



# Comparison of Medicaid Drug Coverage to Medicare Part D and Commercial Plans

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Medicaid and CHIP Payment and Access Commission

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# Overview

- States have commented that they have limited tools to manage drug utilization compared to other payers and would like to adopt commercial-style tools
- Work with IMPAQ International to compare Medicaid coverage of drugs to Medicare Part D and commercial payers
  - Does Medicaid offer broader coverage?
  - How do coverage decisions and restrictions vary across payers?

# Coverage Requirements

- Medicaid must generally cover all drugs
- Medicare Part D plans must cover:
  - At least two drugs in each drug category or class
  - All or substantially all drugs in six protected classes
- Commercial plans required to provide essential health benefits must cover the greater of:
  - At least one drug in every category or class
  - Same number of drugs in each category or class as the benchmark plan
- Other commercial plans (e.g., self-insured employer-sponsored) have limited federal or state requirements

# Methods

- Sample of 130 drug products across 29 drug classes
- December 2017 formulary and plan information from Managed Market Insight and Technology (MMIT)
- Counted the number of covered drugs and the number of unrestricted (without utilization management restrictions) drugs
- Identified formularies that were considered outliers on the low end of coverage for each drug class

# Outlier Analysis

- Calculated outlier thresholds for each drug class
  - National threshold
  - State-specific threshold
- Identified the percentage of covered lives that were affected by at least one drug coverage outlier for each payer

# Number of Covered Drugs

- In general, Medicaid formularies had broader coverage than Medicare Part D or commercial payers
- The median number of covered drugs for Medicaid formularies was greater than or equal to Medicare and commercial formularies in all drug classes reviewed
- Medicaid had a higher median number of covered drugs in eight classes

# Median number of covered drugs for Medicaid was higher in eight classes

Drug class	Number of drugs in class	Median number of covered drugs		
		Commercial	Medicare	Medicaid
ADHD Agents, Amphetamines	5	4	2	5
Antidepressants, SSRIs/SNRIs	14	13	13	14
Anti-Hepatitis C (HCV) Agents, Direct Acting	10	8	5	9
Anti-Inflammatories, Inhaled corticosteroids	12	11	8	12
Antipsychotics, 2nd Gen/Atypical	13	10	11	12
Genetic/Enzyme Disorder Treatment, Duchenne muscular dystrophy	2	1	0	2
Genetic/Enzyme Disorder Treatment, spinal muscular atrophy	1	0	0	1
Opioid Dependence Treatments	4	3	3	4

**Source:** MACPAC/IMPAQ analysis of December 2017 MMIT formulary data.

# Medicaid has fewer covered lives affected by drug coverage outliers

Payer	Drug coverage outliers – national		Drug coverage outliers – state	
	Percent of formularies	Percent of covered lives	Percent of formularies	Percent of covered lives
Commercial	58.4%	53.8%	37.0%	32.9%
Medicare	51.0%	49.9%	54.7%	58.0%
Medicaid	28.1%	18.4%	18.7%	14.7%
Medicaid FFS	12.5%	14.6%	8.3%	13.4%
Medicaid MCO	30.3%	19.5%	20.2%	15.1%

**Notes:** FFS is fee for service. MCO is managed care organization.

**Source:** MACPAC/IMPAQ analysis of December 2017 MMIT formulary data.



# Number of Unrestricted Drugs

- Although Medicaid formularies tended to cover more drugs, they may place more restrictions on drugs
- Medicaid had a lower median number of unrestricted drugs than both Medicare and commercial formularies in six classes

# Median number of unrestricted drugs for Medicaid was lower in six classes

Drug class	Number of drugs in class	Median number of unrestricted drugs		
		Commercial	Medicare	Medicaid
Anticoagulants, Factor Xa Inhibitors	5	2	2	1
Antidepressants, Other	9	5	5	3
Antidepressants, SSRIs/SNRIs	14	7	6	3
Dyslipidemics, HMG-COA Inhibitors (Statins)	7	3	2	0
Fibric Acid Derivatives	2	2	2	0
Immune Suppressants, DMARD	4	3	3	2

**Source:** MACPAC/IMPAQ analysis of December 2017 MMIT formulary data.

# Medicaid may have more covered lives affected by utilization management outliers

Payer	UM restriction outliers – national		UM restriction outliers – state	
	Percent of formularies	Percent of covered lives	Percent of formularies	Percent of covered lives
Commercial	0.3%	<0.01%	12.7%	5.8%
Medicare	0.0%	0.0%	15.8%	11.5%
Medicaid	3.0%	4.2%	7.9%	6.6%
Medicaid FFS	4.2%	2.2%	10.4%	4.6%
Medicaid MCO	2.9%	4.8%	7.5%	7.1%

**Notes:** UM is utilization management. FFS is fee for service. MCO is managed care organization.

**Source:** MACPAC/IMPAQ analysis of December 2017 MMIT formulary data.

# Takeaways

- Medicaid generally covers more drugs, but applies utilization management tools at a similar or higher rate
- Differences in coverage may be larger for specific drugs or classes
- Limitations
  - Does not account for cost-sharing tiers
  - Point-in-time analysis
- Phase 2 of analysis will link formulary policies to utilization



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