Washington State Health Care Authority

REPORT TO THE LEGISLATURE

Apple Health Preferred Drug List

Implementing a Single, Standard Preferred Drug List for All Contracted Medicaid Fee-for-Service and Managed Care Health Systems: Final Report

Substitute Senate Bill 5883; Chapter 1; Laws of 2017; Section 213(1)(a)

November 15, 2019

Apple Health Preferred Drug List

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Table of Contents

Executive summary

A preferred drug list (PDL) is a list of drug classes, from which a health plan choses to prefer certain drugs that are generally more cost-effective than similar drugs within the same class that will meet the clinical needs of most patients. Drugs not selected as preferred are still considered a part of the PDL, but are designated as "non-preferred". Substitute Senate Bill 5883 (2017) requires the Health Care Authority (HCA) to implement a PDL for all contracted Washington Apple Health (Medicaid) managed care programs. The Apple Health PDL will help HCA to maximize drug rebates and ensure Apple Health clients have access to safe, effective drugs.

When HCA made the initial PDL savings estimate, the expectation was that HCA would implement the PDL all at once. However, doing so would have created an administrative burden and additional provider confusion. Instead, HCA chose to implement the PDL in phases. The implementation of the Apple Health PDL began in January 2018, and HCA anticipates completing the process in April 2020.

While HCA considers hepatitis C virus (HCV) drugs to be part of the Apple Health PDL, for the purposes of this report, this PDL analysis only includes the 27 drug classes that were implemented in the Apple Health PDL on January 1, 2018, focusing on those drugs with the largest savings potential.

Apple Health enrollees receive pharmacy benefits through five contracted Managed Care Organizations (MCOs) and the state-run fee-for-service (FFS) program. Having six different PDLs with separate authorization processes placed a significant administrative burden on Apple Health providers. The new Apple Health PDL has simplified prescription drug administration for both Apple Health prescription drug prescribers and Apple Health clients.

The ability of MCOs to negotiate supplemental rebates is limited by the federal Medicaid best price rules. For example, if a manufacturer were to offer an Apple Health MCO a rebate that was below their best price for that drug, the manufacturer would have to give that price to all Medicaid programs across the country. Supplemental rebates for a single PDL negotiated by the state do not have the same constraints. Therefore, the manufacturer is willing to provide the state with larger rebates, than the Apple Health MCOs. Benefits of the Apple Health PDL include:

1. **Administrative Ease** – Simplifies preferred drug selection and prior authorization requirements for prescribing providers and pharmacies.
2. **Consistent Access** – All Apple Health members have access to same preferred prescription drugs and coverage rules.
3. **Rebate Maximization** – A single PDL steers members to preferred drugs with the lowest cost or maximum rebate potential, resulting in an overall reduction in prescription drug costs.
4. **Minimize Disenrollment** – Some members enrolled in MCO coverage switch plans to access necessary prescription medications.

The expenditure for the PDL classes implemented in January 2018 represents those drugs with the largest savings potential. The expenditure for those PDL classes is about 37 percent of the gross calendar year (CY) 2017 prescription drug expenditure, but only 9 percent of all prescription drug claims.

This report does not reflect the savings potential of a fully implemented, comprehensive PDL.

Reasons for this include:

- Only 27 drug classes, representing those drugs with the largest savings potential, were added to the PDL on January 1, 2018.
- HCA can only provide financial data for the first six months of PDL implementation, because rebate information is not sufficiently mature to determine whether HCA is receiving more rebates since implementing the PDL.
- Nine drug classes were grandfathered for 3, 6, or 9 months upon implementation to ensure continuity of care for patients. Therefore, savings from switching to lower cost preferred drugs have yet to be realized.
- Seven drug classes were grandfathered indefinitely for medically stable patients where it was clinically inappropriate to require them to change drugs.
    - Four of the seven drug classes that were grandfathered indefinitely are high-cost drug classes. Savings in these classes will be delayed as increased utilization in preferred drugs within these classes will occur mostly through new users.

Rebates for the implemented classes for the first two quarters (Q1-Q2) of 2018 increased by 2 percent, compared to the rebates collected in Q1-Q2 2017.

HCA will continue to add drug classes to the Apple Health PDL, and anticipates completing the PDL implementation by April 1, 2020. The PDL has simplified prescription drug administration for both Apple Health prescription drug prescribers and Apple Health clients. Financial data for the first six months of PDL implementation indicate that PDL prescription drugs are costing HCA less than they did previously.

Background

National Trends

There are a number of external trends that impact potential PDL savings.

- **Prescription drug cost increases —** In 2018, manufacturers raised brand drug prices 8 percent, on average — about four times the rate of inflation in the United States.[1] In 2019,

[1] CVS Health 2018 Trend Report, page 5, from https://payorsolutions.cvshealth.com/sites/default/files/2018-trend-

manufacturer prices increased by about 5.2 percent, on average, for a nationally representative sample of 486 brand drugs.[2] Preliminary reports indicate that manufacturer prices are increasing more than 5 percent, on average, in January 2020.[3] However, the 2020 price increases might become higher, because drug manufacturers are delaying their price increases well into January. For example, in 2018, 98 percent of price increases occurred in the first 5 days of January, while price increases in 2019 began January 19 in 2019.[4]

- **New drugs entering the market —** Since 2013, the U.S. Federal Drug Administration approved 240 novel new drugs, 59 percent of which are specialty drugs,[5] which tend to be the most expensive prescription drugs for a one-month supply.[6]
- **Increased utilization —** Americans filled 5.8 billion 30-day equivalent prescriptions in 2018, up 2.7 percent over the prior year at a rate of 17.6 prescriptions per person,[7] and 3.7 percent of the population was prescribed at least one specialty drug—nearly four times the percentage of the population utilizing specialty medication in 2010.[8]

Apple Health PDL Implementation

PDL Development

Prior to the single PDL directive in the budget proviso, the Apple Health program offered pharmacy benefits to Apple Health enrollees through five contracted MCOs and the state-run FFS program. Each MCO had a different comprehensive PDL and different authorization process, placing significant administrative burden on Medicaid providers and confusion about which drug was covered. The Apple Health FFS program's PDL was not a comprehensive PDL and included about 35

report.pdf?aliId=eyJpIjoiajgwemg5dHlJMnAzNXQrdyIsInQiOiJ4UktrNTBrVTJ1aHQ3bFE5dHFHbEpnPT0ifQ%253D%253D, accessed on January 2, 2020.

[2] GoodRx, Live Updates: January Drug Price Hikes Are Here, from https://www.goodrx.com/blog/january-drug-price-hikes-2020/, accessed on January 8, 2020.

[3] STAT+, It's 'business as usual' as many drug makers boost prices for the new year, from https://www.statnews.com/pharmalot/2020/01/02/drug-prices-biogen-gilead-pfizer/, accessed on January 8, 2020.

[4] GoodRx, Live Updates: January Drug Price Hikes Are Here, from https://www.goodrx.com/blog/january-drug-price-hikes-2020/, accessed on January 8, 2020.

[5] Artemetrx 2019 State of Specialty Spend and Trend Report: 2018 Results Published October 2019, page 17, from https://www.psgconsults.com/specialtyreport, accessed on January 2, 2020.

[6] For example: The calendar year 2019 Medicare Part D minimum threshold for a specialty drug is $670 for a one-month supply at an in-network retail pharmacy — higher than any other prescription drug tier. See: NOTE TO: Medicare Advantage Organizations, Prescription Drug Plan Sponsors, and Other Interested Parties, SUBJECT: Advance Notice of Methodological Changes for Calendar Year (CY) 2019 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies and 2019 draft Call Letter, Table 25: Benefit Parameters for CY 2019 Threshold values, pages 199-201, from https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Advance2019Part2.pdf, accessed on January 3, 2020.

[7] IQVIA Institute for Human Data Science, Medicine Use and Spending in the U.S., A Review of 2018 and Outlook to 2023, page 2, from https://www.iqvia.com/insights/the-iqvia-institute/reports/medicine-use-and-spending-in-the-us-a-review-of-2018-and-outlook-to-2023, accessed on January 2, 2020.

[8] Artemetrx 2019 State of Specialty Spend and Trend Report: 2018 Results Published October 2019, page 3, from https://www.psgconsults.com/specialtyreport, accessed on January 2, 2020.

drug classes at the time the legislation passed. Part of the implementation process of the single Apple Health PDL was to review each drug class and select preferred drugs within each class.

In evaluating the scope of a comprehensive PDL and weighing the fact that HCA would need to create a new comprehensive PDL, we decided to implement the PDL in phases:

- **Phase 1** began on January 1 2018 with the creation and implementation of a smaller PDL, consisting of about 27 drug classes that represented the classes with the highest savings potential before HCA applied grandfathering and clinical considerations. These 27 drug classes are the focus of this report.
- **Phase 2** began in July 2018, when we implemented an additional 57 classes.
- **Phase 3** began on October 1, 2018 with the implementation of 66 more drug classes.

This report covers the first 6 months of phase 1. We will continue quarterly implementations of the remaining 247 classes through April 2020.

Access to Safe, Effective Drugs

HCA must ensure Apple Health clients have access to safe, effective drugs. Therefore, we adopted the following principles when creating and implementing the PDL:

- Patient care and access to necessary medications come first;
- Patients, prescribers, and pharmacists have easy access to the right information; and
- Patient and provider disruption should be minimized.

HCA contracted with Magellan Health (Magellan), a health care management company, to provide objective, evidence-based reviews about drugs' safety and efficacy to the Drug Utilization Review (DUR) Board,[9] and a financial analysis about the drugs' net-of-rebate costs. [10] The DUR board makes a recommendation to HCA about:

- The relative safety and efficacy of the drugs within a drug class;
- Use in special populations such as pregnant women and children, or individuals that have difficulty swallowing or low dexterity;
- Whether or not they are interchangeable; or
- If a particular drug should be preferred or not.

[9] Section 1927 of the Social Security Act requires each state to have a DUR Board. The DUR Board is composed of physicians, pharmacists, and other health care professionals. For more information about the DUR Board, see: (1) "Meetings and materials", from https://www.hca.wa.gov/about-hca/prescription-drug-program/meetings-and-materials, accessed on September 13, 2019; and (2) "PAYMENT FOR COVERED OUTPATIENT DRUGS", from https://www.ssa.gov/OP_Home/ssact/title19/1927.htm, accessed on September 13, 2019.
[10] The term "net-of-rebate costs" refers to the cost to purchase the drugs less (minus) the rebates on those drug purchases.

HCA clinical staff review the data and clinical recommendations from the DUR Board and the financial analysis from Magellan before determining a drug's final preferred status. HCA may "grandfather" non-preferred drugs if:

- It is clinically inappropriate to require medically-stable clients to change drugs; or
- Changing drugs would create significant disruption or administrative burden on HCA or the MCOs.

Of the 27 drug classes that were implemented January 1, 2018, HCA identified 16 to be grandfathered for: 3 months, 6 months, 9 months, or indefinitely, to ensure continuity of care for patients.

The Apple Health PDL drug classes that were grandfathered accounted for 93 percent of the CY2017 net expenditure for those same drug classes. This dampened the savings impact associated with those classes. Table 1 below indicates which drug classes were grandfathered, the length of time they were grandfathered and the percentage of the CY2017 net expenditure in the Apple Health PDL drug classes.

Table 1 – Grandfathered Drug Classes in the Apple Health (AH) Preferred Drug List (PDL)

LENGTH OF GRAND-FATHERING	DRUG CLASS NAMES	PERCENT OF CY2017 NET EXPENDITURES ON AH PDL DRUG CLASSES
3 Months	1. Antidiabetics: Insulin, Long-Acting 2. Antidiabetics: Insulin, Rapid-Acting 3. Antidiabetics: Insulin, Short-Acting 4. Antidiabetics: Insulin, Intermediate-Acting 5. Antidiabetics: Insulin, Pre-Mixed 6. Anticoagulants: Factor XA & Thrombin Inhibitors	13%
6 Months	7. Asthma And COPD Agents: Inhaled Corticosteroids 8. Asthma And COPD Agents: Inhaled Corticosteroid Combinations	3%
9 Months	9. Asthma And COPD Agents: Beta Agonists, Short Acting	8%
Indefinite	10. Antivirals: HIV 11. Asthma And COPD Agents: Anti-Inflammatory & Muscarinic Agents 12. Asthma And COPD Agents: Phosphodiesterase 4 Inhibitors 13. Asthma And COPD Agents: Monoclonal Antibodies 14. Cytokine And Cam Antagonists 15. Multiple Sclerosis Agents 16. Substance Use Disorder: Opioid Partial Agonists	70%

Source: HCA – Financial Services Division, November 2019.
Notes: CY means calendar year.

The Apple Health PDL has facilitated access by simplifying prescription drug administration for both prescribers and clients. A PDL directs providers, their staff and pharmacists to the most cost-effective drugs in a drug class by means of utilization management strategies. These strategies include preferring specific drugs, often stipulating:

- Brand or generic formulations;
- Dosage forms (tablet, capsule, liquid, etc.);
- Quantity limits; and
- A pathway to authorization based on evidence-informed clinical policies.

This means clients can access non-preferred medications if preferred drugs are not appropriate or are found to be ineffective. Delays are caused within the system when the five Apple Health MCOs and FFS plans administer each of those components differently, such as preferring different drugs or administering different clinical policies with different criteria.

Maximized Drug Rebates

Drug manufacturers offer supplemental rebates to insurers that prefer their drugs. Rather than negotiating supplemental rebates with individual drug manufacturers, HCA contracted with Magellan Health (a health care management company), which administers a multi-state drug purchasing pool called "The Optimal PDL Solution" or "TOP$" (pronounced "tops"). By participating in TOP$, HCA leverages the pool's purchasing power to secure higher supplemental rebates for the drugs we purchase for Apple Health clients.

By law, Medicaid is guaranteed a federal rebate equaling 23.1 percent of the average manufacturer price for a drug. The average manufacturer price is calculated as the price it sells its drug to other purchasers, excluding:

- The U.S. Veterans Administration;
- Qualified 340B entities (disproportionate share hospitals, federally qualified health centers, etc.);
- The U.S. Department of Defense; and
- Supplemental rebates negotiated by the state Medicaid agency.

This means that the ability of the Apple Health MCOs to negotiate supplemental rebates is constrained by the federal Medicaid best price rules. If a manufacturer were to offer an Apple Health MCO or other purchaser a discount or rebate that was below their best price for that drug, the manufacturer would have to give that price to all Medicaid programs across the country.

Supplemental rebates for a single PDL negotiated by the state, including MCO utilization, do not have the same constraints. Therefore, the manufacturer is willing to provide the state Medicaid agency with larger rebates. In addition, when a manufacturer increases the price of its drug more than 1 percent higher than the increase of the consumer price index (CPI), the manufacturer must pay an additional rebate equal to the difference. In some instances, this CPI penalty will result in a brand name drug having a lower net cost than its generic equivalent.

When managing a PDL, the intent is to drive utilization to the equally effective, lowest cost therapy, regardless of whether a rebate or generic product is available. This means that at times we will choose to not prefer a drug where a rebate is offered if there are equally effective, lower cost alternatives. Alternatively, we may choose to prefer a brand name drug rather than a generic drug, if the net cost of the brand is less than that of the generic drug.

Legislative Reporting

Substitute Senate Bill (SSB) 5883, Chapter 1, Laws of 2017, Section 213(1)(a), requires the Health Care Authority (HCA) to:

> [P]rovide a report to the governor and appropriate committees of the legislature by November 15, 2018, and by November 15, 2019, including a comparison of the amount spent in the previous two fiscal years to expenditures under the new system by, at a minimum, fund source, total expenditure, drug class, and top twenty-five drugs.

On November 15, 2018, HCA reported Apple Health PDL (community retail pharmacy) utilization to the Legislature. We only reported on utilization, because HCA had not yet received all encounters or all rebates from drug companies at the time. We now have more complete data through June 2018.

In this final report, we compare Apple Health prescription drug expenditures and other relevant financial measures for CY2017 and the first two quarters of CY2018.

Prescription Drug Utilization and Expenditure: January 1, 2017 through June 30, 2018

For this report, HCA can only provide financial data for the first six months of PDL implementation. The gross expenditure for the 27 PDL classes implemented in January 2018 represents about 24 percent of the total CY2017 prescription drug expenditure and does not reflect the savings potential of a fully implemented comprehensive PDL. Reasons for this include:

- Rebate information is not sufficiently mature to determine whether HCA is collecting more rebates since implementing the PDL.
- Nine drug classes were grandfathered for 3, 6 or 9 months upon implementation, so savings from switching to lower cost preferred drugs has yet to be realized.
- Seven drug classes were grandfathered indefinitely.
- Four of the seven drug classes that were grandfathered indefinitely are high cost drug classes. Savings in these classes will be delayed as increased utilization in preferred drugs within these classes will occur mostly through new users.

In this report, we compare the financial measures listed below, between CY2017 and the first half of CY2018 for all covered outpatient prescription drugs dispensed to Apple Health members.

1. **Total Member Months** – The total number of months during which Apple Health clients were enrolled as Apple Health plan members. For example, if one client was enrolled for 12 months and another client was enrolled for 10 months, the member months for those two clients would total 22.
2. **Number of Utilizers** – The total number of individual Apple Health clients who received prescription drugs each quarter.
3. **Number of Claims** – The total number of prescription drug claims per quarter.
4. **Net Expenditures** – The total amount that HCA paid for prescription drugs net of rebates.
5. **Net Expenditures per Claim** – Total expenditures (#4 above) divided by number of claims (#3 above).
6. **Net Expenditures per Member per Month (PMPM)** – Total expenditures net of rebates (#4 above) divided by total member months (#1 above).

We annualized CY2018 utilization and expenditures by doubling the utilization and expenditure from the first two quarters of CY2018 for use in this report. This report includes prescription drug data from all six Apple Health plans (the five MCOs and FFS). This report does not include data on prescription drugs that were administered in a clinical setting. We chose this dataset over the previous two fiscal years, because we only have access to the rebates collected from the Apple Health managed care plans from CY2017 forward. To evaluate the impact of the PDL on prescription drug expenditure, we compared the first six months of utilization and expenditure data for the 27 drug classes that were added to the PDL January 2018 to the CY2017 utilization and expenditure data for those same drug classes.

Total Prescription Drug Expenditures

In CY2107, total gross prescription drug expenditures was about $1.39 billion. After subtracting the rebates collected, the net expenditure was $696,856,308. Net expenditures for CY2017 include all federal rebates and supplemental rebates collected by the FFS program and the Apple Health MCOs.

The annualized gross expenditure for all prescription drugs in CY2018 was nearly $1.42 billion, approximately 2 percent higher than CY2017. Annualized net prescription drug expenditures for CY2018 was $700,132,425, which is about 0.5 percent higher than CY2017. During this same period the annualized net expenditure per member per month (PMPM) increased approximately 2 percent, from $31.05 in CY2017 to $31.68 in CY2018. In 2018, on average, manufacturers raised brand drug prices 8 percent, about four times the rate of inflation in the United States.[11]

Total rebates increased about 4 percent during this time period. The annualized CY2018 rebate is estimated to be $718,755,303 compared to $693,484,091 collected in CY2017, resulting in a 0.31 percent decrease in the net cost per claim. The rebates collected in CY2017 include the rebates

[11] CVS Health 2018 Trend Report, from https://payorsolutions.cvshealth.com/sites/default/files/2018-trend-report.pdf?aliId=eyJpIjoiajgwemg5dHlJMnAzNXQrdyIsInQiOiJ4UktrNTBrVTJ1aHQ3bFE5dHFHbEpnPT0ifQ%253D%253D, page 5, accessed on January 2, 2020.

collected by the MCOs. In summary, overall total net prescription drug expenditures increased in CY2018, because the increase in collected rebates did not outweigh the increase in gross prescription drug expenditure and increase in utilization. See Table 2 below for all prescription drug expenditures.

Table 2 – Total Prescription Drug Expenditure

CALENDAR YEAR & QUARTER		FEDERAL REBATES	TOTAL REBATES*	TOTAL PAID	NET PAID
2017	Q1	$167,797,039.31	$182,913,258.81	$360,666,107.68	$177,752,848.87
	Q2	$174,089,870.75	$188,692,111.29	$355,642,555.81	$166,950,444.52
	Q3	$144,350,251.19	$156,963,305.97	$335,670,540.47	$178,707,234.50
	Q4	$155,054,202.35	$164,915,415.23	$338,361,194.95	$173,445,779.72
2017 Total		**$641,291,363.60**	**$693,484,091.30**	**$1,390,340,398.91**	**$696,856,307.61**
2018	Q1	$161,537,497.30	$172,462,546.61	$354,920,066.27	$182,457,519.66
	Q2	$178,297,013.14	$186,915,105.10	$354,523,797.71	$167,608,692.61
2018 Total (Q1&Q2)		**$339,834,510.44**	**$359,377,651.71**	**$709,443,863.98**	**$350,066,212.27**
2018 Annualized Total		**$679,669,020.88**	**$718,755,303.42**	**$1,418,887,727.96**	**$700,132,424.54**

Source: HCA – Financial Services Division, November 2019.

Notes: *Total rebates include federal rebates and supplemental rebates for the FFS and MCO plans. CY2017 includes rebates collected directly by the MCOs.

Total Prescription Drug Utilization

Enrollment in the Apple Health program slowly declined between January 2017 and June 2018. The average quarterly membership was 1.86 million individuals, with an overall 2 percent decrease in membership (from 1.87 million in CY2017 to an estimated 1.84 million in CY2018).

The annualized average number of prescription drug utilizers per quarter increased by 1 percent in CY2018. However, the proportion of enrolled members utilizing prescription drugs each quarter was fairly consistent at 13 percent during this time period. The annualized number of claims increased by about 1 percent in CY2018. Although the overall Medicaid enrollment decreased during this period, the pattern of utilization increased, but not enough to explain the total increase in the overall expenditure of prescription drugs. See Table 3 below for specific enrollment and utilization.

Table 3 – Medicaid Enrollment and Prescription Drug Utilization

CALENDAR YEAR & QUARTER		TOTAL ELIGIBLE MEMBER MONTHS	UTILIZERS	PRESCRIPTION DRUG CLAIMS	PERCENT OF UTILIZERS PER MEMBER MONTH	CLAIMS PER USER
2017	Q1	5,678,664	742,321	4,692,483	13%	6

Table 3 – Medicaid Enrollment and Prescription Drug Utilization

CALENDAR YEAR & QUARTER		TOTAL ELIGIBLE MEMBER MONTHS	UTILIZERS	PRESCRIPTION DRUG CLAIMS	PERCENT OF UTILIZERS PER MEMBER MONTH	CLAIMS PER USER
	Q2	5,652,555	726,076	4,674,341	13%	6
	Q3	5,568,736	684,185	4,454,414	12%	7
	Q4	5,544,036	699,924	4,463,479	13%	6
2017 Total		**22,443,991**	**1,213,575**	**18,284,717**	**13%**	**15**
2018	Q1	5,552,768	742,339	4,660,660	13%	6
	Q2	5,496,454	701,810	4,553,472	13%	7
2018 Total		**11,049,222**	**940,145**	**9,214,132**	**13%**	**10**
2018 Annualized Total		**22,098,444**	**N/A***	**18,428,264**	**N/A**	**N/A**

Source: HCA – Financial Services Division, November 2019.

Notes: N/A means not available. *The Utilizers field is a distinct count of users in a given time period, which cannot be annualized.

Apple Health PDL Prescription Drug Expenditures

In CY2107, total gross Apple Health PDL prescription drug class expenditures was $513,597,775. That represents approximately 37 percent of the total gross prescription drug expenditure, but only accounts for about 9 percent of all prescription drug claims. After subtracting the rebates collected, the net CY 2017 expenditure on the Apple Health PDL drug classes was $167,564,003, or about 24 percent of the net expenditure.

The annualized gross Apple Health PDL drug expenditure for CY2018 was $602,052,783, approximately 17 percent higher than the gross expenditure in CY2017 for same Apple Health PDL drug classes. The annualized net Apple Health PDL prescription drug expenditures for CY2018 was $192,172,595, which is about 15 percent higher than the net Apple Health PDL drug class expenditures in CY2017. Total rebates also increased during this time period. In CY2017 collected rebates for Apple Health PDL drug classes totaled $346,033,773. The annualized collected rebates for Apple Health PDL drug classes in CY18 is $409,880,188 about 18 percent higher than the total rebates collected in CY2017. The PMPM expenditure increased 16 percent, from $7.47 in CY2017 to $8.70 CY2018.

Overall net expenditures for Apple Health PDL drug classes increased because the increase in collected rebates did not outweigh the increase in gross prescription drug expenditure. See Table 4 below for the Apple Health PDL prescription drug expenditures, which does not include Hepatitis C expenditures.

Table 4 – Apple Health PDL Drug Expenditure

CALENDAR YEAR & QUARTER		FEDERAL REBATES	TOTAL REBATES*	TOTAL PAID	NET PAID
2017	Q1	$82,214,055.09	$87,000,380.25	$123,260,075.04	$36,259,694.79
	Q2	$89,424,519.38	$94,211,486.00	$129,409,605.05	$35,198,119.05
	Q3	$75,307,773.37	$80,106,835.01	$129,341,680.53	$49,234,845.52
	Q4	$79,782,116.31	$84,715,071.32	$131,586,414.50	$46,871,343.18
2017 Total		**$326,728,464.15**	**$346,033,772.57**	**$513,597,775.12**	**$167,564,002.55**
2018	Q1	$91,106,718.00	$96,477,433.28	$147,868,738.22	$51,391,304.94
	Q2	$103,024,060.55	$108,462,660.64	$153,157,653.06	$44,694,992.42
2018 Total (Q1&Q2)		**$194,130,778.55**	**$204,940,093.92**	**$301,026,391.28**	**$96,086,297.36**
2018 Annualized Total		**$388,261,557.10**	**$409,880,187.84**	**$602,052,782.56**	**$192,172,594.72**

Source: HCA – Financial Services Division, November 2019.

Notes: *Total rebates include federal rebates and supplemental rebates for the FFS and MCO plans. CY2017 includes rebates collected directly by the MCOs. This table does not include Hepatitis C expenditures.

PDL Prescription Drug Utilization

There were 478 unique drug classes used by Apple Health members in CY2017 and the first half of CY2018. Of those 478 drug classes only 27 (5.6 percent) of those drug classes were included on the PDL beginning January 2018.

Net expenditures for prescription drugs that HCA added to the PDL in January 2018 (i.e., PDL drugs) increased by 15 percent. This could be due to the:

- Average number of PDL prescription drug utilizers per quarter increasing about 2 percent in the first two quarters of CY2018;
- Annualized average number of PDL claims per quarter increasing by about 7 percent; and
- The net cost per claim for prescription drugs on the PDL increasing by about 7 percent.

The seven Apple Health PDL drug classes that were grandfathered indefinitely:

- Made up 16 percent of the claims for Apple Health PDL drug classes in CY2017; and
- Increased to 20 percent of the claims in CY2018.

They accounted for 70 percent of the net expenditure for the PDL drug classes in CY2017 and 76 percent of the net expenditure in CY2018. Fifteen drugs in those classes had a price increase of 5 percent or higher, two of which (i.e., Humira and Enbrel) had a 10-percent or higher increase in price in CY2018.

Non-PDL Prescription Drug Expenditures

In CY2107, total gross Non-PDL prescription drug class expenditures was $658,557,919. After subtracting the rebates collected, the net expenditure on the Non-PDL drug classes was $422,725,331. The annualized total gross Non-PDL drug expenditure in CY2018 was $717,914,403, approximately 9 percent higher than CY2017. The annualized net Non-PDL prescription drug expenditures for the CY2018 was $459,648,593, which is about 8.7 percent higher net expenditure for non-PDL drugs in CY2017.

Total rebates also increased during this time period. In CY 2017, collected rebates for Non-PDL drug classes totaled $253,832,587. In the annualized collected rebates for Non-PDL drug classes was $258,265,810, about 10 percent higher than the total rebates collected in CY2017. The PMPM expenditure increased 1 percent, from $18.83 in CY2017 to $20.80 CY2018.

Overall net expenditures increased for Non-PDL drug classes, because the increase in collected rebates did not outweigh the increase in gross prescription drug expenditure. See Table 5 below for the Non-PDL prescription drug expenditures, which does not include Hepatitis C expenditures.

Table 5 – Non-PDL Drug Expenditure

CALENDAR YEAR	QUARTER	FEDERAL REBATES	TOTAL REBATES*	TOTAL PAID	NET PAID
2017	Q1	$58,393,385.59	$62,275,461.75	$165,832,705.52	$103,557,243.77
	Q2	$59,849,913.15	$63,735,700.59	$164,542,451.26	$100,806,750.67
	Q3	$48,573,481.80	$52,465,029.59	$160,239,030.47	$107,774,000.88
	Q4	$53,462,599.38	$57,356,395.30	$167,943,731.36	$110,587,336.06
2017 Total		**$220,279,379.92**	**$235,832,587.24**	**$658,557,918.61**	**$422,725,331.37**
2018	Q1	$60,037,507.58	$63,304,808.86	$182,370,093.74	$119,065,284.88
	Q2	$65,566,532.59	$65,828,096.19	$176,587,107.82	$110,759,011.63
2018 Total (Q1&Q2)		**$125,604,040.17**	**$129,132,905.05**	**$358,957,201.56**	**$229,824,296.51**
2018 Annualized Total		**$251,208,080.34**	**$258,265,810.10**	**$717,914,403.12**	**$459,648,593.02**

Source: HCA – Financial Services Division, November 2019.

Notes: *Total rebates include federal rebates and supplemental rebates for the FFS and MCO plans. CY2017 includes rebates collected directly by the MCOs. This table does not include Hepatitis C expenditures.

Appendix A includes tables that compare total expenditures by fund source (state and federal) and by drug class during CY2017 and the first two quarters of CY2018 for the Hepatitis C, PDL and non-PDL prescription drug classes.

Appendix B includes the top 25 Apple Health PDL prescription drugs by total expenditure during state fiscal year (SFY) 2017 and SFY2018. Drug rankings by expenditure vary over time for many reasons, including cost variation, drugs entering or leaving the market, changes in state and/or

federal rebate etc. Of the drugs that HCA added to the PDL during the second half of SFY 2018 (January 2018):

- Eighteen (or 72 percent) were among the top 25 prescription drugs during SFY 2017; and
- Nineteen (or 76 percent) were among the top 25 during SFY 2018.

In future years, it is possible that more Apple Health PDL prescription drugs among the top 25 by total expenditure will be on the PDL.

Conclusion

As part of its efforts to curb prescription drug cost increases for Washingtonians, HCA will continue to add drug classes to the Apple Health PDL, and anticipates completing the PDL implementation by April 1, 2020. The PDL has simplified prescription drug administration for both Apple Health prescription drug prescribers and Apple Health clients. Financial data for the first six months of PDL implementation indicate that PDL prescription drugs are costing HCA less than they did previously.

Appendix A: Calendar Year 2017 and 2018 Prescription Drug Class Expenditures by Fund Source

Table A1 — Calendar Year (CY) 2017 and 2018 Average (Mean) Quarterly Total (State and Federal) Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY TOTAL EXPENDITURES	CY 2018† TOTAL AVERAGE QUARTERLY TOTAL EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
1. ALLERGY: ANAPHYLAXIS - VASOPRESSOR SELF-INJECTABLES	$2,945,642	$1,484,605	($1,461,037)	(49.6%)
2. ANTICOAGULANTS: FACTOR XA AND THROMBIN INHIBITORS	$2,053,758	$2,981,001	$927,243	45.1%
3. ANTIDIABETICS: INSULIN ① • **: INTERMEDIATE ACTING** • **: LONG ACTING** • **: PRE-MIXED** • **: RAPID ACTING** • **: SHORT ACTING**	$27,487,172	$29,192,537	$1,705,366	6.2%
4. ANTIEMETICS / ANTIVERTIGO: 5-HT3 RECEPTOR ANTAGONISTS	$635,979	$608,189	($27,790)	(4.4%)
5. ANTIEMETICS / ANTIVERTIGO: OTHER	$16,558	$61,766	$45,208	273.0%
6. ANTIEMETICS / ANTIVERTIGO: SUBSTANCE P/NEUROKININ 1 (NK1) RECEPTOR ANTAGONISTS	$1,881	$3,235	$1,354	72.0%
7. ANTIVIRALS: HIV	$23,639,594	$25,615,901	$1,976,307	8.4%
8. ASTHMA AND COPD AGENTS: ANTI-INFLAMMATORY AND MUSCARINIC AGENTS②	$3,241,611	$3,817,210	$575,599	17.8%
9. ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS③ • **: ANTICHOLINERGICS** • **: BETA AGONISTS - LONG ACTING** • **: BETA AGONISTS – ORAL** • **: BETA AGONISTS - SHORT ACTING** • **: INHALED CORTICOSTEROID COMBINATIONS**	$14,077,735	$16,228,669	$2,150,934	15.3%
10. ASTHMA AND COPD AGENTS: INHALED CORTICOSTEROIDS	$6,689,534	$6,985,285	$295,751	4.4%

Table A1 — Calendar Year (CY) 2017 and 2018 Average (Mean) Quarterly Total (State and Federal) Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY TOTAL EXPENDITURES	CY 2018† TOTAL AVERAGE QUARTERLY TOTAL EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
11. ASTHMA AND COPD AGENTS: MONOCLONAL ANTIBODIES	$710,046	$1,063,450	$353,404	49.8%
12. ASTHMA AND COPD AGENTS: PHOSPHODIESTERASE 4 INHIBITORS④	$45,370	$57,664	$12,294	27.1%
13. CYTOKINE AND CAM ANTAGONISTS	$27,577,827	$37,299,312	$9,721,485	35.3%
14. DIGESTIVE AIDS: PANCREATIC ENZYMES	$1,880,871	$2,167,819	$286,948	15.3%
15. ENDOCRINE AND METABOLIC AGENTS: GROWTH HORMONES	$2,188,178	$2,989,467	$801,289	36.6%
16. PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: MULTIPLE SCLEROSIS AGENTS	$8,389,321	$9,877,230	$1,487,909	17.7%
17. SUBSTANCE USE DISORDER: OPIOID ANTAGONISTS	$1,173,283	$1,860,534	$687,251	58.6%
18. SUBSTANCE USE DISORDER: OPIOID PARTIAL AGONISTS	$5,645,084	$8,219,320	$2,574,236	45.6%
PDL DRUG CLASS SUBTOTALS	$128,399,444	$150,513,196	$22,113,752	17.2%
19. ANTIVIRALS: HEPATITIS C AGENTS	$54,546,176	$24,730,136	($29,816,041)	(54.7%)
20. (ALL OTHER NON-PDL DRUG CLASSES)	$164,639,480	$179,478,601	$14,839,121	9.0%
GRAND TOTALS	**$347,585,100**	**$354,721,932**	**$7,136,832**	**2.1%**

Source: ProviderOne Operational Data Store, data pulled in September 2019, by HCA Financial Services Division.

Notes: Drug classes that are bolded were grandfathered. *There was no Apple Health PDL during CY 2017; this column includes CY 2017 data for the prescription drug classes that HCA included on the Apple Health PDL in January 2018. †This column represents the first two quarters (January through June) of CY 2018; data from more recent quarters are not yet mature. ① We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ANTIDIABETICS: INSULIN drug class due to source data level of detail. ② Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents combined two drug classes in the 2018 legislative report: (1) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agent / Long Acting Beta Agonist Combinations; and (2) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents. ③ We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS drug class due to source data level of detail. ④ Asthma and COPD Agents: Phosphodiesterase 4 Inhibitors were not included in the 2018 legislative report, but are included in the PDL.

Table A2 — Calendar Year (CY) 2017 and 2018 Average (Mean) Quarterly State Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY STATE EXPENDITURES	CY 2018† AVERAGE QUARTERLY STATE EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
1. ALLERGY: ANAPHYLAXIS - VASOPRESSOR SELF-INJECTABLES	$1,127,830	$521,224	($606,606)	(53.8%)
2. **ANTICOAGULANTS: FACTOR XA AND THROMBIN INHIBITORS**	$467,996	$714,592	$246,596	52.7%
3. **ANTIDIABETICS: INSULIN** ① • **: INTERMEDIATE ACTING** • **: LONG ACTING** • **: PRE-MIXED** • **: RAPID ACTING** • **: SHORT ACTING**	$7,337,880	$7,759,955	$422,075	5.8%
4. ANTIEMETICS / ANTIVERTIGO: 5-HT3 RECEPTOR ANTAGONISTS	$181,694	$180,484	($1,210)	(0.7%)
5. ANTIEMETICS / ANTIVERTIGO: OTHER	$6,202	$20,435	$14,233	229.5%
6. ANTIEMETICS / ANTIVERTIGO: SUBSTANCE P/NEUROKININ 1 (NK1) RECEPTOR ANTAGONISTS	$552	$1,295	$743	134.6%
7. **ANTIVIRALS: HIV**	$4,450,627	$4,917,838	$467,211	10.5%
8. **ASTHMA AND COPD AGENTS: ANTI-INFLAMMATORY AND MUSCARINIC AGENTS**②	$943,614	$1,112,422	$168,808	17.9%
9. **ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS**③ • **: ANTICHOLINERGICS** • **: BETA AGONISTS - LONG ACTING** • **: BETA AGONISTS – ORAL** • **: BETA AGONISTS - SHORT ACTING** • **: INHALED CORTICOSTEROID COMBINATIONS**	$4,105,248	$4,713,268	$608,020	14.8%
10. **ASTHMA AND COPD AGENTS: INHALED CORTICOSTEROIDS**	$2,202,860	$2,288,610	$85,750	3.9%
11. **ASTHMA AND COPD AGENTS: MONOCLONAL ANTIBODIES**	$219,419	$276,491	$57,072	26.0%
12. **ASTHMA AND COPD AGENTS: PHOSPHODIESTERASE 4 INHIBITORS**④	$17,767	$21,380	$3,613	20.3%
13. **CYTOKINE AND CAM ANTAGONISTS**	$6,482,014	$8,558,360	$2,076,346	32.0%

Table A2 — Calendar Year (CY) 2017 and 2018 Average (Mean) Quarterly State Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY STATE EXPENDITURES	CY 2018† AVERAGE QUARTERLY STATE EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
14. DIGESTIVE AIDS: PANCREATIC ENZYMES	$609,599	$694,953	$85,354	14.0%
15. ENDOCRINE AND METABOLIC AGENTS: GROWTH HORMONES	$1,058,378	$1,411,049	$352,671	33.3%
16. PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: MULTIPLE SCLEROSIS AGENTS	$2,319,319	$2,693,440	$374,121	16.1%
17. SUBSTANCE USE DISORDER: OPIOID ANTAGONISTS	$194,953	$324,205	$129,252	66.3%
18. SUBSTANCE USE DISORDER: OPIOID PARTIAL AGONISTS	$1,139,185	$1,654,833	$515,648	45.3%
PDL DRUG CLASS SUBTOTALS	$32,865,136	$37,864,834	$4,999,699	15.2%
19. ANTIVIRALS: HEPATITIS C AGENTS	$12,771,687	$5,560,480	($7,211,207)	(56.5%)
20. (ALL OTHER NON-PDL DRUG CLASSES)	$52,543,551	$57,492,502	$4,948,951	9.4%
GRAND TOTALS	**$98,180,373**	**$100,917,816**	**$2,737,443**	**2.8%**

Source: ProviderOne Operational Data Store, data pulled in September 2019, by HCA Financial Services Division.

Notes: Drug classes that are bolded were grandfathered. *There was no Apple Health PDL during CY 2017; this column includes CY 2017 data for the Apple Health PDL prescription drug classes that HCA included on the Apple Health PDL in January 2018. †This column represents the first two quarters (January through June) of CY 2018; data from more recent quarters are not yet mature. ① We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ANTIDIABETICS: INSULIN drug class due to source data level of detail. ② Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents combined two drug classes in the 2018 legislative report: (1) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agent / Long Acting Beta Agonist Combinations; and (2) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents. ③ We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS drug class due to source data level of detail. ④ Asthma and COPD Agents: Phosphodiesterase 4 Inhibitors were not included in the 2018 legislative report, but are included in the PDL.

Table A3 — Calendar Year (CY) 2017 and 2018 Average (Mean) Quarterly Federal Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY FEDERAL EXPENDITURES	CY 2018† AVERAGE QUARTERLY FEDERAL EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
1. ALLERGY: ANAPHYLAXIS - VASOPRESSOR SELF-INJECTABLES	$1,817,812	$963,381	($854,432)	(47.0%)
2. **ANTICOAGULANTS: FACTOR XA AND THROMBIN INHIBITORS**	$1,585,763	$2,266,409	$680,647	42.9%
3. **ANTIDIABETICS: INSULIN** ① • **: INTERMEDIATE ACTING** • **: LONG ACTING** • **: PRE-MIXED** • **: RAPID ACTING** • **: SHORT ACTING**	$20,149,292	$21,432,583	$1,283,291	6.4%
4. ANTIEMETICS / ANTIVERTIGO: 5-HT3 RECEPTOR ANTAGONISTS	$454,285	$427,705	($26,580)	(5.9%)
5. ANTIEMETICS / ANTIVERTIGO: OTHER	$10,356	$41,331	$30,975	299.1%
6. ANTIEMETICS / ANTIVERTIGO: SUBSTANCE P/NEUROKININ 1 (NK1) RECEPTOR ANTAGONISTS	$1,330	$1,940	$611	45.9%
7. **ANTIVIRALS: HIV**	$19,188,967	$20,698,063	$1,509,097	7.9%
8. **ASTHMA AND COPD AGENTS: ANTI-INFLAMMATORY AND MUSCARINIC AGENTS**②	$2,297,997	$2,704,787	$406,791	17.7%
9. **ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS**③ • **: ANTICHOLINERGICS** • **: BETA AGONISTS - LONG ACTING** • **: BETA AGONISTS – ORAL** • **: BETA AGONISTS - SHORT ACTING** • **: INHALED CORTICOSTEROID COMBINATIONS**	$9,972,487	$11,515,401	$1,542,914	15.5%
10. **ASTHMA AND COPD AGENTS: INHALED CORTICOSTEROIDS**	$4,486,675	$4,696,675	$210,000	4.7%
11. **ASTHMA AND COPD AGENTS: MONOCLONAL ANTIBODIES**	$490,627	$786,959	$296,332	60.4%
12. **ASTHMA AND COPD AGENTS: PHOSPHODIESTERASE 4 INHIBITORS**④	$27,603	$36,284	$8,681	31.5%
13. **CYTOKINE AND CAM ANTAGONISTS**	$21,095,813	$28,740,952	$7,645,139	36.2%

Table A3 — Calendar Year (CY) 2017 and 2018 Average (Mean) Quarterly Federal Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY FEDERAL EXPENDITURES	CY 2018† AVERAGE QUARTERLY FEDERAL EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
14. DIGESTIVE AIDS: PANCREATIC ENZYMES	$1,271,272	$1,472,866	$201,594	15.9%
15. ENDOCRINE AND METABOLIC AGENTS: GROWTH HORMONES	$1,129,800	$1,578,419	$448,618	39.7%
16. PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: MULTIPLE SCLEROSIS AGENTS	$6,070,002	$7,183,790	$1,113,788	18.3%
17. SUBSTANCE USE DISORDER: OPIOID ANTAGONISTS	$978,330	$1,536,329	$557,999	57.0%
18. SUBSTANCE USE DISORDER: OPIOID PARTIAL AGONISTS	$4,505,898	$6,564,487	$2,058,589	45.7%
PDL DRUG CLASS SUBTOTALS	$95,534,308	$112,648,361	$17,114,053	17.9%
19. ANTIVIRALS: HEPATITIS C AGENTS	$41,774,489	$19,169,656	($22,604,834)	(54.1%)
20. (ALL OTHER NON-PDL DRUG CLASSES)	$112,095,929	$121,986,099	$9,890,170	8.8%
GRAND TOTALS	**$249,404,726**	**$253,804,116**	**$4,399,389**	**1.8%**

Source: ProviderOne Operational Data Store, data pulled in September 2019, by HCA Financial Services Division.

Notes: Drug classes that are bolded were grandfathered. *There was no Apple Health PDL during CY 2017; this column includes CY 2017 data for the Apple Health PDL prescription drug classes that HCA included on the Apple Health PDL in January 2018. †This column represents the first two quarters (January through June) of CY 2018; data from more recent quarters are not yet mature. ① We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ANTIDIABETICS: INSULIN drug class due to source data level of detail. ② Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents combined two drug classes in the 2018 legislative report: (1) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agent / Long Acting Beta Agonist Combinations; and (2) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents. ③ We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS drug class due to source data level of detail. ④ Asthma and COPD Agents: Phosphodiesterase 4 Inhibitors were not included in the 2018 legislative report, but are included in the PDL.

Table A4 — Calendar Year (CY) 2017 and 2018 Apple Health PDL Drug Class Average (Mean) Quarterly Net-of-Rebate Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY NET-OF-REBATE EXPENDITURES	CY 2018† AVERAGE QUARTERLY NET-OF-REBATE EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
1. ALLERGY: ANAPHYLAXIS - VASOPRESSOR SELF-INJECTABLES	$354,134	($181,285)	($535,419)	(151.2%)
2. **ANTICOAGULANTS: FACTOR XA AND THROMBIN INHIBITORS**	$560,289	($139,261)	($699,550)	(124.9%)
3. **ANTIDIABETICS: INSULIN** ① • **: INTERMEDIATE ACTING** • **: LONG ACTING** • **: PRE-MIXED** • **: RAPID ACTING** • **: SHORT ACTING**	$5,030,052	$5,087,890	$57,838	1.1%
4. ANTIEMETICS / ANTIVERTIGO: 5-HT3 RECEPTOR ANTAGONISTS	$599,326	$565,428	($33,898)	(5.7%)
5. ANTIEMETICS / ANTIVERTIGO: OTHER	$9,974	$11,703	$1,729	17.3%
6. ANTIEMETICS / ANTIVERTIGO: SUBSTANCE P/NEUROKININ 1 (NK1) RECEPTOR ANTAGONISTS	$1,705	$2,965	$1,259	73.8%
7. ANTIVIRALS: HIV	$15,199,293	$16,374,108	$1,174,815	7.7%
8. **ASTHMA AND COPD AGENTS: ANTI-INFLAMMATORY AND MUSCARINIC AGENTS**②	$589,643	$769,203	$179,560	30.5%
9. **ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS**③ • **: ANTICHOLINERGICS** • **: BETA AGONISTS - LONG ACTING** • **: BETA AGONISTS – ORAL** • **: BETA AGONISTS - SHORT ACTING** • **: INHALED CORTICOSTEROID COMBINATIONS**	$3,150,342	$2,428,125	($722,217)	(22.9%)
10. **ASTHMA AND COPD AGENTS: INHALED CORTICOSTEROIDS**	$1,140,100	$1,578,611	$438,511	38.5%
11. **ASTHMA AND COPD AGENTS: MONOCLONAL ANTIBODIES**	$276,113	$404,551	$128,438	46.5%
12. **ASTHMA AND COPD AGENTS: PHOSPHODIESTERASE 4 INHIBITORS**④	$16,252	$17,389	$1,137	7.0%
13. **CYTOKINE AND CAM ANTAGONISTS**	$5,273,902	$8,951,962	$3,678,061	69.7%

Table A4 — Calendar Year (CY) 2017 and 2018 Apple Health PDL Drug Class Average (Mean) Quarterly Net-of-Rebate Expenditures by Drug Class

DRUG CLASS NAME	CY 2017* AVERAGE QUARTERLY NET-OF-REBATE EXPENDITURES	CY 2018† AVERAGE QUARTERLY NET-OF-REBATE EXPENDITURES	CY 2017 – 2018 DIFFERENCE	CY 2017 – 2018 PERCENT DIFFERENCE
14. DIGESTIVE AIDS: PANCREATIC ENZYMES	$462,917	$561,559	$98,643	21.3%
15. ENDOCRINE AND METABOLIC AGENTS: GROWTH HORMONES	$856,096	$813,590	($42,505)	(5.0%)
16. PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: MULTIPLE SCLEROSIS AGENTS	$4,130,411	$5,228,498	$1,098,086	26.6%
17. SUBSTANCE USE DISORDER: OPIOID ANTAGONISTS	$661,422	$996,901	$335,479	50.7%
18. SUBSTANCE USE DISORDER: OPIOID PARTIAL AGONISTS	$3,579,029	$4,571,211	$992,182	27.7%
PDL DRUG CLASS SUBTOTALS	$41,891,001	$48,043,149	$6,152,148	14.7%
19. ANTIVIRALS: HEPATITIS C AGENTS	$26,641,743	$12,077,809	($14,563,934)	(54.7%)
20. (ALL OTHER NON-PDL DRUG CLASSES)	$105,681,333	$114,912,148	$9,230,815	8.7%
GRAND TOTALS	**$174,214,077**	**$175,033,106**	**$819,029**	**0.5%**

Source: ProviderOne Operational Data Store, data pulled in September 2019, by HCA Financial Services Division.

Notes: Drug classes that are bolded were grandfathered. *There was no Apple Health PDL during CY 2017; this column includes CY 2017 data for the Apple Health PDL prescription drug classes that HCA included on the Apple Health PDL in January 2018. †This column represents the first two quarters (January through June) of CY 2018; data from more recent quarters are not yet mature. ① We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ANTIDIABETICS: INSULIN drug class due to source data level of detail. ② Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents combined two drug classes in the 2018 legislative report: (1) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agent / Long Acting Beta Agonist Combinations; and (2) Asthma and COPD Agents: Anti-Inflammatory and Muscarinic Agents. ③ We reported each of the bulleted drug classes separately in the 2018 legislative report, but aggregate them here into the ASTHMA AND COPD AGENTS: SYMPATHOMIMETICS drug class due to source data level of detail. ④ Asthma and COPD Agents: Phosphodiesterase 4 Inhibitors were not included in the 2018 legislative report, but are included in the PDL.

Appendix B: State Fiscal Year 2017 and 2018 Top 25 Drugs by Total Expenditure (Not Net-of-Rebate)

Table B1 — State Fiscal Year (SFY) 2017 and 2018 Top 25 Drugs (PDL and Non-PDL) by Total Expenditure (Not Net-of-Rebate)

DRUG NAME | DRUG CLASS NAME | SFY 2017 AND 2018 SFY RANK ORDER BY TOTAL EXPENDITURE	PDL* / NON-PDL	SFY 2017* TOTAL EXPENDITURES	SFY 2018 TOTAL EXPENDITURES	SFY 2017*-2018 DIFFERENCE	PERCENT DIFFERENCE
1. **HARVONI |** ANTIVIRALS: HEPATITIS C AGENTS • SFY 2017 RANK = 1 • SFY 2018 RANK = 1	PDL	$153,269,452	$56,952,309	($96,317,143)	(62.84%)
2. HUMIRA PEN | CYTOKINE AND CAM ANTAGONISTS: • ***SFY 2017 RANK = 3*** • ***SFY 2018 RANK = 2***	PDL	$39,233,893	$55,341,450	$16,107,557	41.06%
3. **EPCLUSA |** ANTIVIRALS: HEPATITIS C AGENTS • SFY 2017 RANK = 2 • SFY 2018 RANK = 3	PDL	$66,457,606	$49,311,973	($17,145,633)	(25.80%)
4. **MAVYRET |** ANTIVIRALS: HEPATITIS C AGENTS • SFY 2017 RANK = N/A • SFY 2018 RANK = 4	PDL	N/A	$24,732,478	N/A	N/A
5. **LATUDA |** ANTIPSYCHOTICS - MISC. • SFY 2017 RANK = 9 • SFY 2018 RANK = 5	NON-PDL	$17,500,116	$23,838,729	$6,338,613	36.22%
6. **METHYLPHENIDATE HYDROCHLORIDE ER |** STIMULANTS - MISC. • SFY 2017 RANK = 7 • SFY 2018 RANK = 6	NON-PDL	$20,808,530	$23,136,914	$2,328,384	11.19%
7. **INVEGA SUSTENNA |** BENZISOXAZOLES • SFY 2017 RANK = 11 • SFY 2018 RANK = 7	NON-PDL	$16,763,851	$20,000,304	$3,236,453	19.31%
8. ENBREL SURECLICK | CYTOKINE AND CAM ANTAGONISTS: • ***SFY 2017 RANK = 12*** • ***SFY 2018 RANK = 8***	PDL	$15,827,477	$19,327,864	$3,500,387	22.12%

Table B1 — State Fiscal Year (SFY) 2017 and 2018 Top 25 Drugs (PDL and Non-PDL) by Total Expenditure (Not Net-of-Rebate)

DRUG NAME | DRUG CLASS NAME | SFY 2017 AND 2018 SFY RANK ORDER BY TOTAL EXPENDITURE	PDL* / NON-PDL	SFY 2017* TOTAL EXPENDITURES	SFY 2018 TOTAL EXPENDITURES	SFY 2017*-2018 DIFFERENCE	PERCENT DIFFERENCE
9. TRUVADA | ANTIVIRALS: HIV • ***SFY 2017 RANK = 6*** • ***SFY 2018 RANK =***	PDL	$20,819,848	$19,210,971	($1,608,877)	(7.73%)
10. HUMALOG | ANTIDIABETICS: INSULIN - RAPID ACTING • ***SFY 2017 RANK = 10*** • ***SFY 2018 RANK = 10***	PDL	$17,254,589	$17,674,044	$419,455	2.43%
11. LYRICA | ANTICONVULSANTS - MISC. • SFY 2017 RANK = 14 • SFY 2018 RANK = 11	NON-PDL	$13,897,041	$17,372,881	$3,475,840	25.01%
12. SUBOXONE | SUBSTANCE USE DISORDER: OPIOID PARTIAL AGONISTS • ***SFY 2017 RANK = 21*** • ***SFY 2018 RANK = 12***	PDL	$10,066,568	$17,266,063	$7,199,495	71.52%
13. LANTUS SOLOSTAR | ANTIDIABETICS: INSULIN - LONG ACTING • ***SFY 2017 RANK = 15*** • ***SFY 2018 RANK = 13***	PDL	$12,896,246	$14,968,464	$2,072,218	16.07%
14. GENVOYA | ANTIVIRALS: HIV • ***SFY 2017 RANK = 22*** • ***SFY 2018 RANK = 14***	PDL	$9,501,449	$14,629,645	$5,128,196	53.97%
15. BASAGLAR KWIKPEN | ANTIDIABETICS: INSULIN - LONG ACTING • ***SFY 2017 RANK = N/A*** • ***SFY 2018 RANK = 15***	PDL	N/A	$14,313,481	N/A	N/A
16. LANTUS | ANTIDIABETICS: INSULIN - LONG ACTING • ***SFY 2017 RANK = 4*** • ***SFY 2018 RANK = 16***	PDL	$30,702,690	$14,198,842	($16,503,848)	(53.75%)
17. QVAR | ASTHMA AND COPD AGENTS: INHALED CORTICOSTEROIDS • ***SFY 2017 RANK = 13*** • ***SFY 2018 RANK = N/A***	PDL	$14,102,206	N/A	N/A	N/A

Table B1 — State Fiscal Year (SFY) 2017 and 2018 Top 25 Drugs (PDL and Non-PDL) by Total Expenditure (Not Net-of-Rebate)

DRUG NAME | DRUG CLASS NAME | SFY 2017 AND 2018 SFY RANK ORDER BY TOTAL EXPENDITURE	PDL* / NON-PDL	SFY 2017* TOTAL EXPENDITURES	SFY 2018 TOTAL EXPENDITURES	SFY 2017*-2018 DIFFERENCE	PERCENT DIFFERENCE
18. TIVICAY | ANTIVIRALS: HIV • ***SFY 2017 RANK = 19*** • ***SFY 2018 RANK = 17***	PDL	$10,560,830	$13,867,057	$3,306,227	31.31%
19. VENTOLIN HFA | ASTHMA AND COPD AGENTS: BETA AGONISTS - SHORT ACTING • ***SFY 2017 RANK = 8*** • ***SFY 2018 RANK = 18***	PDL	$17,570,171	$13,301,078	($4,269,093)	(24.30%)
20. AMPHETAMINE / DEXTROAMPHETAMINE | AMPHETAMINES • SFY 2017 RANK = 16 • SFY 2018 RANK = 19	NON-PDL	$12,437,360	$12,217,761	($219,599)	(1.77%)
21. ARIPIPRAZOLE | QUINOLINONE DERIVATIVES • SFY 2017 RANK = 5 • SFY 2018 RANK = 20	NON-PDL	$24,258,431	$11,819,776	($12,438,655)	(51.28%)
22. VYVANSE | AMPHETAMINES • SFY 2017 RANK = 24 • SFY 2018 RANK = 21	NON-PDL	$9,028,329	$11,727,447	$2,699,118	29.90%
23. TRIUMEQ | ANTIVIRALS: HIV • ***SFY 2017 RANK = 23*** • ***SFY 2018 RANK = 22***	PDL	$9,035,309	$11,626,082	$2,590,773	28.67%
24. STELARA | CYTOKINE AND CAM ANTAGONISTS • ***SFY 2017 RANK = N/A*** • ***SFY 2018 RANK = 23***	PDL	N/A	$11,609,279	N/A	N/A
25. TECFIDERA | PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: MULTIPLE SCLEROSIS AGENTS • ***SFY 2017 RANK = N/A*** • ***SFY 2018 RANK = 24***	PDL	N/A	$11,212,605	N/A	N/A
26. BUPRENORPHINE HCL/NALOXONE HCL | SUBSTANCE USE DISORDER: OPIOID PARTIAL AGONISTS • ***SFY 2017 RANK = N/A*** • ***SFY 2018 RANK = 25***	PDL	N/A	$10,733,161	N/A	N/A

Table B1 — State Fiscal Year (SFY) 2017 and 2018 Top 25 Drugs (PDL and Non-PDL) by Total Expenditure (Not Net-of-Rebate)

DRUG NAME | DRUG CLASS NAME | SFY 2017 AND 2018 SFY RANK ORDER BY TOTAL EXPENDITURE	PDL* / NON-PDL	SFY 2017* TOTAL EXPENDITURES	SFY 2018 TOTAL EXPENDITURES	SFY 2017*-2018 DIFFERENCE	PERCENT DIFFERENCE
27. NOVOLOG | ANTIDIABETICS: INSULIN - RAPID ACTING • ***SFY 2017 RANK = 17*** • ***SFY 2018 RANK = N/A***	PDL	$10,629,326	N/A	N/A	N/A
28. SOVALDI | ANTIVIRALS: HEPATITIS C AGENTS • SFY 2017 RANK = 18 • SFY 2018 RANK = N/A	PDL	$10,575,733	N/A	N/A	N/A
29. STRATTERA | ATTENTION-DEFICIT / HYPERACTIVITY DISORDER (ADHD) AGENTS • SFY 2017 RANK = 20 • SFY 2018 RANK = N/A	NON-PDL	$10,250,120	N/A	N/A	N/A
30. HUMIRA | CYTOKINE AND CAM ANTAGONISTS • ***SFY 2017 RANK = 25*** • ***SFY 2018 RANK = N/A***	PDL	$8,825,145	N/A	N/A	N/A

Source: ProviderOne Operational Data Store, data pulled in September 2019, by HCA Financial Services Division.

Notes: Drugs in italics were grandfathered. *There was no Apple Health PDL during SFY 2017; these columns include SFY 2017 data for the prescription drugs in the drug classes that HCA included on the Apple Health PDL in January 2018. Expenditures are not net-of-rebate. Including both the top 25 drugs by total expenditure in SFY 2017 and the top 25 drugs by total expenditure in SFY 2018 in the same table creates a list of 30 drugs: 20 drugs were among the top 25 drugs in both SFY 2017 and 2018; five drugs were among the top 25 drugs in SFY 2017 that were not among the top 25 drugs in SFY 2018; and five drugs were among the top 25 drugs in SFY 2018 that were not among the top 25 drugs in SFY 2017. N/A means not applicable.