

Pharmacy Benefit Management Can Save Kentucky an Additional \$238 Million in State Medicaid Spending

- ▶ Pharmacy Benefit Managers (PBMs) saved Kentucky \$67 million in state Medicaid spending in 2016.
- ▶ These savings represent only a portion of the potential savings achievable if Kentucky were to fully utilize PBM tools and capabilities.
- ▶ The optimal use of PBM tools and capabilities for all of Kentucky’s Medicaid prescriptions would reduce drug spending 13% per beneficiary.
- ▶ As a result, Kentucky would save \$26 million in state Medicaid spending in 2019 and \$238 million over 10 years (2019-2028).

Kentucky’s Medicaid Savings through Pharmacy Benefit Management

Savings Already Realized	\$67 Million 2016	\$196 Million 2011-2016
Savings Opportunity	\$26 Million 2019	\$238 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.

For more information on how pharmacy benefit management generates savings for Medicaid, please refer to UnitedHealth Group’s national analysis, available at: www.unitedhealthgroup.com/pcs

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