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New Research Report Shows Pharmacy Benefit Management Can Save Medicaid over \$100 Billion

Medicaid programs increasingly rely on Pharmacy Benefit Managers (PBMs) to manage drug benefits for Medicaid beneficiaries, whether they have health plan or fee-for-service coverage.

PBMs generate significant savings for Medicaid by:

- ✔ Driving use of the highest therapeutic quality, lowest-cost drugs and shifting utilization from brands to generics as clinically appropriate;
- ✔ Advancing evidence-based, clinically effective utilization; and
- ✔ Developing preferred pharmacy networks;
- ✔ Leveraging data analytics to detect and prevent fraud, waste, and abuse.

Nationally, PBMs saved Medicaid \$6 billion in 2016. These savings represent only a portion of the potential savings achievable through optimal use of pharmacy benefit management in Medicaid.

If all states were to fully utilize these PBM tools and capabilities, PBMs could save Medicaid more than

\$100 billion
over the next decade.

OTHER KEY FINDINGS

Over the next decade, optimal use of PBM capabilities in Medicaid by all states would result in:



\$64 billion
in federal savings



\$42 billion
in state savings



A **23% reduction**
in total Medicaid
drug spending

States that use PBMs to implement a preferred drug list and incorporate drug benefits into medical benefits achieve a lower net cost per prescription in Medicaid.

PBMs generate **more savings** in Medicaid from driving higher generic use than from maximizing rebates on brand drugs.