

MCOs' Growing Role in the Medicaid Pharmacy Arena: Trends From 2013-2016

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Introduction

- This edition of the Five Slide Series quantifies Medicaid's share of prescriptions (and growth) by state from 2013-2016.
- MCOs are currently crossing a threshold whereby they will likely represent the majority of nationwide Medicaid expenditures going forward. Capitation spending increased from 27% of national Medicaid expenditures in 2010 to 49% in 2016.
- This trend is particularly advanced with the prescription drug benefit, as MCOs paid for the majority of Medicaid prescriptions beginning in 2013 (when 52% of prescriptions were paid by MCOs). That percentage increased to 69% as of 2016.
- We have conducted an extensive body of work quantifying the success MCOs have achieved in cost-effectively managing the Medicaid pharmacy benefit. Several of these analyses are available on our website.

In 18 States, More Than 80% of Medicaid Prescriptions Were Paid by MCOs During 2016

State	Percentage of Medicaid Prescriptions Paid by Medicaid MCOs				Percentage Point Growth, 2013-2016
	2013	2014	2015	2016	
HI	99.8%	99.8%	99.8%	99.8%	0%
KS	84.0%	99.8%	99.8%	99.6%	16%
AZ	99.8%	99.6%	99.5%	99.5%	0%
NM	96.5%	97.9%	98.1%	97.8%	1%
DE	5.3%	6.6%	74.0%	97.7%	92%
NJ	86.8%	92.6%	96.2%	97.4%	11%
KY	89.9%	92.3%	94.5%	95.6%	6%
PA	84.5%	93.1%	93.5%	94.8%	10%
NH	0.0%	72.2%	88.3%	93.1%	93%
LA	40.8%	44.2%	73.1%	91.9%	51%
FL	41.9%	51.0%	87.3%	90.8%	49%
TX	82.1%	83.2%	86.8%	88.5%	6%
OH	74.0%	80.3%	86.8%	88.4%	14%
WA	47.8%	77.0%	84.9%	86.8%	39%
NY	82.9%	84.6%	85.9%	86.1%	3%
MS	41.6%	49.4%	62.7%	85.2%	44%
SC	58.1%	76.0%	85.1%	81.7%	24%
VA	73.2%	74.6%	80.5%	81.0%	8%

- In 6 of these 18 states, less than half of their Medicaid prescriptions were paid by MCOs during 2013.
- Expanded use of the capitated MCO model drove the increase in New Hampshire, Louisiana, Florida, Washington and Mississippi.
- A switch from a pharmacy carve-out to a carve-in model caused Delaware's large increase to occur.
- While Rhode Island's Rx data submissions to CMS are incomplete, this state also uses MCOs extensively in its Medicaid program.

In 15 States, MCOs Paid For 30% - 80% of Medicaid Prescriptions During 2016

State	Percentage of Medicaid Prescriptions Paid by Medicaid MCOs				Percentage Point Growth, 2013-2016
	2013	2014	2015	2016	
MN	72.9%	74.4%	77.0%	77.9%	5%
OR	71.3%	74.0%	77.2%	77.2%	6%
CA	55.9%	59.5%	67.5%	71.7%	16%
IL	8.0%	22.7%	47.1%	68.8%	61%
IN	0.8%	1.4%	28.4%	68.5%	68%
MD	68.8%	70.5%	69.2%	68.3%	0%
MI	62.0%	64.0%	66.9%	67.8%	6%
WV	11.2%	22.9%	21.7%	62.9%	52%
DC	58.4%	61.3%	61.5%	60.4%	2%
NV	24.1%	35.3%	52.0%	58.7%	35%
UT	45.2%	56.0%	53.7%	56.8%	12%
GA	51.9%	51.6%	55.0%	53.3%	1%
MA	42.8%	49.8%	51.3%	52.9%	10%
IA	0.2%	0.7%	0.9%	45.0%	45%
ND	0.0%	10.9%	34.7%	37.1%	37%

- The states in this chart with the largest increases in the right-hand column moved from a pharmacy carve-out to a carve-in model between 2013 and 2016. These include Illinois, Indiana, Iowa, and West Virginia.
- Nevada and North Dakota expanded their use of MCO capitation contracting.

In 17 States, Over 90% of Medicaid Prescriptions are Still Paid in the Fee-For-Service Setting

State	Percentage of Medicaid Prescriptions Paid by Medicaid MCOs				Percentage Point Growth, 2013-2016
	2013	2014	2015	2016	
NE	5.1%	4.1%	3.4%	6.6%	2%
CO	0.0%	0.0%	0.0%	4.3%	4%
TN	4.0%	3.5%	3.5%	3.3%	-1%
WI	0.1%	0.5%	0.7%	0.7%	1%
AK	0.0%	0.0%	0.0%	0.0%	0%
AL	0.0%	0.0%	0.0%	0.0%	0%
AR	0.0%	0.0%	0.0%	0.0%	0%
CT	0.0%	0.0%	0.0%	0.0%	0%
ID	0.0%	0.0%	0.0%	0.0%	0%
ME	0.0%	0.0%	0.0%	0.0%	0%
MO	0.0%	0.0%	0.0%	0.0%	0%
MT	0.0%	0.0%	0.0%	0.0%	0%
NC	0.0%	0.0%	0.0%	0.0%	0%
OK	0.0%	0.0%	0.0%	0.0%	0%
SD	0.0%	0.0%	0.0%	0.0%	0%
VT	0.0%	0.0%	0.0%	0.0%	0%
WY	0.0%	0.0%	0.0%	0.0%	0%
USA TOTAL	51.7%	56.1%	64.2%	68.7%	17%

- A few of the states in this chart use Medicaid MCOs extensively, but carve-out prescription drugs. These include Colorado, Missouri, Nebraska, Tennessee, and Wisconsin.
- Most states on this page do not use the Medicaid MCO contracting model.

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.

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Leigh Schreiber and Alex Cohn were instrumental in putting the data together for this edition.