Prescription-Drug-Use-and-Spending-Aug2018

Technical-Appendix

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For more information, please contact:

CENTER FOR HEALTH INFORMATION AND ANALYSIS

501 Boylston Street   www.chiamass.gov
Boston, MA 02116   @Mass_CHIA
(617) 701-8100

Prescription Drug Use & Spending

TECHNICAL APPENDIX

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Introduction

CHIA's *Prescription Drug Use & Spending* report provides aggregate prescription drug expenditures incurred during state fiscal year (SFY) 2015[1] for Massachusetts residents covered by most fully-insured, private commercial plans. In 2017, about 44% percent of Massachusetts residents with private commercial insurance were covered by a fully-insured plan.[2]

Prescription data was sourced from the Massachusetts All Payer Claims Database (MA APCD), Release Version 5.0 Pharmacy Claims (PC) and Member Eligibility (ME) files.

Data Source Notes

Pharmacy claims data was sourced from the MA APCD for fully-insured private commercial lines of business for the following eight payers: Blue Cross Blue Shield of Massachusetts, Boston Medical Center HealthNet Plan, CeltiCare Health, Fallon Health, Harvard Pilgrim Health Care, Neighborhood Health Plan, Tufts Health Plan, and Tufts Health Public Plans (formerly Network Health).

Member Eligibility data was limited to unique Massachusetts residents with primary, medical insurance. Pharmacy Claims data was limited to final-versioned claims only.

The dataset used does not reflect the impact of prescription drug rebates.

This report does not include spending for drugs or administration of drugs covered under a medical benefit (i.e., drugs administered by providers and paid for under medical benefit rather than a pharmacy benefit).

Measures and Calculations

Allowed Amount: A payer's contracted maximum amount that it will allow to be paid for a claim. It includes a portion that the insurer will pay plus a portion designated as the insured's out-of-pocket liability (copay, coinsurance, and deductible). For this report, CHIA calculated Allowed Amounts using the following MA APCD Pharmacy Claims elements: Paid Amount (PC036) + Deductible Amount (PC042) + Copay Amount (PC040) + Coinsurance Amount (PC041).

Paid Amount: The amount an insurance plan paid for a claim.

Patient Out-of-Pocket: The patient's liability toward the total Allowed Amount. For this report, CHIA calculated this amount using the following MA APCD Pharmacy Claims elements: Deductible Amount (PC042) + Copay Amount (PC040) + Coinsurance Amount (PC041).

Number of Prescriptions: The sum of the number of pharmacy claim lines.

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[1] July 1, 2014 through June 30, 2015.
[2] See CHIA's *Enrollment Trends* report, which defines coverage as unique, Massachusetts residents with primary, medical membership within the 13 largest commercial payers, as well as MassHealth (Medicaid) and Medicare.

Day's Supply: Day's Supply (PC034) represents the number of days the prescription will last if taken as prescribed (e.g., a 30-day supply).

Per Member Per Month (PMPM): CHIA calculated this measure by dividing a given total (e.g., Allowed Amount) by the number of member months (i.e., the total number of months that members were enrolled during the 12-month SFY 2015 period).

Therapeutic Classes and Drug Names

To categorize drugs for comparative purposes, CHIA used First Databank's (FDB) MedKnowledge database, which groups drugs based on National Drug Codes (NDCs) into therapeutic classes. Specifically, CHIA used FDB's Generic Therapeutic Class (GTC) grouping, which classifies drugs according to their most common intended use. CHIA also used the FDB Generic Name Indicator to determine generic versus brand name status.

Approximately four percent of the drugs in this report's dataset fall into more than one therapeutic class. When reporting at the drug level, these drugs were assigned to the therapeutic class for which they had the most volume as measured by number of prescriptions.

For questions on this report, please contact Lauren Almquist, Manager of Analytics, at lauren.almquist@state.ma.us.