



GENERIC UTILIZATION REPORT ESSB 6444 Sec 209(15)

Department of Social & Health Services
Medicaid Purchasing Administration
Division of Rates & Finance

June 2010

Prepared by

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OVERVIEW

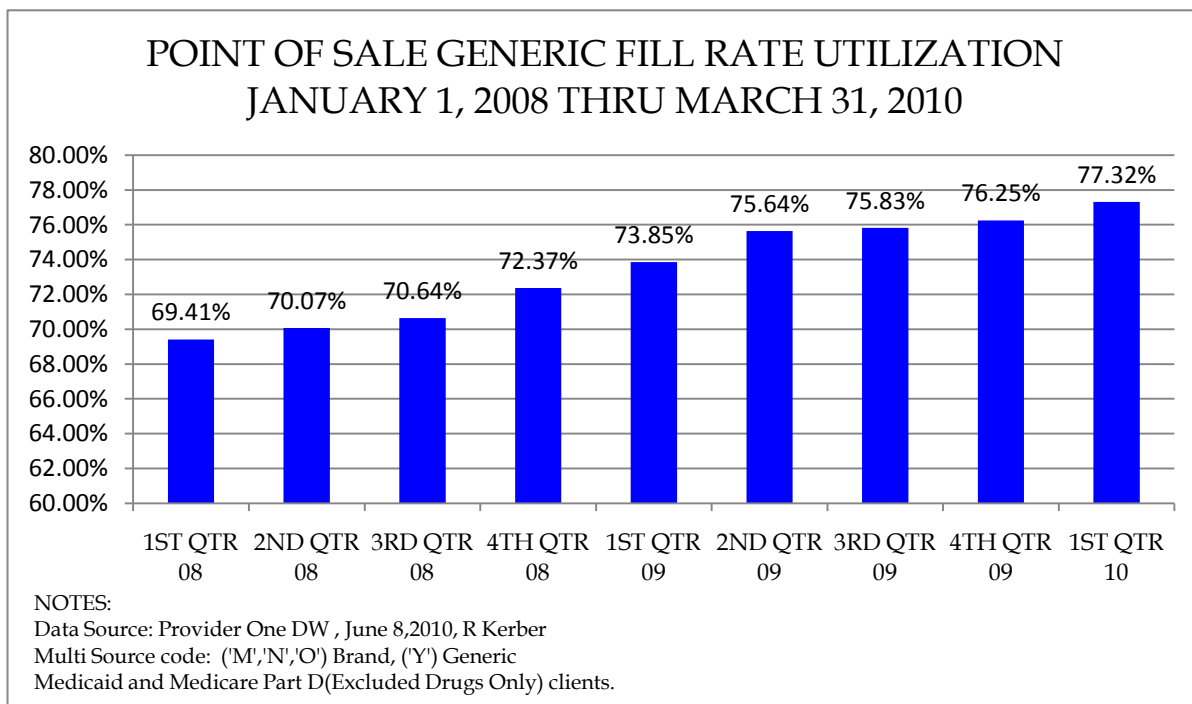
ESSB 6444, Section 209(15) (p.113):

The department shall report to the governor and the fiscal committees of the legislature by June 1, 2010, on its progress toward achieving a twenty percentage point increase in the generic prescription drug utilization.

Background

Washington State Medicaid Generic Fill Rate (GFR) is the ratio between pharmacy point-of-sale claims for generic drugs and the total number of drug claims reimbursed through the point-of-sale pharmacy system. In 2008, Washington fee-for-service Medicaid had a generic fill rate (GFR) of approximately 63-65 percent¹ based on the drug coding supplied by the drug file carrier, FirstData Bank. It was this figure that was used in baseline information for the budget initiative. In October 2008, the department switched to Medispan as the drug file carrier. The resulting differences in drug file coding of brand vs. generic retroactively produced a more favorable GFR of 69.41 percent for the baseline figure. As of March 31, 2010 the GFR is 77.32 percent. The data is reported through 1st quarter of 2010, or three-fourths of a fiscal year/ three-eighth's of the biennium. A reasonable target for the 20 point increase for three quarters would be $20 \times \frac{3}{8}$, or 7.5 points. The department is slightly ahead of that pace with a gain of 7.9 percentage points over the baseline number. Because raising the GFR was predicted to occur incrementally with increasing return over-time, progress at this point seems appropriate to the target.

Changes in the Generic Fill Rate 2008—2009



¹ This GFR is limited to pharmacy point-of-sale dispensing. It does not include physician administered drugs or drugs dispensed by Managed Care organizations.

Glossary: *Terms are defined here for the purposes of this report only.*

Brand Name	A single source, innovator drug frequently identified in the market by an advertised trade name.
Drug File Carrier	Provides extensive drug database to support electronic payment system. First DataBank and Medispan are the two largest drug file databases in the country.
Dual Eligibles	Persons who are entitled to Medicare and who are also eligible for some form of Medicaid benefit.
Generic Drug	A drug containing the identical amounts of the same active ingredient(s) as a brand name product. Drug products evaluated as "therapeutically equivalent" can be expected to have equal effect and no difference when substituted for the brand name product.
Multiple Source	Usually refers to a generic available from multiple sources, however may describe a certain number of innovator brand drugs available through multiple sources
Generic Fill Rate	Ratio of generic drug claims to total drug claims
Innovator Multiple Source Drug:	Defined in Social Security Act as any covered outpatient drug approved under a New Drug Application (NDA), Product License Approval (PLA), Establishment License Approval (ELA), or Antibiotic Drug Approval (ADA). A covered outpatient drug marketed by a cross-licensed producer or distributor under the approved new drug application shall be included as an innovator multiple source drug when the drug product meets this definition.
Single Source Drug:	Defined in Social Security Act, a covered outpatient drug which is produced or distributed under an original new drug application approved by the Food and Drug Administration, including a drug product marketed by any cross-licensed producers or distributors operating under the New Drug Application (NDA). It also includes a covered outpatient drug approved under a Product License Approval (PLA), Establishment License Approval (ELA), or Antibiotic Drug Approval (ADA).