Impact of a state Medicaid prescription cap policy on recipients’ healthcare utilization and costs

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Research Objective: Mississippi (MS) Medicaid implemented a prescription cap policy on July 1, 2005 which restricted the number of prescriptions a recipient could fill during a month from seven to five. This study examines the effect of this policy on recipients’ healthcare utilization and costs.

Study Design: This study had a longitudinal retrospective cohort design. The 2004-2006 MS Medicaid fee-for-service (FFS) administrative claims data, which included claims for medical services (hospitalizations, emergency room [ER] visits, office visits) and prescription medications, was analyzed for the purpose of this study. In addition, enrollment and eligibility files were used to ascertain recipients’ demographic and monthly coverage information, respectively. The medical services, prescription, enrollment, and eligibility files were linked using a unique common identifier.

Population Studied: Data for MS Medicaid recipients who were continuously enrolled over a two year period from July 1, 2004 to June 30, 2006, and who were at least 21 years of age on July 1, 2004 and ≤64 years of age on June 30, 2006 was extracted. From this list (58,131), we excluded recipients with claims for cancer, HIV/AIDS, or end stage renal disease. We also excluded recipients who had claims for organ transplant, pregnancy, or were residents of long term care facilities. The remaining recipients (47,108) constituted the target population of interest. Among the target population, 7,184 recipients had filled on average five or more prescriptions in the 12-month period before the implementation of the prescription cap, and were considered as the final study sample. Using segmented regression analysis, trends in utilization and costs of medical services were examined over the 24-month period (12-month pre- and post-prescription cap) for the study sample.

Principal Findings: When studying the medical services utilization among the study sample during the 24-month period, a significant increase in the utilization of office visits (absolute difference 0.1648 visits per member per month [PMPM]) and ER visits (absolute difference 0.0797 visits PMPM) was observed after the implementation of the cap. In addition, there was also a significant increase in average monthly cost for ER visits (absolute difference $52.56 PMPM) and office visits (absolute difference $15.12 PMPM), respectively, in the post-cap period. Baseline and pre-policy trend were found to be significant predictors of average monthly office and ER visits utilization and costs, respectively.

Conclusions: This study highlights the incremental medical services utilization and cost burden associated with implementation of a restrictive prescription cap program by MS Medicaid. Among recipients who were most vulnerable to this prescription cap, there was found to be an increase in utilization and costs of office and ER visits, respectively, in the post-cap period.
Implications for Policy: With increasing budgetary constraints, several state Medicaid programs have implemented a restrictive prescription cap policy as a cost containment measure. However, as seen in this study, such policies may have unintended negative consequences on health outcomes among recipients who require continuous access to medications. Alternate cost saving measures that do not impact recipient health outcomes should be considered.

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