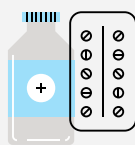
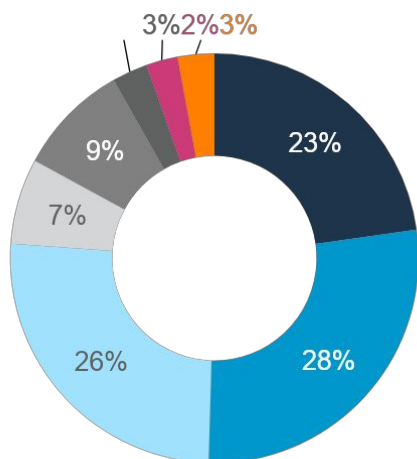


# The Facts About Medicaid in Michigan



Medicines provide great value to Medicaid patients and society by saving and extending lives and preventing unnecessary hospitalizations and other costly health care services. According to National Health Expenditure estimates, national Medicaid spending on prescription drugs will grow roughly in line with overall national Medicaid spending growth from 2019 to 2028.<sup>1</sup>

## Breakdown of FFY2020 Medicaid Spending in Michigan<sup>2</sup>

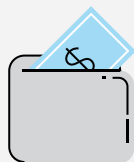


Only 5.3% of the total Medicaid budget in Michigan is spent on retail brand and generic prescription drugs.

- Nursing, Rehabilitative Care / Home Health, Personal Support & Waivers
- Hospital Care
- Professional Services
- Other Health and Durable Medical Equipment
- Administrative
- Brand Rx
- Generic Rx
- Mental Health Facilities

## How Medicaid Pays for Drugs

All 50 states and the District of Columbia elect to cover prescription drugs as a benefit under the Medicaid Drug Rebate Program (MDRP). The MDRP is a federal-state-drug manufacturer program that provides significant rebates to Medicaid programs that offset the costs of prescription drugs while ensuring patients can access needed medicines. States, and managed care organizations or pharmacy benefit managers administering the prescription drug benefit on behalf of states, may also negotiate supplemental rebates with drug manufacturers, further reducing spending.



Manufacturers rebate **\$1.4 billion** back to Michigan and the federal government, which is **62%** of the total Medicaid spending on drugs in the state.

1. Based on average spending growth between 2019 and 2028 according to U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services, Office of the Actuary 2020 National Health Expenditure Data (source: NHE Projections 2019-2028 - Tables 3 and 12).

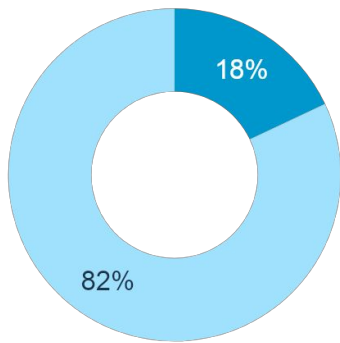
2. Menges Group analysis of FFY2020 CMS Financial Management Reports (FMR) and State Drug Utilization (SDU) data files. Brand/generic expenditure totals net of rebates. Data predominantly derived from CMS FMRs. Brand/generic prescription drug costs derived through tabulations performed by Menges. Pre-rebate expenditures tabulated using FFY2020 CMS SDU data files and CMS brand/generic indicators for each NDC. Statutory rebates and fee-for-service supplemental rebate information obtained from CMS FMRs. MCO supplemental rebates available in FMRs for several states and estimated in remaining states at similar percentages as the published FMR data indicate. Generic rebates assumed to always be at the statutory 13% level – no supplemental rebates assumed. Total brand rebates are therefore derived as the difference between total rebates and the generic statutory rebates. Post-rebate expenditures derived through Menges tabulations using above information.

# The Facts About Medicaid in Michigan



Medicaid and the Children's Health Insurance Program (CHIP) provide health care coverage to low-income, aged, and disabled individuals and families. Over one-in-five Americans are covered by Medicaid and CHIP.<sup>1</sup> Without Medicaid and CHIP, millions of Americans would not have access to necessary health care services, including prescription medicines.

## Medicaid Coverage in Michigan<sup>1</sup>

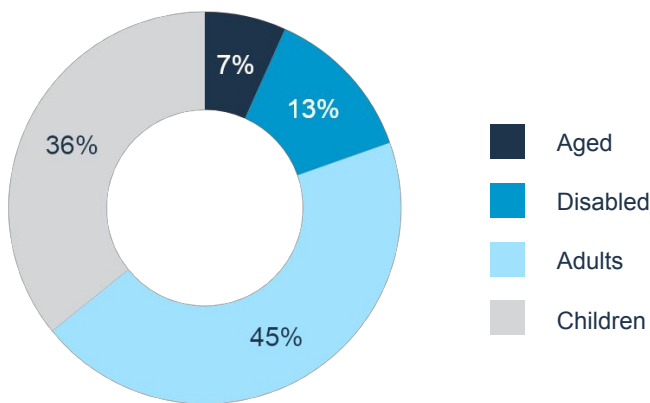


18% of Michiganders were primarily covered by Medicaid in 2020.

Medicaid

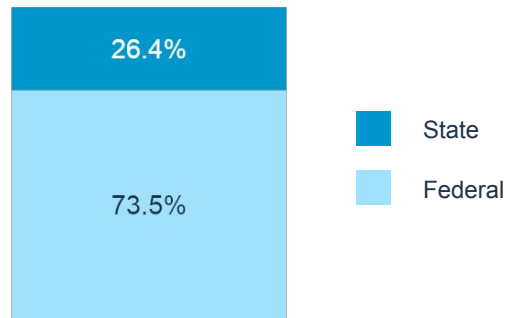
Other/Uninsured

## Michigan's Medicaid Population by Enrollment Group<sup>2</sup>



Aged  
Disabled  
Adults  
Children

## Michigan's Spending on Medicaid Services<sup>3</sup>



State  
Federal



Michigan spent **\$5.1 billion** on Medicaid in FFY 2020.

1. Menges analysis of state website data on enrollment and 2020 Census population data. Totals include CHIP enrollees in states where CHIP is folded into the Medicaid program.

2. Medicaid and CHIP Payment and Access Commission (MACPAC). MACStats: Exhibit 14. Medicaid Enrollment by State, Eligibility Group, and Dually Eligible Status (FY19). Analysis of T-MSIS data as of December 2020.

3. Kaiser Family Foundation. State Health Facts: Federal and State Share of Medicaid Spending, FFY20. Estimates based on data from CMS (Form 64), as of September 2020. Note: Medicaid expenditures do not include administrative costs, accounting adjustments, or the U.S. Territories.