

Medicaid Prescription Drug Trends, 2018-2022

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The Menges Group

Strategic Health Policy & Care Coordination Consulting

Key Findings

- Prescriptions per Medicaid enrollee have trended steadily downward since the onset of the COVID-19 pandemic. During 2020 and 2021, this downturn raised significant access concerns as persons sheltered at home. More recently, the continued downturn may be driven by a growing proportion of Medicaid enrollees being non-utilizers, as the usage rate impacts of not conducting eligibility redeterminations have accumulated over time.
- Managed care organizations (MCOs) paid for 74.3% of Medicaid prescriptions during Q4 2021. This proportion dropped to 62.5% in Q4 2022, with the decrease largely attributable to California implementing a carve-out model in January 2022. The proportion will decrease further during 2023 due to New York also switching to a carve-out model this year.
- Pre-rebate costs per Medicaid prescription grew sharply, at an average annual rate of 9.7% from 2018-2022.
- Pre-rebate MCO costs per prescription were 38.2% below the corresponding fee-for-service (FFS) figure in 2018. This differential narrowed in each subsequent year; it was less than half as wide (16.6%) during 2022.

National Progression of Medicaid Prescriptions and Pre-Rebate Costs

Annual Progression of Medicaid-Paid Prescriptions and Pre-Rebate Costs						
Calendar Year	Prescriptions	Amount Paid (pre-rebate)	Cost/Rx (pre-rebate)	Percent Change Versus Prior Year		
				Prescriptions	Amount Paid (pre-rebate)	Cost/Rx (pre-rebate)
2018	742,522,047	\$63,229,507,216	\$85.16			
2019	737,204,078	\$69,834,052,060	\$94.73	-0.7%	10.4%	11.2%
2020	707,101,742	\$74,711,109,918	\$105.66	-4.1%	7.0%	11.5%
2021	739,295,409	\$84,136,171,251	\$113.81	4.6%	12.6%	7.7%
2022	742,897,510	\$91,504,808,485	\$123.17	0.5%	8.8%	8.2%

Note that 2022 data are understated, due to Q4 2022 data currently being incomplete as reported. To provide a sense of magnitude of this issue, the reported prescription counts during CY2022 were 182.2 million during Q1, 191.6 million in Q2, 194.8 million in Q3, and 174.4 million in Q4. The key data source used throughout this edition is the CMS State Drug Utilization Files.

Prescriptions Per Medicaid Enrollee Have Steadily Declined During the Past Several Years

Calendar Year	Prescriptions	Medicaid Enrollment as of July	Prescriptions Per Enrollee	% Change in Prescriptions Per Enrollee
2018	742,522,047	72,591,736	10.23	
2019	737,204,078	71,632,702	10.29	0.6%
2020	707,101,742	75,997,428	9.30	-9.6%
2021	739,295,409	83,987,478	8.80	-5.4%
2022	742,897,510	90,048,613	8.25	-6.3%

To address the Q4 under-reporting issue (described on the previous slide), we compared the first three quarters of 2021 to the first three quarters of 2022. This approach yields a 3.5% reduction in prescriptions per Medicaid enrollee between 2021 and 2022.

MCOs Pay for Most Medicaid Prescriptions Nationwide, But Their Share Declined During 2022

Calendar Year	MCO Share of Prescriptions	MCO Share of Expenditures (Pre-Rebate)	MCO Cost/Rx as % of FFS Cost/Rx
2018	71.8%	61.1%	61.8%
2019	72.2%	64.5%	69.8%
2020	72.5%	66.0%	73.7%
2021	73.6%	67.5%	74.6%
2022	65.8%	61.6%	83.4%

Note that the MCO setting's favorable cost per prescription differential does not represent a valid *net* savings percentage for multiple reasons:

- Rebates offset more than half of Medicaid pre-rebate spending, and rebate information is not yet available for 2022.
- In some states, some high-cost drugs are carved-out of the MCO program and paid in the FFS setting.
- Also, some states retain in the FFS setting enrollees (e.g., persons with disabilities) who have higher costs per prescription than those persons served in the MCO setting.

5 Slide Series Overview

Our 5 Slide Series is typically a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements. The Menges Group has developed a variety of datasets that we use to support our 5 Slide Series and client projects.

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