

Pharmacy Benefits Reports SFY 2021 and CY 2020

Please find enclosed a Pharmacy Benefits report for State Fiscal Year 2021 and a separate report for Calendar Year 2020.

Narrative for SFY 2021 and CY 2020 Pharmacy Benefits Reports

Please find enclosed two separate pharmacy reports required by SB 192 of the 2021 Regular Legislative Session.

Because the 2020 Regular Session's SB 50 prohibits spread pricing within the new state pharmacy benefit manager contract, this should be the last pharmacy benefits report that detects and reports a spread pricing mechanism within any managed care organization's (MCO) pharmacy benefit. The most recent report studies Kentucky's Medicaid MCO pharmacy benefit during the 2021 State Fiscal Year. For this year, three of the contracted MCOs – Wellcare, Molina, and United - did not use spread pricing in their pharmacy benefits.

The other three contracted MCOs of Aetna, Anthem, and Humana made a combined \$1,277,795,518.94 in payments to pharmacy benefit managers (PBMs) for which a spread was reported. Of that amount, a spread of \$60,772,793.69 was generated. This resulted in a relative spread percentage of 4.76 percent. Anthem had the highest spread percentage at 7.39 percent, Aetna reported a 6.11 percent spread, and Humana reported a 2.27 percent spread.

Consistent with previous pharmacy benefit reports, a higher spread was reported for larger chain pharmacies of 11 or more locations. That number is 7.9%, and pharmacies with 10 or fewer locations had a spread percentage of 2.73%. Finally, entities that had a common ownership with the MCOs or PBMs had a spread percentage of 1.43%.

In July 2021, the department fully implemented 2020's SB 50 by establishing a single state pharmacy benefit manager for the Medicaid managed care population. The current contract complies with SB 50's requirements relating to the elimination of spread pricing.

The Department for Medicaid Services (DMS) looks forward to continued discussions with the General Assembly, managed care organizations, the pharmacy provider community, and Medicaid members about the continued implementation of SB 50. The department will continue to monitor and suggest any programmatic options that will protect our existing pharmacy services and improve outcomes for our beneficiaries.

	Aetna			Molina			Wellcare			Humana			Anthem			
	Medicaid Dollars Paid to PBM	Medicaid Dollars Paid by PBM to Kentucky Medicaid Enrolled Pharmacies	Spread	Medicaid Dollars Paid to PBM	Medicaid Dollars Paid by PBM to Kentucky Medicaid Enrolled Pharmacies	Spread	Medicaid Dollars Paid to PBM	Medicaid Dollars Paid by PBM to Kentucky Medicaid Enrolled Pharmacies	Spread	Medicaid Dollars Paid to PBM	Medicaid Dollars Paid by PBM to Kentucky Medicaid Enrolled Pharmacies	Spread	Medicaid Dollars Paid to PBM	Medicaid Dollars Paid by PBM to Kentucky Medicaid Enrolled Pharmacies	Spread	
Chain Retail	\$136,442,533.61	\$125,031,657.37	\$11,410,876.24	\$203,046,896.89	\$203,046,896.89	\$0.00	\$255,992,913.97	\$255,992,913.97	\$0.00	\$167,713,042.06	\$3,569,816.94	\$164,143,225.12	Cumulative	\$203,634,947.52	\$188,581,380.62	\$15,053,566.90
> 11	\$77,492,643.05	\$67,129,671.53	\$10,362,971.52	\$166,819,628.96	\$166,819,628.96	\$0.00	\$209,915,274.28	\$209,915,274.28	\$0.00	\$96,013,481.10	\$3,351,310.40	\$92,662,170.70				
Independent	\$141,546,684.89	\$135,970,293.79	\$5,576,391.10	\$181,120,362.20	\$181,120,362.20	\$0.00	\$445,076,898.72	\$445,076,898.72	\$0.00	\$82,053,633.60	\$2,288,419.58	\$79,765,214.02				
<= 10	\$139,931,982.88	\$134,413,648.08	\$5,518,334.80	\$175,960,465.12	\$175,960,465.12	\$0.00	\$426,424,320.52	\$426,424,320.52	\$0.00	\$153,753,194.57	\$2,506,926.13	\$151,246,268.44				
C.O	\$60,564,592.57	\$59,458,631.55	\$1,105,961.02	\$41,387,165.01	\$41,387,165.01	\$0.00	\$64,730,217.89	\$64,730,217.89	\$0.00	\$18,648,783.09	\$28,219.06	\$18,620,564.03				
Total	\$555,978,437.00	\$522,003,902.32	\$33,974,534.68	\$768,334,518.18	\$768,334,518.18	\$0.00	\$1,402,139,625.38	\$1,402,139,625.38	\$0.00	\$518,182,134.42	\$11,744,692.11	\$506,437,442.31				

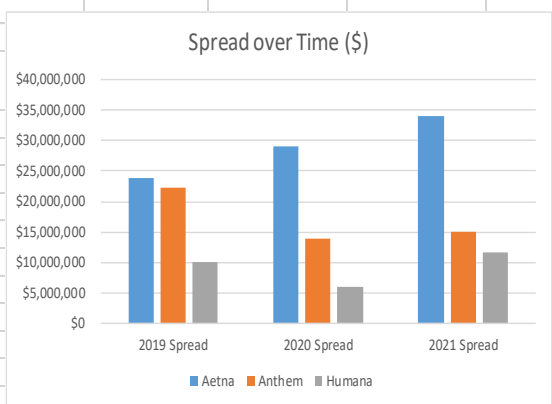
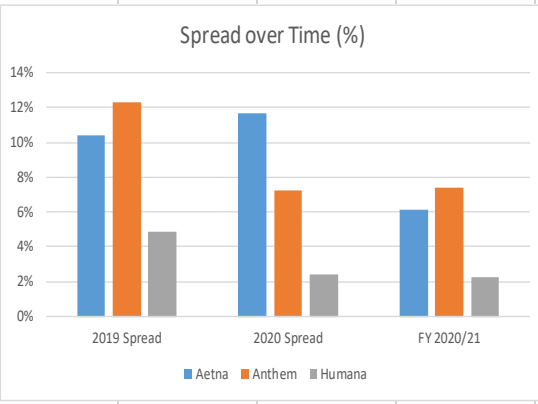
MCO	MCO Payments	Spread	Relative Spread
Aetna	\$555,978,437.00	\$33,974,534.68	6.11%
Anthem	\$203,634,947.52	\$15,053,566.90	7.39%
Humana	\$518,182,134.42	\$11,744,692.11	2.27%
Pasport/Molina	\$768,334,518.18	0	0.00%
Wellcare	\$1,402,139,625.38	0	0.00%
Total (w/o WellCare or Molina)	\$1,277,795,518.94	\$60,772,793.69	4.76%

*assuming Humana put vals in wrong column, swapping spread and other column
 *Molina switched to a Wellcare-like model in March of last year

Type (Just Aetna and Humana)	MCO Payments	Spread	Relative Spread
>= 11 locations	\$173,506,124.15	\$13,714,281.92	7.90%
<= 10 locations	\$293,685,177.45	\$8,025,260.93	2.73%
Common Ownership	\$79,213,375.66	\$1,134,180.08	1.43%
Total	\$546,404,677.25	\$22,873,722.92	4.19%

Spread over Time (percent)	2019 Spread	2020 Spread	FY 2020/21
Aetna	10%	12%	6%
Anthem	12%	7%	7%
Humana	5%	2%	2%

Spread over Time (\$)	2019 Spread	2020 Spread	2021 Spread
Aetna	\$23,755,441	\$29,137,136	\$33,974,534.68
Anthem	\$22,289,959	\$13,886,588	\$15,053,566.90
Humana	\$9,984,395	\$5,908,595	\$11,744,692.11



Office of Health Data and Analytics
 Division of Analytics
 D-PHRM-201577 - Pharmacy Benefits Report 2020

Created By: Ryan LaZur
 Created Date: 02/01/2021
 Evaluation Period: 1/1/2020 - 12/31/2020

		DMS Payments	Paid to Pharm	Spread	Spread %
aetna	>=11	\$ 69,487,830.82	\$ 19,619,669.80	\$ 49,868,161.02	71.77%
	<=10	\$ 125,558,474.86	\$ 7,661,319.71	\$ 117,897,155.15	93.90%
	C.O.	\$ 54,428,305.34	\$ 1,856,147.41	\$ 52,572,157.93	96.59%
	Chain-Retail	\$ 122,701,463.80	\$ (398,466,678.53)	\$ 521,168,142.33	424.74%
	Independent-Retail	\$ 126,773,147.22	\$ 7,746,206.59	\$ 119,026,940.63	93.89%
anthem	>=11	\$ 50,327,024.72	\$ 11,276,107.46	\$ 39,050,917.26	77.59%
	<=10	\$ 73,776,629.03	\$ 825,099.94	\$ 72,951,529.09	98.88%
	C.O.	\$ 68,148,835.98	\$ 1,785,380.80	\$ 66,363,455.18	97.38%
	Chain-Retail	\$ 117,039,363.55	\$ (106,063,767.62)	\$ 223,103,131.17	190.62%
	Independent-Retail	\$ 75,213,126.18	\$ 923,415.19	\$ 74,289,710.99	98.77%
humana	>=11	\$ 91,079,400.54	\$ 87,722,260.41	\$ 3,357,140.13	3.69%
	<=10	\$ 138,775,069.34	\$ 136,245,488.24	\$ 2,529,581.10	1.82%
	C.O.	\$ 11,817,931.69	\$ 11,796,057.33	\$ 21,874.36	0.19%
	Chain-Retail	\$ 151,826,042.48	\$ 73,965,957.37	\$ 77,860,085.11	51.28%
	Independent-Retail	\$ 78,028,427.41	\$ 75,712,080.29	\$ 2,316,347.12	2.97%
passport	>=11	\$ 160,978,676.91	\$ 157,527,226.70	\$ 3,451,450.21	2.14%
	<=10	\$ 164,566,883.81	\$ 164,743,972.99	\$ (177,089.18)	-0.11%
	C.O.	\$ 41,412,736.05	\$ 41,315,635.51	\$ 97,100.54	0.23%
	Chain-Retail	\$ 198,012,970.70	\$ 196,797,848.93	\$ 1,215,121.77	0.61%
	Independent-Retail	\$ 168,945,326.07	\$ 169,105,333.39	\$ (160,007.32)	-0.09%
wellcare	>=11	\$ 200,490,713.26	\$ 200,490,713.26	\$ -	0.00%
	<=10	\$ 402,356,480.52	\$ 402,356,480.52	\$ -	0.00%
	C.O.	\$ 60,550,523.92	\$ 60,550,523.92	\$ -	0.00%
	Chain-Retail	\$ 243,540,108.84	\$ 412,645,442.23	\$ (169,105,333.39)	-69.44%
	Independent-Retail	\$ 419,857,608.86	\$ 419,857,608.86	\$ -	0.00%