



Findings from Phase 2 of Analysis on Medicaid Drug Formularies: Effects on Utilization and Spending



Medicaid and CHIP Payment and Access Commission

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Overview

- Work with IMPAQ International to compare Medicaid coverage of drugs to other payers
- Presented Phase 1 results last October
 - Medicaid generally offered broader coverage than Medicare Part D or commercial payers
 - Medicaid may place restrictions on more drugs
- Phase 2 conducted three analyses
 - What is the effect of formulary coverage on utilization? Does this effect vary by payer?
 - How do payers vary in providing formulary access for new drugs? Does this change over time?
 - How do payers vary in the use and cost of drugs?

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

Data

- July 2017–June 2018 formulary and plan information from Managed Market Insight and Technology (MMIT)
 - Coverage and formulary placement for 1,958 formularies covering 292 million lives
- July 2017–June 2018 utilization and spending information from Symphony Health Integrated Dataverse
 - Approximately 92 percent of prescriptions filled at retail pharmacies

Measures

- Formulary access
 - No formulary coverage
 - Restricted coverage (prior authorization, step therapy, or quantity limits)
 - Unrestricted coverage
- Drug utilization by 30-day supply
 - relative utilization (i.e., market share) for a given drug within its therapeutic class
- Average drug cost for 30-day supply

Effect of Formulary Coverage on Utilization

Regression Analysis

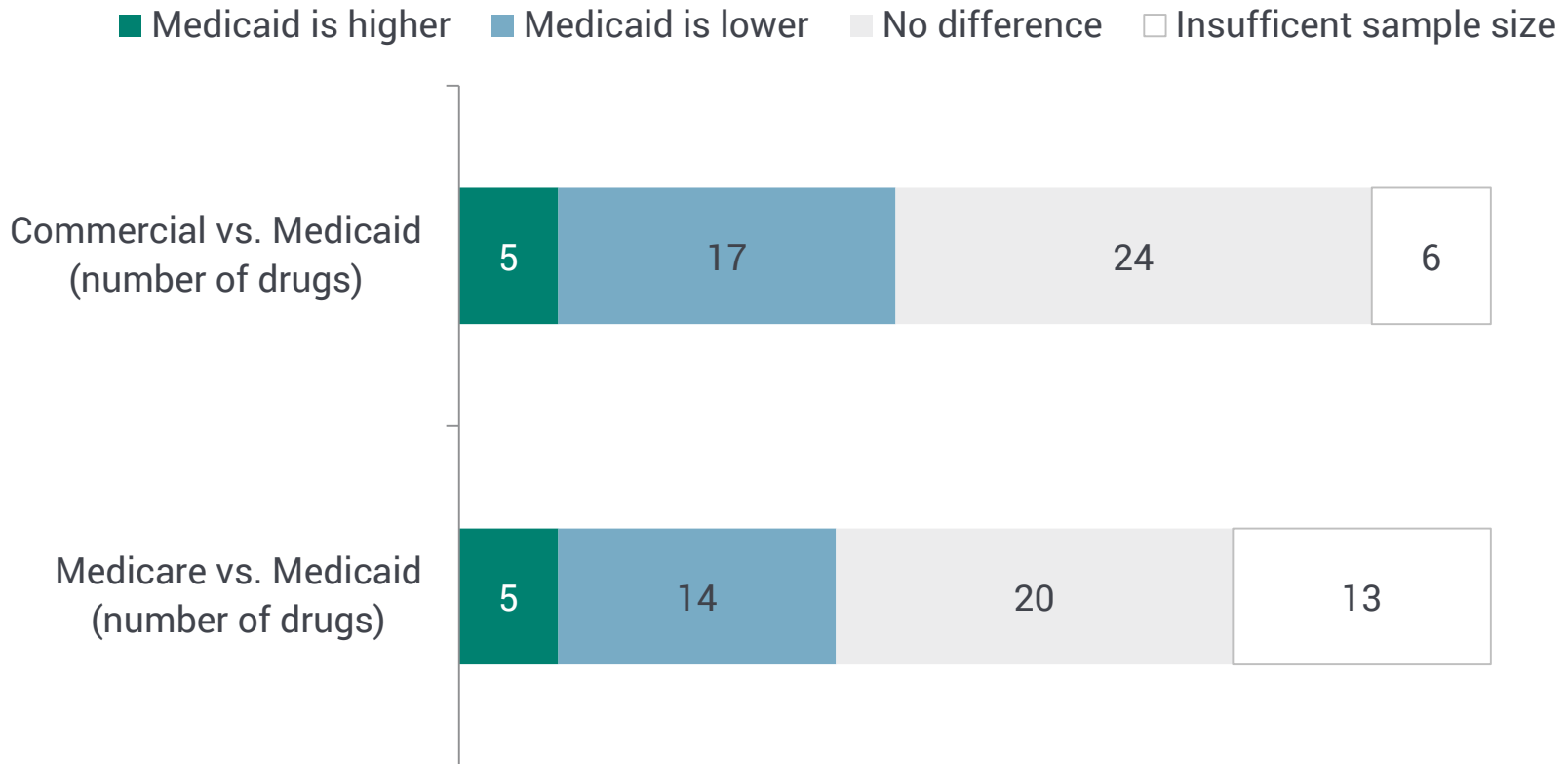
- Seven drug classes (52 drugs)
 - Formulary coverage in December 2017
 - Utilization from July to December 2017
- Regression model 1 – compare relative utilization of a drug between enrollees with no formulary coverage to enrollees with restricted or unrestricted coverage
- Regression model 2 – compare relative utilization of a drug between Medicaid and Medicare Part D and commercial enrollees with similar formulary access

Formulary Access and Relative Utilization

Payer	Coverage group	Number of Drugs by difference in relative utilization for no formulary coverage compared to coverage			
		Higher	Lower	No difference	Insufficient sample size
All payers	Restricted coverage	6	29	16	1
	Unrestricted coverage	6	29	16	1
Medicaid only	Restricted coverage	7	22	22	1
	Unrestricted coverage	4	32	15	1

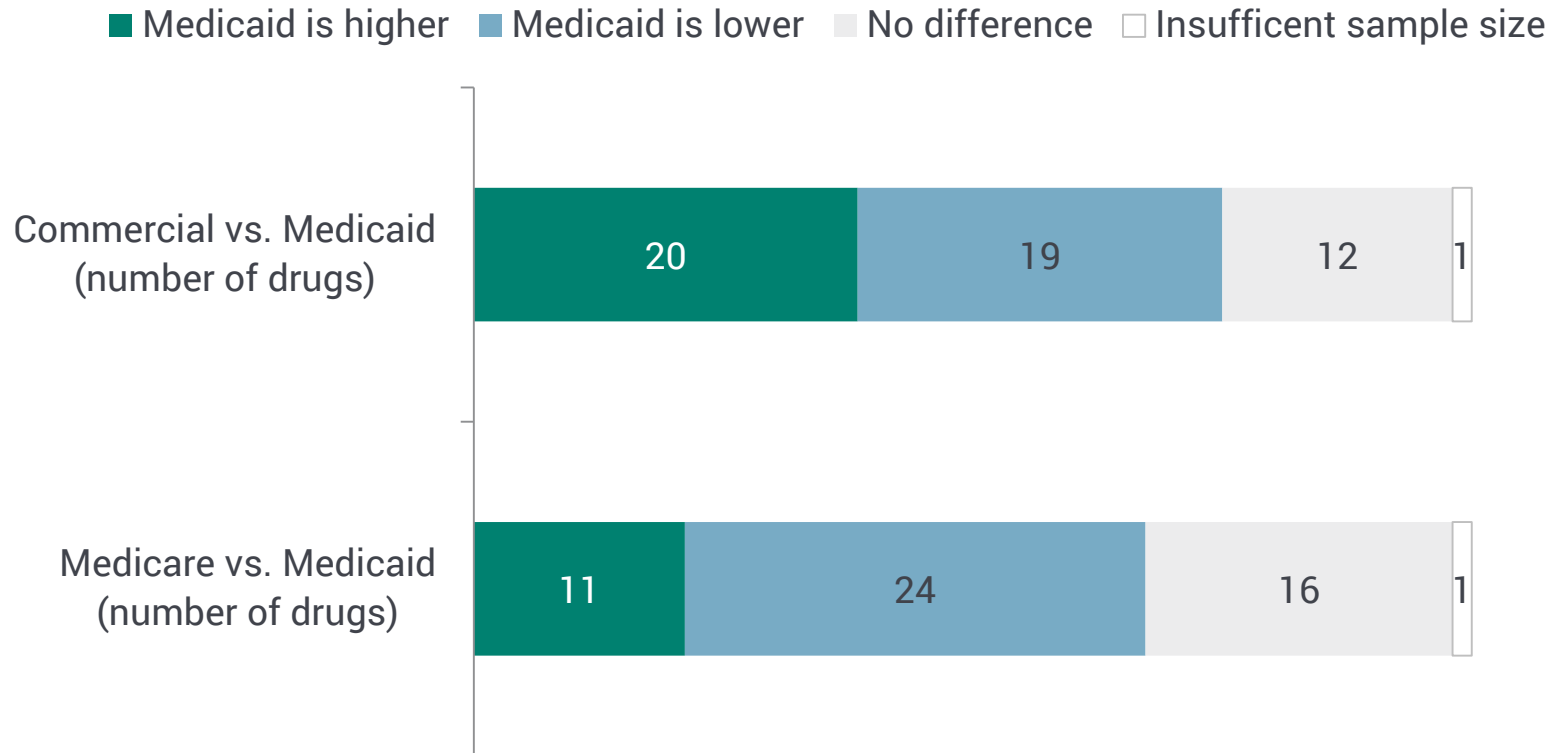
Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information and Symphony Health Integrated Dataverse drug utilization data.

Payer Comparison – Effect of No Formulary Coverage



Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information and Symphony Health Integrated Dataverse drug utilization data.

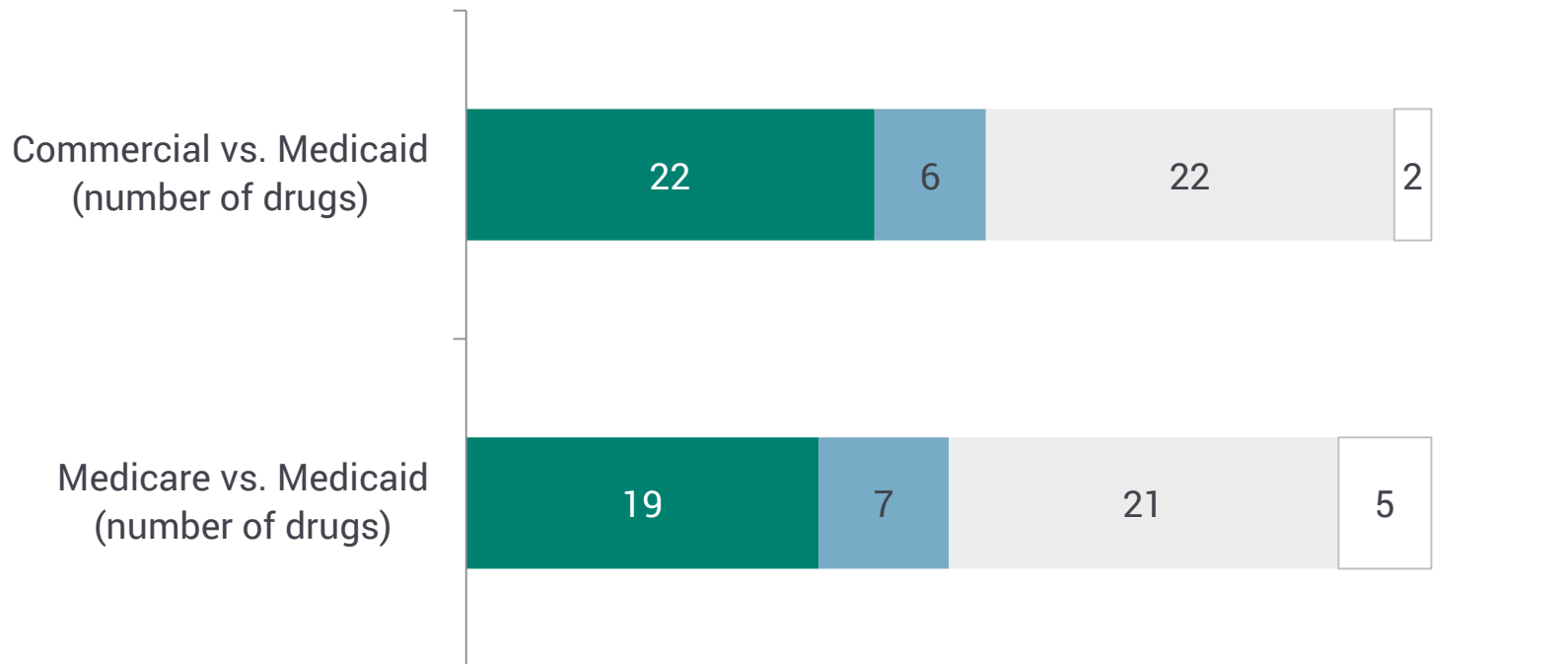
Payer Comparison – Effect of Restricted Coverage



Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information and Symphony Health Integrated Dataverse drug utilization data.

Payer Comparison – Effect of Unrestricted Coverage

■ Medicaid is higher ■ Medicaid is lower ■ No difference □ Insufficient sample size



Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information and Symphony Health Integrated Dataverse drug utilization data.

Differences Between Payers was Generally Small

Payer	Coverage group	Number of drugs by difference in Medicaid relative utilization compared to other payer			
		Significant, greater than +/-5%	Significant, less than +/-5%	No significant difference	Insufficient sample
Commercial	No formulary coverage	5	17	24	6
	Restricted coverage	13	26	12	1
	Unrestricted coverage	7	21	22	2
Medicare	No formulary coverage	8	11	20	13
	Restricted coverage	10	25	16	1
	Unrestricted coverage	6	20	21	5

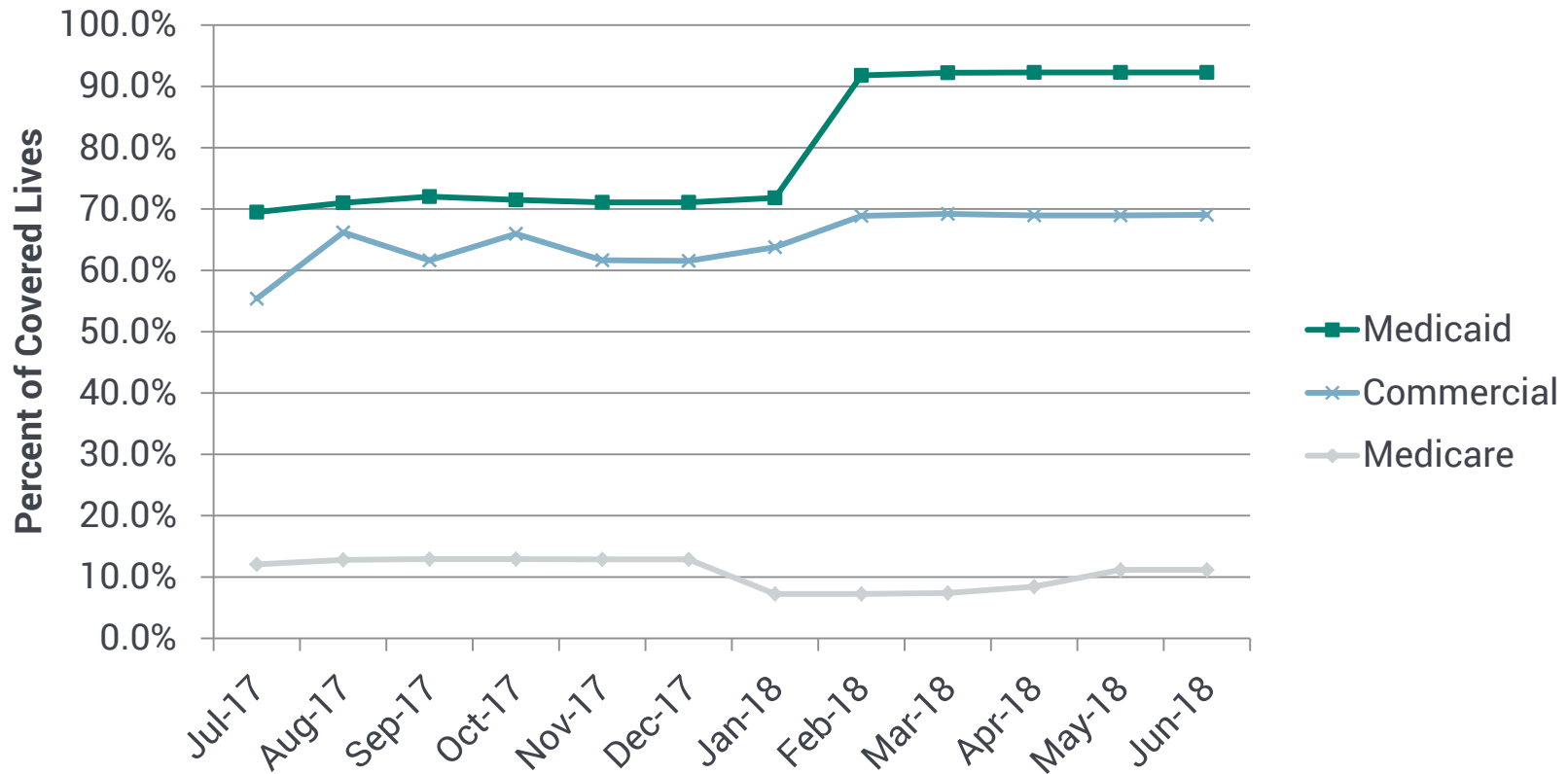
Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information and Symphony Health Integrated Dataverse drug utilization data.

Formulary Access to New Drugs

Monthly Formulary Coverage for New Drugs Over Time

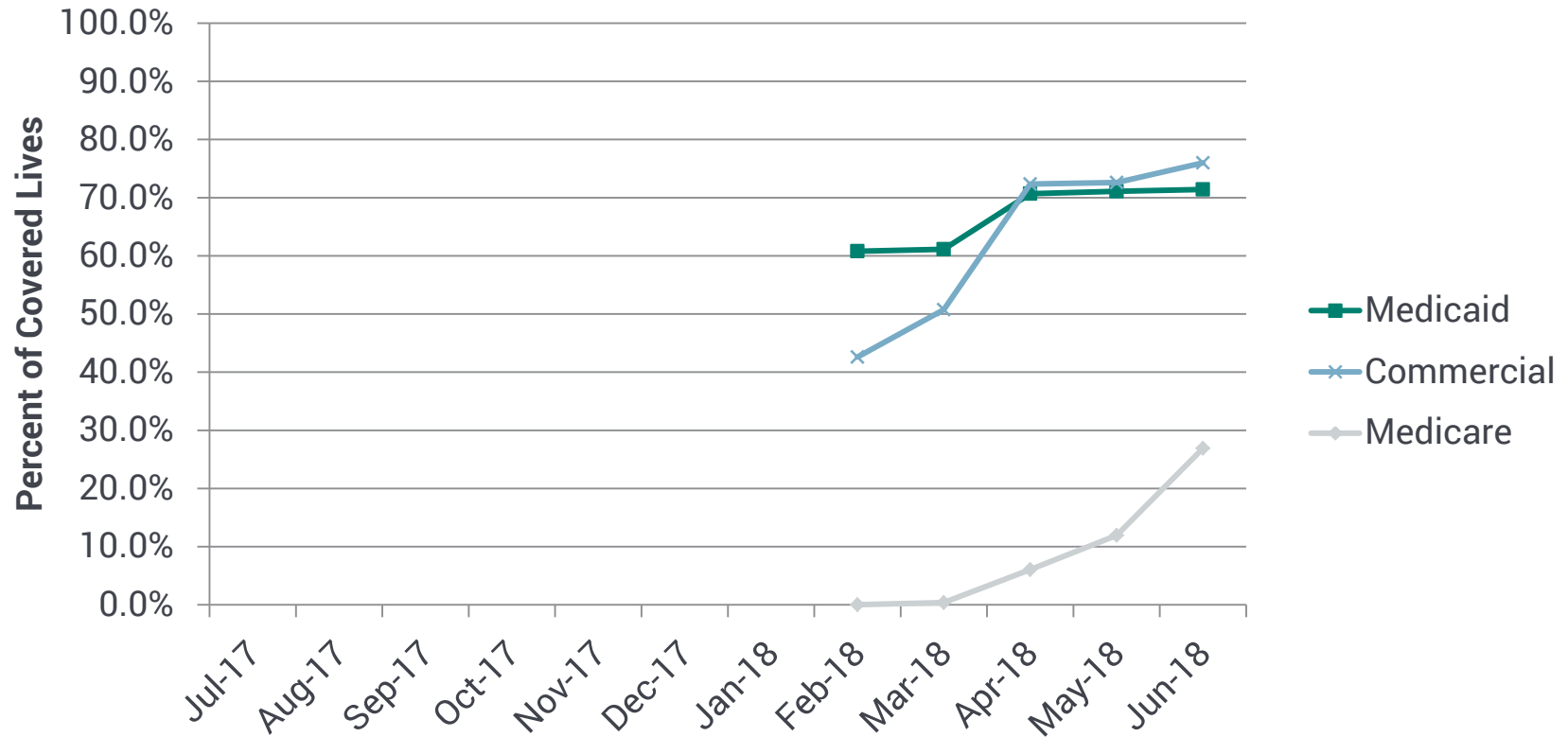
- 10 new drugs approved in 2017 or 2018
- Calculated the percentage of covered lives for each payer that had formulary coverage in each month between July 2017 and June 2018
- For 6 of the 10 drugs, Medicaid provided broader formulary coverage during the first few months after FDA approval
- Commercial coverage was comparable to Medicaid over time

Formulary Coverage of Emflaza by Payer, July 2017–June 2018



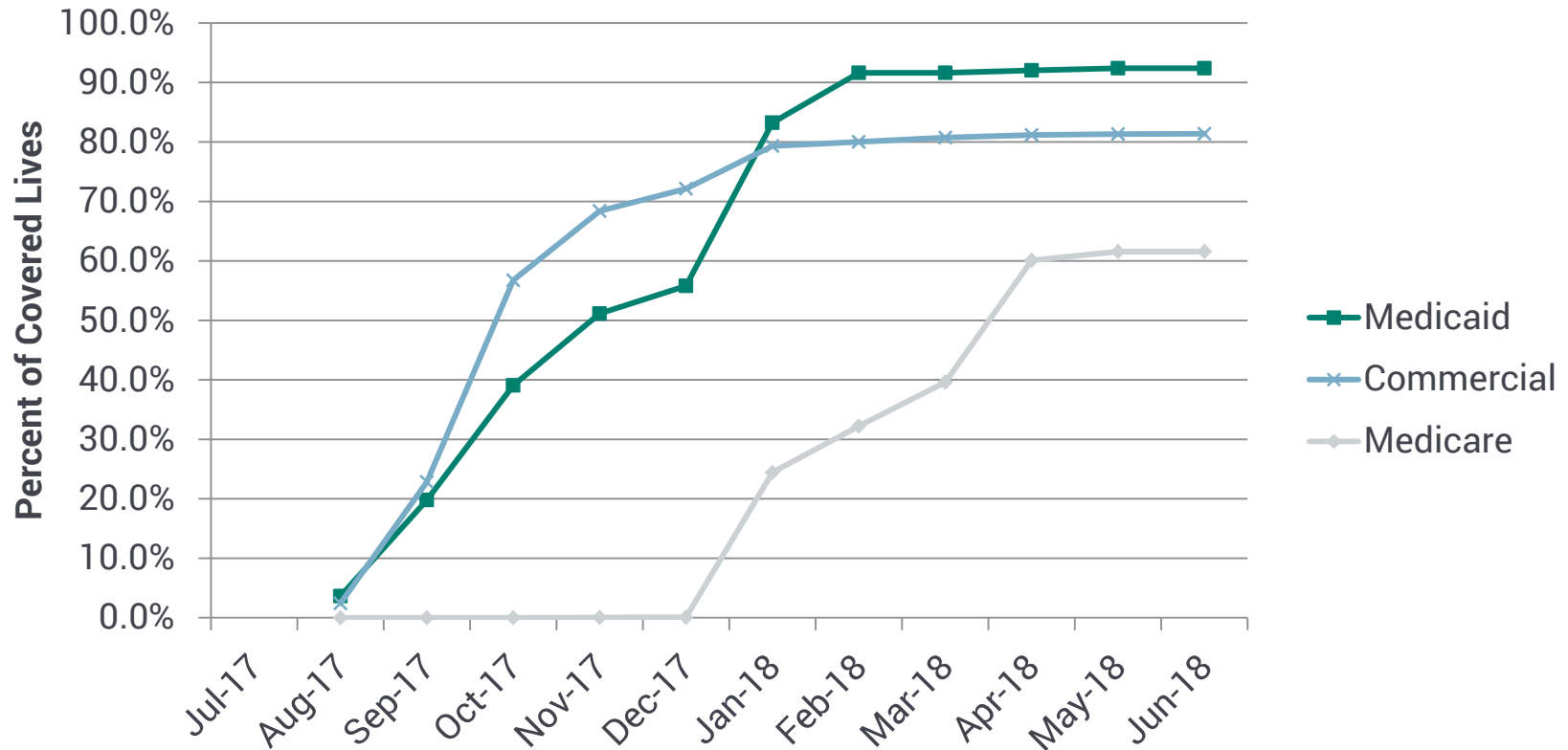
Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information.

Formulary Coverage of Symdeko by Payer, July 2017–June 2018



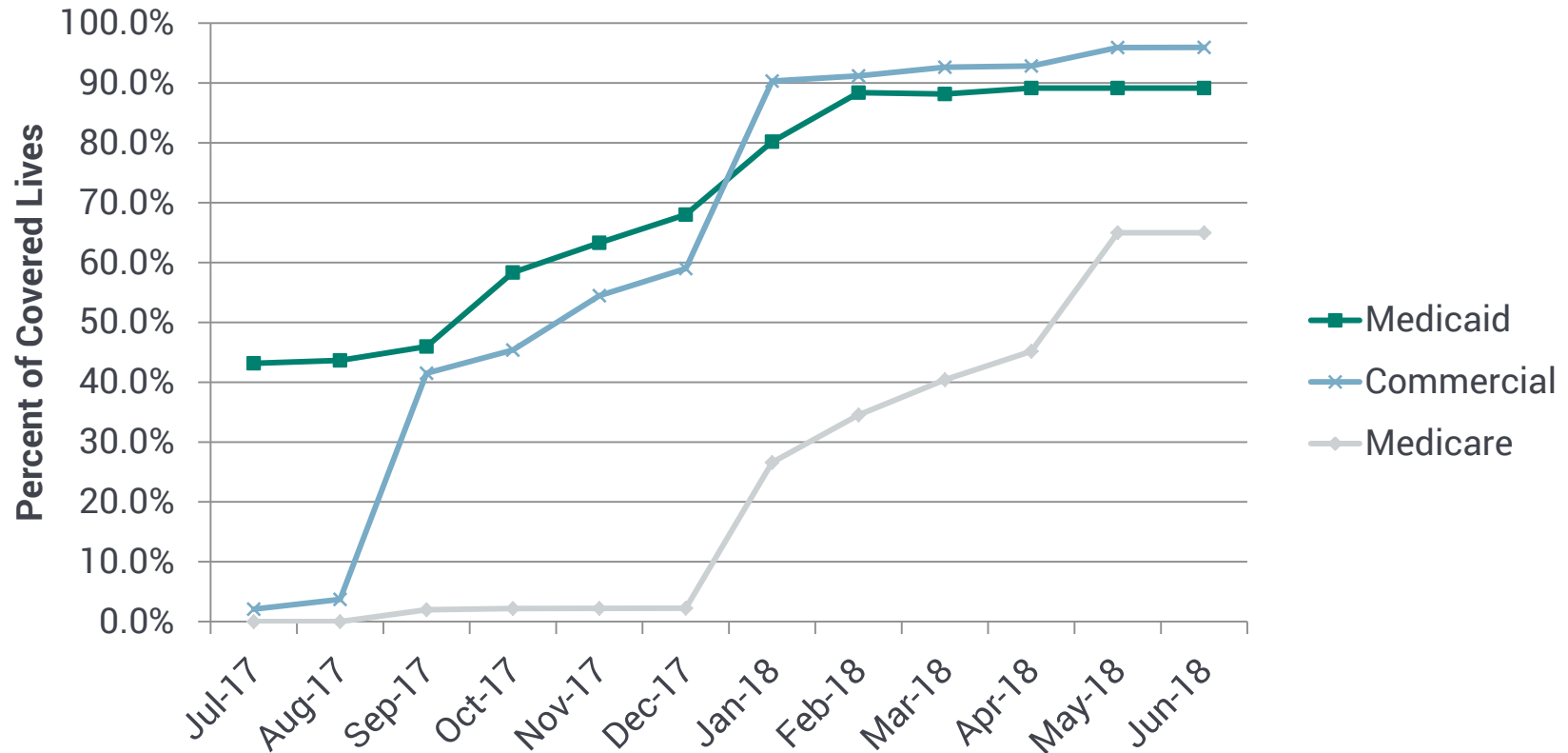
Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information.

Formulary Coverage of Mavyret by Payer, July 2017–June 2018



Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information.

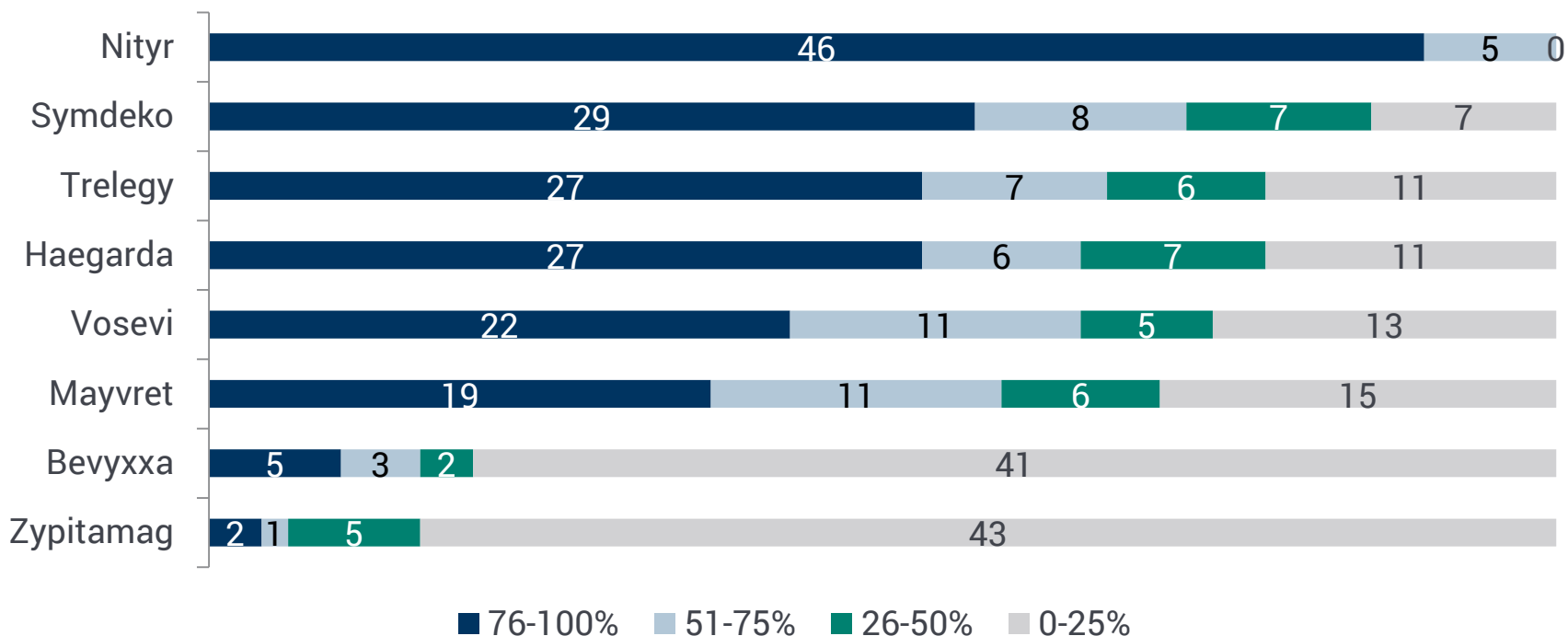
Formulary Coverage of Vosevi by Payer, July 2017–June 2018



Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information.

States Variation in Coverage of New Drugs

Count of States Covering New Drugs within 3 Months of Approval by Percentage of Covered Lives



Note: Two drugs were excluded because the first 3 months of market availability fell outside of the data available.
 Source: IMPAQ/MACPAC analysis of Managed Markets Insight and Technology (MMIT) formulary information.

Drug Class Utilization and Cost

Differences in Utilization and Cost by Payer

- Six classes with large variation in the median number of covered drugs across payers
- Calculated the number of 30-day prescription fills and gross cost for each drug from January to June 2018
- Compared brand/generic mix and average gross cost per 30-day fill for each payer

Average Gross Cost per 30-day Fill by Brand/Generic and Payer

Drug class	Medicaid			Medicare			Commercial		
	Brand	Generic	Total	Brand	Generic	Total	Brand	Generic	Total
Anti-hepatitis C ¹	\$16,404		\$16,404	\$24,876		\$24,876	\$9,330		\$9,330
Inhaled corticosteroids	\$271	\$184	\$265	\$349	\$281	\$348	\$322	\$274	\$319
Antidiabetic, DPP-4 inhibitors	\$409	\$169	\$376	\$426	\$190	\$425	\$437	\$165	\$434
Antidiabetic, GLP-1 agonists	\$687		\$687	\$732		\$732	\$764		\$764
Antidiabetic, SGLT2 inhibitors	\$452		\$452	\$474		\$474	\$478		\$478
Antipsychotic, 2nd generation atypical	\$1,358	\$37	\$237	\$1,538	\$57	\$202	\$1,273	\$108	\$206

¹ The substantially lower cost for hepatitis C drugs for commercial payers is much lower than expected based on the market prices for these drugs and may reflect enrollees' use of manufacturer vouchers (discount card and coupons) which are not reflected in the plan or patient costs.

Note: The gross cost reflects the payment made to the pharmacy and is not reflective of any rebates the payer may receive from the manufacturer.

Source: IMPAQ/MACPAC analysis of Symphony Health Integrated Dataverse drug utilization data.

Share of 30-day Fill by Brand/Generic and Payer

Drug class	Medicaid			Medicare			Commercial		
	Brand	Generic	Total	Brand	Generic	Total	Brand	Generic	Total
Anti-hepatitis C	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%
Inhaled corticosteroids	93.7%	6.3%	100.0%	98.3%	1.7%	100.0%	93.6%	6.4%	100.0%
Antidiabetic, DPP-4 inhibitors	86.2%	13.8%	100.0%	99.6%	0.4%	100.0%	98.8%	1.2%	100.0%
Antidiabetic, GLP-1 agonists	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%
Antidiabetic, SGLT2 inhibitors	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%	100.0%
Antipsychotic, 2nd generation atypical	15.2%	84.8%	100.0%	9.8%	90.2%	100.0%	8.4%	91.6%	100.0%

Note: The total cost reflects the payment made to the pharmacy and is not reflective of any rebates the payer may receive from the manufacturer.

Source: IMPAQ/MACPAC analysis of Symphony Health Integrated Dataverse drug utilization data.

Takeaways

- No specific pattern emerged in the effect of formulary access on relative utilization across payers
- Medicaid generally covered new drugs earlier, but commercial coverage was comparable over time
- Medicaid had lower average gross drug cost (i.e., before rebate) in four out of six classes
- Medicaid can generally manage utilization in a similar manner as Medicare Part D or commercial payers



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