

CHARTBOOK: MEDICAID PHARMACY BENEFIT USE AND REIMBURSEMENT IN 1999

INTRODUCTION AND OVERVIEW

This chartbook, prepared for the Centers for Medicare & Medicaid Services (CMS) by Mathematica Policy Research, Inc., presents highlights and key comparisons from the Statistical Compendium on Medicaid pharmacy benefit use and reimbursement in 1999. The 26 exhibits in the chartbook are summarized below.

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EXHIBIT 1

**DISTRIBUTION OF MEDICAID STUDY POPULATION BENEFICIARY
CHARACTERISTICS, 1999**

Beneficiary Characteristics	Percent of Beneficiaries		
	Among All Medicaid Beneficiaries ^a	Among Dual Eligibles ^b	Among Dual Eligibles who Resided in Nursing Facilities All Year ^c
Age			
5 and younger	22		
6-14	22		
15-20	11	33 ^e	7 ^e
21-44	22		
45-64	9		
65-74	5	26	13
75-84	5	24	32
85 and older	4	18	49
Sex			
Male	41	35	24
Female	59	65	74
Race			
African American	26	18	11
White	47	60	80
Other/Unknown	27	22	9
Dual Eligibility Status^b			
Dual Eligibles	19	100	100
Non-Dual Eligibles	81	0	0
Basis of Eligibility^d			
Children	50	< 1	< 1
Adults	19	< 1	< 1
Disabled	20	41	11
Aged	12	58	90
Number of Beneficiaries in Study Population	28,591,221	5,309,969	842,256

Source: Medicaid Analytic Extract, 1999. This table is based on the information contained in the Statistical Compendium Volume, United States (hereafter “the Compendium”).

^aMedicaid beneficiaries featured in this chartbook include those who had fee-for-service (FFS) Medicaid pharmacy benefit coverage for at least one month during calendar year 1999. Beneficiaries who were in capitated managed care arrangements for the entire year are excluded. For more details on how we determined the study population, see Table 1 of the Compendium.

^bDual Eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage for at least one month during their Medicaid enrollment in 1999. Non-dual eligibles include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefit coverage. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

^cThis group includes dual eligibles who resided in nursing facilities throughout their Medicaid enrollment in 1999. Refer to Table 1 in the Compendium for more information about how we determined all-year nursing facility residency.

^dMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness. The children's group includes children receiving foster care and adoptive services.

^eThe percentage represents all ages below 65.

EXHIBIT 2

ILLUSTRATIVE MEASURES OF STUDY POPULATION PHARMACY BENEFIT USE AND REIMBURSEMENT, 1999^a

Measures of Pharmacy Benefit Use and Reimbursement	Among All Medicaid Beneficiaries ^b	Among Dual Eligibles ^b	Among Dual Eligibles who Resided in Nursing Facilities All Year ^b
Total Medicaid Pharmacy Reimbursement (in \$million)	\$15,588	\$8,650	\$1,544
Average Annual Pharmacy Reimbursement per Beneficiary ^c	\$545	\$1,629	\$1,830
Average Pharmacy Reimbursement per Benefit Month ^d	\$69	\$157	\$181
Average Annual Number of Prescriptions per Beneficiary	12	35	50
Average Number of Prescriptions per Benefit Month	1.5	3.3	4.9

Source: Medicaid Analytic Extract, 1999. This table is based on the information contained in the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

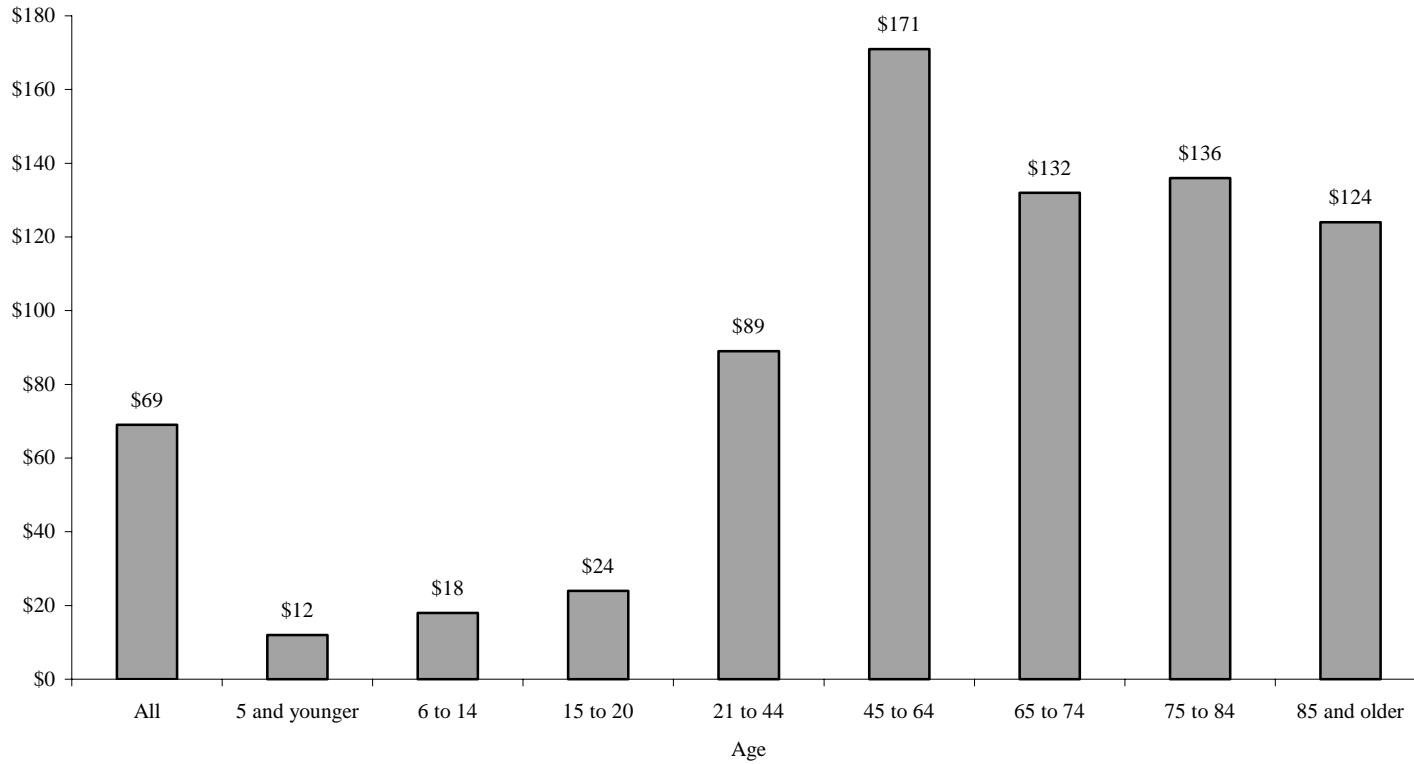
^bSee footnotes to Exhibit 1 for how these groups were defined. Annual or monthly measures reflect use and reimbursement among beneficiaries in FFS settings, and may thus be higher than if use and reimbursement in capitated managed care settings were included.

^cAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. Medicaid beneficiaries in the study population had, on average, 7.9 months of coverage. The comparable number was 10.4 months among dual eligible beneficiaries in the study population, and 10.1 months among dual eligible beneficiaries who resided in nursing facilities throughout their Medicaid enrollment in 1999.

^dMonthly use and reimbursement amounts were calculated by dividing total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

EXHIBIT 3

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT, BY AGE GROUP, 1999^{a,b}



4

Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 4 of the Compendium.

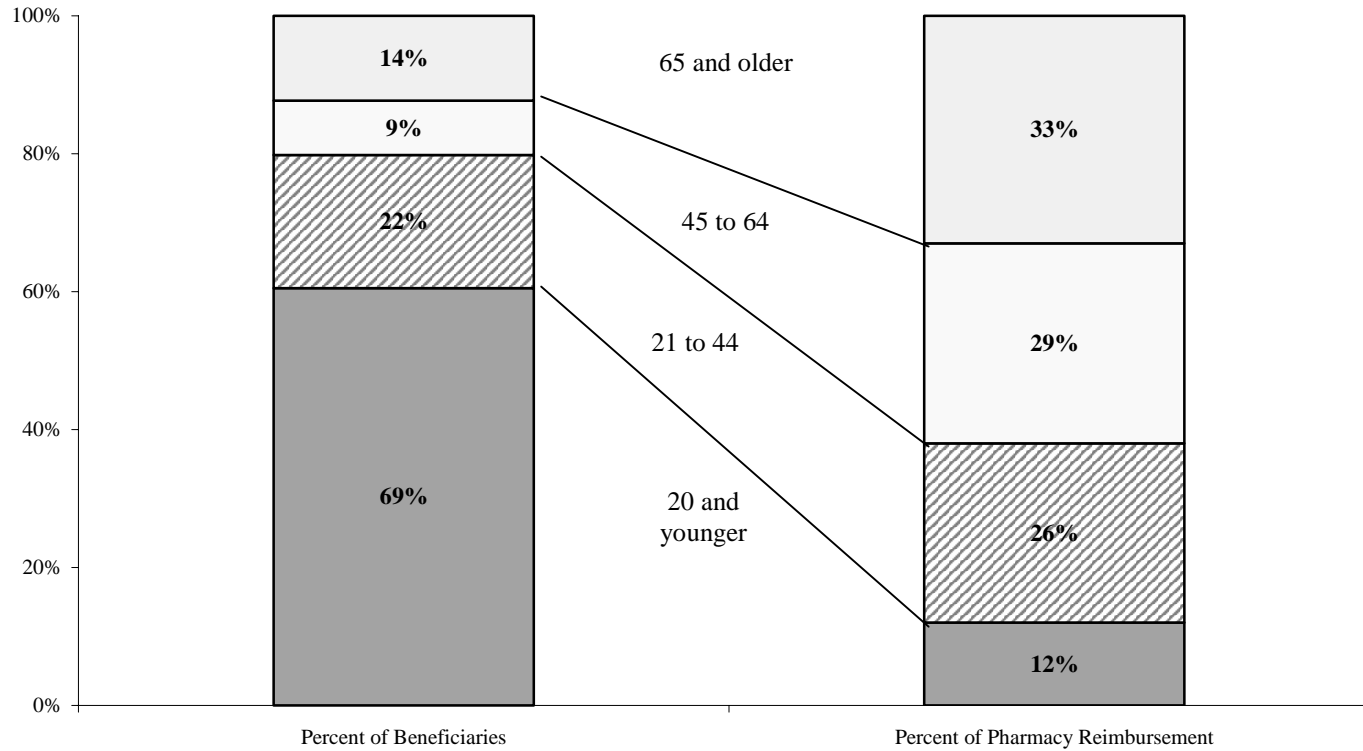
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly use and reimbursement amounts were calculated by dividing the total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

EXHIBIT 4

DISTRIBUTION OF AGE GROUPS AND TOTAL PHARMACY REIMBURSEMENT, 1999^a

Beneficiaries age 65 and older represent 14 percent of all Medicaid beneficiaries, but account for 33 percent of total pharmacy reimbursement.

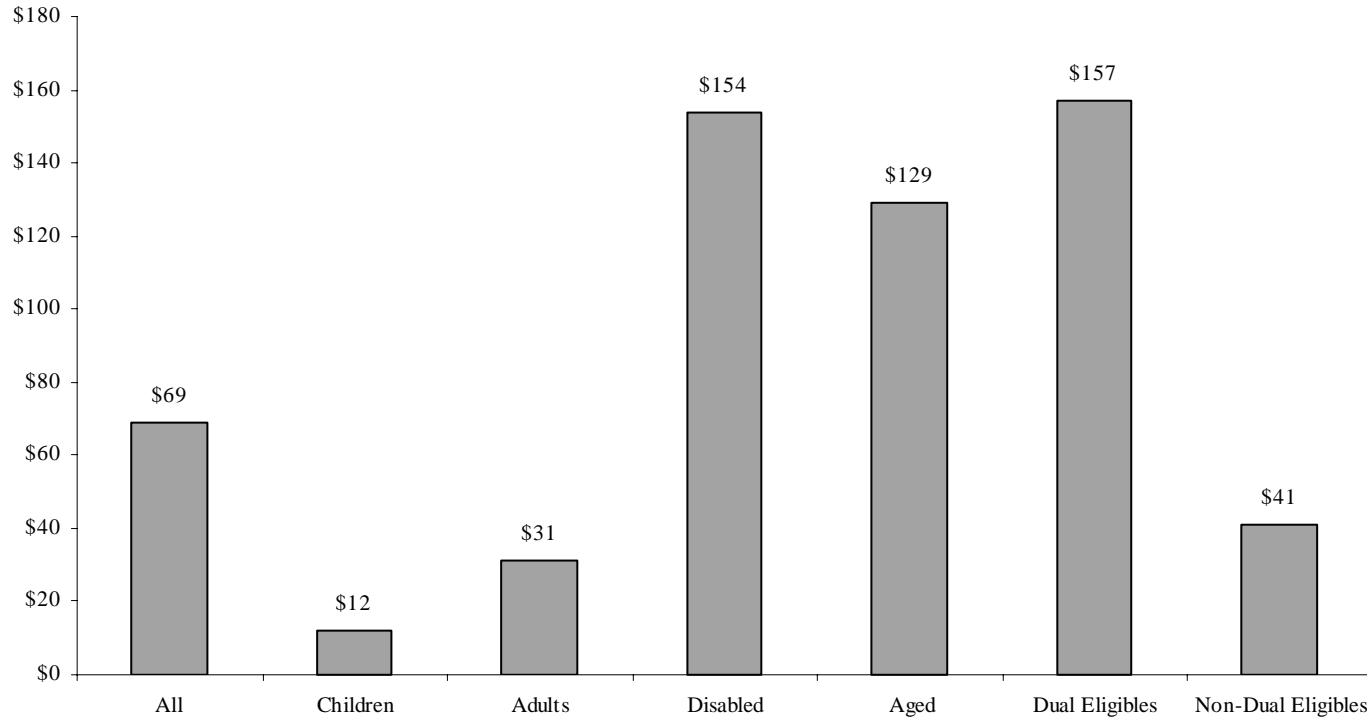


Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 3 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

EXHIBIT 5

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT, BY BASIS OF ELIGIBILITY AND BY DUAL STATUS, 1999^{a,b,c,d}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 4 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

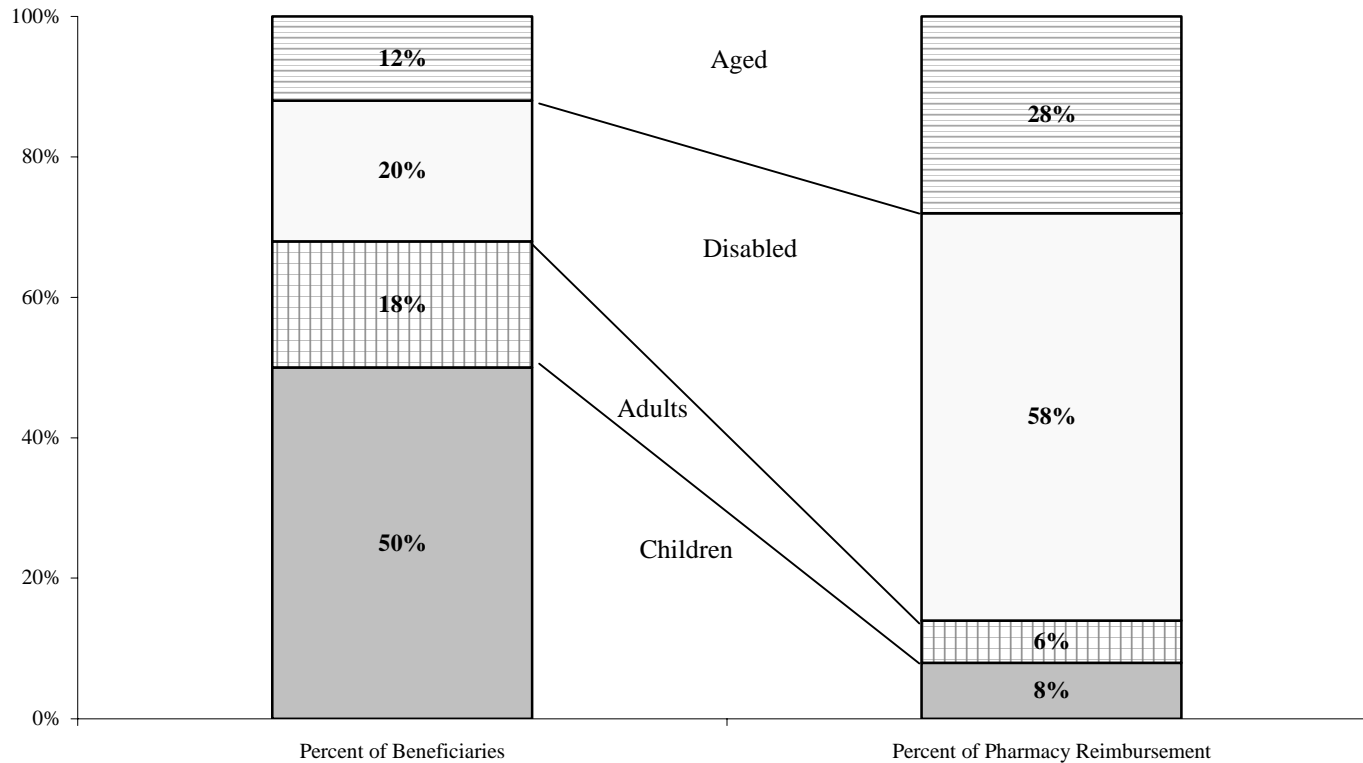
^bMonthly use and reimbursement amounts were calculated by dividing the total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

^cMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 1999. Non-dual eligibles include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 6

**DISTRIBUTION OF BENEFICIARIES AND TOTAL PHARMACY REIMBURSEMENT,
BY BASIS OF ELIGIBILITY, 1999^{a,b}**



7

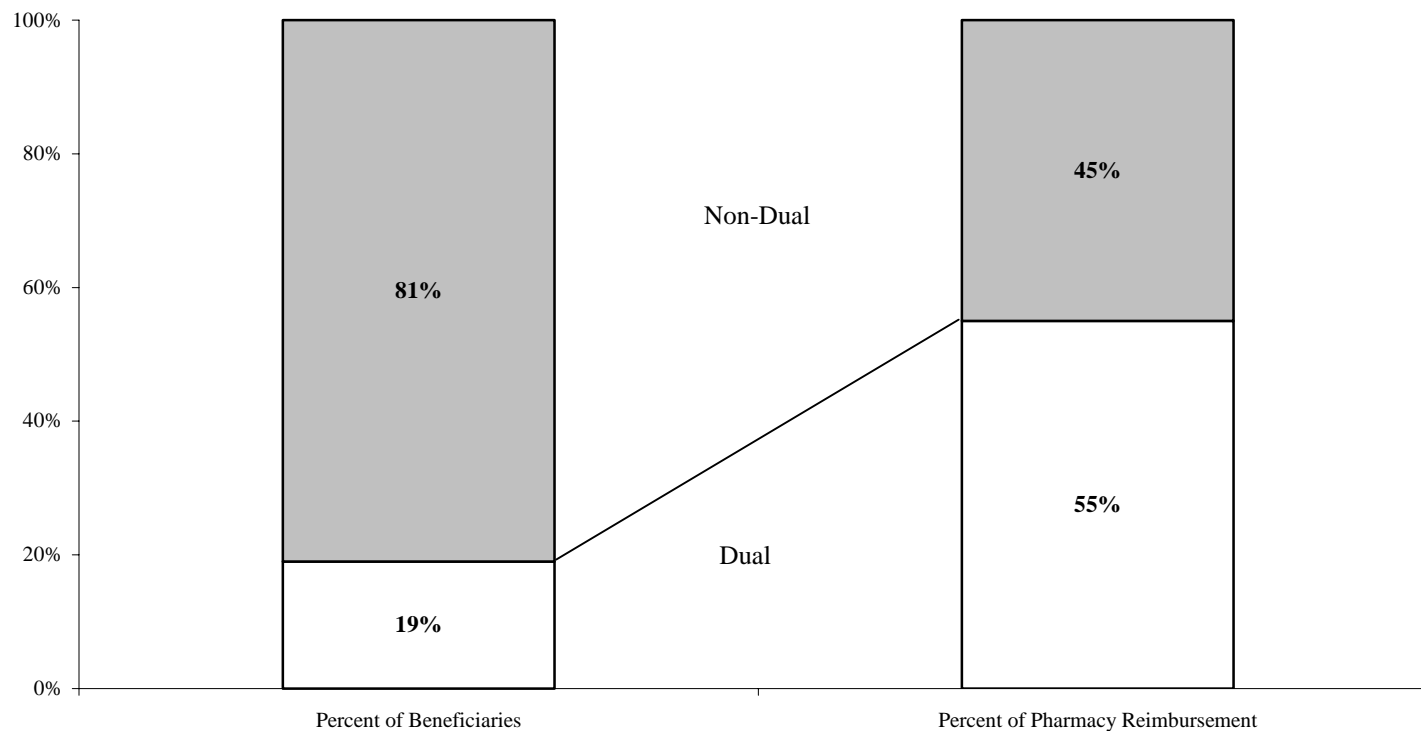
Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 4 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

EXHIBIT 7

DISTRIBUTION OF DUAL ELIGIBILITY STATUS AND TOTAL PHARMACY REIMBURSEMENT, 1999^{a,b}



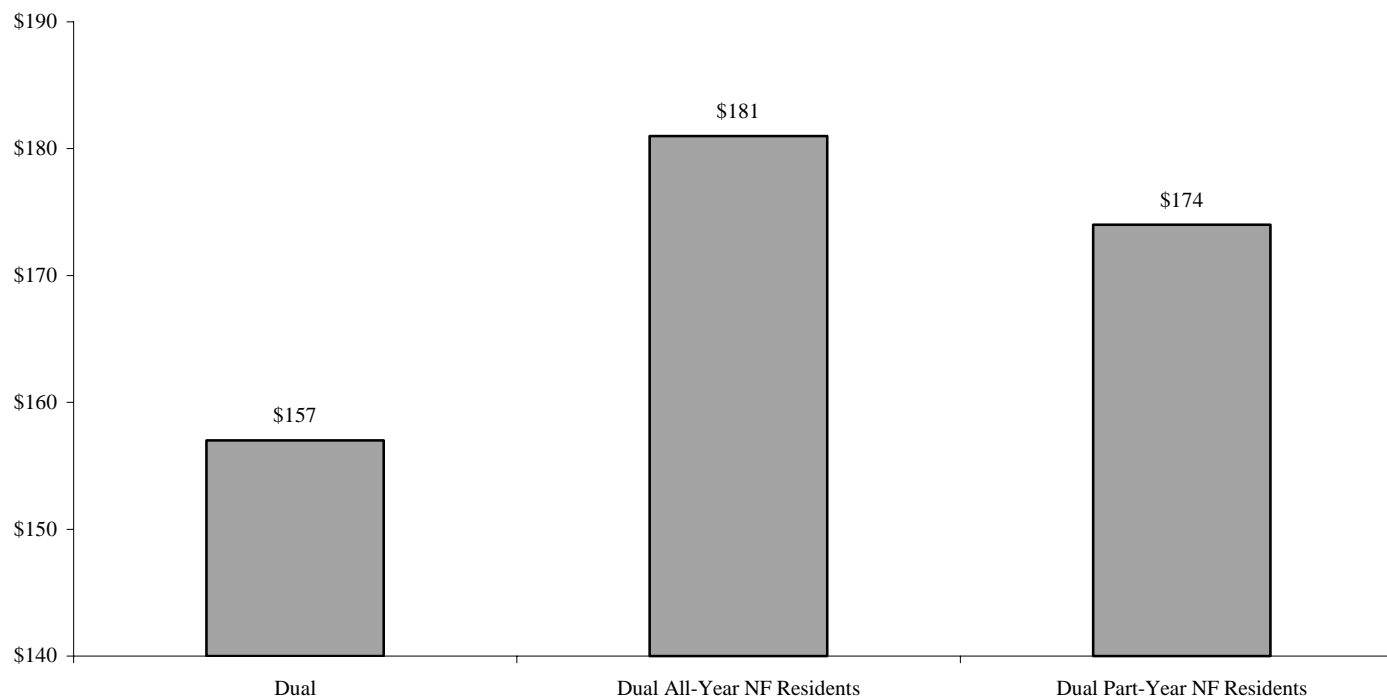
Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Tables 4 and 13 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 1999. Non-dual eligibles include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 8

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT AMONG DUAL ELIGIBLES, BY USE OF NURSING FACILITIES, 1999^{a,b,c}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Tables 4 and 17 of the Compendium

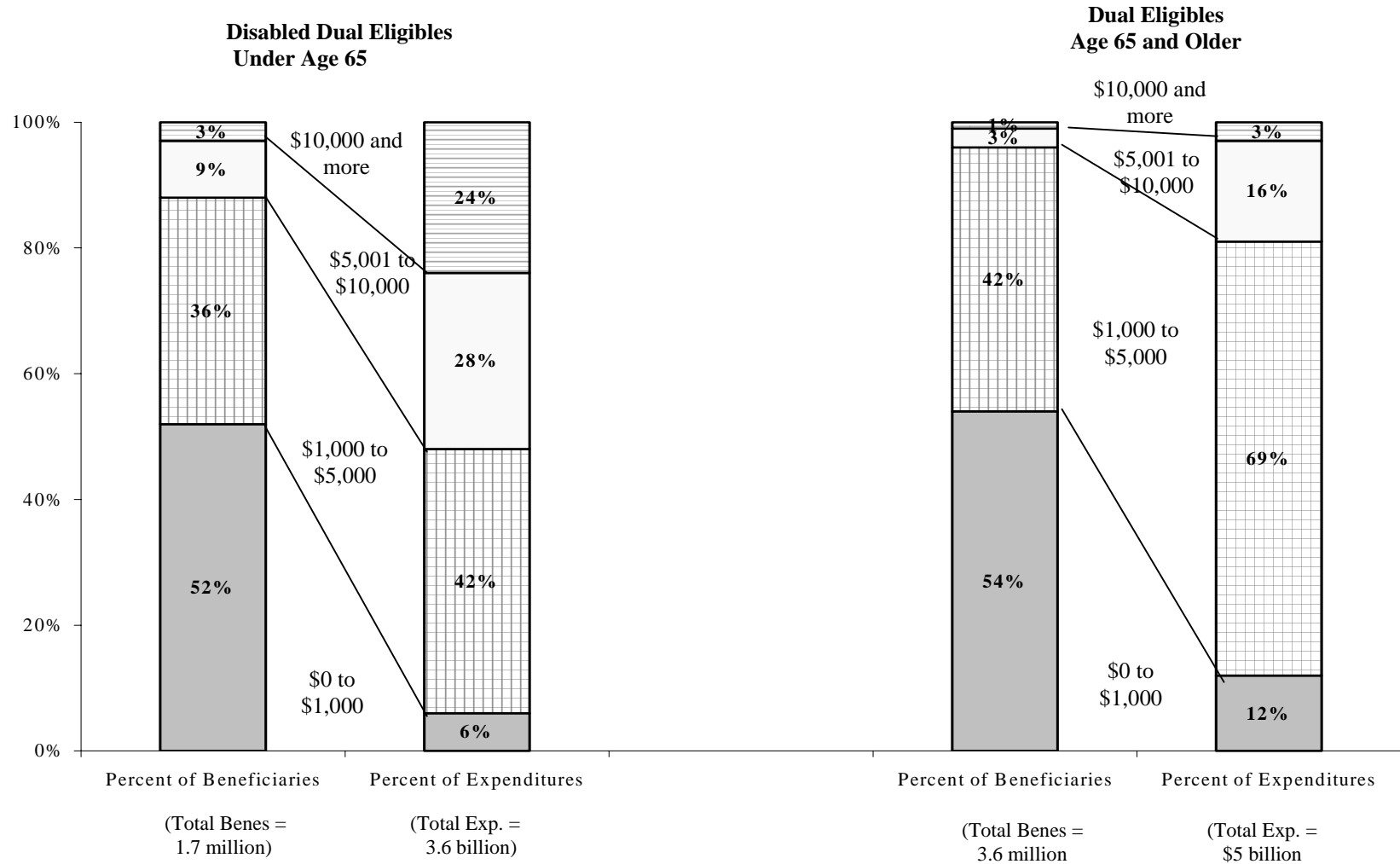
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly use and reimbursement amounts were calculated by dividing the total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

^cDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 1999. Non-dual eligibles include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 9

DISTRIBUTION OF ANNUAL PHARMACY REIMBURSEMENT FOR DUAL ELIGIBLES, UNDER-AGE-65 DISABLED VS. AGE 65 AND OLDER^{a,b,c}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Supplemental Tables 1A through 1D of the Compendium for the nation.

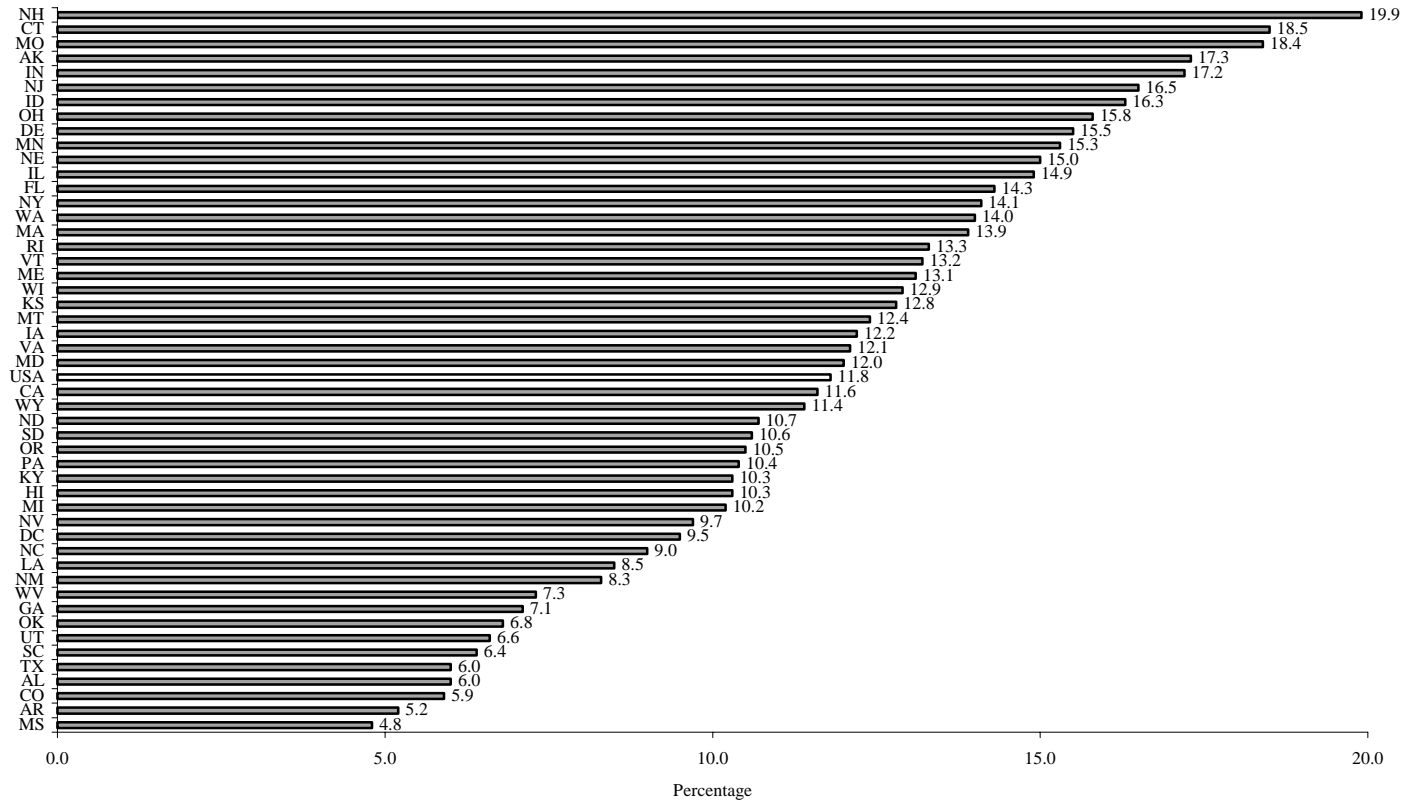
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.4 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 10

PERCENT OF UNDER-65 DISABLED DUAL ELIGIBLE BENEFICIARIES WITH ANNUAL PHARMACY REIMBURSEMENT OF \$5,001 OR MORE, BY STATE, 1999^{a,b,c}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Supplemental Table 1A of the Compendium. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

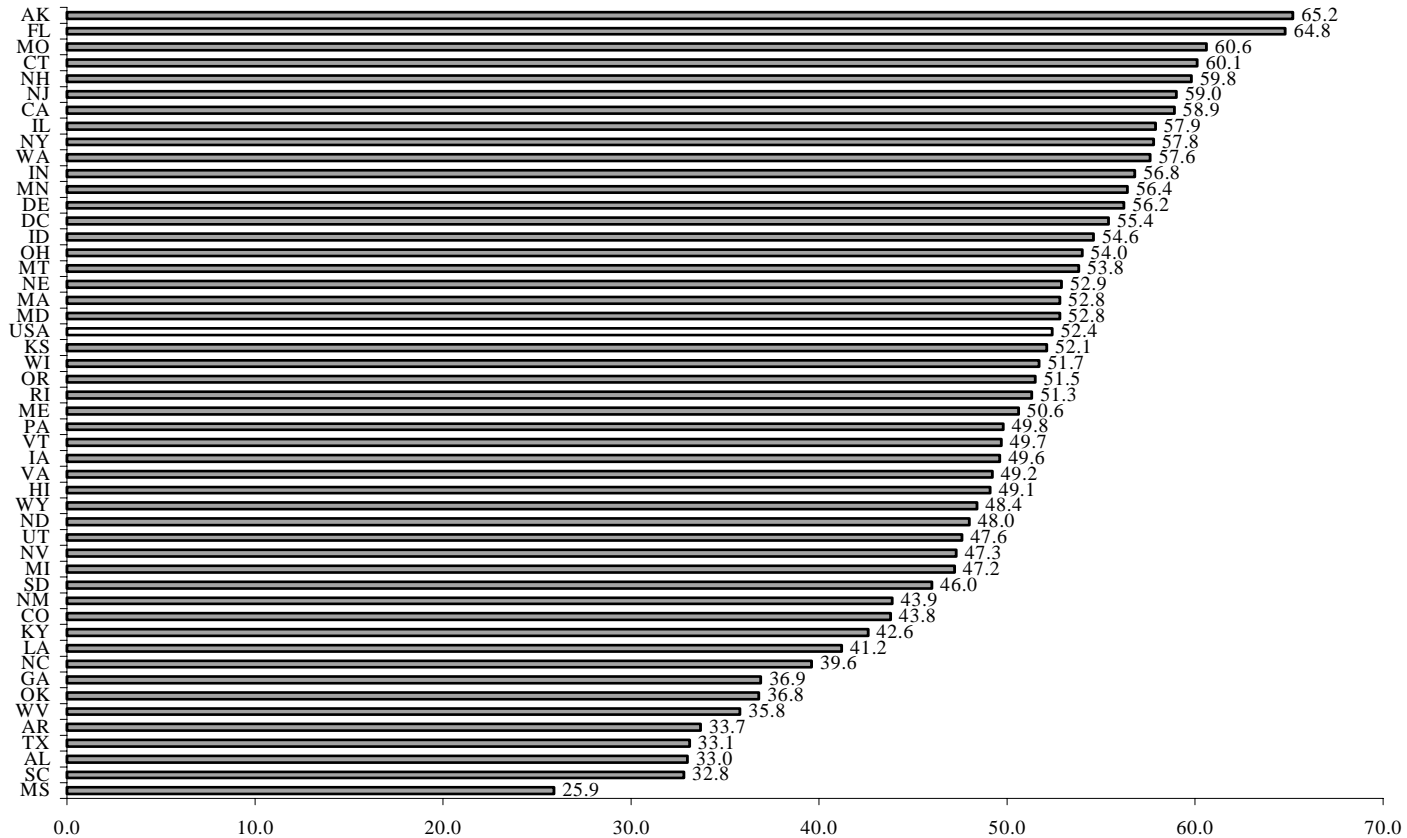
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.4 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 11

PERCENT OF ANNUAL PHARMACY REIMBURSEMENT FOR UNDER-65 DISABLED DUAL ELIGIBLE BENEFICIARIES ACCOUNTED FOR BY THOSE WITH ANNUAL REIMBURSEMENT OF \$5,001 OR MORE, BY STATE, 1999^{a,b,c}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Supplemental Table 1A of the Compendium. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

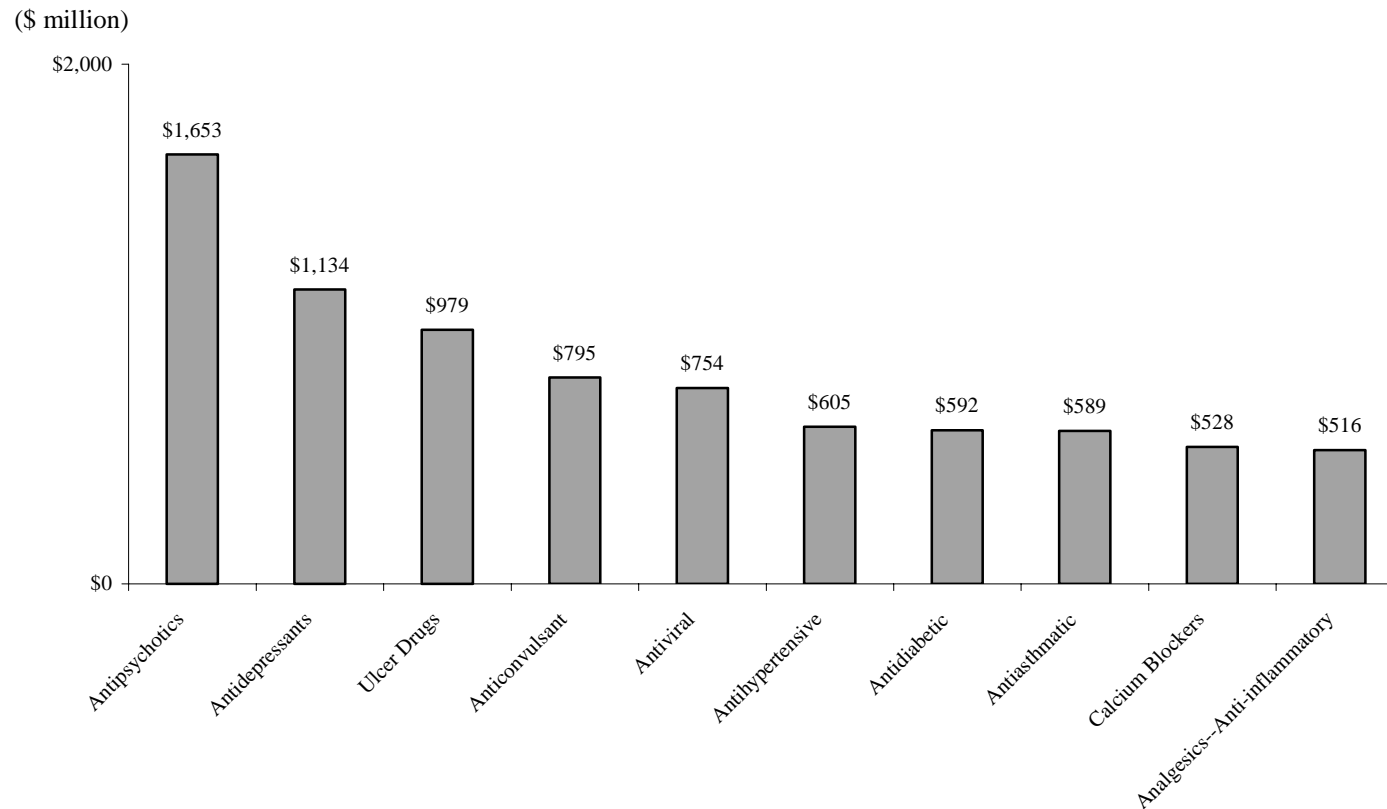
^bAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.4 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 12

TOTAL ANNUAL MEDICAID REIMBURSEMENT FOR TOP 10 DRUG GROUPS, 1999^{a,b,c}

The top 10 drug groups (out of over 90 total drug groups) accounted for 48 percent of total Medicaid FFS pharmacy reimbursement in 1999.



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 7 of the Compendium.

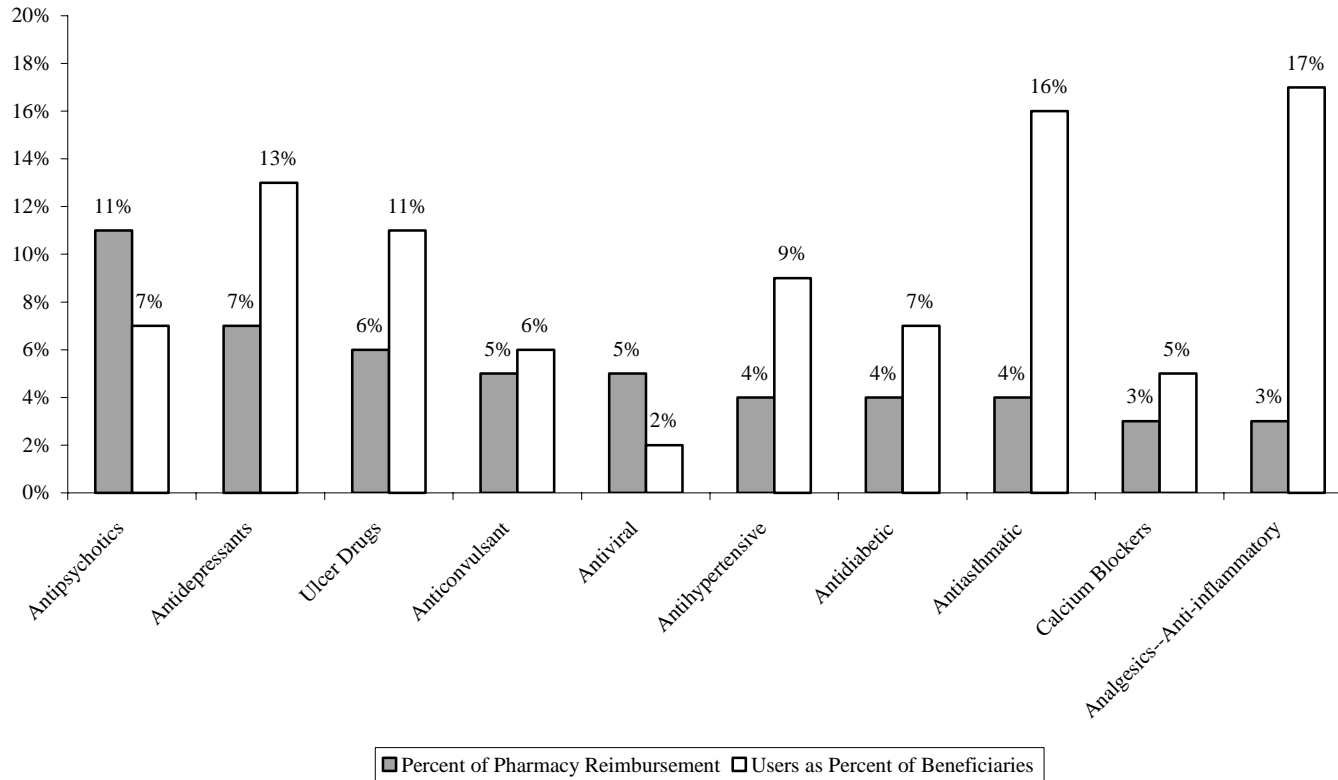
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.4 months of coverage.

^cThe top 10 drug groups were determined based on total Medicaid reimbursement in 1999. For information about these drug groups, see Wolters Kluwer Health, http://Medi-Span.com/products/product_mddb.asp (May 13, 2003).

EXHIBIT 13

**REIMBURSEMENT AS A PERCENTAGE OF ALL PHARMACY REIMBURSEMENT AND
USERS AS A PERCENTAGE OF ALL BENEFICIARIES
FOR TOP 10 DRUG GROUPS, 1999^{a, b, c}**



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 7 of the Compendium.

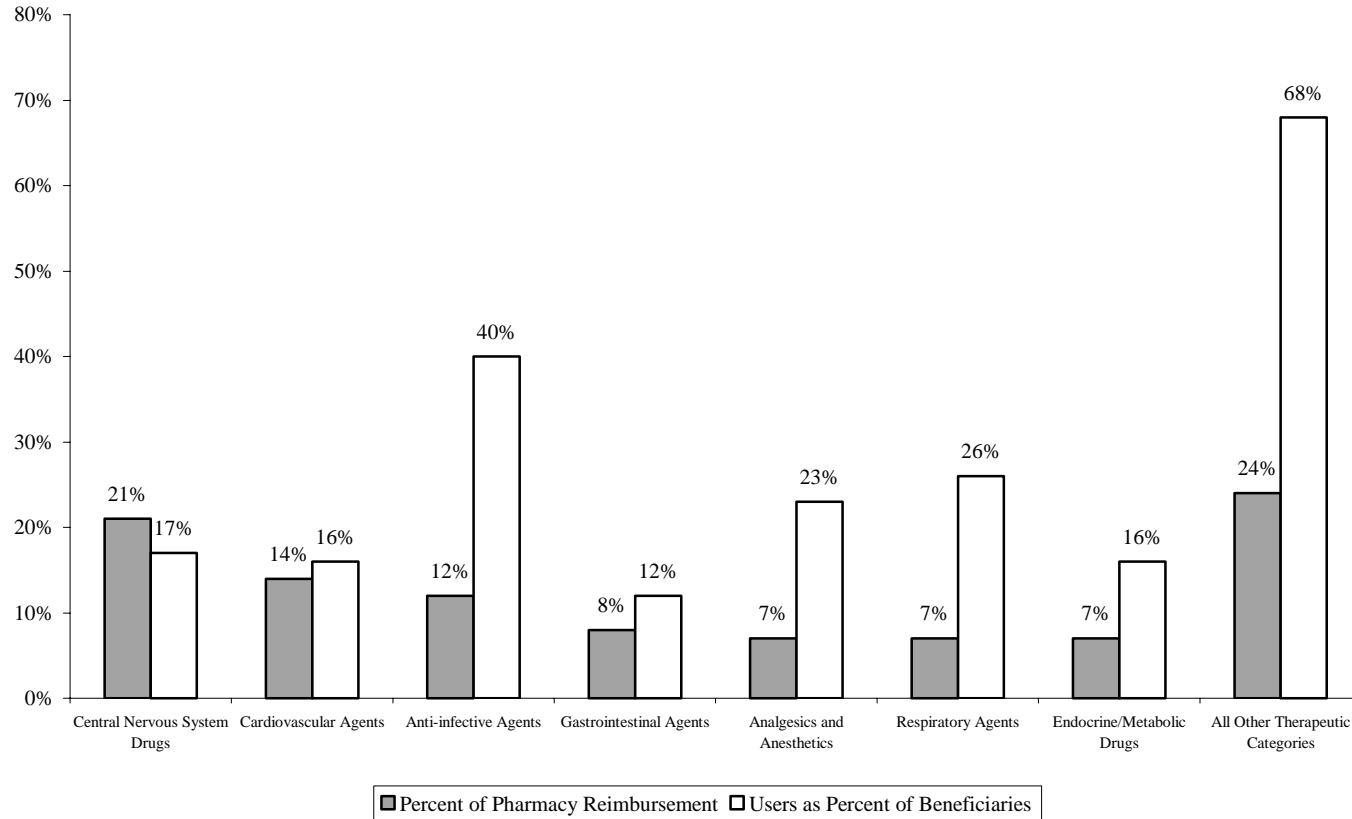
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bA user is a beneficiary who had at least one prescription filled in a given therapeutic category during 1999. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these drug groups, see Wolters Kluwer Health, http://www.Medi-Span.com/products/product_mddb.asp (May 13, 2003).

^cThe top 10 drugs groups were determined based on total Medicaid reimbursement in the state for 1999. For information about these drug groups, see Wolters Kluwer Health, http://www.Medi-Span.com/products/product_mddb.asp (May 13, 2003).

EXHIBIT 14

**REIMBURSEMENT AS A PERCENTAGE OF ALL PHARMACY REIMBURSEMENT AND
USERS AS A PERCENTAGE OF ALL BENEFICIARIES FOR
TOP 7 THERAPEUTIC CATEGORIES, 1999^{a,b,c}**



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 6 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

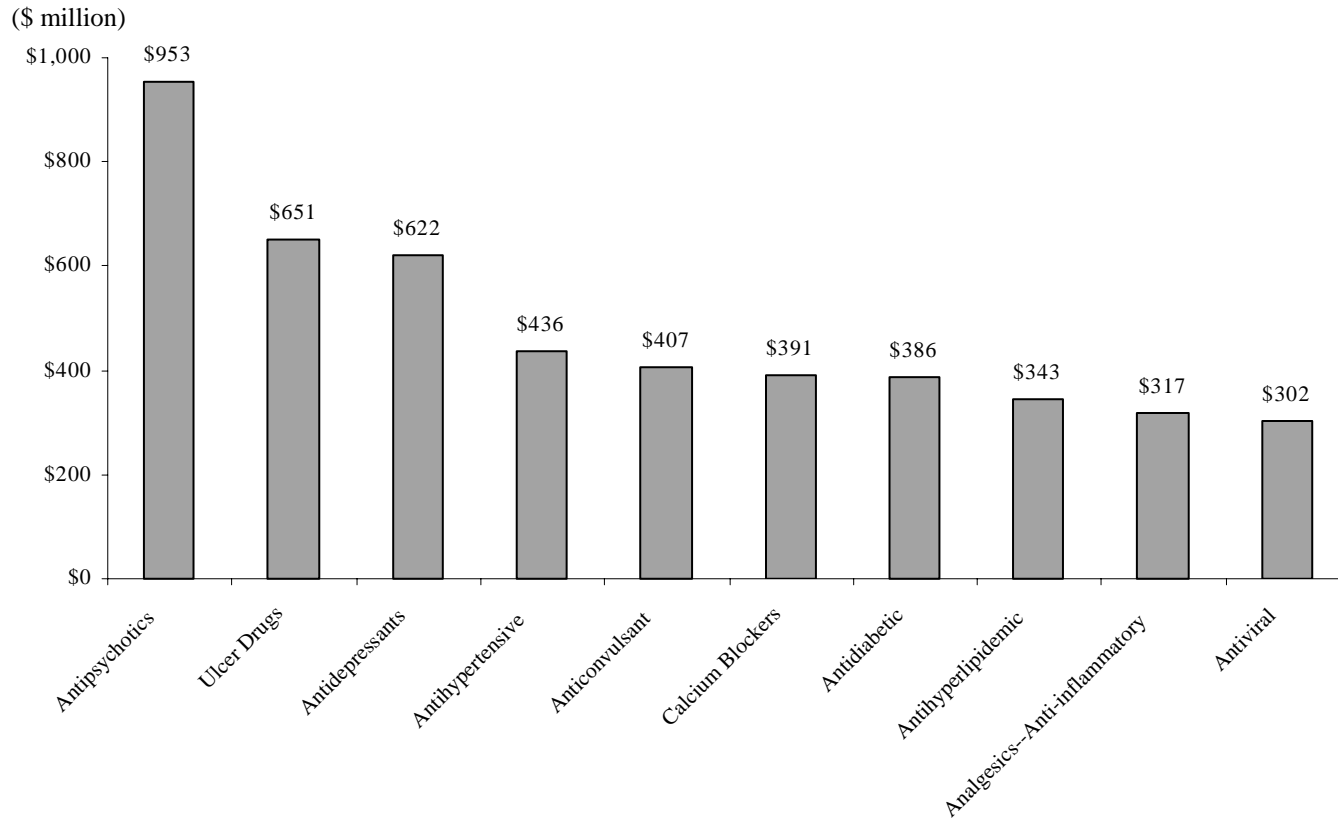
^bA user is a beneficiary who had at least one prescription filled in a given therapeutic category during 1999. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these therapeutic categories, see Wolters Kluwer Health, http://www.Medi-Span.com/products/product_mddb.asp (May 13, 2003).

^c Top 7 categories were determined based on total Medicaid reimbursement in 1999. For information about these therapeutic categories, see Wolters Kluwer Health, http://Medi-Span.com/products/product_mddb.asp (May 13, 2003).

EXHIBIT 15

TOTAL MEDICAID REIMBURSEMENT FOR TOP 10 DRUG GROUPS AMONG DUAL ELIGIBLES, 1999^{a,b,c,d}

The top 10 drug groups (out of over 90 total drug groups) accounted for 56 percent of total Medicaid FFS pharmacy reimbursement for dual eligibles in 1999.



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 16 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

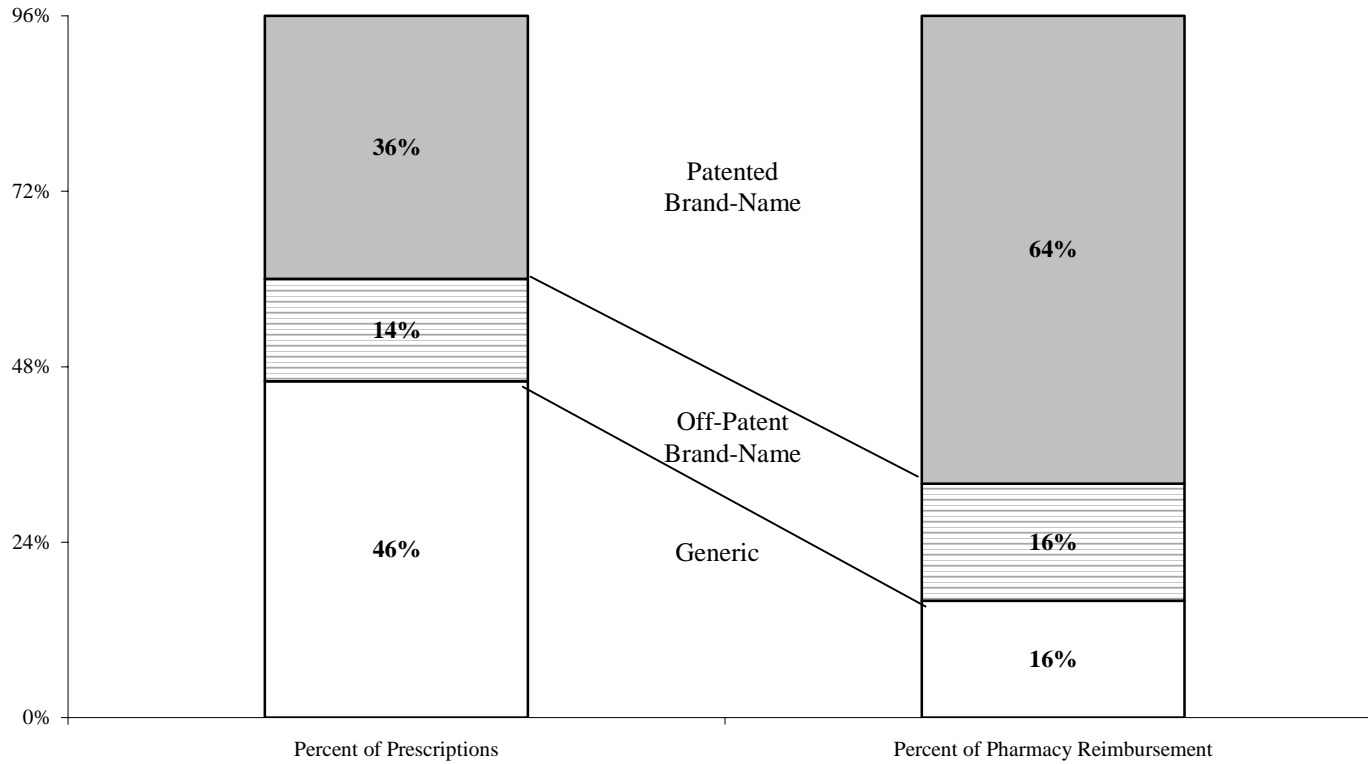
^bThe top 10 drug groups were determined based on total Medicaid reimbursement in 1999. (At the national level, the average number of months of enrollment per dual eligible beneficiary was 10.4 months in 1999.) For information about these drug groups, see Wolters Kluwer Health, http://Medi-Span.com/products/product_mddb.asp (May 13, 2003).

^cAt the national level, dual eligible beneficiaries in our study population had, on average, 10.4 benefit months in 1999. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

^dDual eligibles include beneficiaries who had Medicare as well as Medicaid fee-for-service pharmacy benefits during any month of Medicaid enrollment in 1999.

EXHIBIT 16

DISTRIBUTION OF TOTAL NUMBER OF PRESCRIPTIONS AND TOTAL PHARMACY REIMBURSEMENT, BY BRAND STATUS, 1999^{a,b}



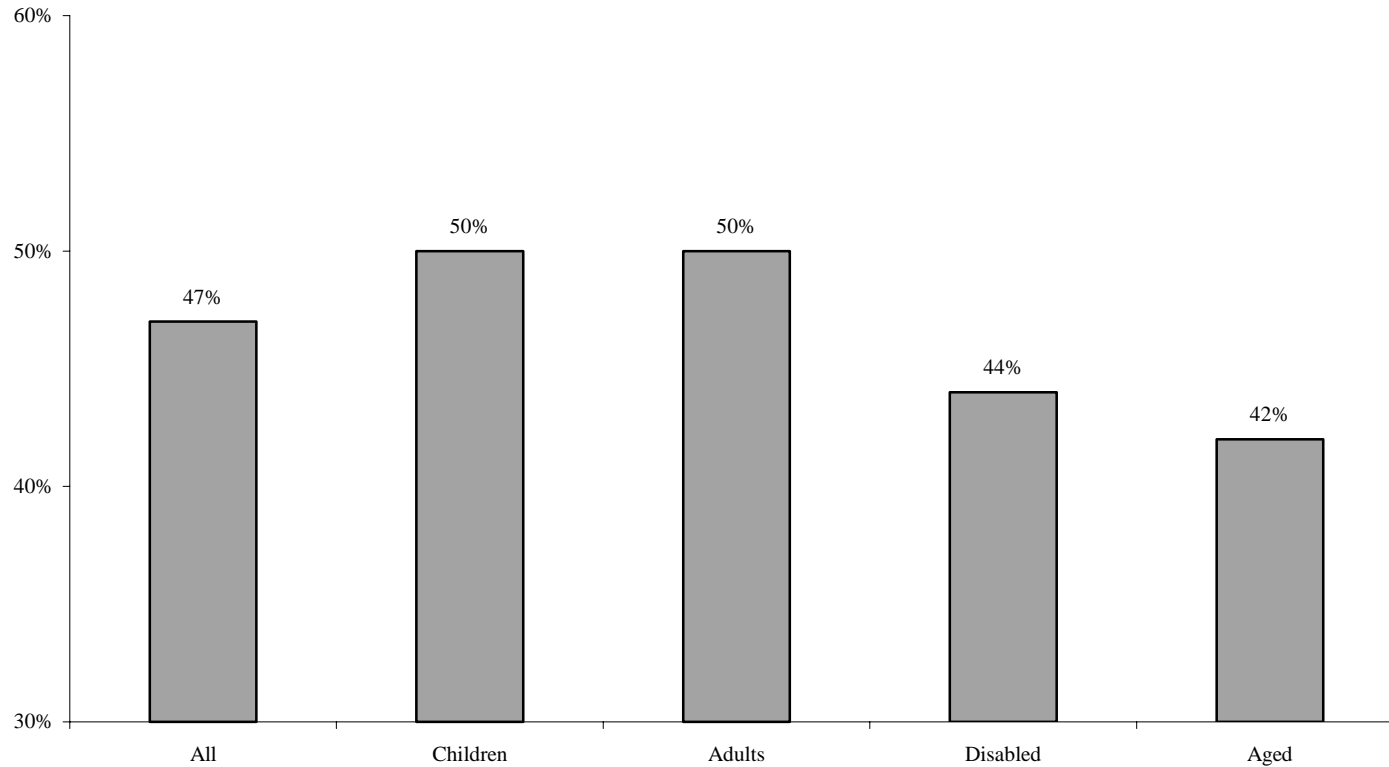
Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 5 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bBrand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, http://www.Medi-Span.com/products/product_mddb.asp (May 13, 2003). Due to missing values for brand status (on 4.7 percent of claims), the sum of the three groups in this table is smaller than all prescriptions combined.

EXHIBIT 17

GENERIC PRESCRIPTIONS AS A PERCENTAGE OF ALL PRESCRIPTIONS, BY BASIS OF ELIGIBILITY, 1999^{a,b}



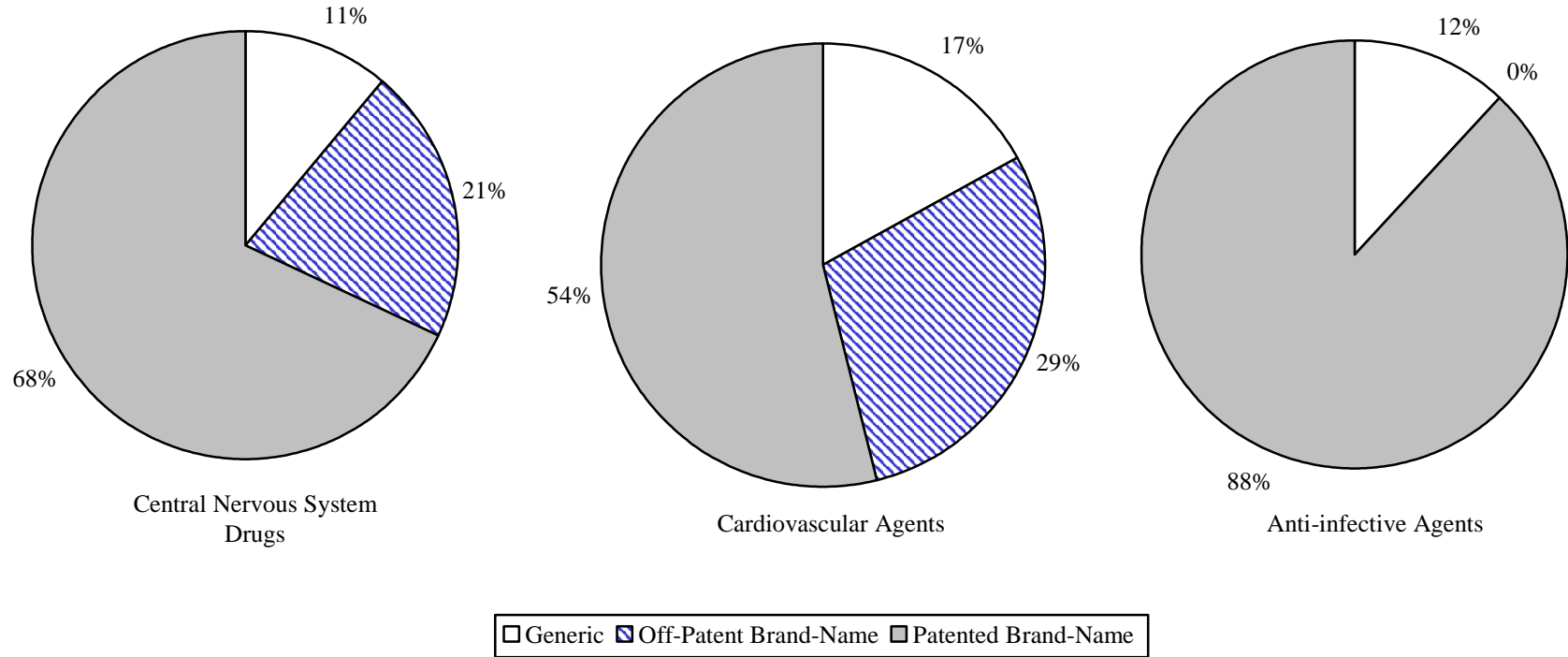
Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 5 of the Compendium.

^aBrand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, http://www.Medi-Span.com/products/product_mddb.asp (May 13, 2003).

^bMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

EXHIBIT 18

SHARE OF MEDICAID PHARMACY REIMBURSEMENT BY BRAND STATUS FOR TOP 3 THERAPEUTIC CATEGORIES, 1999^{a,b,c}



20

Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table 6 of the Compendium.

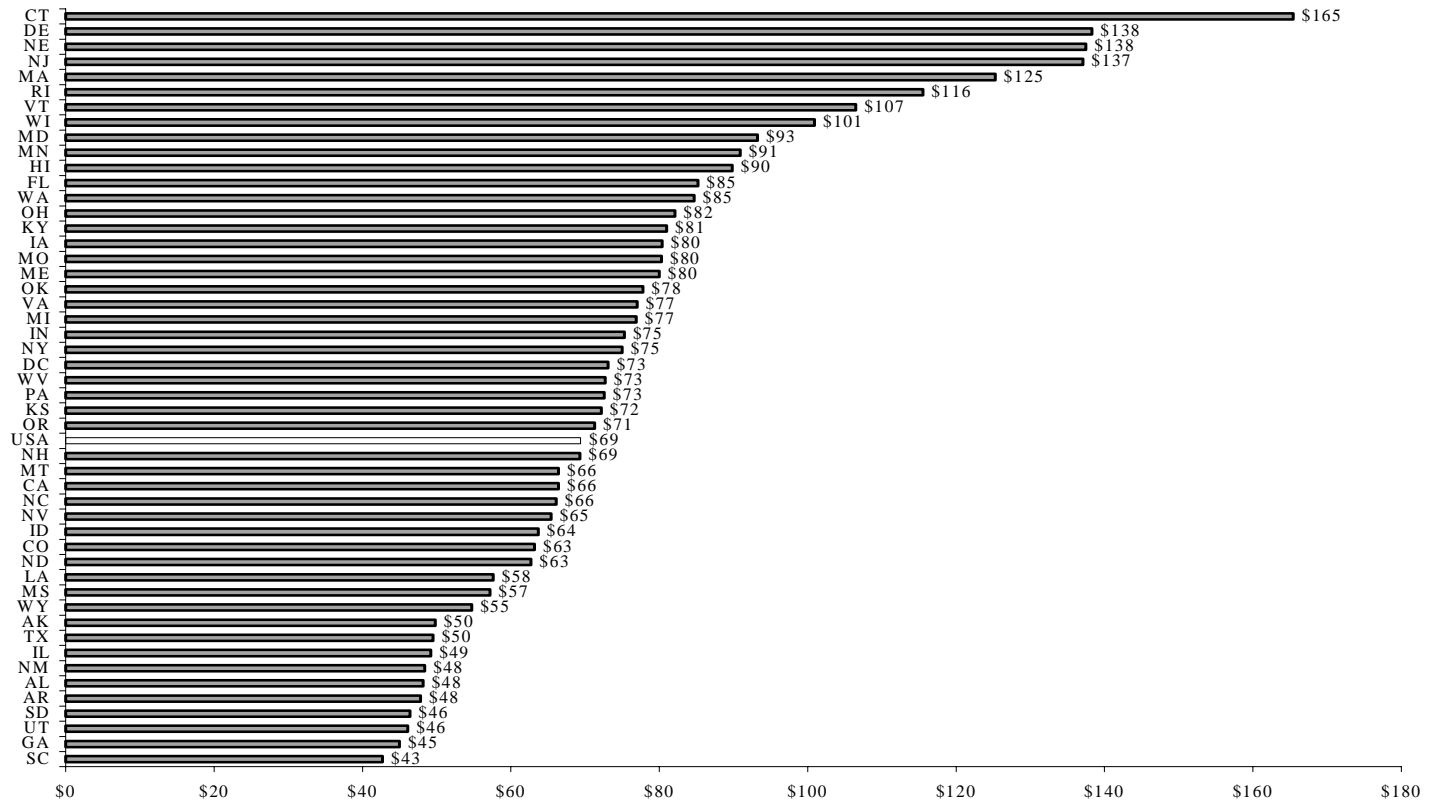
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bBrand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, http://www.Medi-Span.com/products/product_mddb.asp (May 13, 2003).

^cTop 3 categories were determined based on total Medicaid reimbursement in 1999. (At the national level, the average number of months of enrollment per dual eligible beneficiary was 10.4 months in 1999.) For information about these drug groups, see Wolters Kluwer Health, http://Medi-Span.com/products/product_mddb.asp (May 13, 2003).

EXHIBIT 19

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT, BY STATE, 1999^{a,b}



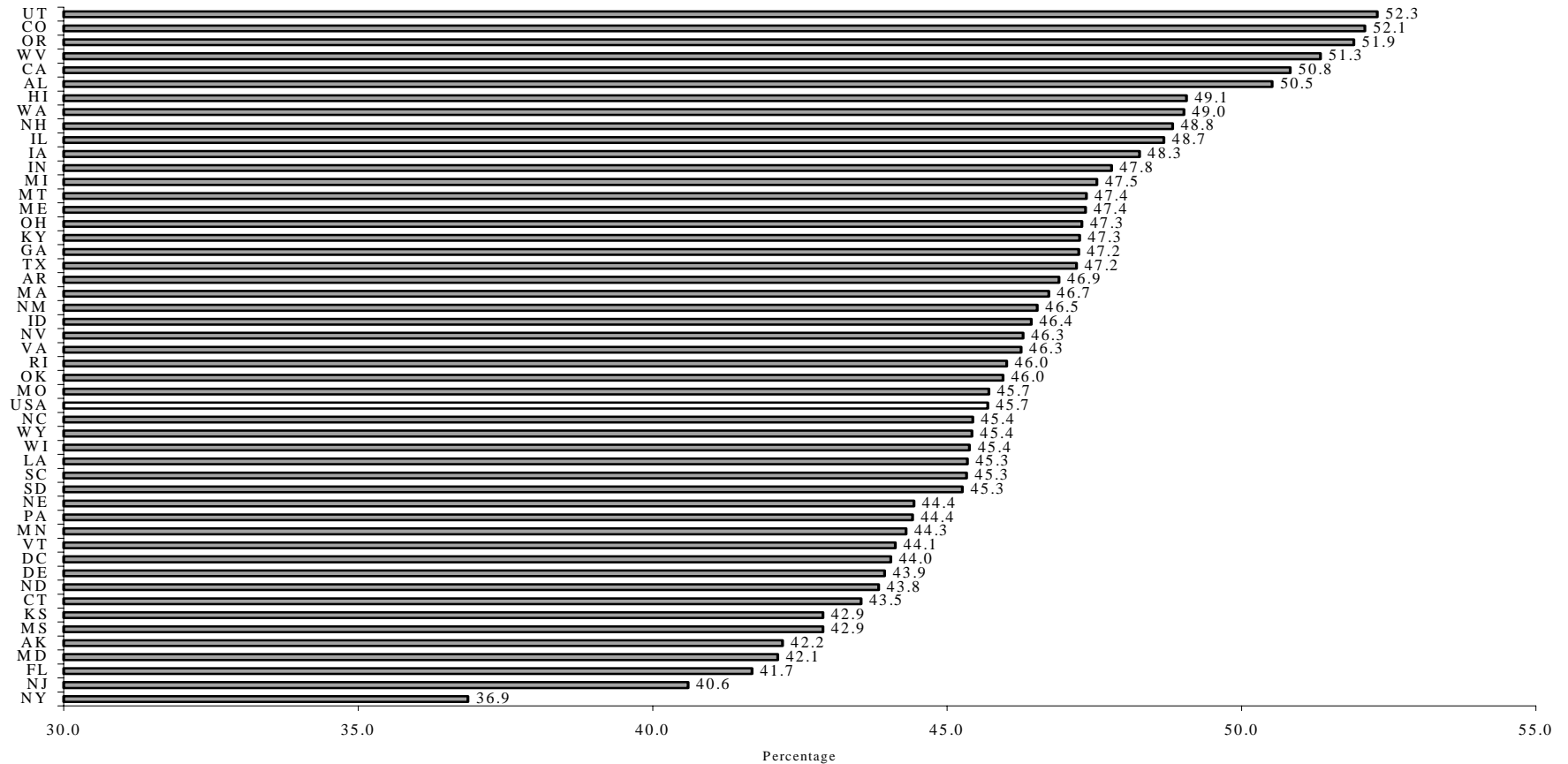
Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table N.2 of the Compendium for the nation. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly use and reimbursement amounts were calculated by dividing the total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

EXHIBIT 20

GENERIC PRESCRIPTIONS AS PERCENTAGE OF ALL PRESCRIPTIONS, BY STATE, 1999^a

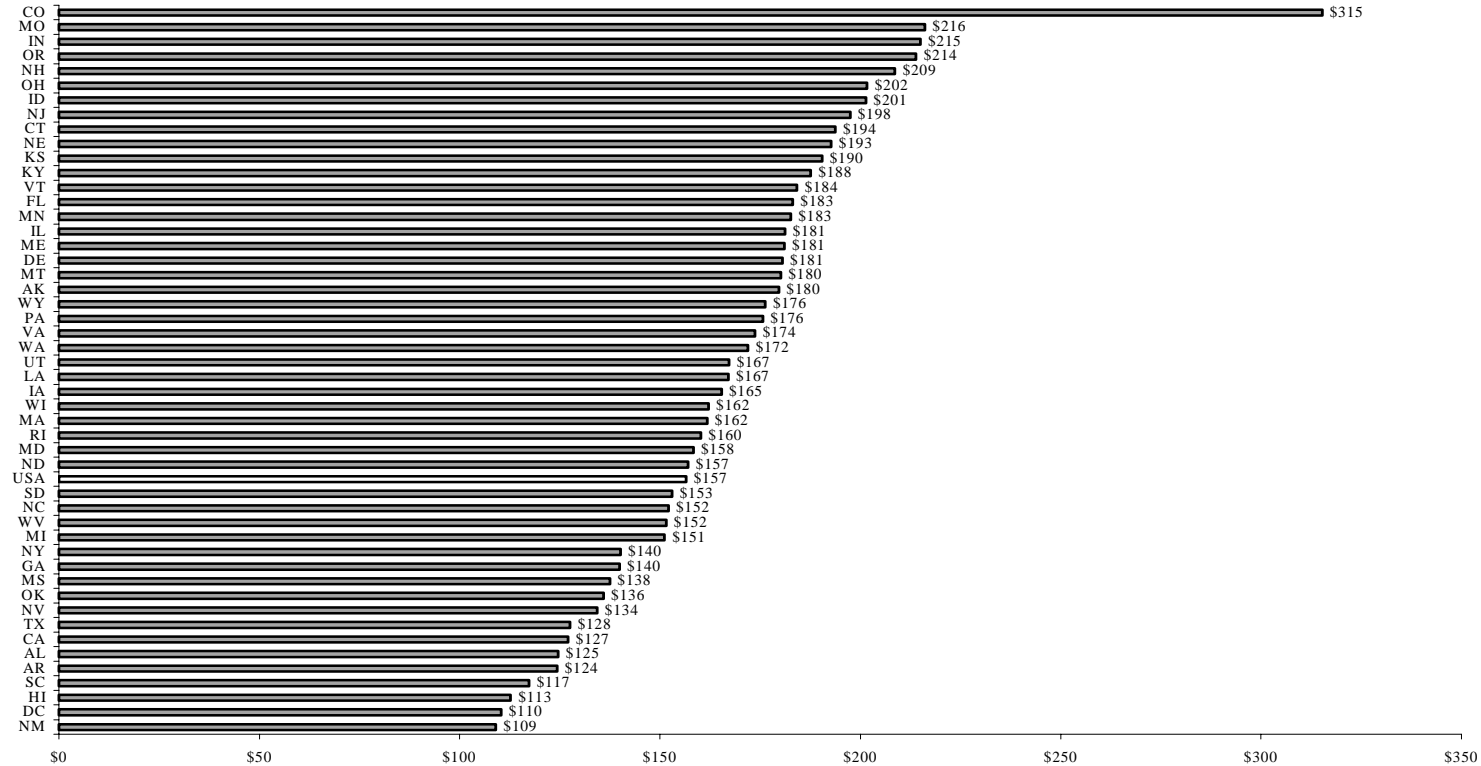


Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table N.2 of the Compendium for the nation. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. The FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

^aBrand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, http://www.Medi-Span.com/products/product_mddb.asp (May 13, 2003).

EXHIBIT 21

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT AMONG DUAL ELIGIBLES, BY STATE, 1999^{a,b,c}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table N.5 of the Compendium for the nation. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

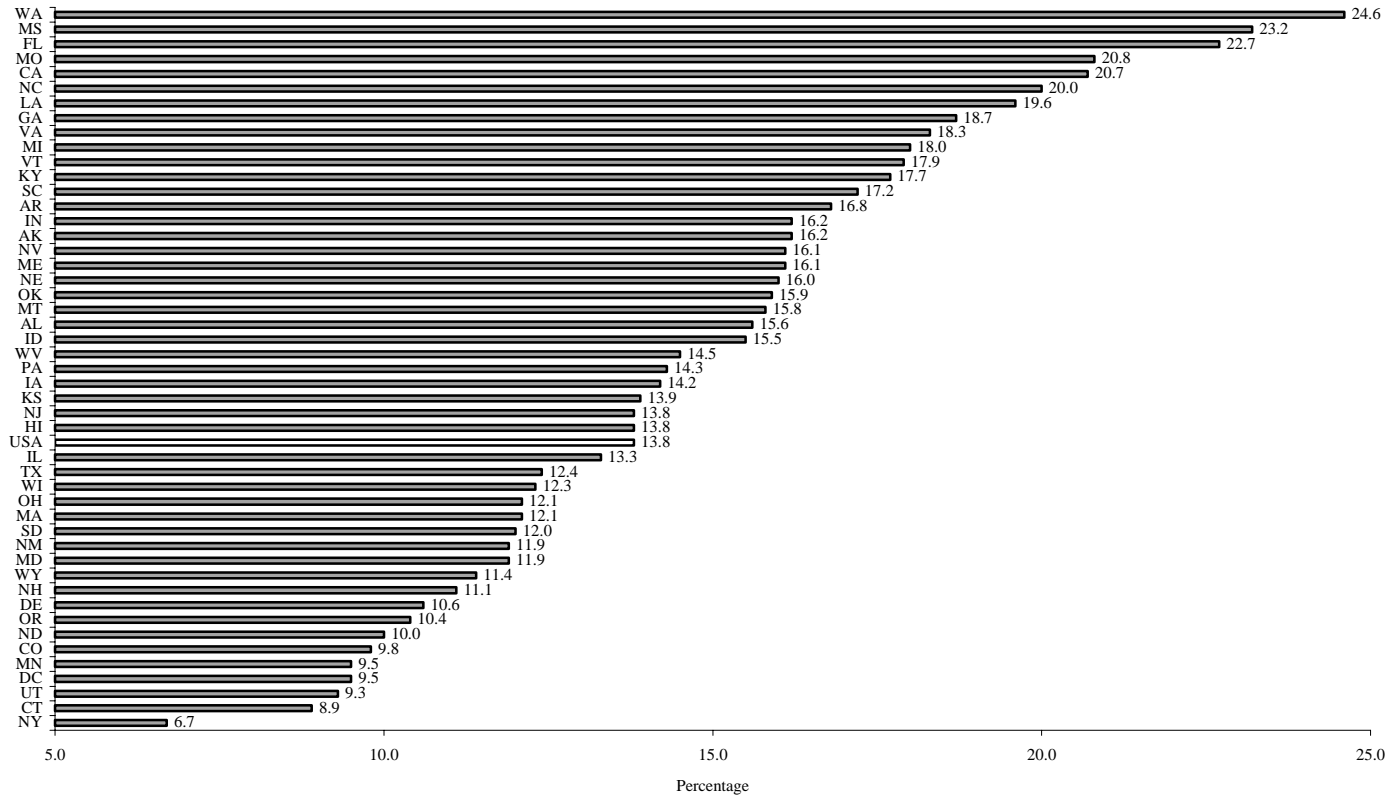
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly use and reimbursement amounts were calculated by dividing the total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 22

PHARMACY REIMBURSEMENT FOR DUAL ELIGIBLES AS PERCENTAGE OF TOTAL MEDICAID REIMBURSEMENT FOR ALL SERVICES FOR DUAL ELIGIBLES, BY STATE, 1999^a



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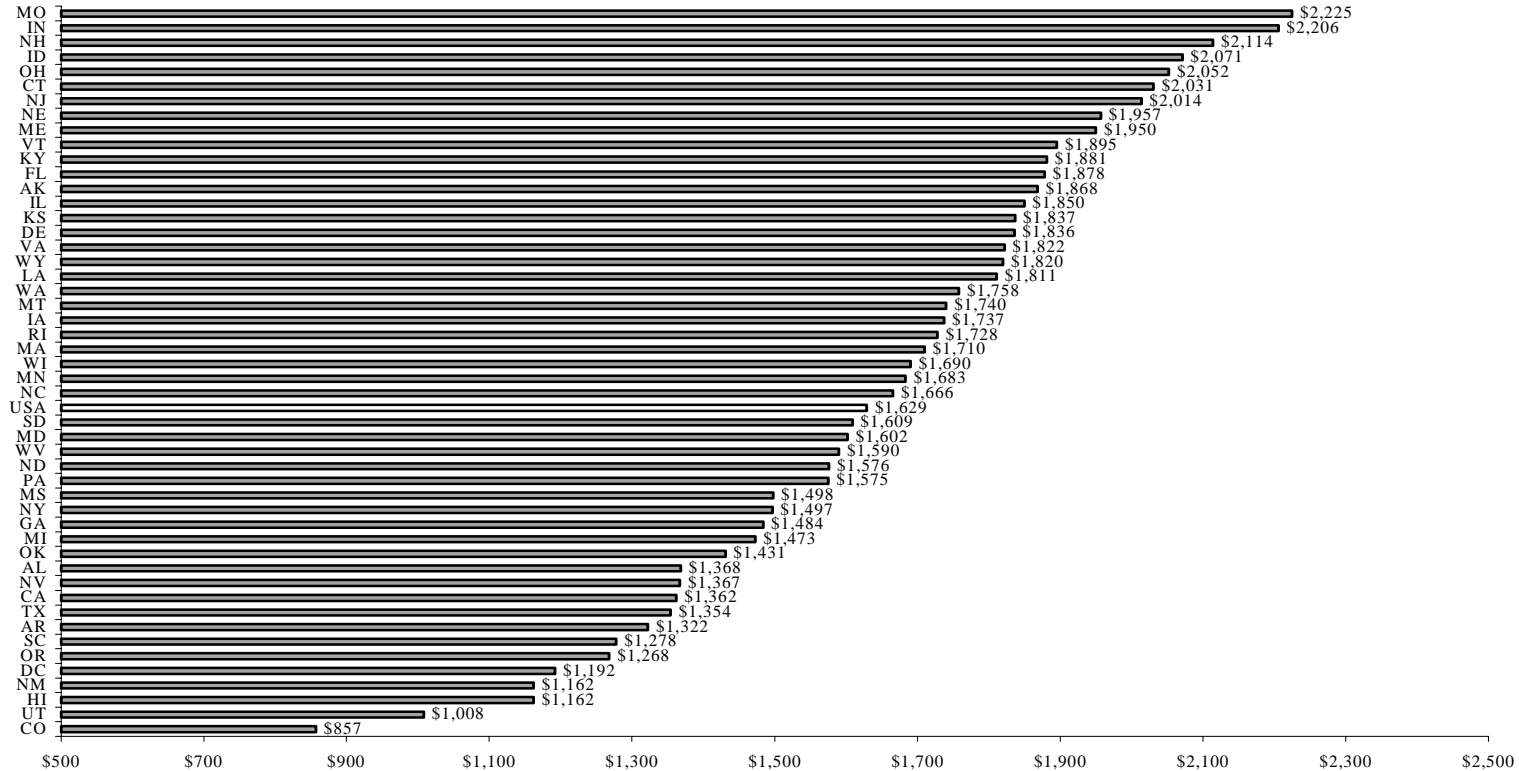
Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table N.5 of the Compendium for the nation. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 23

**AVERAGE ANNUAL PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY
FOR DUAL ELIGIBLES, BY STATE, 1999^{a,b,c}**



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Supplemental Table 1 of the Compendium. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

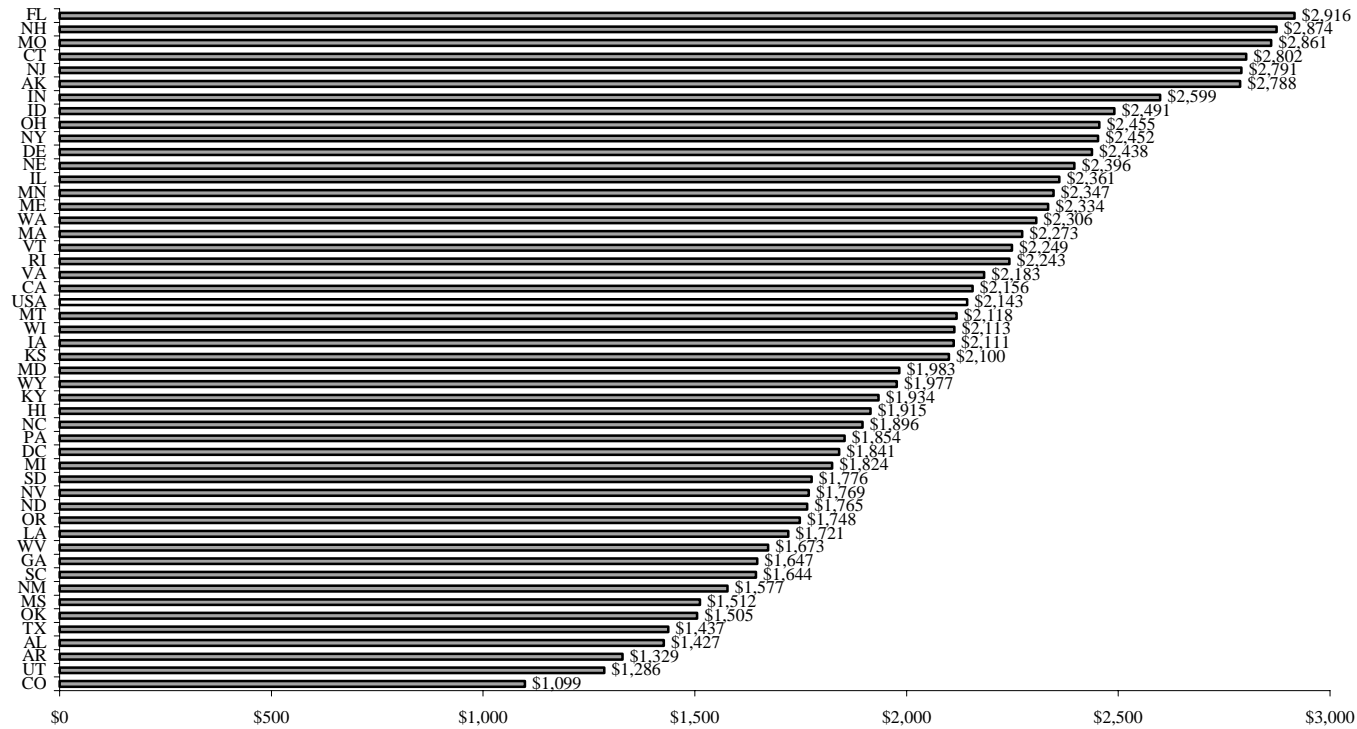
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.4 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 24

AVERAGE ANNUAL PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY FOR UNDER-AGE-65 DISABLED DUAL ELIGIBLE BENEFICIARIES, BY STATE, 1999^{a,b,c}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Supplemental Table 1A of the Compendium. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

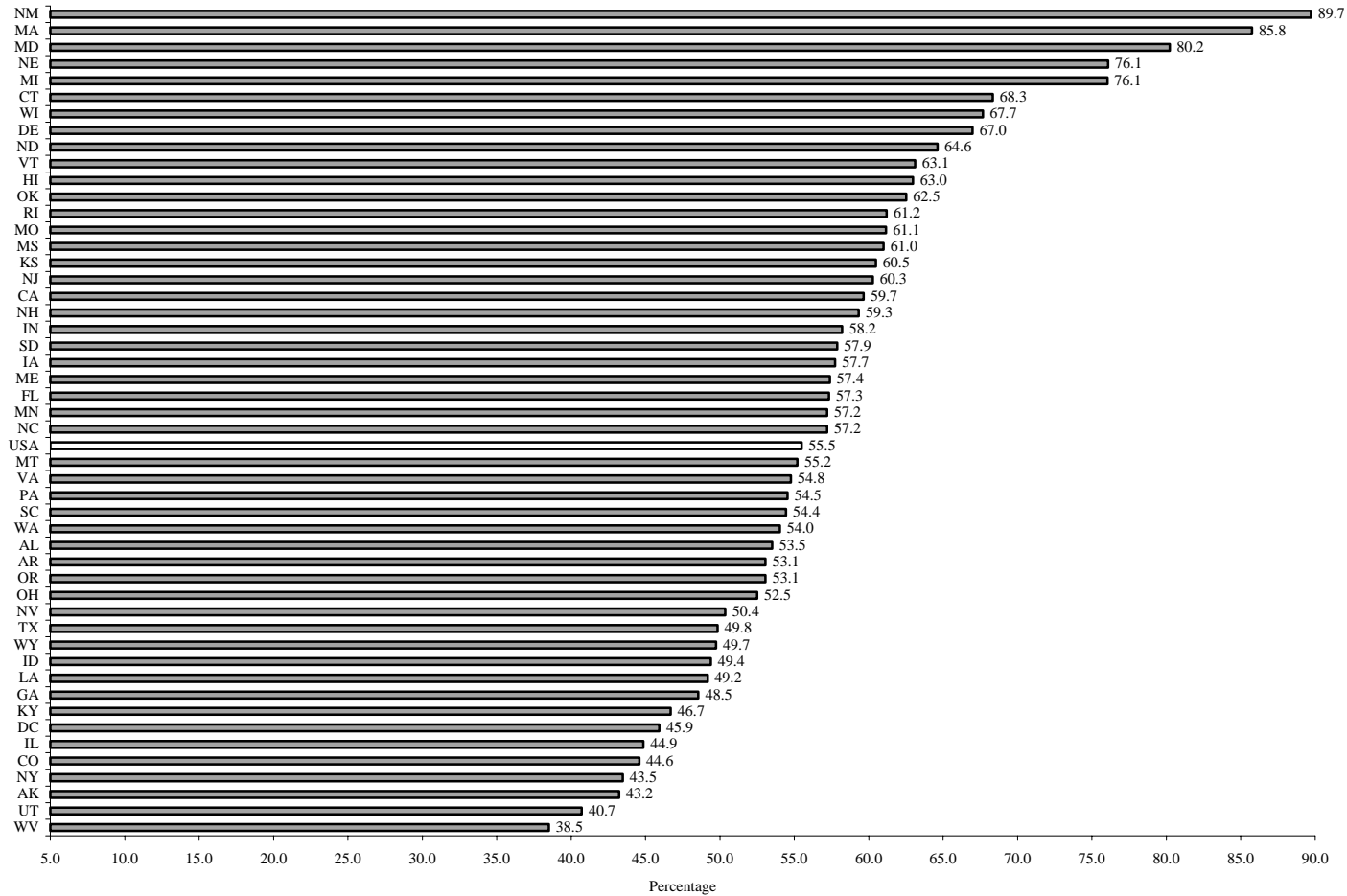
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.4 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 25

PHARMACY REIMBURSEMENT FOR DUAL ELIGIBLES AS A PERCENTAGE OF TOTAL MEDICAID PHARMACY REIMBURSEMENT, BY STATE, 1999^{a,b}



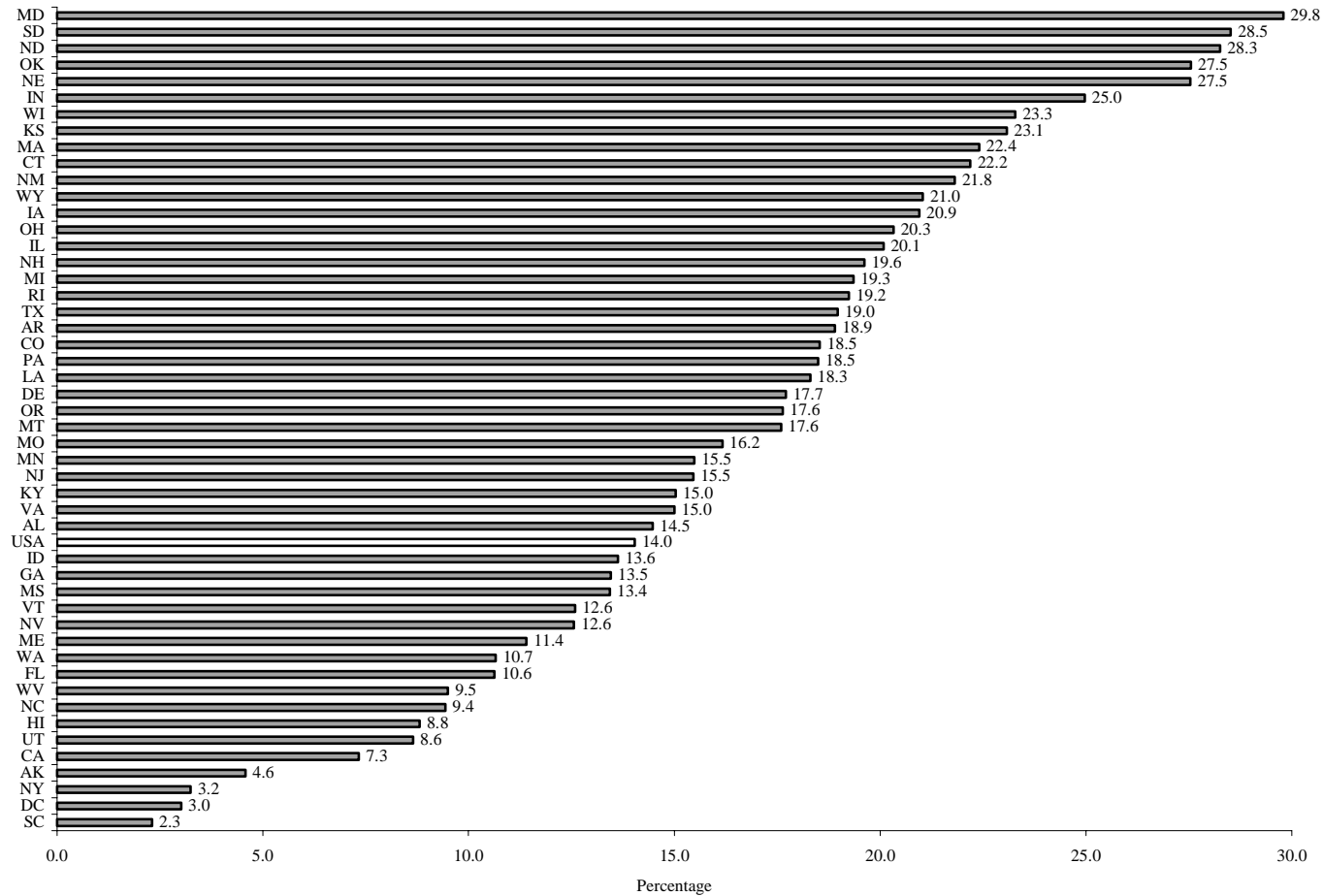
Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Tables N.1a, N.2 and N.5 of the Compendium for the nation. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans. Approximately 8 percent of all Medicaid pharmacy reimbursement in the MAX files for 1999 is excluded from this graph. See Table N.1a for details.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 1999.

EXHIBIT 26

PHARMACY REIMBURSEMENT FOR ALL-YEAR AND PART-YEAR DUAL ELIGIBLES IN NURSING FACILITIES AS A PERCENTAGE OF TOTAL MEDICAID PHARMACY REIMBURSEMENT, BY STATE, 1999^{a,b}



Source: Medicaid Analytic Extract, 1999. This graph is based on the information contained in Table N.1b of the Compendium for the nation. The Compendium was prepared for 48 states (excluding Arizona and Tennessee) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona and Tennessee due to a very high share of prepaid managed care plans.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bThis exhibit is based on Medicaid pharmacy reimbursement for the dual eligibles who resided in nursing facilities *during at least one month* of their Medicaid enrollment in 1999. That is, both all-year and part-year nursing facility residents who were also dual eligibles are represented here.