

Prescription Drug Spending in State Medicaid Programs, Employee Health Plans, and State Prisons, 2015

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Introduction and Methodology Overview

- This edition quantifies 2015 prescription drug spending in state Medicaid programs, state employee health plans, and state prisons. These expenditures are also presented as percentages of total health care spending and overall spending in each state.
- Medicaid prescription spending was tabulated using quarterly CMS data for FFY2015. These data include Medicaid prescriptions paid in the fee-for-service setting and those paid by Medicaid managed care organizations.
- State employee health plan and state prison health care spending were collected from 2014 reports from The Pew Charitable Trusts and the MacArthur Foundation ([State Employee Health Plan Spending: An Examination of Premiums, Cost Drivers, and Policy Approaches](#) & [State Prison Health Care Spending: An Examination](#)). Prescription drug expenditures in these programs were estimated based on our research into prescription drugs' typical share of these programs' overall health care spending.
- All expenditures represent state-only spending—state employee health plans are state-funded; correctional health expenditures represent spending only in state prisons and state-covered inmates in private prisons; and overall and Medicaid spending include only the states' share of those expenditures. For Medicaid, this was calculated using the Federal Medical Assistance Percentages, plus any Medicaid growth due to expansion under the Affordable Care Act, which was 100% financed by the federal government in FFY2015.

2015 Prescription Drug Spending by State and Program

State-Only Prescription Drug Expenditures, FFY2015				
State	Medicaid (Post-Rebate)	State Employee Health Plan (Estimated)	State Prison (Estimated)	Total Prescription Drug Expenditures
Alabama	\$106,849,233	\$54,339,381	\$14,778,429	\$175,967,043
Alaska	\$23,510,299	\$17,988,411	\$5,919,971	\$47,418,681
Arizona	\$135,380,631	\$111,059,942	\$19,695,304	\$266,135,876
Arkansas	\$39,939,851	\$38,374,537	\$10,162,848	\$88,477,236
California	\$1,211,303,942	\$471,424,540	\$324,698,944	\$2,007,427,425
Colorado	\$106,831,484	\$46,338,697	\$15,551,643	\$168,721,823
Connecticut	\$258,818,327	\$135,988,917	\$14,855,614	\$409,662,858
Delaware	\$48,345,773	\$76,550,642	\$7,003,443	\$131,899,858
District of Columbia	\$22,953,285	\$24,228,529	\$6,077,531	\$53,259,345
Florida	\$571,820,560	\$290,771,420	\$64,511,779	\$927,103,759
Georgia	\$222,796,367	\$108,380,933	\$31,618,812	\$362,796,112
Hawaii	\$44,034,907	\$86,328,671	\$3,636,491	\$134,000,069
Idaho	\$26,497,980	\$33,748,645	\$3,833,707	\$64,080,331
Illinois	\$289,883,240	\$262,626,470	\$21,885,038	\$574,394,749
Indiana	\$152,304,393	\$51,065,804	\$15,709,811	\$219,080,008
Iowa	\$79,068,260	\$53,520,396	\$5,773,807	\$138,362,463
Kansas	\$66,523,285	\$57,331,301	\$7,101,291	\$130,955,878
Kentucky	\$105,489,903	\$59,131,360	\$9,567,857	\$174,189,121
Louisiana	\$151,184,983	\$70,594,059	\$11,146,496	\$232,925,538
Maine	\$43,710,460	\$30,547,935	\$2,590,396	\$76,848,791
Maryland	\$208,793,505	\$151,334,117	\$22,464,987	\$382,592,608
Massachusetts	\$252,838,885	\$204,147,100	\$14,487,011	\$471,472,997
Michigan	\$238,907,036	\$93,241,434	\$50,200,408	\$382,348,878
Minnesota	\$213,232,231	\$118,267,263	\$9,705,817	\$341,205,311
Mississippi	\$88,720,092	\$57,250,257	\$9,811,415	\$155,781,763
Missouri	\$269,011,097	\$85,365,405	\$21,725,351	\$376,101,853
Montana	\$22,298,676	\$22,922,490	\$4,449,361	\$49,670,527

State-Only Prescription Drug Expenditures, FFY2015				
State	Medicaid (Post-Rebate)	State Employee Health Plan (Estimated)	State Prison (Estimated)	Total Prescription Drug Expenditures
Nebraska	\$47,597,503	\$27,610,347	\$4,917,179	\$80,125,029
Nevada	\$50,625,098	\$42,145,647	\$7,079,260	\$99,850,005
New Hampshire	\$22,390,315	\$32,973,453	\$3,580,274	\$58,944,041
New Jersey	\$255,356,545	\$288,065,880	\$21,537,555	\$564,959,981
New Mexico	\$33,578,024	\$25,786,847	\$7,413,069	\$66,777,940
New York	\$1,284,499,593	\$477,674,228	\$54,783,930	\$1,816,957,751
North Carolina	\$287,260,401	\$251,606,245	\$38,763,254	\$577,629,901
North Dakota	\$18,256,058	\$27,952,696	\$964,808	\$47,173,562
Ohio	\$431,239,184	\$101,424,740	\$42,499,568	\$575,163,492
Oklahoma	\$108,802,746	\$59,841,316	\$9,525,315	\$178,169,377
Oregon	\$75,133,568	\$137,207,309	\$15,776,663	\$228,117,541
Pennsylvania	\$527,559,934	\$223,087,670	\$39,811,476	\$790,459,081
Rhode Island	\$39,230,580	\$29,498,173	\$2,942,133	\$71,670,886
South Carolina	\$81,558,128	\$76,878,273	\$10,410,811	\$168,847,212
South Dakota	\$25,584,717	\$15,186,926	\$2,656,945	\$43,428,588
Tennessee	\$138,787,372	\$143,211,684	\$14,447,811	\$296,446,867
Texas	\$618,090,085	\$351,581,090	\$88,360,467	\$1,058,031,642
Utah	\$29,745,574	\$37,374,383	\$4,486,586	\$71,606,543
Vermont	\$39,320,277	\$17,097,104	\$2,746,588	\$59,163,969
Virginia	\$298,706,382	\$163,385,387	\$22,767,951	\$484,859,721
Washington	\$151,872,190	\$205,521,039	\$18,119,096	\$375,512,325
West Virginia	\$50,507,242	\$55,125,657	\$3,517,371	\$109,150,271
Wisconsin	\$235,980,051	\$203,114,238	\$23,711,488	\$462,805,777
Wyoming	\$12,797,975	\$18,288,966	\$3,146,186	\$34,233,127
Territories	\$32,066,574	\$16,354,257	\$3,342,642	\$51,763,473
United States	\$9,897,594,802	\$5,840,862,210	\$1,176,271,987	\$16,914,729,000

2015 State Prescription Drug Spending as a Share of Medicaid Expenditures

State-Only Prescription Drug Spending as a Share of State Medicaid Expenditures, FFY2015	
State	Medicaid (Post Rebate)
Alabama	6.17%
Alaska	3.20%
Arizona	5.38%
Arkansas	3.35%
California	3.90%
Colorado	4.62%
Connecticut	7.22%
Delaware	5.55%
District of Columbia	3.35%
Florida	6.38%
Georgia	6.50%
Hawaii	5.06%
Idaho	5.04%

State-Only Prescription Drug Spending as a Share of State Medicaid Expenditures, FFY2015	
State	Medicaid (Post Rebate)
Illinois	3.91%
Indiana	5.83%
Iowa	4.56%
Kansas	4.69%
Kentucky	6.84%
Louisiana	4.80%
Maine	4.18%
Maryland	5.60%
Massachusetts	4.03%
Michigan	5.07%
Minnesota	4.36%
Mississippi	6.30%
Missouri	7.38%
Montana	5.24%

State-Only Prescription Drug Spending as a Share of State Medicaid Expenditures, FFY2015	
State	Medicaid (Post Rebate)
Nebraska	5.03%
Nevada	7.52%
New Hampshire	3.47%
New Jersey	4.70%
New Mexico	3.42%
New York	4.80%
North Carolina	5.91%
North Dakota	8.36%
Ohio	6.53%
Oklahoma	5.59%
Oregon	4.15%
Pennsylvania	5.14%

State-Only Prescription Drug Spending as a Share of State Medicaid Expenditures, FFY2015	
State	Medicaid (Post Rebate)
Rhode Island	3.91%
South Carolina	4.46%
South Dakota	5.95%
Tennessee	4.19%
Texas	3.95%
Utah	4.30%
Vermont	5.37%
Virginia	7.02%
Washington	4.27%
West Virginia	6.97%
Wisconsin	6.76%
Wyoming	4.06%
Territories	5.00%
United States	4.94%

- States' share of prescription drug spending in Medicaid is an average of 5% of total state Medicaid expenditures in the US. Medicaid prescription drug spending ranges in the states from 3.2% to 8.4% of total Medicaid expenditures.

2015 Prescription Drug Spending as a Share of Total State Expenditures

State-Only Prescription Drug Spending as a Share of Total State Expenditures, FFY2015	
State	Total Prescription Drug Expenditures
Alabama	1.13%
Alaska	0.44%
Arizona	1.46%
Arkansas	0.53%
California	1.22%
Colorado	0.69%
Connecticut	1.66%
Delaware	1.71%
Florida	1.80%
Georgia	1.15%
Hawaii	1.26%
Idaho	1.34%
Illinois	1.07%
Indiana	1.15%
Iowa	0.90%
Kansas	1.13%
Kentucky	0.89%

State-Only Prescription Drug Spending as a Share of Total State Expenditures, FFY2015	
State	Total Prescription Drug Expenditures
Louisiana	1.15%
Maine	1.45%
Maryland	1.30%
Massachusetts	0.98%
Michigan	1.21%
Minnesota	1.34%
Mississippi	1.27%
Missouri	2.26%
Montana	1.18%
Nebraska	0.99%
Nevada	1.44%
New Hampshire	1.68%
New Jersey	1.39%
New Mexico	0.64%
New York	1.85%
North Carolina	1.89%
North Dakota	0.77%

State-Only Prescription Drug Spending as a Share of Total State Expenditures, FFY2015	
State	Total Prescription Drug Expenditures
Ohio	1.13%
Oklahoma	1.18%
Oregon	1.03%
Pennsylvania	1.64%
Rhode Island	1.17%
South Carolina	1.12%
South Dakota	1.67%
Tennessee	1.57%
Texas	1.49%
Utah	0.77%
Vermont	1.69%
Virginia	1.30%
Washington	1.33%
West Virginia	0.57%
Wisconsin	1.35%
Wyoming	0.52%
United States	1.31%

State-only prescription drug spending in the three programs (Medicaid, state employee health plans, & prison health care combined) represents a very low percentage of total expenditures in each state and less than 1.5% nationally. Spending ranges from a low of 0.44% in Alaska to a high of 2.26% in Missouri.

Summary Observations

- In FFY2015, states spent almost \$17 billion on prescription drugs in Medicaid programs, state employee health plans, and prison health care combined; \$10 billion (59%) of this came from Medicaid programs.
- State-only prescription drug spending represents almost 5% of total Medicaid expenditures (state share only) nationally.
- Compared to states' total spending (including general funds, other state funds, and bonds), prescription drug spending is 0.8% in Medicaid, 0.5% in state employee health plans, and 0.1% in prison health.

5 Slide Series Overview

Our 5 Slide Series is a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements. We strive to create new information in each edition – through our own data tabulations and/or through conveying our ideas and opinions.

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