Using Medicaid Analytic eXtract (MAX) Data on Rx Drug Use and Costs to Analyze Current Medicaid and Medicare Policy Issues

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for the

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Introduction and Overview

- Mathematica Policy Research, Inc. (MPR) has been preparing detailed state-by-state and national tables and chartbooks on Medicaid Rx drug use and costs for CMS/ORDI since 2002
  - Tables for 1999 and 2001-2004 are on the CMS web site and tables for 2005 will be posted by March 2009
    ♦ [http://www.cms.hhs.gov/MedicaidDataSourcesGenInfo/08_MedicaidPharmacy.asp](http://www.cms.hhs.gov/MedicaidDataSourcesGenInfo/08_MedicaidPharmacy.asp)

- MPR has also prepared four issue briefs, three journal articles, and three conference presentations

- Presentation today will focus on 2004 data and issues for Medicaid and Medicare highlighted in two recent MPR issue briefs
Major Features of the MAX Rx Tables and Chartbooks

- **Statistical Compendium (Tables)**
  - 51 data tables for the nation, each state, and DC
    - 7 tables for all Medicaid beneficiaries, 14 tables each for dual eligibles and nonduals, 6 supplemental tables on duals, and 10 national comparison tables
    - Drug use and cost is shown by age, sex, and eligibility category (children, adults, aged, disabled)
    - Tables provide data on drug type, brand vs. generic, top 10 drug groups, nursing facility use, drugs excluded from Part D

- **Chartbooks**
  - 54 exhibits (2 tables and 52 graphs) highlighting major features of the tables and key comparisons
Major Inclusions and Exclusions From MAX Rx Drug Data

- **Includes**
  - All Medicaid beneficiaries who had fee-for-service (FFS) pharmacy benefit coverage for at least one month during the year, whether or not they filled a prescription
  - All Medicaid Rx drug reimbursement amounts, prior to manufacturer rebates

- **Excludes**
  - Beneficiaries in capitated managed care arrangements that include Rx drugs, but only for months enrolled in capitated managed care
    - 28 percent of nonduals were enrolled in capitated managed care in 2004, but only 7 percent of duals
Major Medicaid Rx Drug Issues

- Almost all Rx drug use for Medicaid/Medicare dual eligibles is now covered by Medicare
  - Represents more than half of pre-2006 Medicaid Rx drug expenditures

- Non-dual disabled beneficiaries now account for nearly 60 percent of Medicaid Rx drug expenditures
  - How to assure use is appropriate and cost-effective?

- Childrens’ use of antipsychotic drugs
  - How has use grown since 1999? Is use appropriate?

- Drug use in nursing facilities (NFs) by dual eligibles
  - Drugs now covered by Medicare, but Medicaid remains responsible for the rest of duals’ long-term NF care
Dual Eligibles Accounted for More Than Half of Medicaid Rx Drug Reimbursement in 2004
Annual Rx Drug Reimbursement, Nonduals vs. Duals, 1999-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Nondual Beneficiaries</th>
<th>Dual Eligibles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$298</td>
<td>$1,629</td>
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<tr>
<td>2001</td>
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<td>$459</td>
<td>$2,659</td>
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<tr>
<td>2004</td>
<td>$504</td>
<td>$2,980</td>
</tr>
</tbody>
</table>
Disabled Population Accounted for 58 Percent of Nondual Rx Drug Reimbursement in 2004

- Percent of Beneficiaries
  - Aged: 1%
  - Disabled: 12%
  - Adults: 29%
  - Children: 58%

- Percent of Pharmacy Reimbursement
  - Aged: 2%
  - Disabled: 58%
  - Adults: 18%
  - Children: 21%
Use of Mental Health Drugs Is Very High Among Nondual Disabled Beneficiaries

- Antipsychotics and antidepressants accounted for over one-third of Medicaid Rx drug reimbursement for nonduals in 2004

- Nondual disabled beneficiaries were especially heavy users of antipsychotics and antidepressants
  - 26% used antipsychotics and 40% used antidepressants
  - Among other nonduals, 2% used antipsychotics and 6% used antidepressants
Use of Antipsychotics For Children on Medicaid Has Been Growing

- The percent of Medicaid beneficiaries age 14 and under taking antipsychotics doubled between 1999 and 2004
  - From 0.9% in 1999 to 1.8% in 2004
  - Number of users rose from 111,000 to 307,000

- 3.3% of children age 6-14 used antipsychotics in 2004
  - 289,000 children

- Among children age 6-14 in disabled eligiblity categories, 14% of females and 23% of males used antipsychotics in 2004
Rx Drug Use in Nursing Facilities Is Very High; Now Covered Mostly by Medicare

- Nearly 90% of 1.4 million Medicaid beneficiaries in nursing facilities (NFs) in 2004 were dual eligibles
  - Accounted for 13% of total Medicaid FFS Rx drug expenditures
  - Drug use by duals in NFs now covered by Medicare Part D plans

- Among full-year dual eligible NF residents, 45% used antipsychotics, 62% used antidepressants, 47% used ulcer drugs, 38% used antiasthmatic drugs, and 35% used antidiabetic drugs
  - Complex health care needs, polypharmacy, drug-drug interactions, hospitalization risks

- How can Medicaid monitor the quality of care for dual eligibles in nursing facilities for long-term care without access to data on their use of drugs?
Major Rx Drug Issues For Dual Eligibles in Medicare

- Rx drug use by dual eligibles under and over age 65
  - Use by disabled duals under 65 is much higher
  - How well are Part D plans dealing with this?

- Most costly and commonly used drugs
  - Antipsychotics, ulcer drugs, antidepressants

- Drug use in nursing facilities
  - Fragmented responsibilities
  - Hard for Part D plans to control

- Cost and use of drugs excluded from Part D
  - Still covered by Medicaid
  - Benzodiazepines and barbiturates will be covered by Part D starting in 2013
Drug Use by Dual Eligibles Under and Over Age 65

- Of the 6.9 million dual eligibles in 2004, 35 percent were under 65 and disabled

- Their average annual drug reimbursement in 2004 was $3,829, compared to $2,527 for duals 65 and over

- 10% had annual Medicaid drug expenditures of more than $10,000, compared to only 3 percent of 65 and over duals
  - These high-cost beneficiaries accounted for 43% of all Rx drug costs for under-65 duals

- Under-65 duals are strong candidates for Medication Therapy Management Programs under Part D
Rx Drug Use by Under-65 Disabled Duals Was Much Higher Than Use by 65+ Duals in 2004

Disabled Dual Eligibles Under Age 65

- Percent of Beneficiaries: 10%
- Percent of Expenditures: 17%
- Percent of Beneficiaries: 35%
- Percent of Expenditures: 30%

Dual Eligibles Age 65 and Older

- Percent of Beneficiaries: 13%
- Percent of Expenditures: 46%
- Percent of Beneficiaries: 43%
- Percent of Expenditures: 34%
Average Annual Medicaid Rx Drug Expenditures, Under-65 Disabled vs. 65+ Duals, 1999-2004

- Duals Aged 65 or Older
- Disabled Duals Younger than 65

1999: $1,387
2001: $1,892
2002: $2,062
2003: $2,237
2004: $2,527
Most Costly and Commonly Used Drugs Among Duals in 2004

- Most costly drugs among all duals
  - Antipsychotics - $2.7 billion (13% of total)
  - Ulcer drugs - $1.5 billion (7% of total)

- Most commonly used among all duals
  - Analgesics (53%)
  - Antihypertensives (47%)
  - Antidepressants (43%)

- Among under-65 disabled duals
  - 40% used an antipsychotic, compared to only 17% of nondisabled duals age 65 and over

- Part D plans must include “all or substantially all” antipsychotics and antidepressants in formularies
Drug Use in Nursing Facilities by Duals in 2004

- Total Rx drug expenditures for duals in nursing facilities (NFs) all year were $2.9 billion
  - Expenditures for part-year residents were another $1.4 billion
  - Accounted for 20% of total Rx expenditures for duals

- Average monthly Rx drug expenditure for duals in NFs all year was $356
  - Average for duals with no NF use was $269

- Among all-year residents, 45% used antipsychotics, 62% antidepressants, 47% ulcer drugs, and 35% antidiabetics

- How are Part D plans dealing with this?
Rx Drug Reimbursement for Dual Eligibles In Nursing Facilities Was High in 2004

- All Duals: $283
- Dual All-Year NF Residents: $356
- Dual Part-Year NF Residents: $330
- Dual With No NF Use: $269
Cost and Use of Drugs Excluded From Part D

- When Part D was established in 2003, several types of drugs were excluded from coverage
  - Benzodiazepines, barbiturates, nonprescription drugs, cough and cold medications, etc.
  - As a result of 2008 legislation, Part D will cover the first two, starting in 2013
  - Medicaid must cover these drugs for duals if they cover them for other beneficiaries, which most states do

- 53% of duals used at least one of these drugs in 2004, but costs were very low
  - Benzodiazepines and nonprescription drugs each accounted for only 0.8% of total Rx drug expenditures for duals; others cost much less

- Why continue with this fragmented coverage?
Looking Ahead

- CMS is now analyzing and reporting on Part D Rx drug data for 2006
  - Data for 2007 should be available soon

- State-by-state Medicaid MAX Rx data for 2005 will be available for analysis by March 2009

- Presents major opportunities to analyze impact of Part D on duals, and possible options for change
References
