



Disclosure of Net Pharmaceutical Costs in Medicaid

Health and Human Services Interim Committee

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Medicaid Pharmacy Costs



- Utah Medicaid pays about \$190 million each year in pharmacy costs
- Those expenditures are offset partially by about \$90 million in pharmacy rebates

Utah Medicaid pays lowest possible estimated price at the pharmacy...

- Third lowest in the nation on Brand reimbursement AWP-17.4%
- Utah's State Maximum Allowable Cost (SMAC) approaches AAC
- Generic first substitution statute (UCA 58-17b-606)
- Dispensing fee to pharmacy

Medicaid Pharmacy Costs

...and then gets pharmacy rebates:

- Primary rebates are available under OBRA 1990
- Supplemental rebates are available through a Preferred Drug List (PDL)



Medicaid Pharmacy Costs

- Net Costs = Price Paid at Pharmacy - Rebates
- Higher priced drugs may be cheaper after rebates

A few pricing examples...



Net Cost Calculation for Supplemental Rebates Savings:

Cost of Alzheimer's Drug A without SR:

$$\text{EAC } \$9.80 - \text{CMS Rebate } \$5.68 = \text{DNC } \$4.12$$

Cost of Alzheimer's Drug A with SR:

$$\text{EAC } \$9.80 - \text{CMS Rebate } \$5.68 - \text{SR } \$1.91 = \text{DNC } \$2.21$$

Medicaid Pharmacy Costs



Brands can cost less than Generics:

Generic Obsessive Compulsive Drug A:

MAC \$0.59 – Rebate \$0.04 = DNC \$ 0.55 per unit

Brand Obsessive Compulsive Drug A:

EAC \$12.74 – Rebate \$12.85 = DNC \$0.00 (min) per unit

Medicaid Pharmacy Costs

Medicaid's net cost is not transparent to prescribers:

- Prescribers may be unaware of rebates
- Rebate amounts are proprietary

Disclosure of Relative Pricing

- Show relative net prices of drugs within a drug class
- Not disclose proprietary rebate amounts
- Display on Medicaid web site for transparency
- Voluntary use by prescriber

Medicaid Pharmacy Costs

DRUG CLASS AAA		Relative Cost
	Drug A	\$\$
	Drug B	\$
	Drug C	\$\$\$\$
DRUG CLASS XYZ		Relative Cost
	Drug X	\$\$\$
	Drug Y	\$\$
	Drug Z	\$

Medicaid Pharmacy Costs

← → ↻ <https://medicaid.utah.gov/pharmacy/pharmacy-program> ☆ ☰

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Pharmacy Program

Welcome to the Utah Medicaid Pharmacy Program! Here you will find information regarding the Utah Medicaid Drug Program, the Drug Utilization Review Board (DUR), & the Drug Regimen Review Center (DRRC) project through the University of Utah.

Summary of Net Rx Disclosure

- Provides more pharmacy cost transparency to prescribers
- Data are available by drug class
- The information is a resource for voluntary use, not a mandate