

Medicaid Pharmacy Carve-out of Pharmaceutical Products

(FY2020 Appropriation Act - Public Act 67 of 2019)

April 1, 2020

Sec. 1858. By April 1 of the current fiscal year, the department shall report to the senate and house appropriations subcommittees on the department budget and the senate and house fiscal agencies on all of the following elements related to the current Medicaid pharmacy carve-out of pharmaceutical products as provided for in section 109h of the social welfare act, 1939 PA 280, MCL 400.109h:

(a) The number of prescriptions paid by the department during the previous fiscal year.

(b) The total amount of expenditures for prescriptions paid by the department during the previous fiscal year.

(c) The number of and total expenditures for prescriptions paid for by the department for generic equivalents during the previous fiscal year.



Fee-For-Service (FFS) Pharmacy Drug Costs FY2010 to FY2019

All FFS Pharmacy					% FFS Paid Drug Costs offset by Manufacturer Rebates		
Fiscal Year	Beneficiaries	Claims	Total Paid	Generic Utilization	Federal Medicaid Rebates	FFS PDL/Supplemental Rebates	Title V Supplemental Rebates
2010	706,409	8,020,927	\$ 609,975,257.49	69.64%	51.38%	2.64%	2.60%
2011	727,878	8,314,969	\$ 682,123,153.67	76.29%	57.59%	3.95%	4.53%
2012	718,687	8,499,025	\$ 694,262,988.00	80.67%	54.86%	7.25%	5.86%
2013	722,209	8,174,755	\$ 678,393,359.86	80.69%	55.43%	7.05%	5.67%
2014	768,800	8,383,604	\$ 785,891,507.55	82.60%	58.72%	4.92%	4.47%
2015	886,704	9,640,815	\$ 989,384,541.39	84.22%	57.51%	3.14%	4.84%
2016	898,505	10,047,530	\$ 1,140,076,337.12	84.78%	55.62%	4.17%	5.04%
2017	860,156	10,124,337	\$ 1,250,760,305.78	85.82%	57.51%	5.95%	6.27%
2018	851,671	10,062,533	\$ 1,258,561,302.10	84.61%	58.28%	3.80%	13.17% *
2019	793,952	9,549,054	\$ 1,300,329,146.64	84.79%	57.19%	4.59%	14.92% *

*FY18 & FY19 Title V Only Supplemental rebate percentages skewed and to be retro adjusted

Important MDHHS Policy changes:

FY2013 (effective 10/01/2012): Children Special Health Care Service beneficiaries (CSHCS) allowed to enroll in Medicaid Health Plans and the Pharmacy Carveout was modified to include select drugs for CSHCS

FY2014 (effective 04/01/2014): Healthy Michigan Plan (HMP) covered beneficiaries contributed to the growth of FFS pharmacy claims/expenditures, including carveouts for those enrolled in Medicaid Health Plans

FY2016 (effective 03/01/2016): New high cost drug treatments were added to the Health Plan Carve-out (e.g. Hepatitis C and Orkambi (for Cystic Fibrosis))

FY2017 (effective 02/01/2017): Expanded coverage of new Hepatitis C drug treatments to beneficiaries with Metavir Fibrosis scores of F2

FY2018 (effective 10/01/2017): Settlement agreement expanded coverage of Hepatitis C drug treatments to Metavir Fibrosis scores of F1

FY2019 (effective 10/01/2018): Settlement agreement expanded coverage of Hepatitis C drug treatments to Metavir Fibrosis scores of F0 & several new expensive specialty drugs

Health Plan Beneficiary Pharmacy Carve-outs						
Fiscal Year	Beneficiaries	Claims	Total Paid	% of All FFS Pharmacy Claims	% of All FFS Pharmacy Payments	Generic Utilization
2010	301,621	3,504,579	\$ 324,883,991.00	44%	53%	66.03%
2011	322,897	3,620,501	\$ 402,939,553.08	44%	59%	70.76%
2012	323,119	3,790,057	\$ 408,537,989.94	45%	59%	77.87%
2013	338,176	3,929,612	\$ 451,936,891.90	48%	67%	78.67%
2014	384,886	4,333,845	\$ 569,294,254.38	52%	72%	81.40%
2015	471,652	5,460,878	\$ 734,824,085.17	57%	74%	84.37%
2016	499,373	5,958,090	\$ 885,174,439.83	59%	78%	84.04%
2017	506,423	6,237,305	\$ 1,008,894,242.88	62%	81%	85.65%
2018	500,803	6,245,170	\$ 996,661,059.36	62%	79%	84.62%
2019	487,810	6,098,029	\$ 1,047,931,563.55	64%	81%	84.70%

Fee-For-Service (FFS) Pharmacy Drug Costs FY2010 to FY2019

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FY2019 (effective 10/01/2018): Settlement agreement expanded coverage of Hepatitis C drug treatments to Metavir Fibrosis scores of F0 & several new expensive specialty drugs

Health Plan Beneficiary Pharmacy Carve-outs by Fiscal Year		
Fiscal Year	Claims	Total Paid
2010	3,504,579	\$ 324,883,991.00
2011	3,620,501	\$ 402,939,553.08
2012	3,790,057	\$ 408,537,989.94
2013	3,929,612	\$ 451,936,891.90
2014	4,333,845	\$ 569,294,254.38
2015	5,460,878	\$ 734,824,085.17
2016	5,958,090	\$ 885,174,439.83
2017	6,237,305	\$ 1,008,894,242.88
2018	6,245,170	\$ 996,661,059.36
2019	6,098,029	\$ 1,047,931,563.55

Behavioral Health				
Fiscal Year	Claims	Total Paid	% All FFS Carveout Claims	% of FFS Carveout Payments
2010	3,467,088	\$ 293,795,161.78	99%	90%
2011	3,577,050	\$ 364,716,656.00	99%	91%
2012	3,748,133	\$ 368,946,318.70	99%	90%
2013	3,877,988	\$ 368,523,555.21	99%	82%
2014	4,270,207	\$ 447,628,643.64	99%	79%
2015	5,378,537	\$ 563,783,630.04	98%	77%
2016	5,874,990	\$ 604,547,648.36	99%	68%
2017	6,151,205	\$ 625,056,130.95	99%	62%
2018	6,159,498	\$ 639,864,646.83	99%	64%
2019	6,016,804	\$ 674,203,050.43	99%	64%

Non-Behavioral Health				
Fiscal Year	Claims	Total Paid	% All FFS Carveout Claims	% of FFS Carveout Payments
2010	37,491	\$ 31,088,829.22	1%	10%
2011	43,451	\$ 38,222,897.08	1%	9%
2012	41,924	\$ 39,591,671.24	1%	10%
2013	51,624	\$ 83,413,336.69	1%	18%
2014	63,638	\$ 121,665,610.74	1%	21%
2015	82,341	\$ 171,040,455.13	2%	23%
2016	83,100	\$ 280,626,791.47	1%	32%
2017	86,100	\$ 383,838,111.93	1%	38%
2018	85,672	\$ 356,796,412.53	1%	36%
2019	81,225	\$ 373,728,513.12	1%	36%