

Pharmacy Benefit Management Can Save Alabama \$641 Million in State Medicaid Spending

- ▶ The optimal use of PBM tools and capabilities for all of Alabama's Medicaid prescriptions would reduce drug spending 36% per beneficiary.
- ▶ As a result, Alabama would save \$44 million in state Medicaid spending in 2019 and \$641 million over 10 years (2019-2028).

Alabama's Medicaid Savings Opportunity through Pharmacy Benefit Management

Savings Opportunity

\$44 Million
2019

\$641 Million
2019-2028

With Medicaid prescription drug spending increasing in recent years – driven both by higher prices and increased volume – states are increasingly turning to PBMs to manage drug benefits for Medicaid populations, including beneficiaries with health plan coverage and those in fee-for-service. Through their expertise, data analytics capabilities, and negotiating capacities, PBMs improve quality, safety, and appropriate drug use, achieving the highest value for states and the consumers they cover. Specific PBM tools and capabilities include:

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

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March 2018