

The Facts About Medicaid in the United States

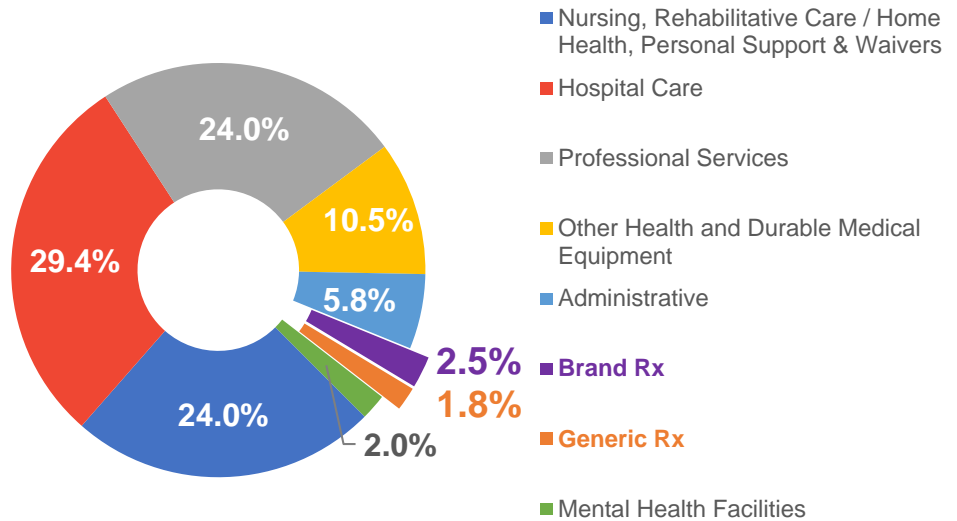


Medicines provide great value to Medicaid patients and society by saving and extending lives and preventing unnecessary hospitalizations and other costly health care services. According to National Health Expenditure estimates, national Medicaid spending on prescription drugs will grow roughly in line with overall national Medicaid spending growth from 2018 to 2027.¹

Breakdown of FFY2019 Medicaid Spending in the United States²



Only 4.3% of the total Medicaid budget in the United States is spent on retail brand and generic prescription drugs.



How Medicaid Pays for Drugs

All 50 states and the District of Columbia elect to cover prescription drugs as a benefit under the Medicaid Drug Rebate Program (MDRP). The MDRP is a federal-state-drug manufacturer program that provides significant rebates to Medicaid programs that offset the costs of prescription drugs while ensuring patients can access needed medicines. States, and managed care organizations or pharmacy benefit managers administering the prescription drug benefit on behalf of states, may also negotiate supplemental rebates with drug manufacturers, further reducing spending.



Manufacturers rebate **\$35.9 billion** back to states and the federal government, which is **54%** of the total Medicaid spending on drugs in the United States.

1. Based on average spending growth between 2018 and 2027 according to US Department of Health and Human Services, Centers for Medicare & Medicaid Services, Office of the Actuary 2019 National Health Expenditure Data (source: NHE Projections 2018-2017 - Tables 3 and 11)
2. Menges Group analysis of FFY2019 CMS Financial Management Reports (FMR) and State Drug Utilization (SDU) data files. Brand/generic expenditure totals net of rebates. Data predominantly derived from CMS FMRs. Brand/generic prescription drug costs derived through tabulations performed by Menges. Pre-rebate expenditures tabulated using FFY2019 CMS SDU data files and CMS brand/generic indicators for each NDC. Statutory rebates and fee-for-service supplemental rebate information obtained from CMS FMRs. MCO supplemental rebates available in FMRs for several states and estimated in remaining states at similar percentages as the published FMR data indicate. Generic rebates assumed to always be at the statutory 13% level – no supplemental rebates assumed. Total brand rebates are therefore derived as the difference between total rebates and the generic statutory rebates. Post-rebate expenditures derived through Menges tabulations using above information.

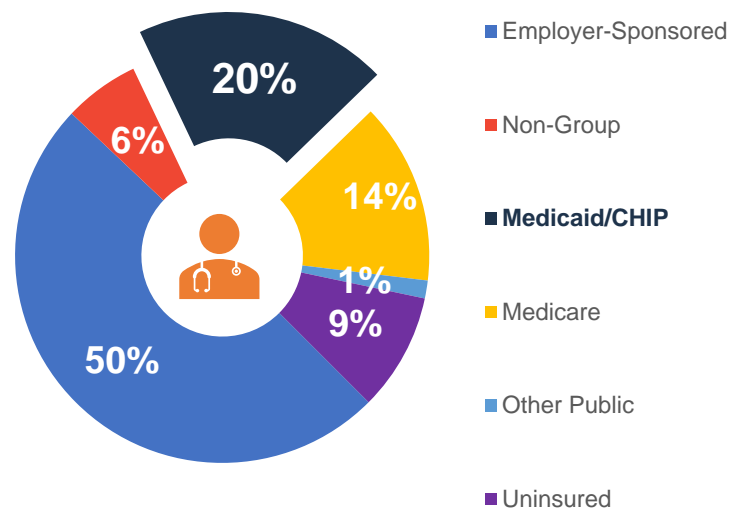
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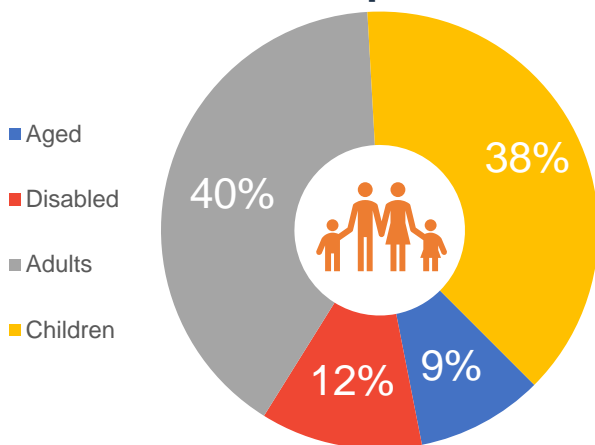
Medicaid and the Children’s Health Insurance Program (CHIP) provide health care coverage to low-income, aged, and disabled individuals and families. Over one-in-five Americans are covered by Medicaid and CHIP.¹ Without Medicaid and CHIP, millions of Americans would not have access to necessary health care services including prescription medicines.

Breakdown of Health Insurance Coverage in The United States¹

20% of Americans were primarily covered by Medicaid or CHIP in 2019.

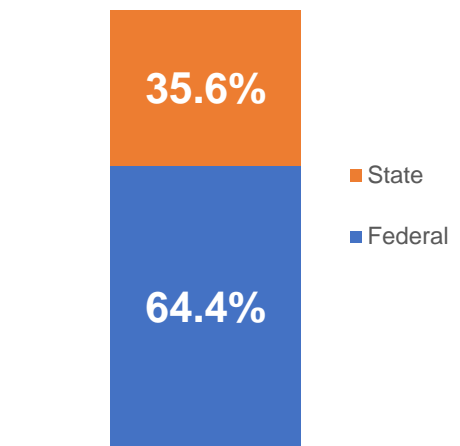


U.S. Medicaid Population by Enrollment Group²



U.S. FFY2019 Spending on Medicaid Services³

The United States spent **\$388.8 billion** on Medicaid



1. Kaiser Family Foundation. State Health Facts: Health Insurance Coverage of the Total Population, FFY19. Estimates based on the Census Bureau’s American Community Survey, 2019. Note: Individuals reporting more than one type of coverage were sorted into one category only.
 2. Medicaid and CHIP Payment and Access Commission (MACPAC). MACStats: Exhibit 14. Medicaid Enrollment by State, Eligibility Group, and Dually Eligible Status (FY18). Analysis of T-MSIS data as of April 2020.
 3. Kaiser Family Foundation. State Health Facts: Federal and State Share of Medicaid Spending, FFY19. Estimates based on data from CMS (Form 64), as of August 2020. Note: Medicaid expenditures do not include administrative costs, accounting adjustments, or the U.S. Territories. U.S. spending includes federal expenditures only. State expenditures not included in dollar amount.