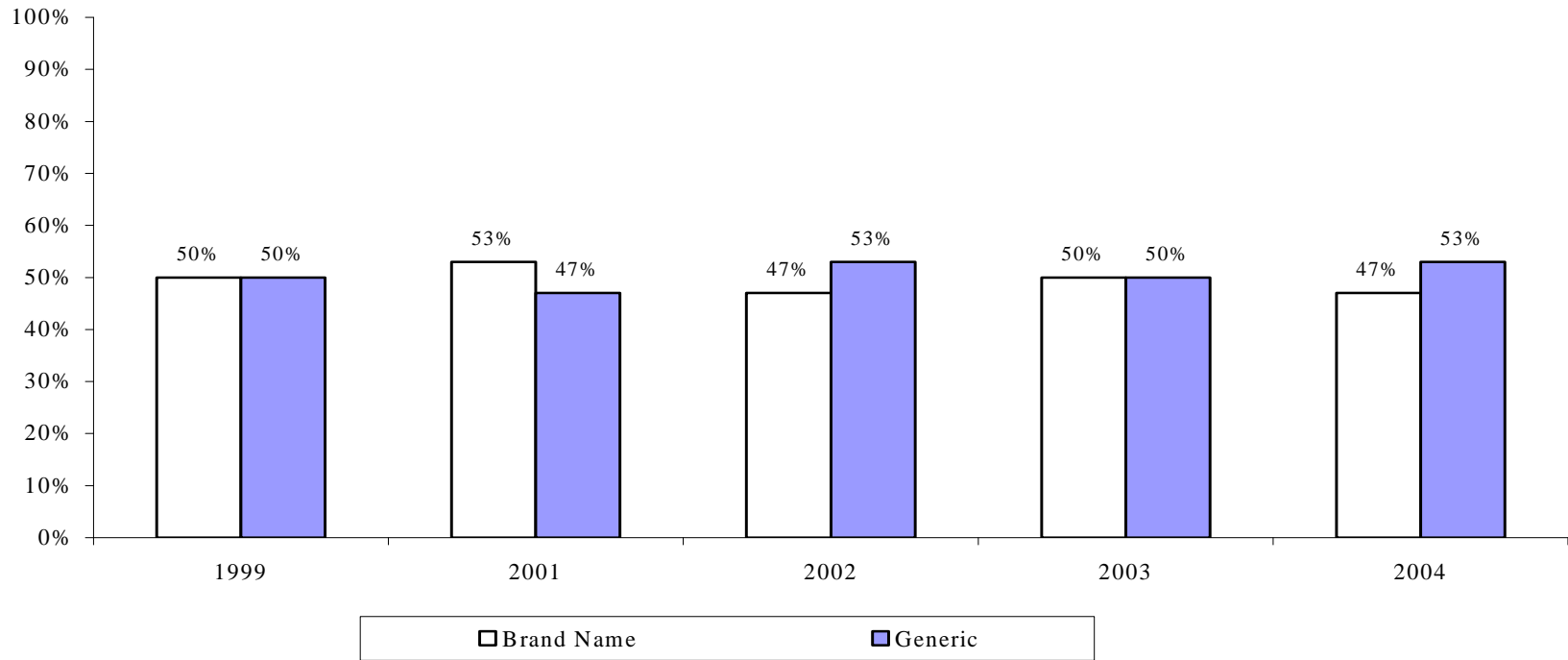


Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Tables ND3 and D3 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 40**

**BRAND NAME AND GENERIC DRUGS AS A PERCENTAGE OF ALL MEDICAID CLAIMS, 1999, 2001, 2002, 2003, AND 2004<sup>a</sup>**



52

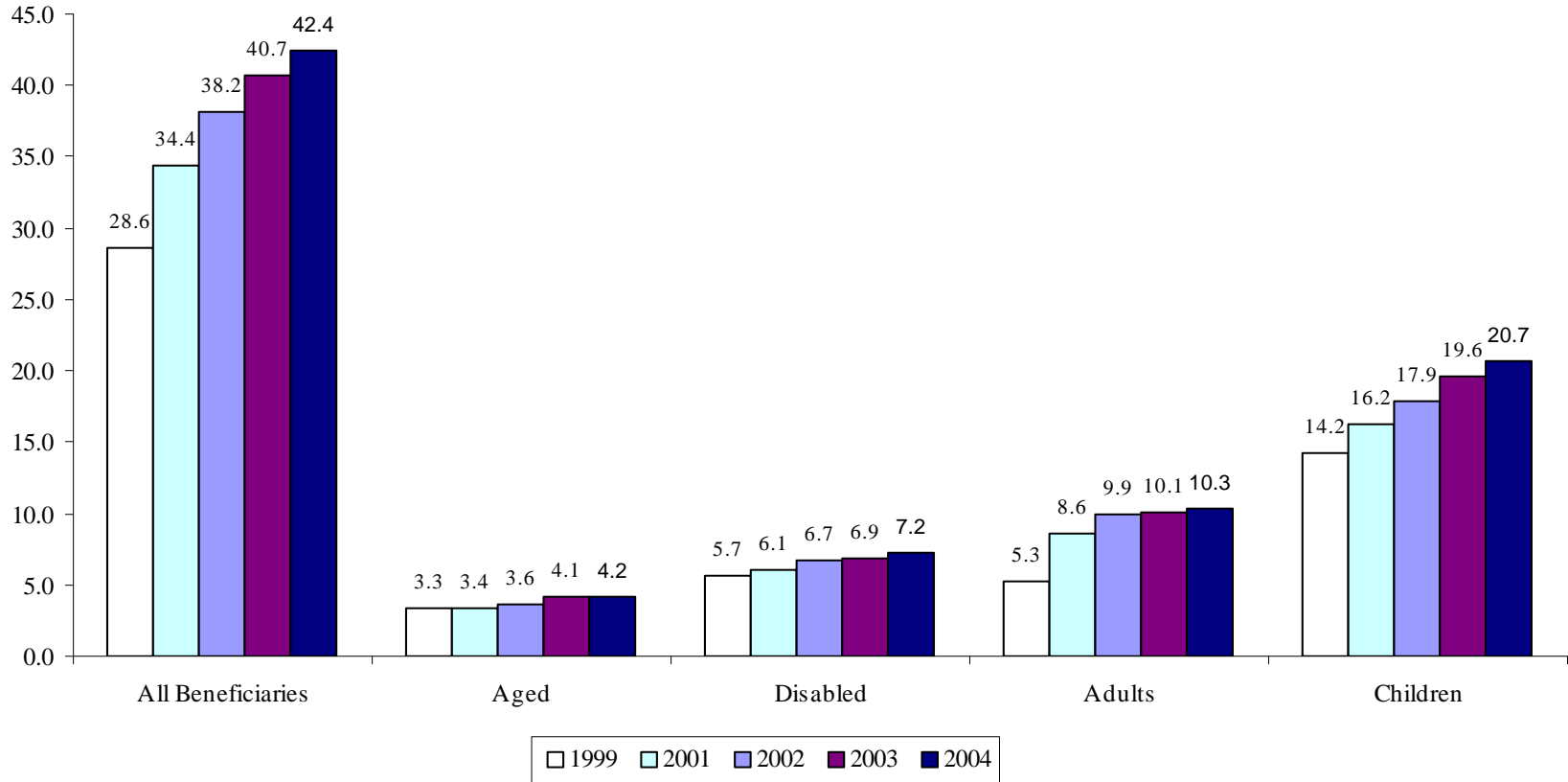
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 5 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Brand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, [[<http://www.medispans.com/marketing/ContentPage.aspx?headerItemId=34470f5f-3b87-421b-b3c7-65b0d4108bdc>] (September 26, 2008).

**EXHIBIT 41**

**NUMBER OF MEDICAID BENEFICIARIES BY BASIS OF ELIGIBILITY, 1999, 2001, 2002, 2003, AND 2004<sup>a</sup>**

(million)

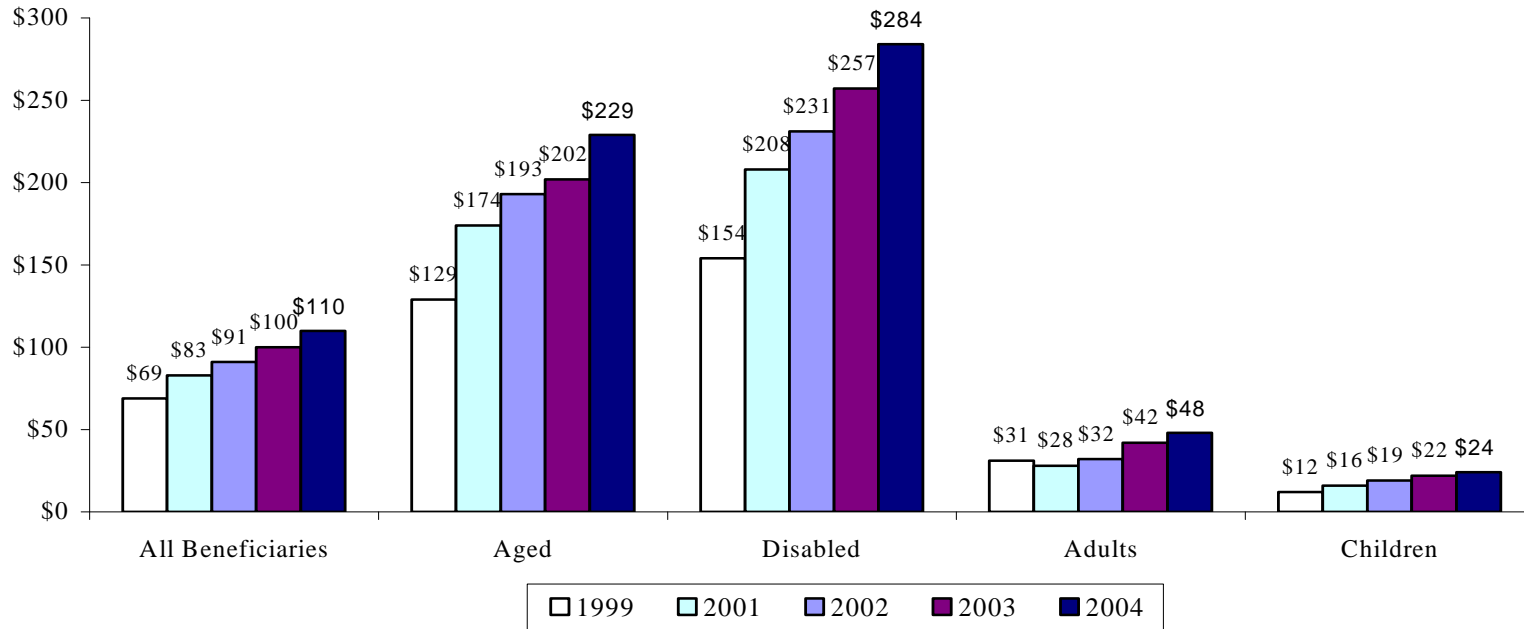


Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 2 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

**EXHIBIT 42**

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT BY BASIS OF ELIGIBILITY, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c</sup>**



54

Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 4 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

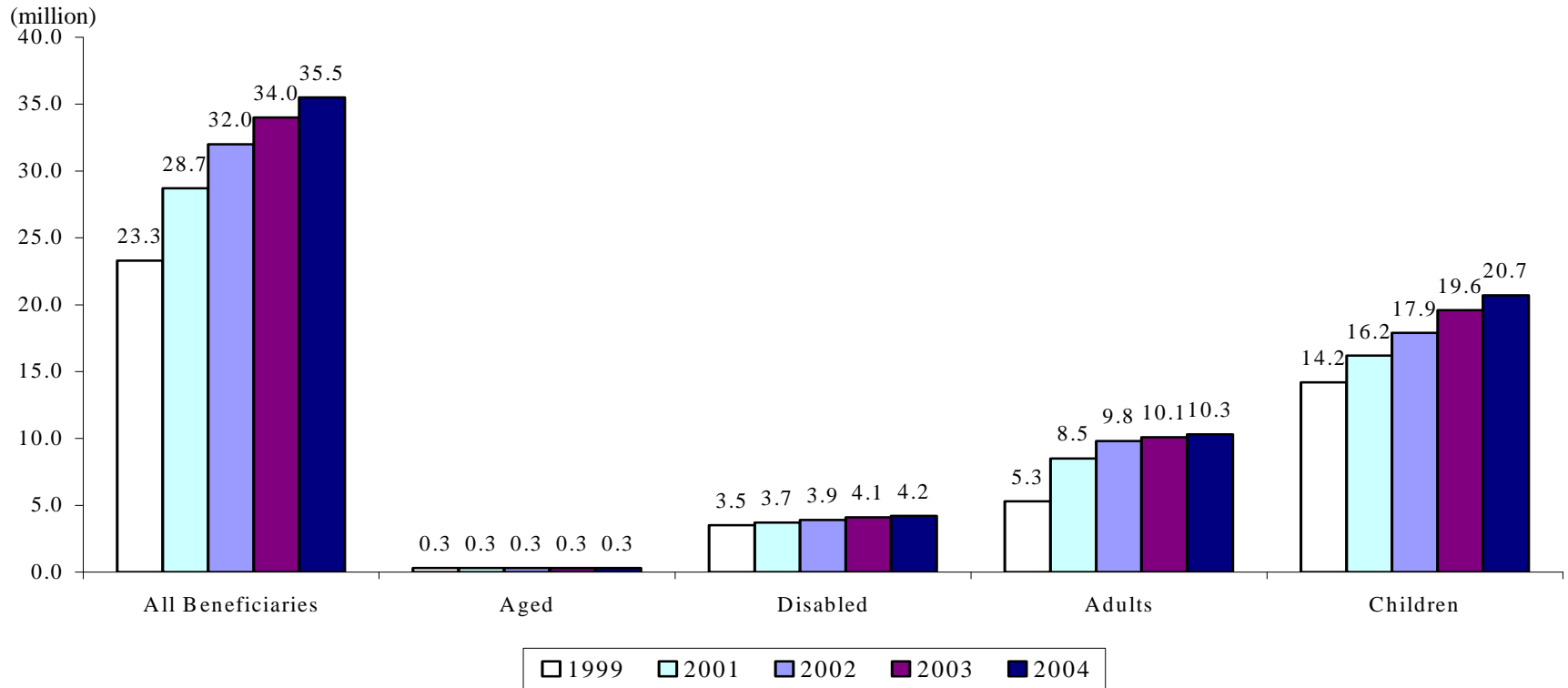
<sup>a</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>b</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

<sup>c</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

**EXHIBIT 43**

**NUMBER OF NONDUAL MEDICAID BENEFICIARIES BY BASIS OF ELIGIBILITY, 1999, 2001, 2002, 2003, AND 2004<sup>a,b</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table ND2 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

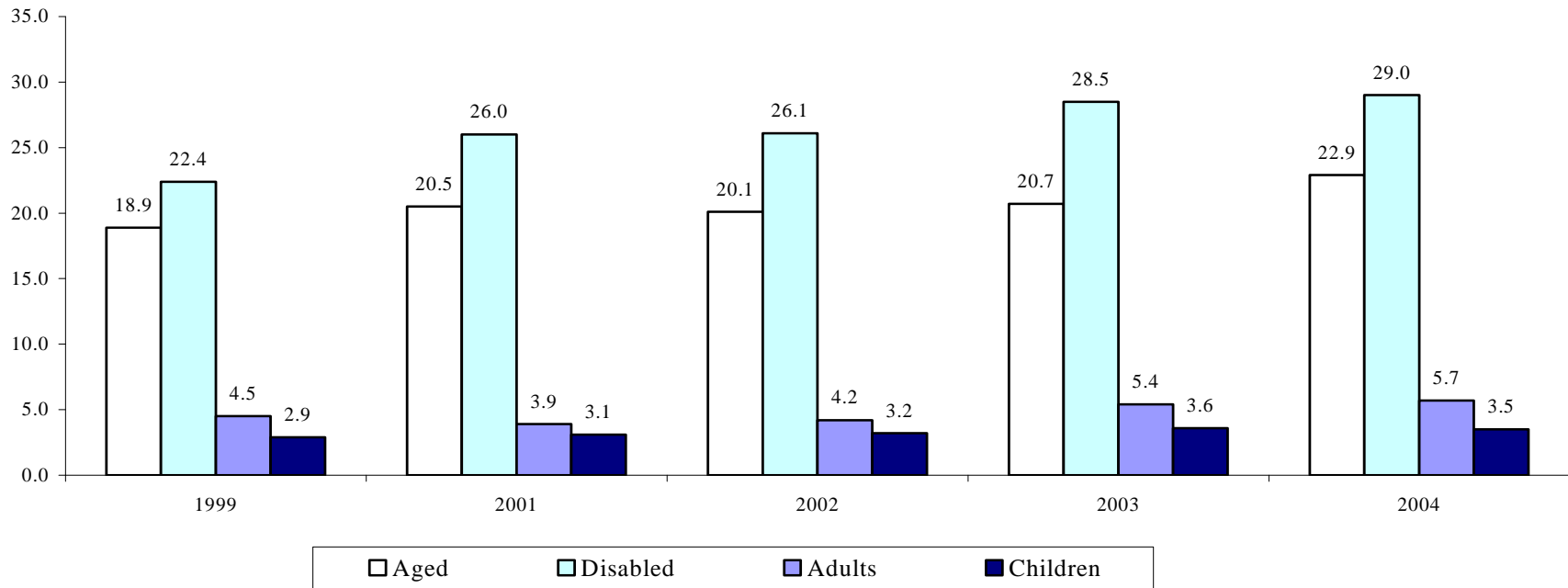
<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children’s group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>b</sup>Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 44**

**AVERAGE ANNUAL NUMBER OF MEDICAID PRESCRIPTION CLAIMS BY BASIS OF ELIGIBILITY, NONDUAL BENEFICIARIES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b</sup>**

56



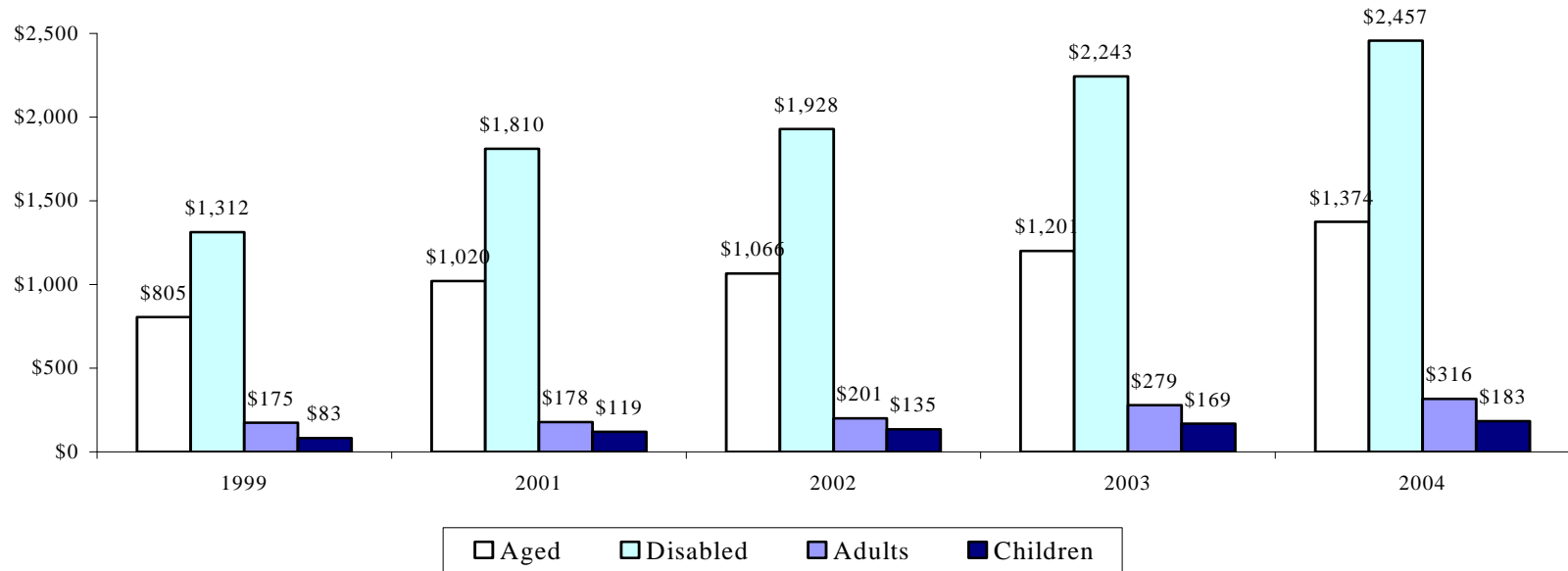
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table ND3 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children’s group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>b</sup>Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 45**

**AVERAGE ANNUAL MEDICAID PRESCRIPTION REIMBURSEMENT BY BASIS OF ELIGIBILITY, NONDUAL BENEFICIARIES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c,d</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table ND3 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

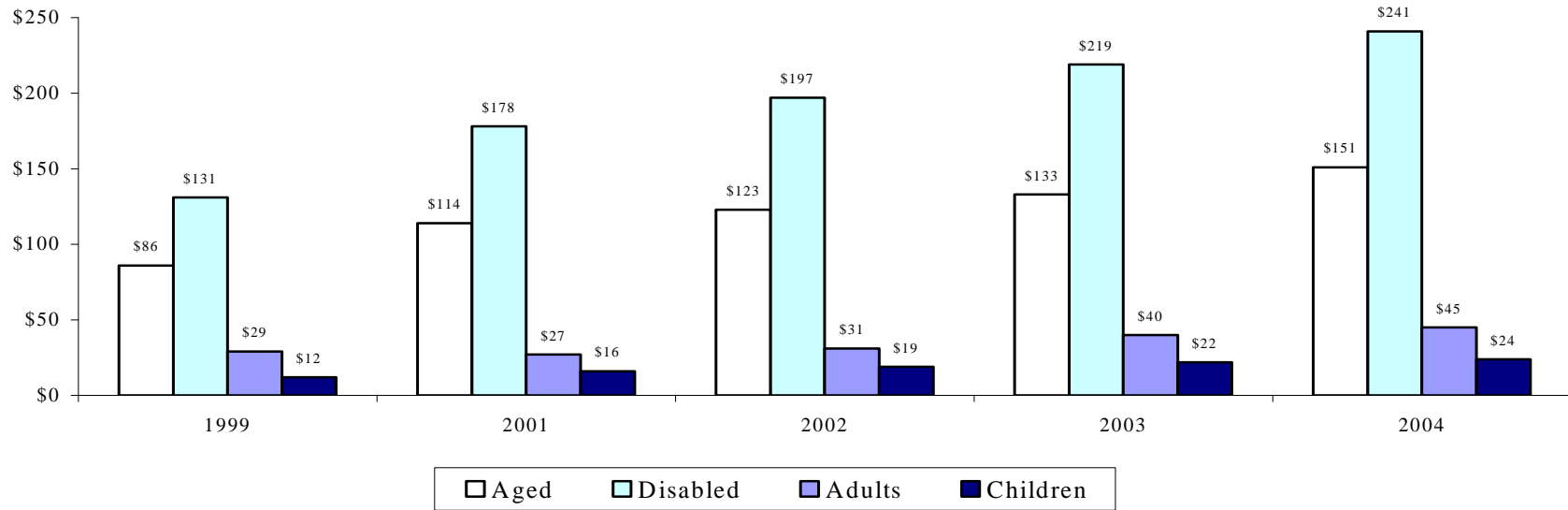
<sup>b</sup>Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>c</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>d</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 46**

**AVERAGE MONTHLY MEDICAID PRESCRIPTION REIMBURSEMENT BY BASIS OF ELIGIBILITY, NONDUAL BENEFICIARIES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c,d</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table ND4 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children’s group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

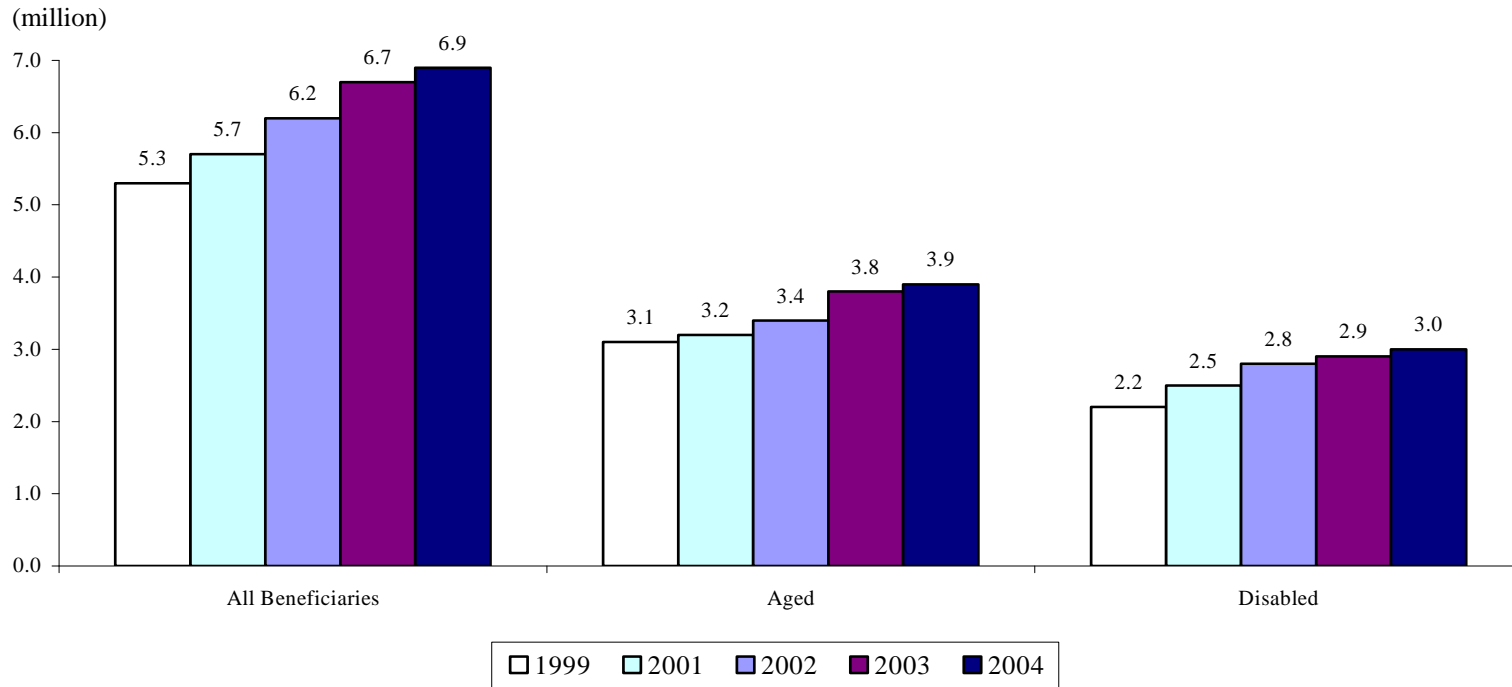
<sup>b</sup>Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>c</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>d</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 47**

**NUMBER OF DUAL MEDICAID BENEFICIARIES BY BASIS OF ELIGIBILITY, 1999, 2001, 2002, 2003, AND 2004<sup>a,b</sup>**



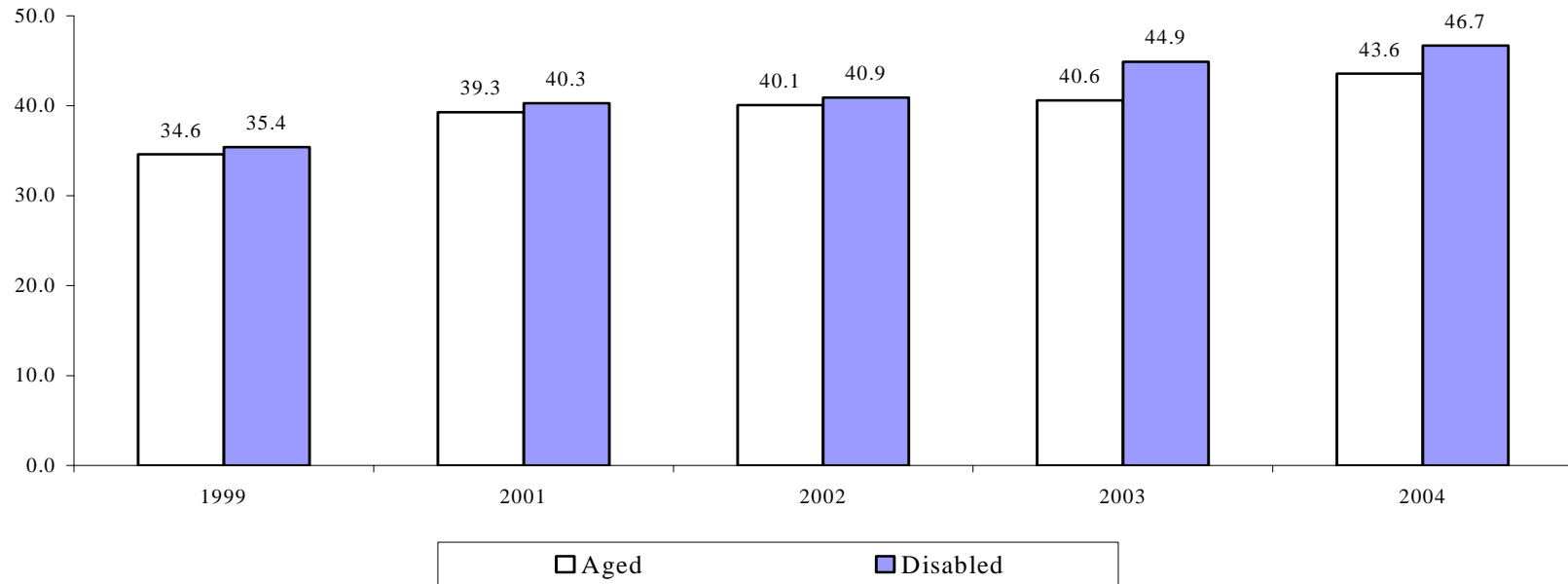
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D2 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children’s group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 48**

**AVERAGE ANNUAL NUMBER OF MEDICAID PRESCRIPTION CLAIMS BY BASIS OF ELIGIBILITY,  
DUAL ELIGIBLE BENEFICIARIES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b</sup>**



09

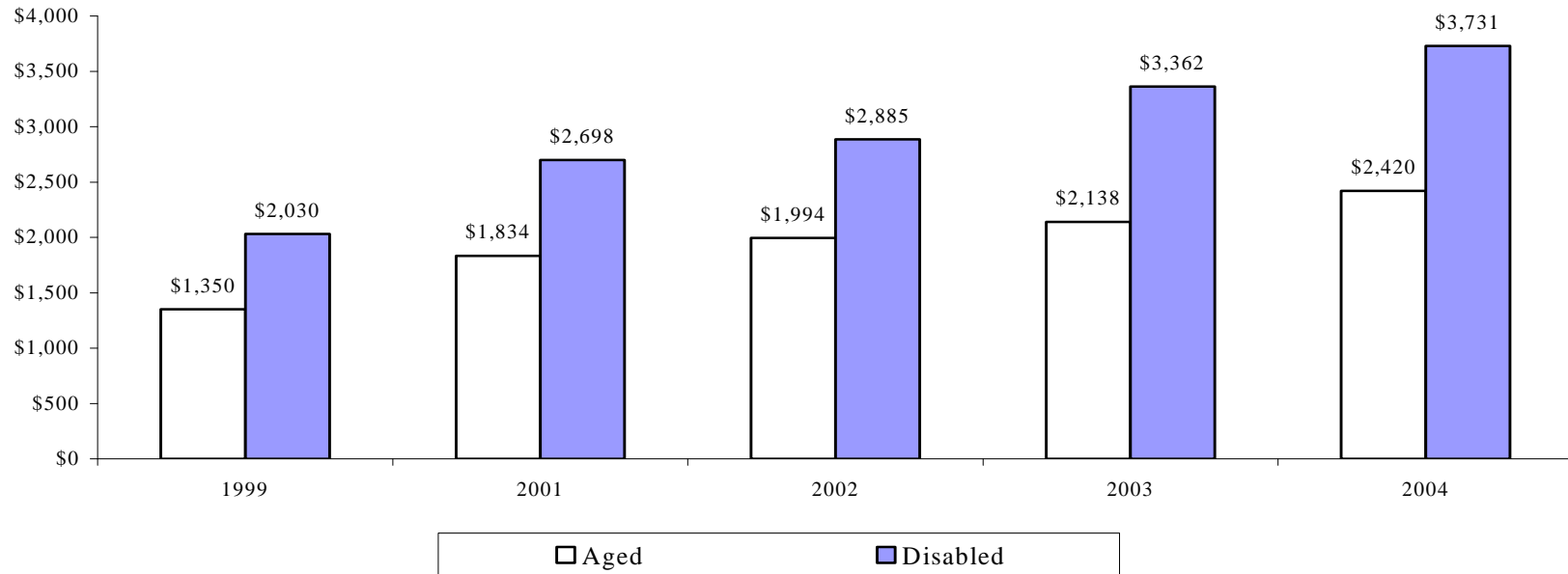
Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D3 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

### EXHIBIT 49

#### AVERAGE ANNUAL MEDICAID PRESCRIPTION REIMBURSEMENT BY BASIS OF ELIGIBILITY, DUAL ELIGIBLE BENEFICIARIES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c,d</sup>



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D3 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

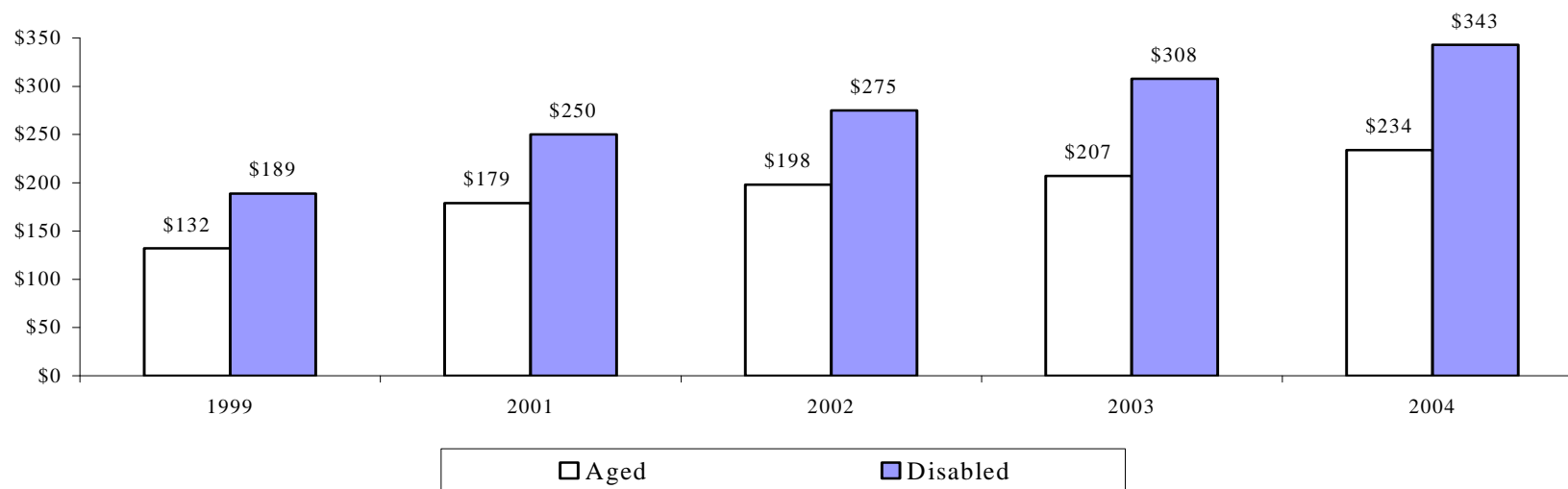
<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>c</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>d</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 50**

**AVERAGE MONTHLY MEDICAID PRESCRIPTION REIMBURSEMENT BY BASIS OF ELIGIBILITY, DUAL ELIGIBLE BENEFICIARIES, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c,d</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table D4 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Medicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children’s group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

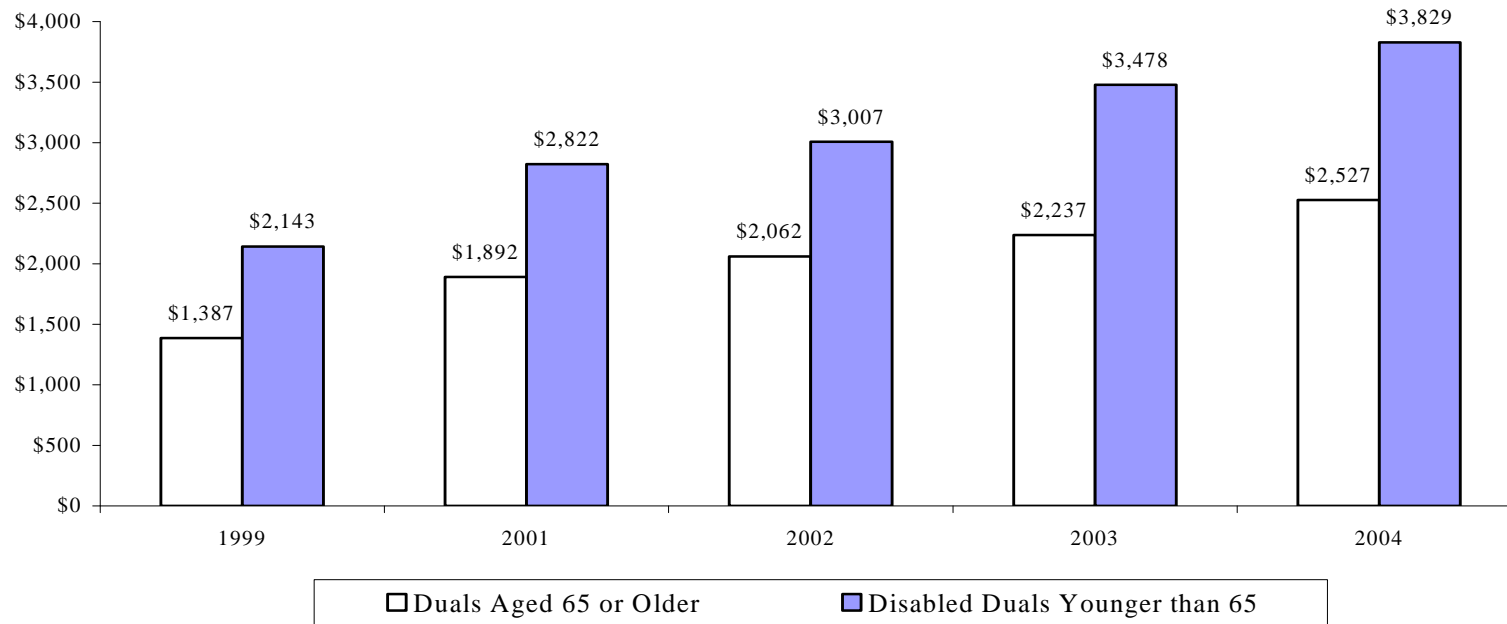
<sup>b</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>c</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>d</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 51**

**AVERAGE ANNUAL MEDICAID DRUG REIMBURSEMENT AMONG DUAL ELIGIBLE BENEFICIARIES  
BY AGE GROUP AND DISABILITY STATUS, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c</sup>**



63

Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Supplemental Tables 1A and 1B of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

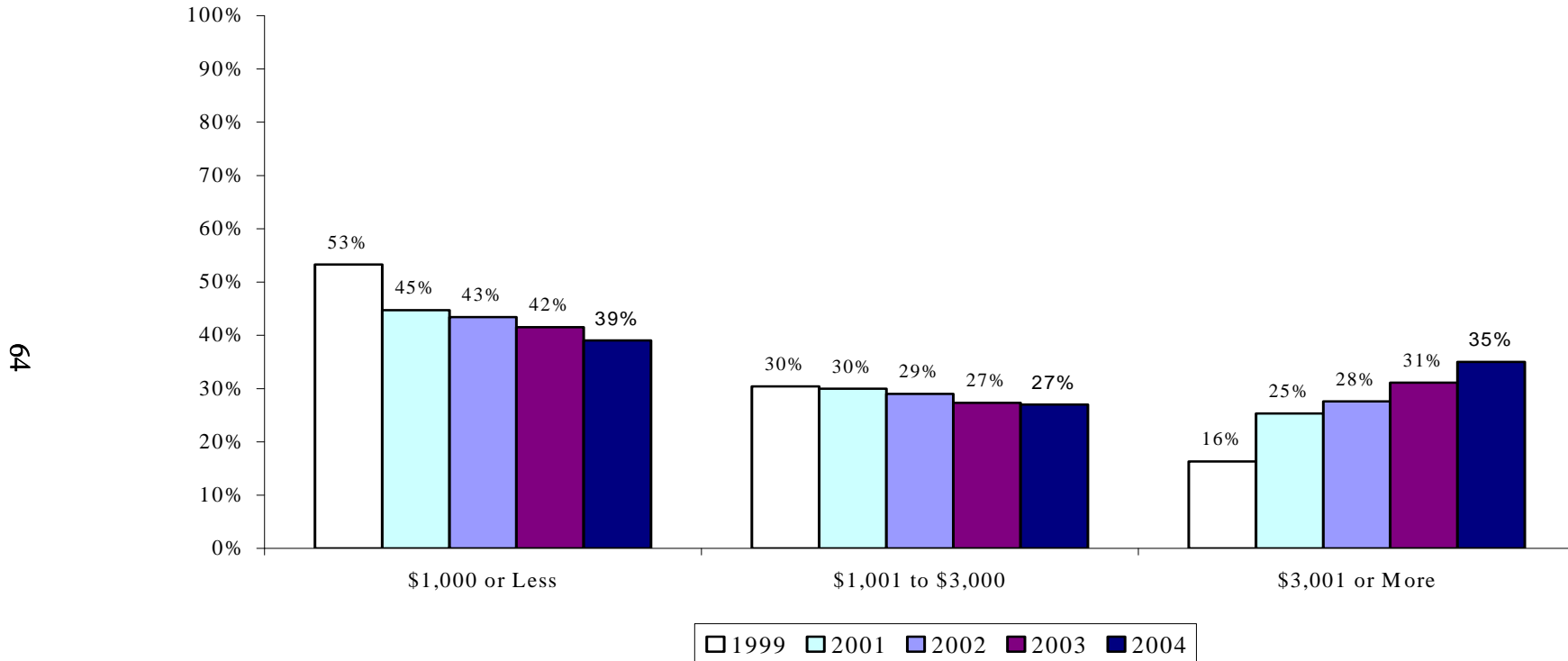
<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>b</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>c</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

**EXHIBIT 52**

**PERCENTAGE OF DUAL ELIGIBLE BENEFICIARIES WITH ANNUAL DRUG COSTS IN SPECIFIED RANGES, 1999, 2001, 2002, 2003, AND 2004<sup>a</sup>**

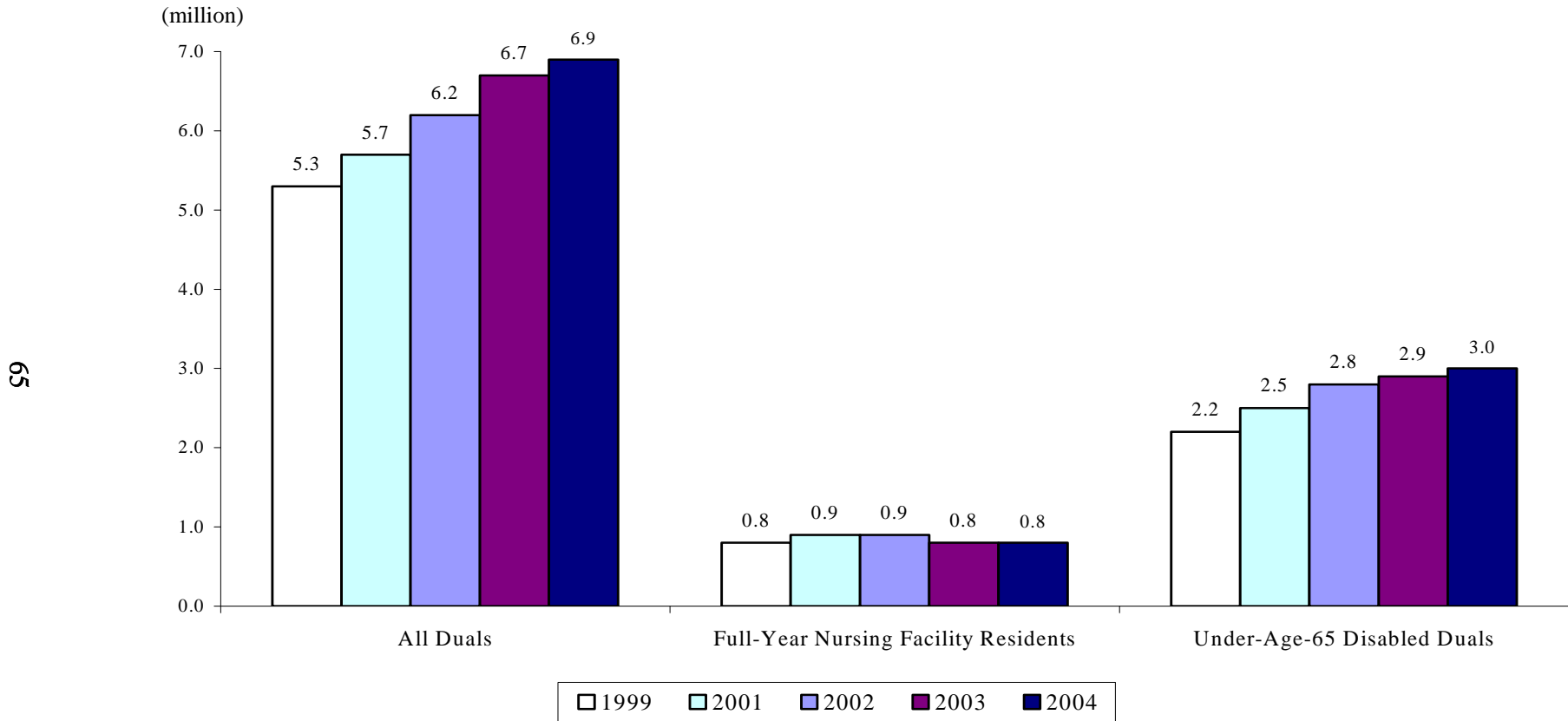


Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Supplemental Table 1 of the 1999, 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 53**

**NUMBER OF DUAL ELIGIBLE FULL-YEAR NURSING FACILITY RESIDENTS AND UNDER-AGE-65 DISABLED DUAL ELIGIBLE BENEFICIARIES COMPARED TO ALL DUALS, 1999, 2001, 2002, 2003, AND 2004<sup>a</sup>**

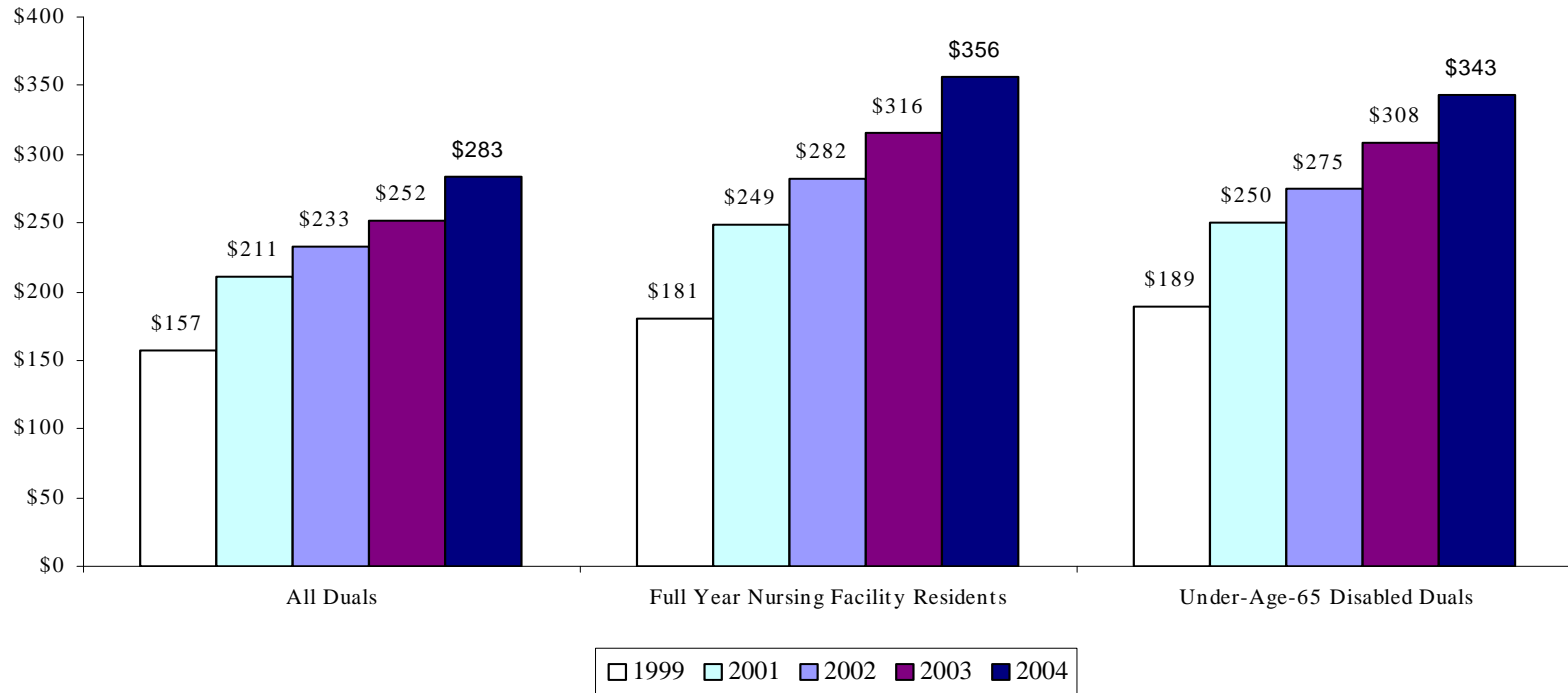


Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 11 of the 1999 Compendium and Table D.2 of the 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**EXHIBIT 54**

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT FOR DUAL ELIGIBLE FULL-YEAR NURSING FACILITY RESIDENTS AND UNDER-AGE-65 DISABLED DUAL ELIGIBLE BENEFICIARIES COMPARED TO ALL DUALS, 1999, 2001, 2002, 2003, AND 2004<sup>a,b,c</sup>**



Source: Medicaid Analytic Extract (MAX), 2004. This graph is based on the information contained in Table 13 of the 1999 and D.4 of the 2001, 2002, 2003, and 2004 Compendiums.

<sup>a</sup>Dual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2004. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

<sup>b</sup>The Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

<sup>c</sup>Monthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.