The Prescription for Medicaid Rx Savings: Carve it ALL In!

A New Study Reveals: Texas Has Failed to Allow Medicaid Health Plans to Fully Manage Prescription Drugs.

This is costing taxpayers $1 million every 4 days and $100 million a year.

Texas policymakers did the right thing in 2012 when they decided to allow managed care organizations (MCOs), also called health plans, to manage the prescription drug benefit in the Texas Medicaid program, known as a "carve-in" of the Rx benefit. However, while handing off financial responsibility of the benefit to Medicaid health plans, the State failed to give them the ability to fully manage the prescription drug program by requiring them to use a single, uniform state Medicaid formulary instead of their own PDLs (prescription drug lists), as other states do. Texas' approach favors more expensive brand-name drugs and a strategy of pursuing rebates from pharmaceutical companies to offset Rx costs. The more effective approach would allow MCOs to manage the Rx benefit using their own PDLs and time-tested care management tools to provide quality, affordable prescription drugs to beneficiaries and save taxpayer money.

Texas Taxpayers Lose $1 Million GR Every 4 Days and Have Lost $1 Billion AF since 2012

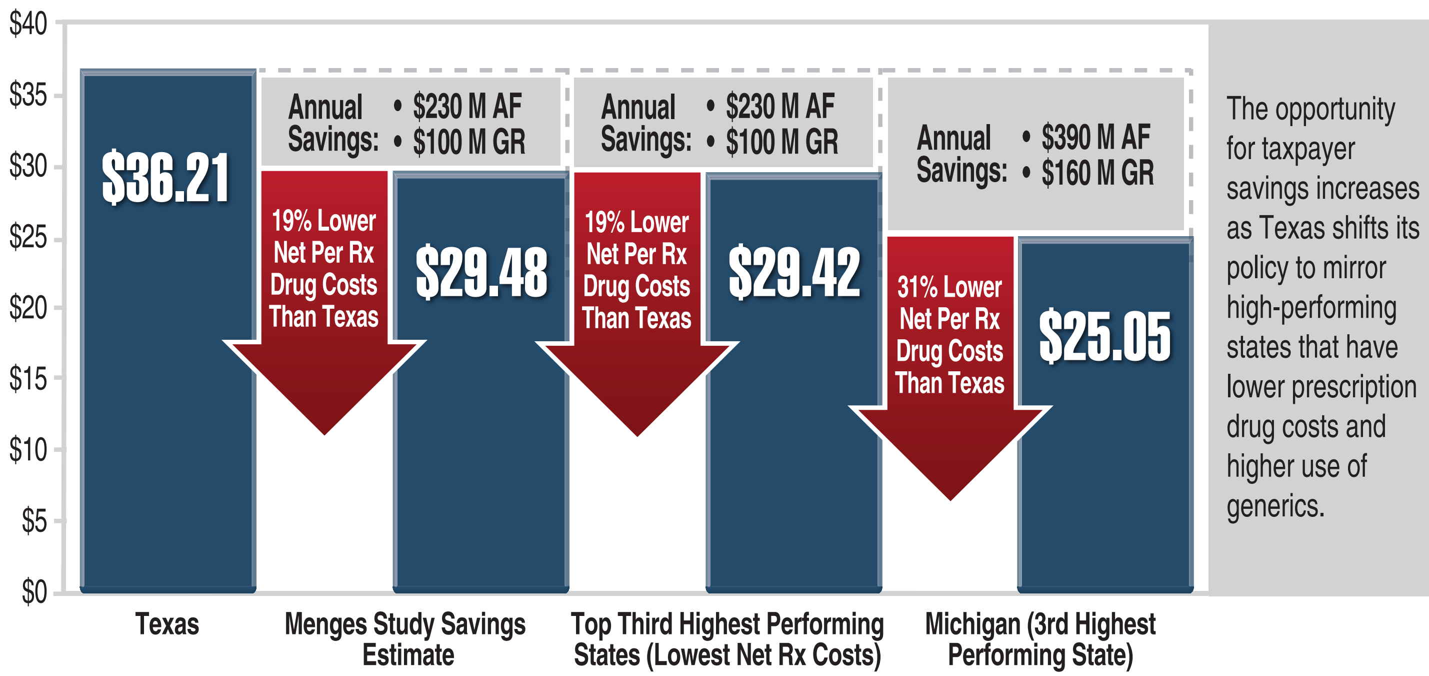
TAHP
The Texas Association of Health Plans

A new study commissioned by TAHP finds that the incomplete carve-in of the Medicaid prescription drug program is costing the State and taxpayers millions of dollars:

- ✓ Texas taxpayers **lose $1 million every 4 days** due to the incomplete Medicaid Rx carve-in that restricts Medicaid health plans from fully managing prescription drug care and costs.
- ✓ Under this current structure, **21 states are out-performing Texas** in managing drug costs with Rx costs that are 21% lower than the national average and **19% lower than Texas.**
- ✓ By eliminating the barriers and restrictions that prevent Medicaid health plans from better managing prescription drug, Texas has an opportunity to achieve savings.
- ✓ Texas **could achieve at least $230 million AF in savings per year, including $100 million GR savings** by allowing Medicaid health plans to fully manage prescription drugs.
- ✓ Texas's incomplete carve-in has resulted in Texas ranking **45th among states for use of lower-cost generic drugs** in Medicaid.
- ✓ In Texas, the **cost of brand-name drugs remains 5 times higher** than the lower-cost generic alternatives—even after rebates are included.
- ✓ States that focus on maximizing the use of generics have drug costs that are 24% lower than states that focus on maximizing rebates.
- ✓ Relative to the MCOs' processes, the single state Medicaid formulary in Texas is **slow to respond** to market changes, clinical data, and safety guidelines. It has created **administrative challenges** for Medicaid health plans, providers, and pharmacies and has restricted health plans' efforts to improve patient outcomes and manage prescription drug costs.
- ✓ Nationally, Medicaid health plans that currently fully manage the prescription drug benefit in other states have already demonstrated stronger ability to steer volume to generic therapies and lower prescription drug costs.
- ✓ Health plans have a proven track record of **reducing drug costs and maximizing the use of generics,** not only in the private market but in other public programs such as Medicare, TRICARE, ERS, and TRS.
- ✓ By restricting the ability of MCOs to manage their own PDLs, the opportunity to achieve more than **$1 billion dollars in total Medicaid savings since the 2012 carve-in has been lost.**

Opportunities for Medicaid Prescription Drug Savings in Texas

Net Costs Per Prescription (Post-Rebate)



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