

# Use of Brand-Over-Generic Preferred Drugs in Medicaid Programs

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For highly-rebated brand-name drugs, generics continued to account for a sizeable minority of use. This suggests states could generate savings by better steering patients to use these branded drugs to take advantage of rebates.

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## BACKGROUND

- Under the Medicaid Drug Rebate Program, some highly rebated brand-name drugs may be less expensive than corresponding generics.
- States Medicaid programs administer their pharmacy benefits through a fee-for-service model or managed care organizations (MCOs), which do not directly benefit from Medicaid rebates.
- All states receive rebates, but only some publish lists of brand-over-generic (BoG) preferred lists, and it is not clear to what extent states are steering patients to use these highly-rebated brand-name drugs.

## OBJECTIVE

- To understand trends in Medicaid use of 9 highly rebated brand-name drugs with generic competition.

## METHODS

### Data

- 2022 Medicaid State Drug Utilization Data.

### Sample

- Our study investigated the utilization of nine drugs, which were listed more frequently (in at least 8 preferred drug lists) as BoG.

### Statistical Analysis

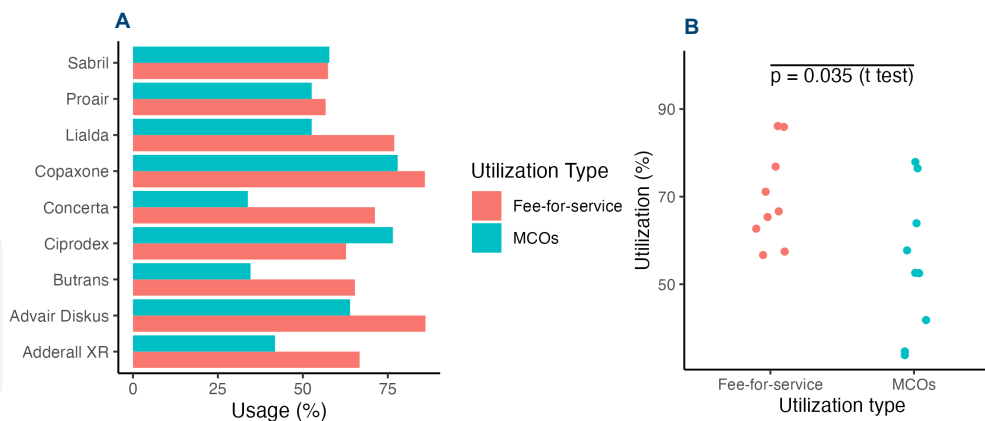
- We identified 9 drugs with BoG designations in at least 8 of 15 states with public brand-over-generic lists as of December 2022.
- We calculated the proportion of brand-name use based on the national number of units reimbursed for each drug in 2022 from Medicaid State Drug Utilization Data.
- We stratified results based on whether drugs were reimbursed via fee-for-service plans or managed care organizations (MCOs).

## RESULTS

Table 1: Utilization of brand-name drugs in our sample

	Overall	FFS	MCO
Copaxone	81.50%	85.90%	77.90%
Advair Diskus	72.30%	86.10%	63.90%
Concerta	47.00%	71.20%	33.80%
Adderall XR	50.30%	66.70%	41.80%
Ciprodex	71.60%	62.70%	76.50%
Lialda	62.30%	76.90%	52.60%
Sabril	57.50%	57.40%	57.80%
Butrans	53.00%	65.30%	34.60%
Proair	54.00%	56.70%	52.60%
Median	57.50%	66.70%	52.60%

Figure 1: Utilization of brand-name drugs in our sample stratified by Fee-for-service and MCOs



## DISCUSSION

### Conclusions

- For highly-rebated brand-name drugs, generics continued to account for a sizeable minority of use.
- States' Medicaid Programs might lose money by choosing the more expensive generic.
- Brand-name drug use was lower when drugs were reimbursed by MCOs, which do not directly benefit from Medicaid rebates.

### Implications

- States could generate savings by better steering patients to use these branded drugs to take advantage of statutory and inflationary rebates.
- States need to align financial incentives with MCOs better to maximize rebates.

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