

Express Scripts

RESEARCH STUDY FINDINGS

Geographic Variation in Generic Fill Rate

The savings opportunity from greater use of generic medications has never been greater. Today, more than 50% of all prescriptions filled by Express Scripts, Inc. are filled with a generic drug. This rate of generic use has been greatly accelerated in recent years by patent expirations for some of the top selling branded products. The savings opportunity is expected to continue through 2008 as more than \$38 billion in drug sales are expected to lose patent over the next 4 years.

The savings from generic use accrue to both plan sponsors and consumers. On average, a generic drug costs about \$45 less than a brand name drug and it is estimated that for each 1% increase in generic fill rate, pharmacy spend decreases by 1%. Consumers also pay a lower copayment for generic medications, saving on average \$10 per prescription compared to branded medications.

Despite the myriad plan design features that encourage greater use of generics, client adoption is varied. In an attempt to better understand variation in generic fill rate, this analysis evaluated the geographic variation in the generic fill rate by state.

Methods

Data were extracted for 2003 from a data base containing ambulatory administrative pharmacy claims and eligibility information for a random sample of approximately 3 million commercially insured members.

Eligibility information included age and gender, as well as the state of residence for the member. The health plan sponsors for these beneficiaries included private and public sector employer groups, managed care organizations, third-party administrators, and unions. Plan sponsors excluded were Medicare, Medicaid, and 100% copay plans, which would have skewed upward the generic fill rate. The generic fill rate was calculated as the total number of generic prescription claims divided by total prescription claims. This percentage was age/gender adjusted using a generalized linear model. The extremal quotient (EQ) was used as a measure of variation in state generic fill rates. The EQ is calculated as the maximum prevalence rate divided by the minimum rate. Only those states with at least 1,000 Express Scripts members were included in the results.

Results

The generic fill rate ranged from a low of 39.5% in New Jersey to a high of 51.3% in Massachusetts. (see attached Table) The degree of variation as measured by the EQ was 1.30. This is greater variability than found for age-gender adjusted prevalence of any prescription drug use in 2003 which had an EQ of 1.22 (range from 60.4% in Montana to 73.6% in Kentucky).

Possible explanations for the variations in generic fill rates include variations in prescribing patterns, state regulations, differences in disease prevalence and varying use of drug benefit designs that encourage greater use of generics.

Implications

Significant variation in the use of generic medications exist across states, even greater variation than that seen previously for overall prevalence of prescription use. These findings suggest that opportunities exist to achieve greater savings through adoption of programs designed to increase generic use in states with lower generic fill rates.

Figure: 2003 Age-Gender Adjusted Generic Fill Rate

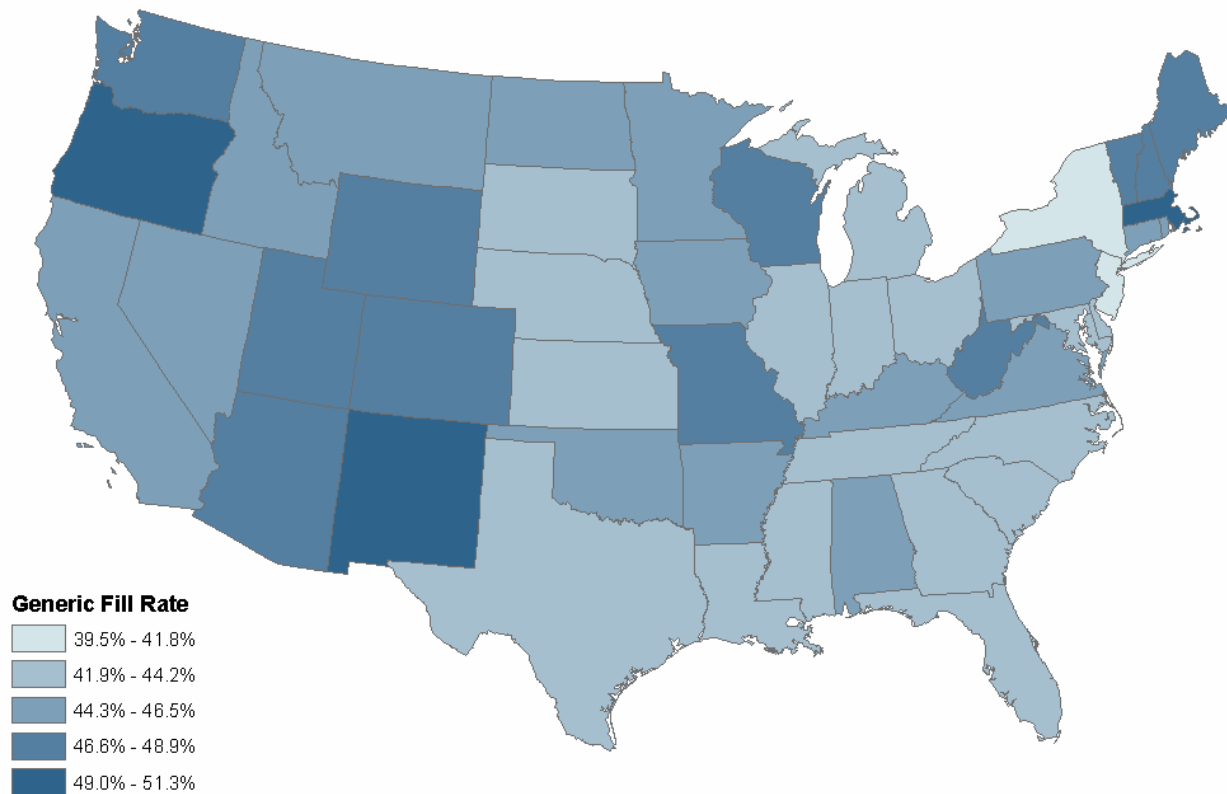


Table: 2003 Age-Gender Adjusted Generic Fill Rate by State

State	Generic Fill Rate
AL	45.4%
AR	45.6%
AZ	48.9%
CA	46.1%
CO	47.5%
CT	45.7%
DC	41.5%
DE	43.5%
FL	42.6%
GA	42.8%
IA	46.3%
ID	45.6%
IL	43.6%
IN	43.3%
KS	43.9%
KY	45.3%
LA	42.6%
MA	51.3%
MD	43.7%
ME	47.0%
MI	44.0%
MN	46.3%
MO	46.8%
MS	42.8%
MT	46.5%
NC	44.1%
ND	46.0%
NE	43.0%
NH	47.3%
NJ	39.5%
NM	50.4%
NV	46.5%
NY	40.8%
OH	43.7%
OK	45.1%
OR	50.2%
PA	45.1%
RI	45.9%
SC	43.3%
SD	43.7%
TN	44.1%
TX	42.3%
UT	48.4%
VA	45.1%
VT	46.6%
WA	47.4%
WI	47.8%
WV	46.6%