STATE-BY-STATE MEDICAID PHARMACY DATA FOR 1999 Perspectives and Opportunities

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National Association of State Medicaid Directors
Fall 2004 Annual Meeting
Washington, DC
November 18, 2004
Introduction and Overview

- Major features of new 1999 state-by-state Medicaid Rx data prepared for CMS by Mathematica
- Some illustrative highlights from the data
- How states can use the data to identify possible problems and potential solutions
Major Features of the MAX Rx Data

- Medicaid Analytic Extract (MAX) files bring together Medicaid claims and eligibility files submitted to CMS by states
  - “Person summary file” for each beneficiary
    - Includes all Medicaid services, and can be linked to Medicare services
  - Expenditure data are based on date of service rather than date of payment
  - Data on Rx claims show each drug by standard categories, brand and generic name, dosage, and payment amount
  - Data on beneficiaries include demographic and eligibility characteristics

- 1999 MAX Rx data are available on the Web at:
  - http://www.cms.hhs.gov/researchers/projects/Medicaid_rx/
Major Features (Cont.)

- Data include only fee-for-service (FFS) months – no capitated managed care months
  - Excludes 26 percent of beneficiaries, but only 6 percent of Rx reimbursement

- 27 tables for each state and the nation, including 15 that focus just on dual eligibles

- Tables show use and reimbursement by:
  - Beneficiary demographics and basis of eligibility
  - Beneficiaries in nursing facilities
  - Brand vs. generic
  - Top 10 drug therapeutic categories and drug groups in each state
  - Dual eligibles in $500 annual reimbursement increments
Some Illustrative Highlights From 1999 Medicaid Rx Data

- Average monthly FFS Rx reimbursement was $69 nationally, ranging from $43 in SC to $165 in CT
- Disabled accounted for 58% of total FFS Rx dollars nationally, aged 28%, adults 6%, and children 8%
- Average monthly FFS Rx reimbursement was $159 for disabled, $129 for aged, $31 for adults, and $12 for children
- Average monthly FFS Rx reimbursement for duals was $157, ranging from $109 in NM to $315 in CO
- Duals accounted for 55% of FFS Rx reimbursement nationally, ranging from 39% in WV to 90% in NM
Some Illustrative Highlights (Cont.)

- Average annual FFS Rx reimbursement for duals was $2,143 for disabled under 65, $1,431 for age 65-74, $1,447 for age 75-84, and $1,247 for age 85+

- Duals in nursing facilities accounted for 14% of FFS Rx reimbursement nationally, ranging from 2% in SC to 30% in MD

- Generic Rx accounted for 43% of FFS Rx nationally, ranging from 34% in NY to 50% in OR

- Antipsychotics were the top-ranked drug group in terms of dollars in 38 states, and second in 9 others

- Antipsychotics accounted for 11% of total FFS Rx Medicaid reimbursement and antidepressants 7%
Identifying Potential Problems

- How states can use MAX Rx tables to identify potential problems, using Indiana as an example
- What were the major factors driving Indiana’s Medicaid Rx drug expenditures in 1999?
- Look first at National Comparison Tables at end of national table set (Tables N.1 to N.7) to identify areas where state appears to be an outlier
## Identifying Potential Problems (Cont.)

<table>
<thead>
<tr>
<th>Rx $s per benefit month</th>
<th>Indiana</th>
<th>US</th>
<th>Indiana Nat’l Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>All FFS (Table N.3)</td>
<td>$75</td>
<td>$69</td>
<td>22</td>
</tr>
<tr>
<td>Aged (N.3)</td>
<td>$207</td>
<td>$129</td>
<td>2</td>
</tr>
<tr>
<td>Duals (N.6)</td>
<td>$215</td>
<td>$157</td>
<td>3</td>
</tr>
<tr>
<td>All-year NF (N.2)</td>
<td>$277</td>
<td>$187</td>
<td>3</td>
</tr>
</tbody>
</table>
Identifying Potential Problems (Cont.)

- What is going on in Indiana nursing facilities?

- How much of high Rx per-beneficiary cost for all-year NF residents is due to price, and how much to utilization?
  - $s per Rx (Table 5)
    - IN: $40  US: $38
  - No. of Rx per benefit month (Table 5)
    - IN: 6.9  US: 5.0
    - IN ranks 3rd in US (Table N.2)

- Brand vs. generic
  - % generic for all FFS in all settings
    - IN: 47.8%  US: 45.7%
  - % generic for duals in NFs and community
    - IN: 45.4%  US: 43.4%
Identifying Potential Problems (Cont.)

- What types of drugs are responsible for most costs in Indiana nursing facilities? (Tables 9 and 10)
  - Antipsychotics
    - Most costly NF drugs in IN and US
      - 10.4% of NF Rx costs in IN, 13.2% in US
  - Ulcer drugs
    - 2nd most costly in IN, 3rd in US
      - 9.6% of NF Rx costs in IN, 8.5% in US
  - Antidepressants
    - 3rd most costly in IN, 2nd in US
      - 9.1% of NF Rx costs in IN, 9.8% in US
Identifying Potential Problems (Cont.)

- Users of top 3 drug groups as a percent of total all-year NF residents (Table 10)
  - Antipsychotics
    ♦ IN: 42.0%      US: 34.8%
  - Ulcer drugs
    ♦ IN: 45.6%      US: 34.8%
  - Antidepressants
    ♦ IN: 51.6%      US: 43.4%

- IN exceeds US average for users as a % of NF residents for all top 10 drug groups
Identifying Potential Problems (Cont.)

- Dollars per Rx for top 3 nursing facility drug groups (Table 10)
  - Antipsychotics
    † IN: $87  US: $90
  - Ulcer drugs
    † IN: $74  US: $64
  - Antidepressants
    † IN: $57  US: $52
Next Steps In The Analysis

- What has changed since 1999?
  - Rx drug prices?
  - New brand-name drugs?
  - Drug manufacturer marketing efforts?
  - New generic substitutes?

- What initiatives has state undertaken that may change 1999 patterns?
  - Changes in payments to pharmacies?
  - Increased generic substitution?
  - Changes in beneficiary cost sharing?
    - Not applicable in NFs
  - Preferred drug list/prior authorization?
  - Initiatives aimed at utilization in specific settings, such as nursing facilities?
  - Initiatives aimed at special populations?
    - Mental health
    - Disease management
Next Steps (Cont.)

- Analyze most recent state Medicaid Rx claims and eligibility data to determine if 1999 patterns still prevail
  - Look for new trends, breaks in old trends

- Focus on areas where problems appear the same as or larger than in 1999
  - Look at price, utilization, brand vs. generic, Rx use in specific settings and for specific eligibility groups
  - Drill down to specific prescribing physicians, nursing facilities, pharmacies
  - Look for outliers

- Only provider ID numbers are in MAX files, so states can enhance MAX analysis by linking to state provider files for more info on providers
Identifying Potential Solutions

- Aim proposed solutions at major problem sources

- Indiana example
  - Who is responsible for NF Rx utilization?
    - Some combination of prescribing physician, NF, NF consulting pharmacist, and institutional pharmacy

- Potential solutions
  - More intensive review of physician NF prescribing
    - Perhaps use DUR board
  - Institute PA for outlier prescribing in NFs
  - Modify NF pharmacy reimbursement
  - Put NF and/or institutional pharmacy at partial or full risk for Rx drugs

- MMA adds great uncertainty – Medicare takeover of Rx for duals in 2006
Conclusion

- New MAX data allow states for the first time to compare Medicaid Rx drug use and reimbursement across states in detail on a consistent basis.

- MAX data will always have lags, so states must have capability to analyze their own Medicaid data to pick up more recent trends.

- States must also drill down in their data to find out reasons for outliers and breaks in trends over time – Look especially at provider behavior.

- Talk with state staff, providers, advocates, and others to see whether what they see anecdotally confirms, conflicts with, or helps to explain data patterns and trends.