

Magellan Rx Management's Medicaid Trend Report Highlights Strategies for States to Improve Care, Lower Costs

SCOTTSDALE, Ariz.--(BUSINESS WIRE)-- Magellan Rx Management, the pharmacy benefit management (PBM) division of [Magellan Health, Inc.](#) (NASDAQ: MGLN) today released its [Medicaid Trend Report](#), developed through in-depth data analysis and supported by Magellan's broad national experience managing the fee-for-service (FFS) Medicaid pharmacy programs for 25 states and Washington, D.C. The report, the first of its kind, examines clinically appropriate drug use and cost-savings opportunities for Medicaid FFS programs across the country.

"Our report takes a retrospective look at data from the FFS programs we administered from 2014 through 2015, and identifies the tools and practices that enabled state Medicaid programs to manage the increase in net cost per claim to three percent year-over-year," said [Doug Brown](#), a registered pharmacist and vice president of pharmacy pricing and value-based solutions. "Importantly, our report also takes a prospective look and outlines several strategies that we believe states should consider implementing to optimize patient health and cost savings."

Key findings from the [Medicaid Trend Report](#) include:

- The increase in net cost per claim - the most efficient metric by which to measure Medicaid FFS trend - from 2014 to 2015 was \$1.26, or three percent year-over-year, while the increase in gross cost per claim was \$9.17 or 10.7 percent. The net cost per claim was impacted largely by strategies such as preferred drug lists (PDL), utilization management, clinical criteria and brand-over-generic opportunities, that helped mitigate accelerating drug trend in this population.
- Federal and supplemental rebates played a large role in lowering the net cost of pharmacy expenditures, as well as selection of brand-over-generic preferences.
- Factors outside of the PDL program controls, such as state laws restricting or limiting a state's ability to manage specific high-touch classes, had a significant influence in determining the overall cost effectiveness of a pharmacy program.

"By collaborating with our state Medicaid FFS client base, Magellan Rx Management has been able to show that leveraging clinical and financial strategies can result in real, demonstrable cost savings in FFS programs, while ensuring exceptional efficacy-based care for individuals," said Brown.

Based on an analysis of the data available, Magellan Rx Management recommended the following strategies to enhance Medicaid pharmacy savings opportunities:

- States should examine practices around PDL restrictions of certain classes. As always, PDL reviews must be complemented by appropriate clinical criteria.
- States should make decisions around the inclusion of certain drugs at the net cost level, as opposed to the gross cost level, based on the various federal and supplemental rebates available to Medicaid programs.
- States should consider supplemental rebate negotiation and evaluation, as well as net cost monitoring, as strategies to provide enhanced cost savings. Supplemental rebate negotiation and evaluation saved states more than \$1.3 billion from 2014 through 2015, while preferring brand drugs over their generic equivalents saved states \$86 million in the fourth quarter of 2015 alone.

"Medicaid pharmacy program administrators are consistently looking for ways to improve care while judiciously appropriating taxpayer funds, in an area where spend is driven by many outside factors," said Brown. "Magellan Rx Management has an extensive history managing Medicaid pharmacy programs, and as a full-service PBM, we also understand the full-spectrum of pharmacy spend, including specialty drugs where spend is rapidly accelerating. Information in this report is useful in understanding current market trends, as well as potential areas of focus for states going forward."

Leaders from Magellan Rx Management will be hosting a webinar focused on the findings and highlights of the Medicaid Trend Report at 2 p.m. Eastern on October 25. Individuals interested in joining the webinar may register [here](#).

Magellan Rx Management is a full-service PBM that specializes in solving complex pharmacy challenges for its customers by developing and executing smart solutions that leverage industry-leading experience and technology to improve quality and costs across the employer, third-party administrator, broker, managed care, government, Medicaid and Medicare Part D markets. With proven clinical expertise, Magellan Rx Management delivers customized programs to address clients' most challenging clinical demands by engaging patients and providers to deliver improved health outcomes while reducing costs. As a pioneer in specialty and medical pharmacy management, Magellan Rx Management delivers consistent, proven quality and cost savings in one of the most complex and rapidly growing areas healthcare.

About Magellan Health: Headquartered in Scottsdale, Ariz., [Magellan Health, Inc.](http://www.magellanhealth.com) is a leader in managing the fastest growing, most complex areas of health, including special populations, complete pharmacy benefits and other specialty areas of healthcare. Magellan develops innovative solutions that combine advanced analytics, agile technology and clinical excellence to drive better decision making, positively impact health outcomes and optimize the cost of care for the members we serve — all within a customer-first culture. Magellan's customers include health plans and other managed care organizations, employers, labor unions, various military and governmental agencies and third-party administrators. For more information, visit [MagellanHealth.com](http://www.MagellanHealth.com).

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