

CHARTBOOK: MEDICAID PHARMACY BENEFIT USE AND REIMBURSEMENT IN 2002

INTRODUCTION AND OVERVIEW

This chartbook, prepared for the Centers for Medicare & Medicaid Services (CMS) by Mathematica Policy Research, Inc., presents highlights and key comparisons from the Statistical Compendium on Medicaid pharmacy benefit use and reimbursement in 2002. The 37 exhibits in the chartbook are summarized below.

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**BENEFICIARY CHARACTERISTICS AND ILLUSTRATIVE USE
AND REIMBURSEMENT MEASURES**

EXHIBIT 1

**DISTRIBUTION OF MEDICAID STUDY POPULATION
BENEFICIARY CHARACTERISTICS, 2002**

Beneficiary Characteristics	Percent of Beneficiaries			
	Among All Medicaid Beneficiaries ^a	Among Nondual Beneficiaries ^b	Among Dual Eligibles ^b	Among Beneficiaries Who Resided in Nursing Facilities All Year ^c
Age				
5 and younger	20	24	< 1	
6–14	20	24	< 1	
15–20	12	14	< 1	
21–44	26	28	15	
45–64	10	8	21	13 ^e
65–74	5	1	25	13
75–84	4	< 1	23	31
85 and older	3	< 1	16	44
Sex				
Male	40	40	36	28
Female	60	59	64	72
Race				
African American	24	25	18	13
White	46	44	60	77
Other/Unknown	30	32	22	10
Dual Eligibility Status^b				
Dual Eligibles	17	0	100	92
Nondual Beneficiaries	83	100	0	8
Basis of Eligibility^d				
Children	47	56	< 1	< 1
Adults	26	31	1	< 1
Disabled	18	12	45	19
Aged	10	1	54	81
Number of Beneficiaries in Study Population				
	38,157,187	31,971,338	6,185,849	946,066

Source: Medicaid Analytic Extract (MAX), 2002. This table is based on information contained in Tables 2, ND.2, D.2, ND.8, and D.8 in the Statistical Compendium Volume, United States (hereafter “the Compendium”).

^aMedicaid beneficiaries featured in this chartbook include those who had fee-for-service (FFS) Medicaid pharmacy benefit coverage for at least one month during calendar year 2002. Beneficiaries who were in capitated managed care arrangements for the entire year are excluded. For more details on how we determined the study population, see Table 1 of the Compendium.

EXHIBIT 1 (*continued*)

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage for at least one month during their Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefit coverage. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

^cThis group includes beneficiaries who resided in nursing facilities throughout their Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined all-year nursing facility residency.

^dMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness. The children's group includes children receiving foster care and adoptive services.

^eThe percentage represents all ages below 65.

EXHIBIT 2

**ILLUSTRATIVE MEASURES OF STUDY POPULATION PHARMACY BENEFIT USE
AND REIMBURSEMENT, 2002^a**

Measures of Pharmacy Benefit Use and Reimbursement	Among All Medicaid Beneficiaries ^b	Among Nondual Beneficiaries ^b	Among Dual Eligibles ^b	Among Beneficiaries Who Resided in Nursing Facilities All Year ^b
Total Medicaid Pharmacy Reimbursement (in \$ million)	\$27,064	\$12,300	\$14,764	\$2,760
Average Annual Pharmacy Reimbursement per Beneficiary ^c	\$709	\$385	\$2,387	\$2,916
Average Pharmacy Reimbursement per Benefit Month ^d	\$91	\$52	\$233	\$344
Average Annual Number of Prescriptions per Beneficiary	12	6.5	40	60
Average Number of Prescriptions per Benefit Month	1.5	0.9	3.9	6.3

Source: Medicaid Analytic Extract (MAX), 2002. This table is based on information contained in Tables 3, 4, 6, ND.3, ND.4, ND.6, ND.8, ND.9, D.3, D.4, D.6, D.8, and D.9 in the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bSee footnotes to Exhibit 1 for how these groups were defined. Annual or monthly measures reflect use and reimbursement among beneficiaries in FFS settings, and may thus be higher or lower than if use and reimbursement in capitated managed care settings were included.

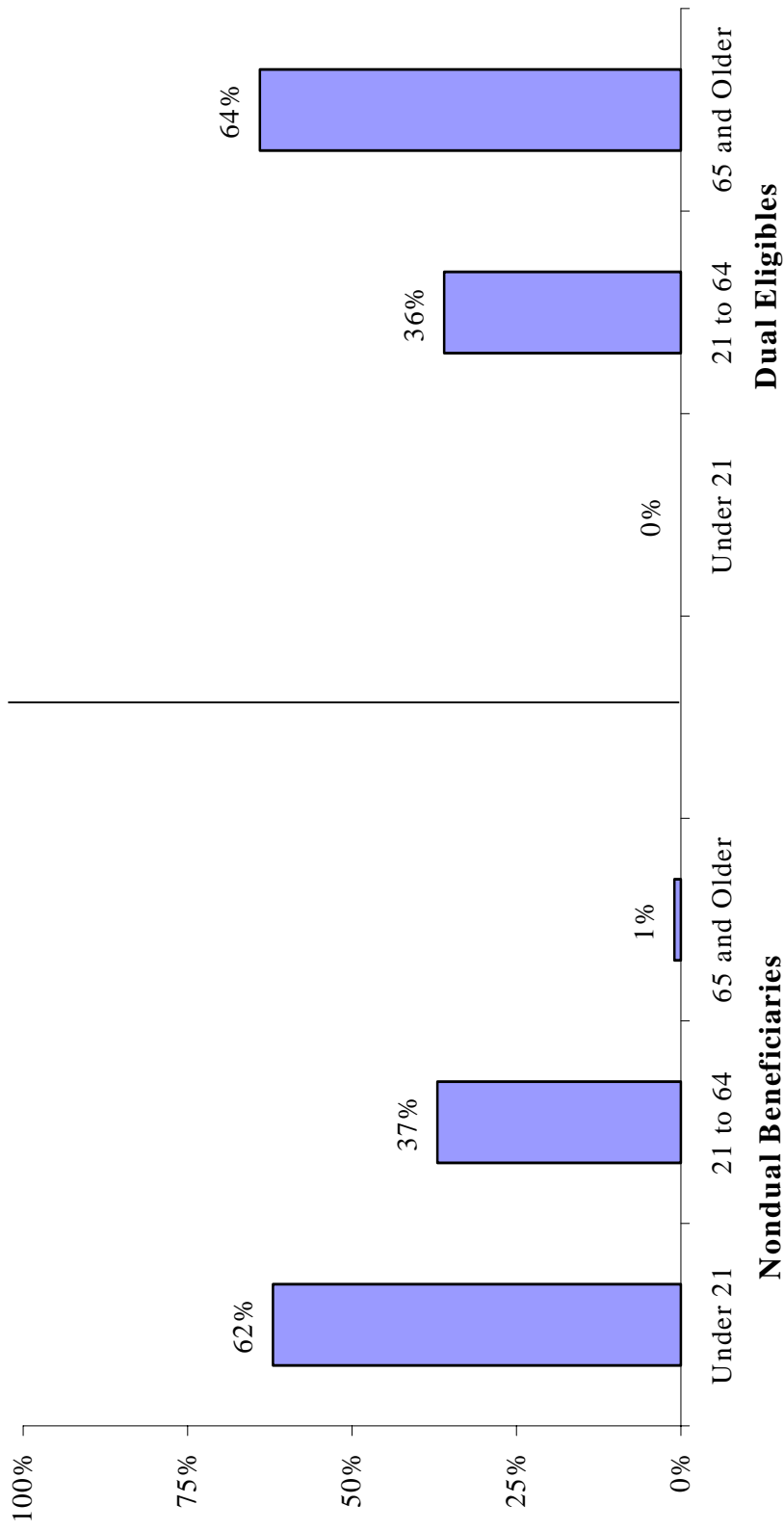
^cAnnual per-beneficiary use and reimbursement include all use and reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. Medicaid beneficiaries in the study population had, on average, 7.8 months of coverage. The comparable number was 7.3 months among nondual beneficiaries and 10.2 months among dual eligible beneficiaries, and 10.0 months among beneficiaries who resided in nursing facilities throughout their Medicaid enrollment in 2002.

^dMonthly use and reimbursement amounts were calculated by dividing total use and reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

STUDY POPULATION CHARACTERISTICS

EXHIBIT 3

**DISTRIBUTION OF MEDICAID STUDY POPULATION BY AGE GROUP,
NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2002^a**

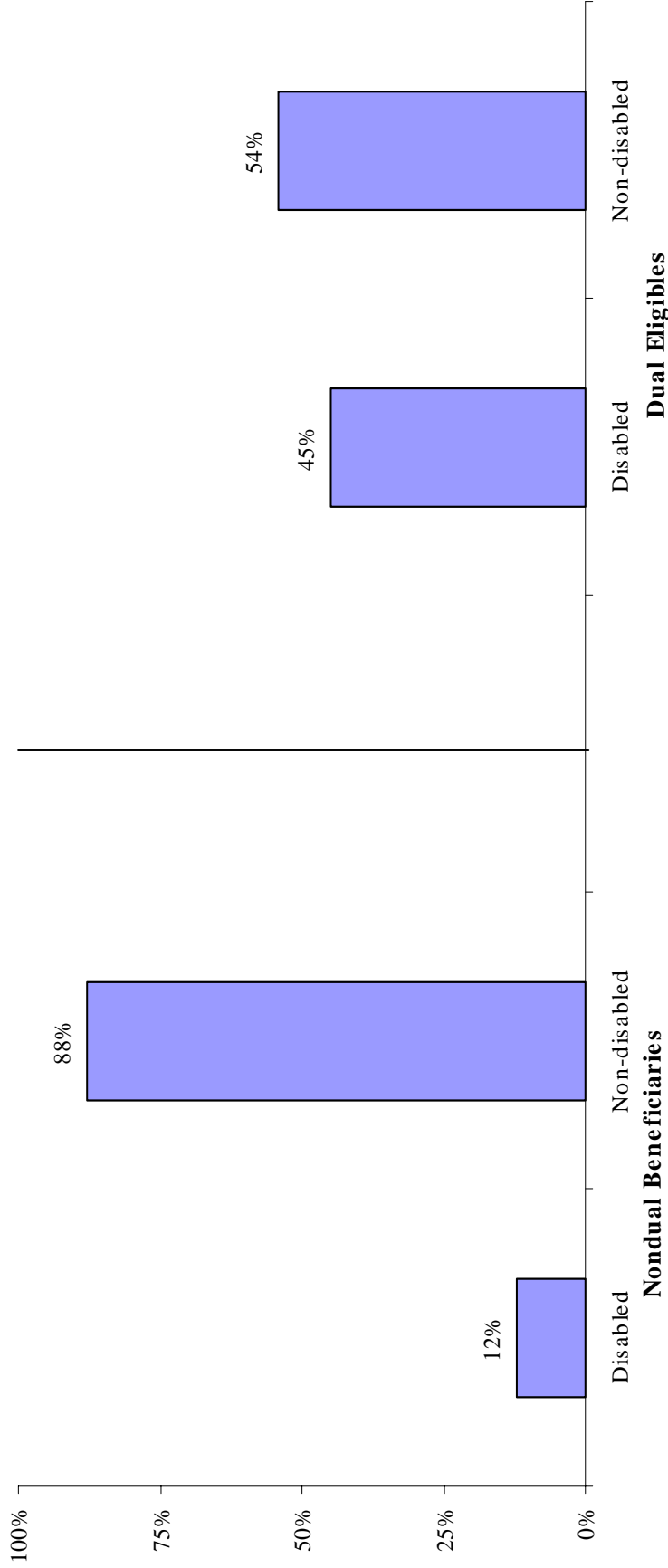


Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.2 and D.2 of the Compendium.

^aDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 4

**DISTRIBUTION OF MEDICAID STUDY POPULATION BY DISABILITY STATUS,
NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2002^{a,b}**

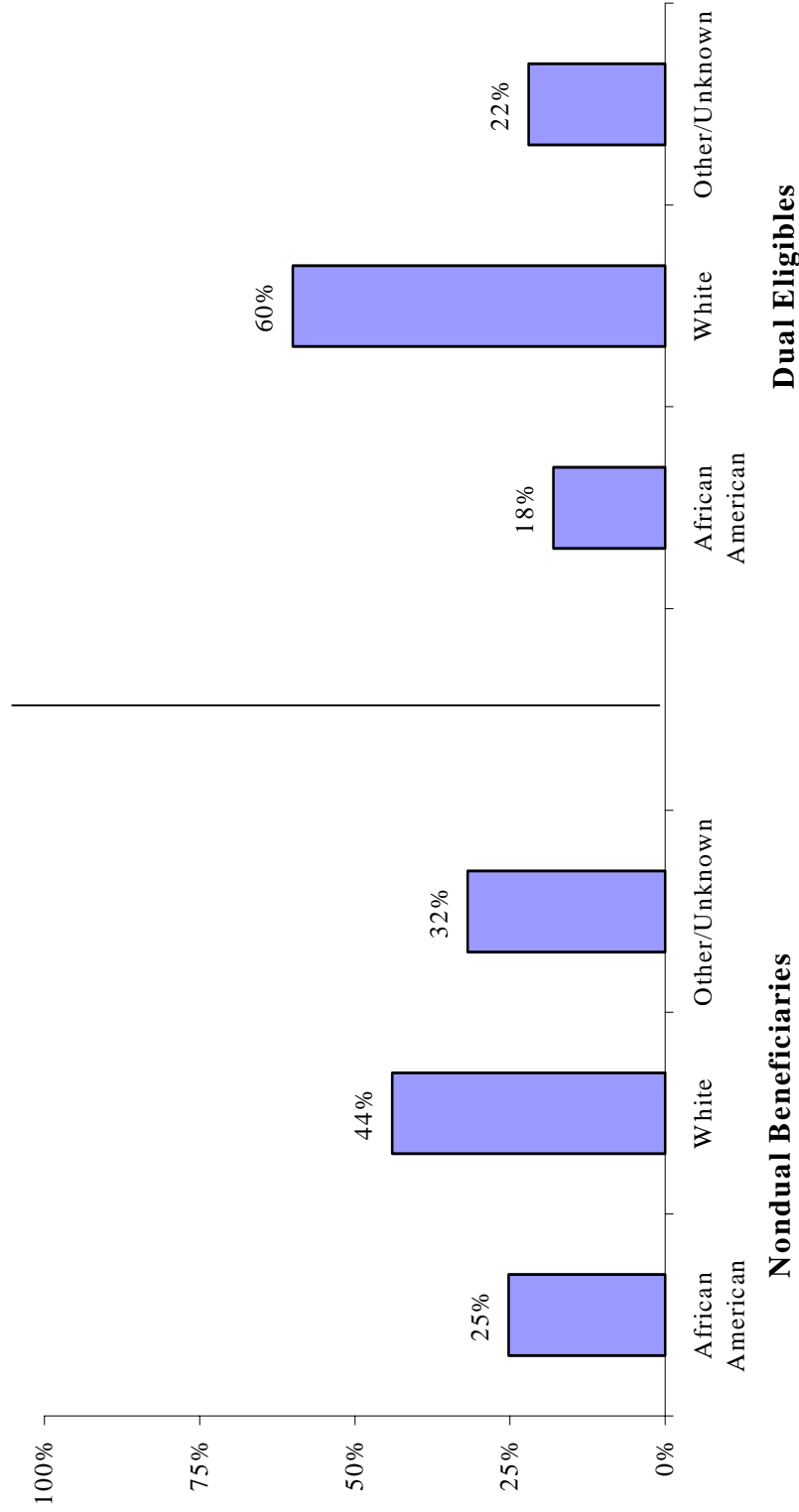


Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.2 and D.2 of the Compendium.

^aDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

^bThe disabled eligibility group includes beneficiaries of any age who were determined to be eligible for Medicaid because of disability or blindness.

EXHIBIT 5
DISTRIBUTION OF MEDICAID STUDY POPULATION BY RACE,
NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2002^a

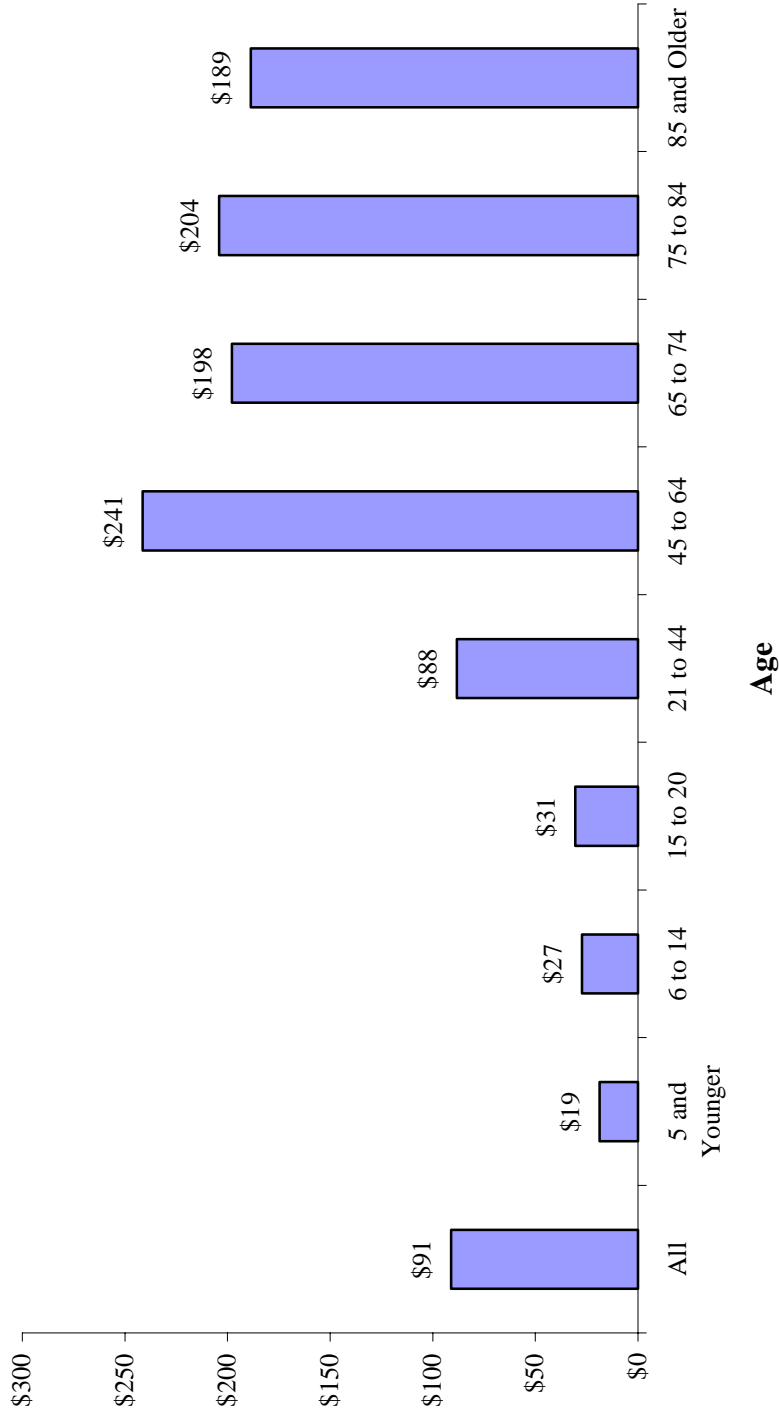


Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.2 and D.2 of the Compendium.

^aDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY REIMBURSEMENT AND USE,
BY TYPE OF BENEFICIARY**

EXHIBIT 6
AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT,
BY AGE GROUP, 2002^{a,b}



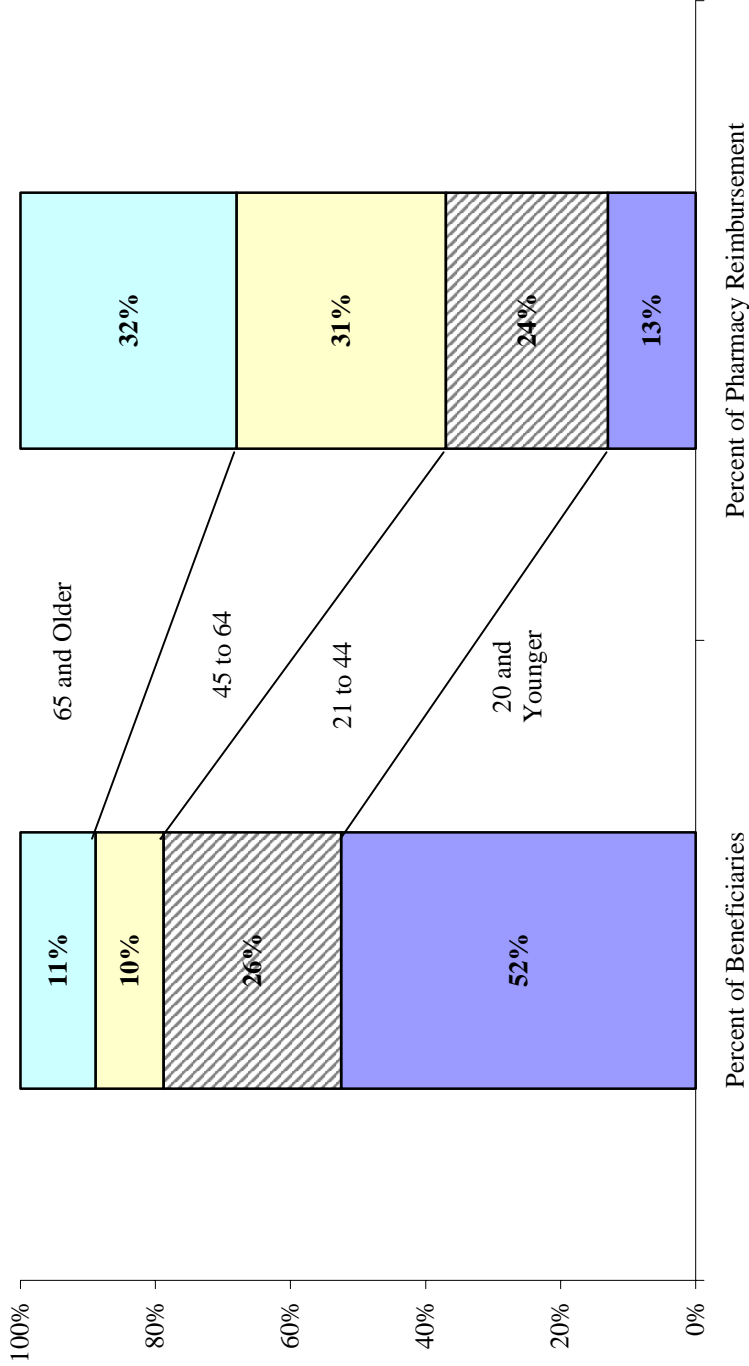
Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table 4 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

EXHIBIT 7

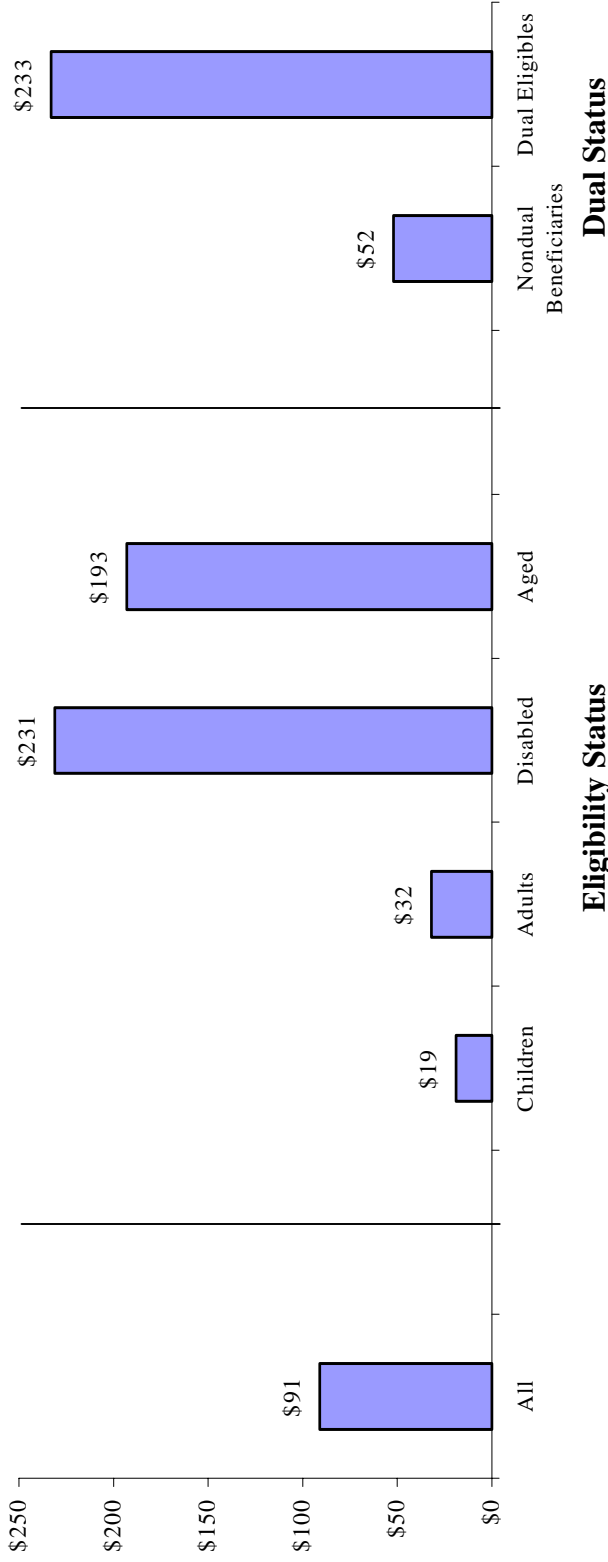
DISTRIBUTION OF AGE GROUPS AND TOTAL PHARMACY REIMBURSEMENT, 2002^a



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables 2, 3, and 6 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

EXHIBIT 8
AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT,
BY BASIS OF ELIGIBILITY AND DUAL STATUS, 2002^{a,b,c,d}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables 4, ND.4, and D.4 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

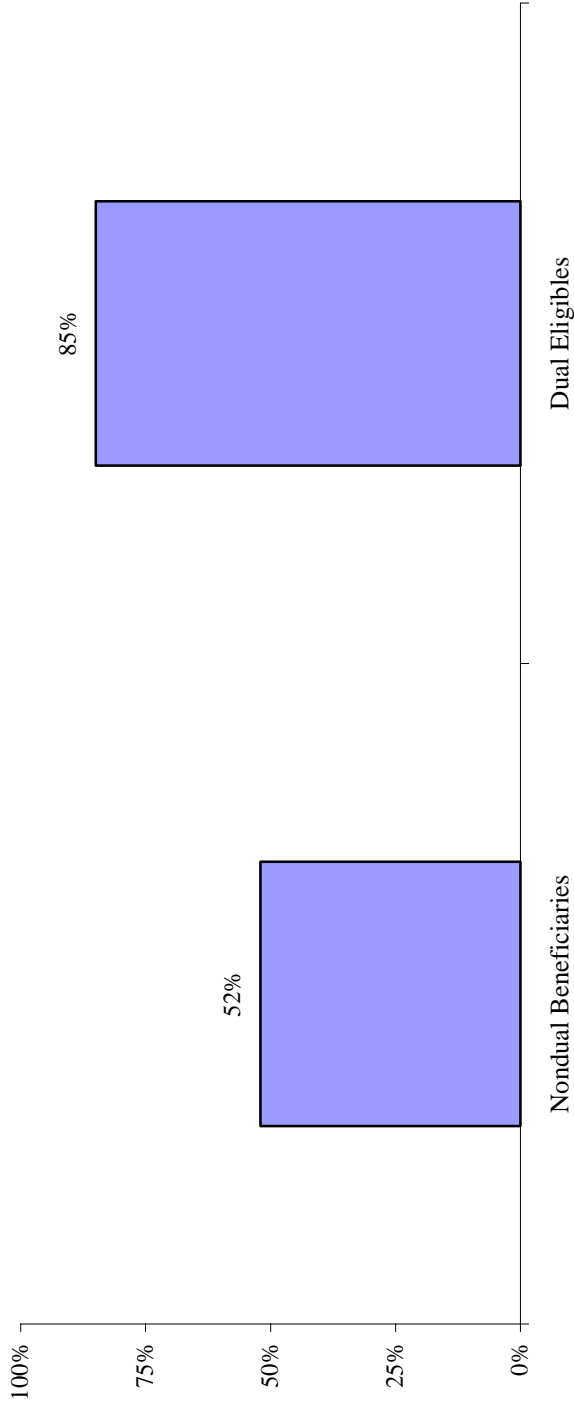
^bMonthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

^cMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 9

**PERCENTAGE OF BENEFICIARIES WITH AT LEAST ONE PRESCRIPTION DRUG CLAIM,
BY DUAL ELIGIBILITY STATUS, 2002^a**

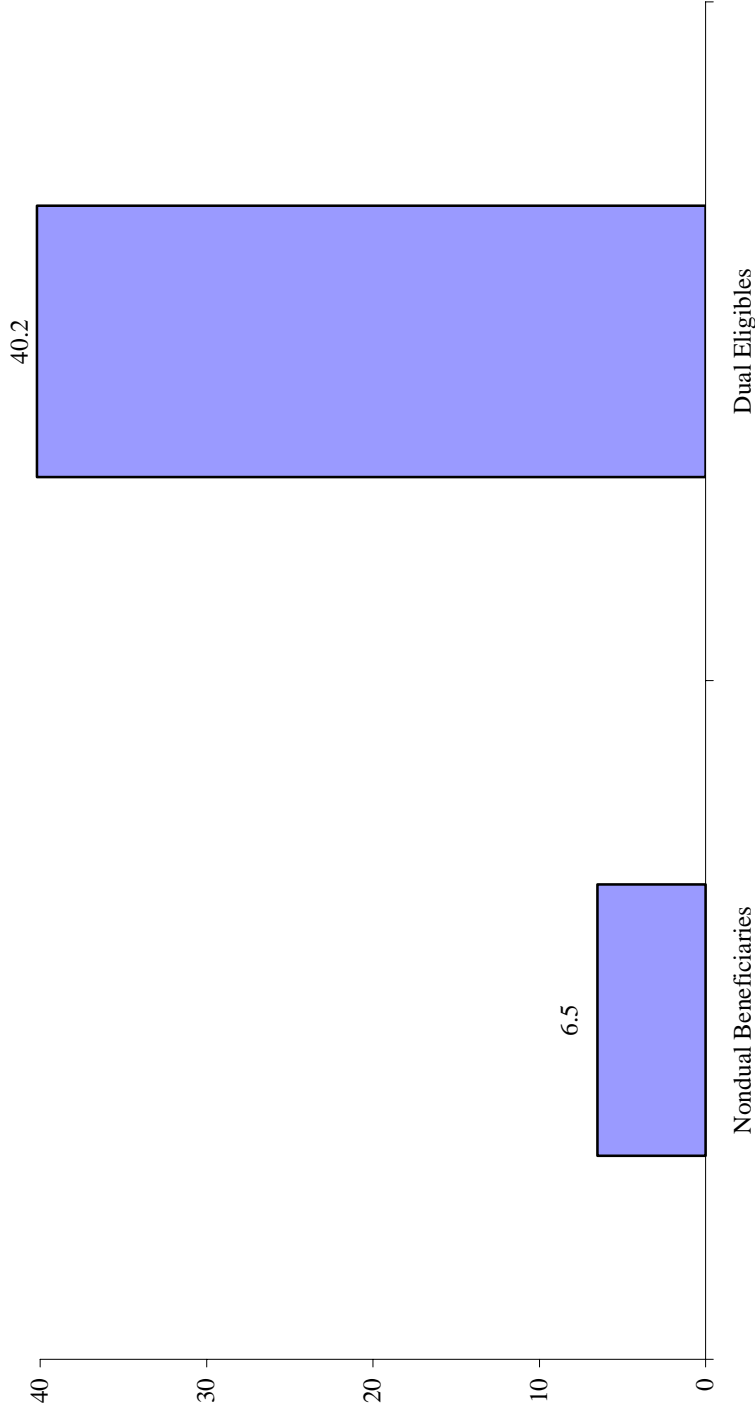


Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.3 and D.3 of the Compendium.

^aDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 10

**AVERAGE ANNUAL NUMBER OF PRESCRIPTION DRUG CLAIMS PER BENEFICIARY,
BY DUAL ELIGIBILITY STATUS, 2002^{a,b}**



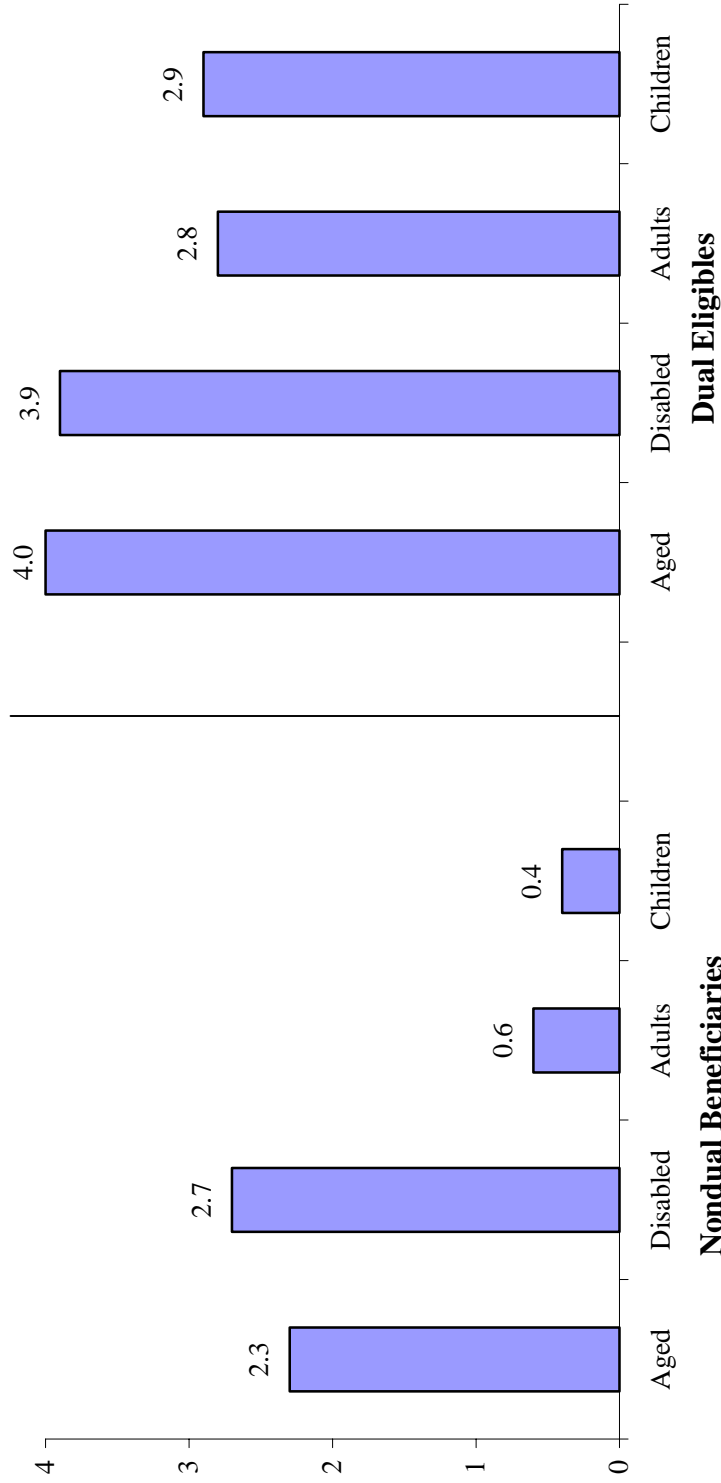
Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.3 and D.3 of the Compendium.

^aDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

^bNondual beneficiaries, on average, had fewer months of Medicaid eligibility in 2002 than dual eligible beneficiaries: 7.3 months for nonduals and 10.2 months for duals.

EXHIBIT 11

NUMBER OF PRESCRIPTIONS PER BENEFIT MONTH, BY BASIS OF ELIGIBILITY AND DUAL ELIGIBILITY STATUS, 2002^{ab}



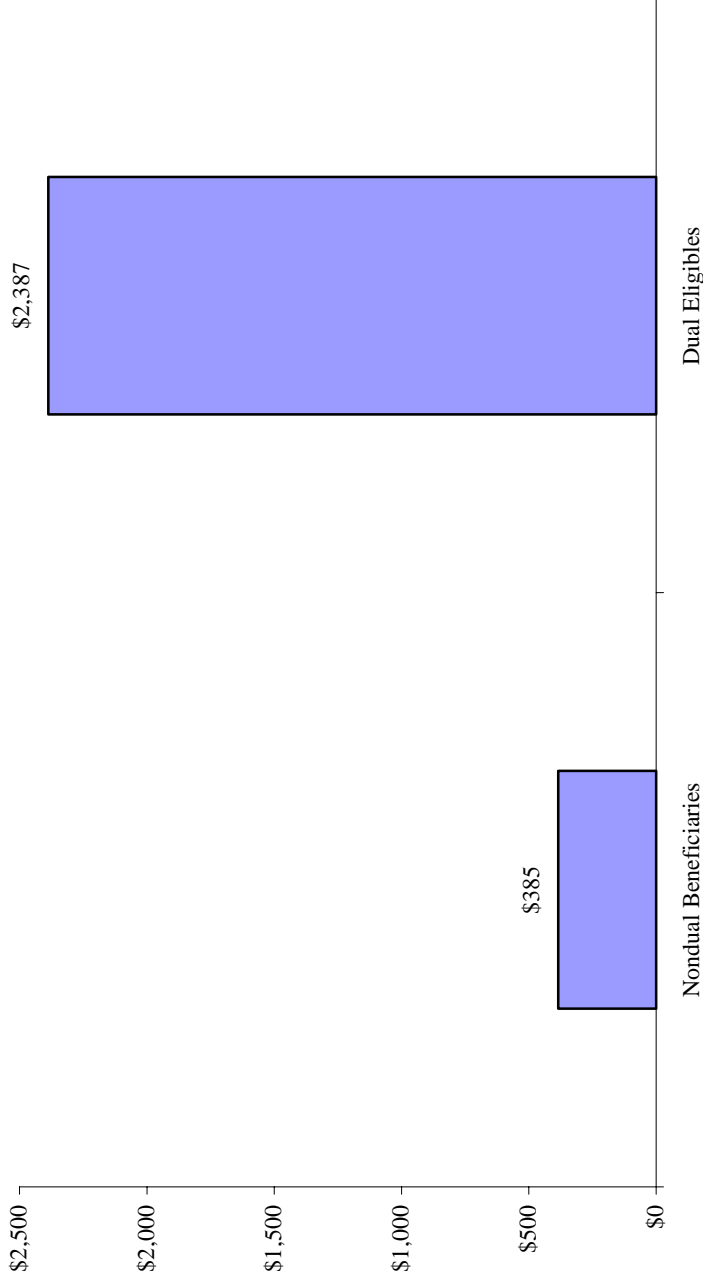
Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.4 and D.4 of the Compendium.

^aMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 12

**AVERAGE ANNUAL PRESCRIPTION DRUG SPENDING PER BENEFICIARY,
BY DUAL ELIGIBILITY STATUS, 2002^{a,b}**



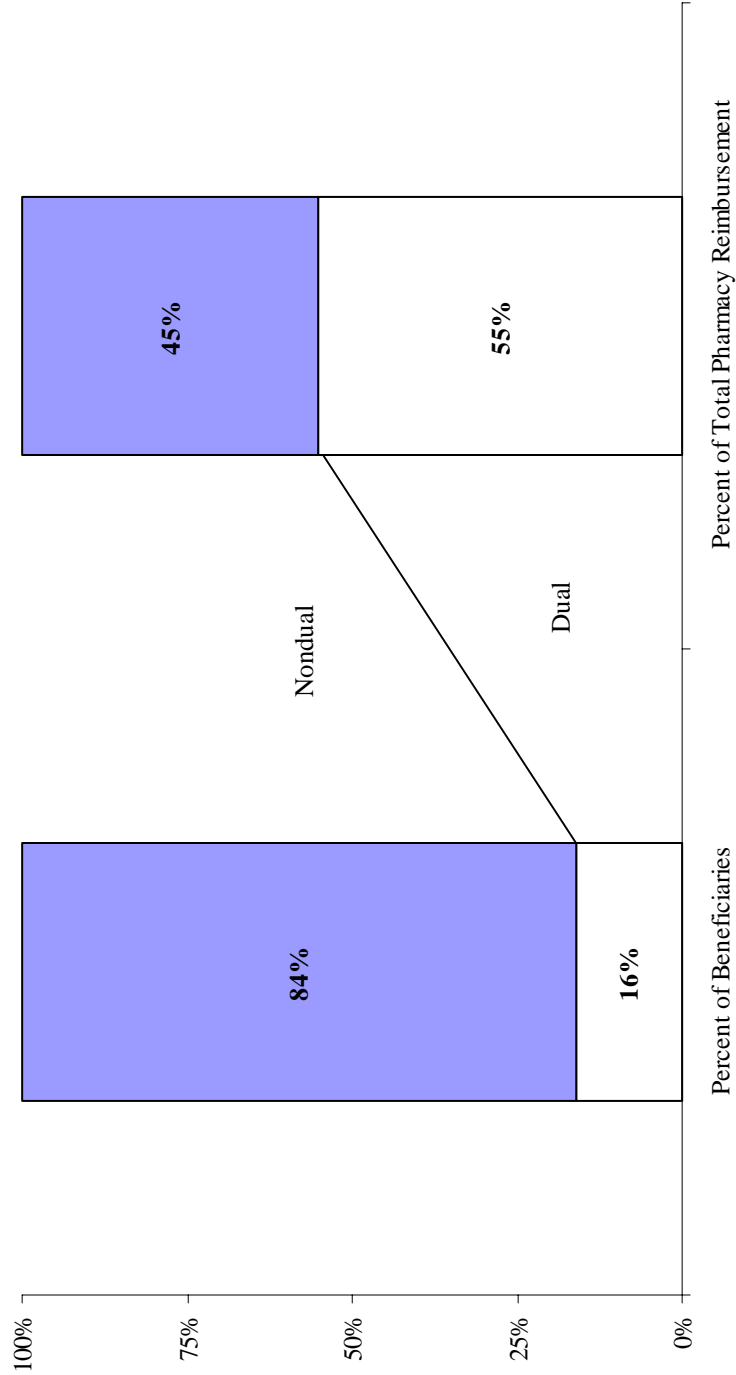
Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.3 and D.3 of the Compendium.

^aDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

^bNonduals, on average, had fewer months of Medicaid eligibility in 2002 than dual eligible beneficiaries: 7.3 months for nonduals and 10.2 months for duals.

EXHIBIT 13

DISTRIBUTION OF DUAL ELIGIBILITY STATUS AND TOTAL PHARMACY REIMBURSEMENT, 2002^{a,b}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables 2, ND.2, D.2, 6, ND.6, and D.6 of the Compendium.

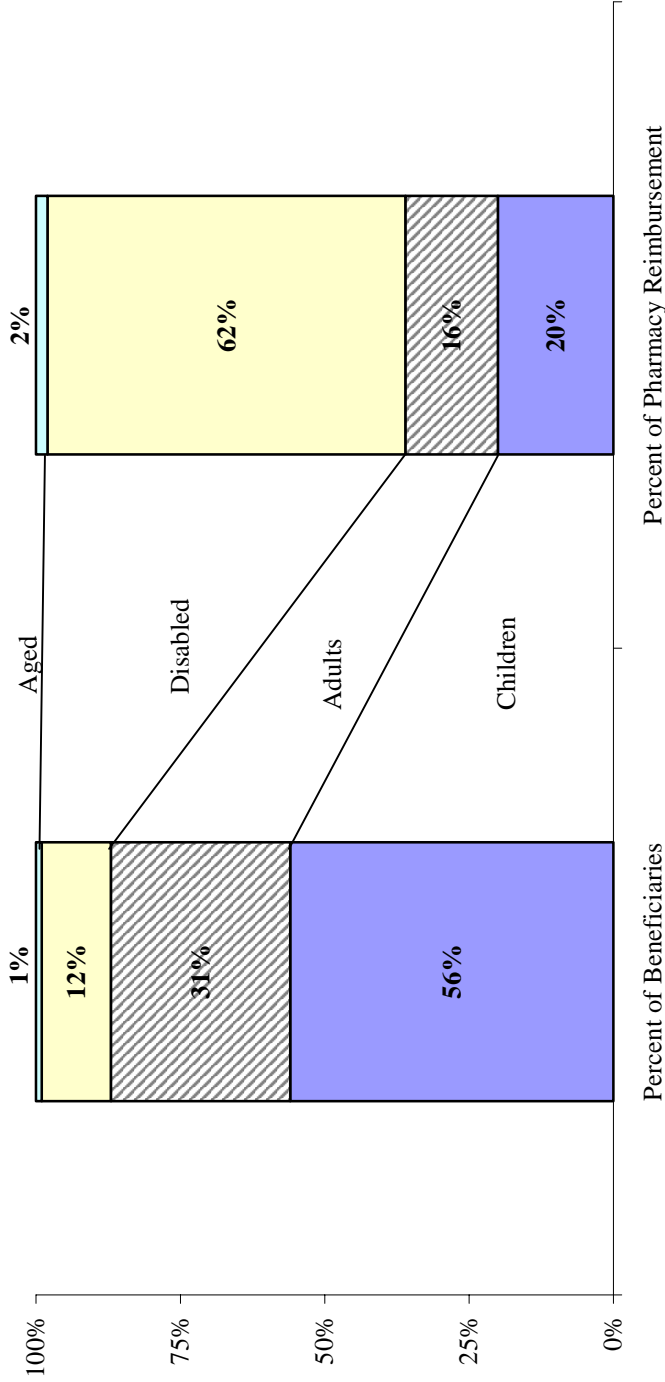
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,
NONDUAL BENEFICIARIES**

EXHIBIT 14

DISTRIBUTION OF BENEFICIARIES AND TOTAL PHARMACY REIMBURSEMENT AMONG NONDUAL BENEFICIARIES, BY BASIS OF ELIGIBILITY, 2002^{a,b,c}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.2, ND.3, and ND.6 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

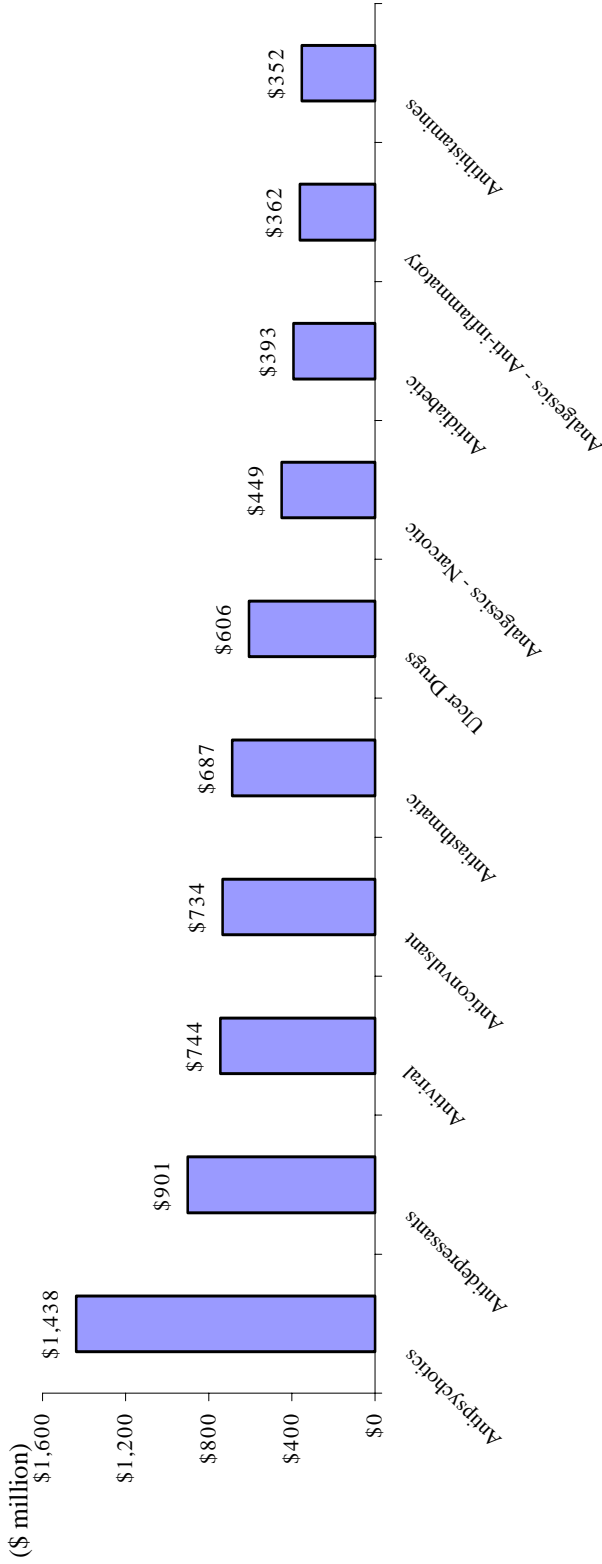
^bMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

^cDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 15

TOTAL ANNUAL MEDICAID REIMBURSEMENT FOR TOP 10 DRUG GROUPS AMONG NONDUAL BENEFICIARIES, 2002^{a,b,c,d}

The top 10 drug groups (out of over 90 drug groups) accounted for 54 percent of total Medicaid FFS pharmacy reimbursement for nondual beneficiaries in 2002.



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table ND.7 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

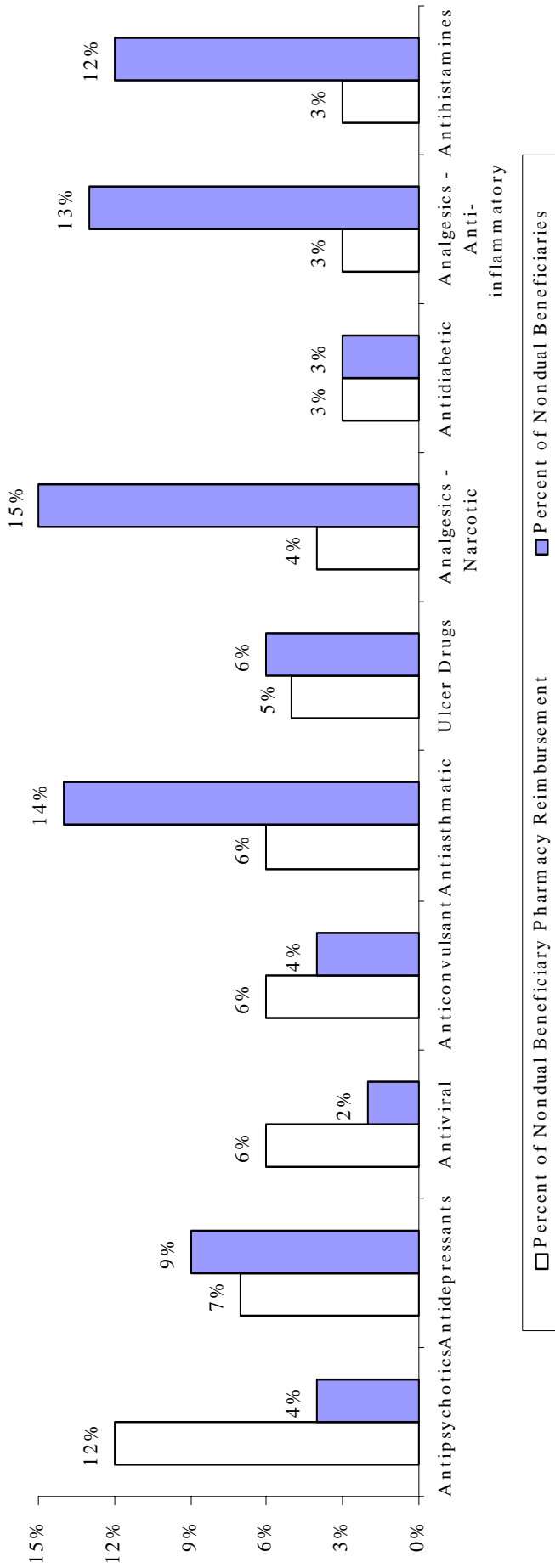
^bAnnual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, nondual eligible Medicaid beneficiaries in the study population had, on average, 7.5 months of coverage.

^cThe top 10 drug groups were determined based on total Medicaid reimbursement in 2002. For information about these drug groups, see Wolters Kluwer Health, [<http://www.medispan.com/products/index.aspx?id=1>] (November 8, 2006).

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 16

PERCENTAGE OF PHARMACY REIMBURSEMENT AND USERS FOR TOP 10 DRUG GROUPS AMONG NONDUAL BENEFICIARIES, 2002^{a,b,c,d}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table ND.7 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bA user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2002. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these drug groups, see Wolters Kluwer Health, [http://www.medispanspan.com/products/index.aspx?id=1] (November 8, 2006).

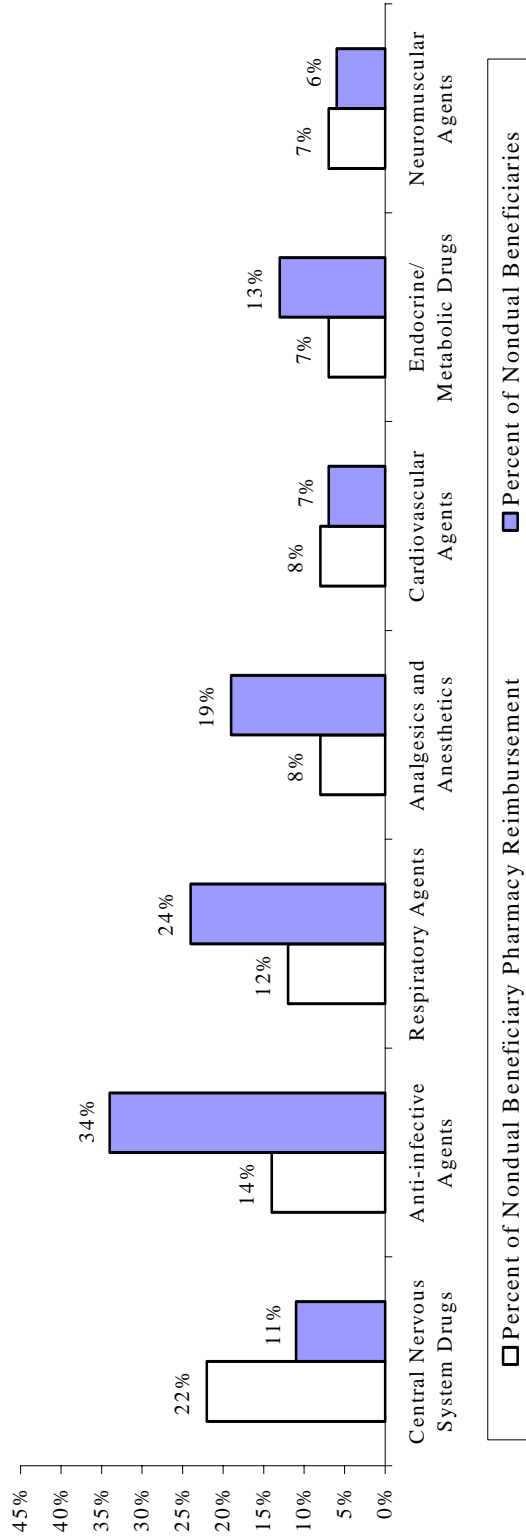
^cThe top 10 drugs groups were determined based on total Medicaid reimbursement in the state for 2002. For information about these drug groups, see Wolters Kluwer Health, [http://www.medispanspan.com/products/index.aspx?id=1] (November 8, 2006).

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 17

PERCENTAGE OF PHARMACY REIMBURSEMENT AND USERS FOR TOP 7 THERAPEUTIC CATEGORIES AMONG NONDUAL BENEFICIARIES, 2002^{a,b,c,d}

The top 7 therapeutic categories (out of 18 therapeutic categories) accounted for 77 percent of total Medicaid FFS pharmacy reimbursement for nondual beneficiaries in 2002



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table ND.6 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

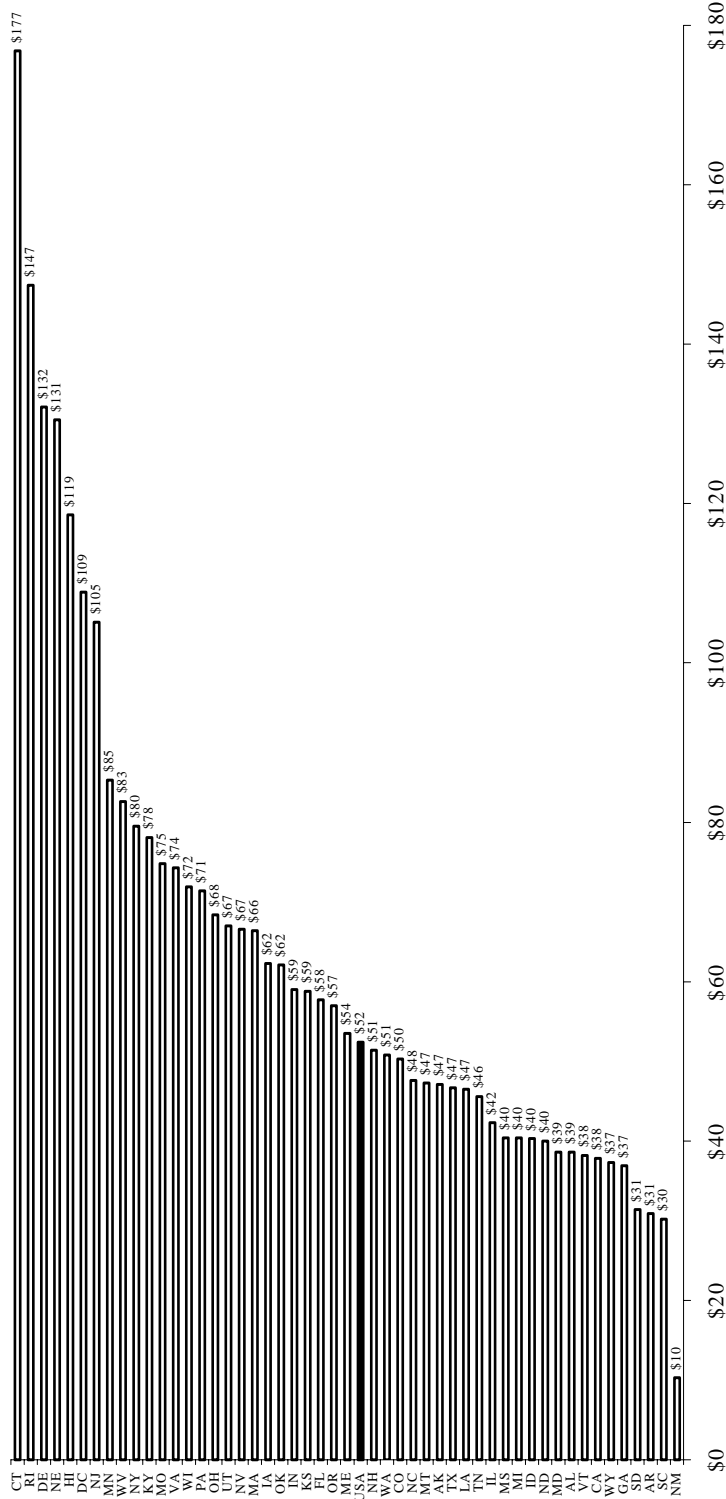
^bA user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2002. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these therapeutic categories, see Wolters Kluwer Health, [<http://www.medispan.com/products/index.aspx?id=1>] (November 8, 2006).

^cTop 7 categories were determined based on total Medicaid reimbursement in 2002. For information about these therapeutic categories, see Wolters Kluwer Health, [<http://www.medispan.com/products/index.aspx?id=1>] (November 8, 2006).

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 18

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT AMONG NONDUAL BENEFICIARIES, BY STATE, 2002^{a,b,c}



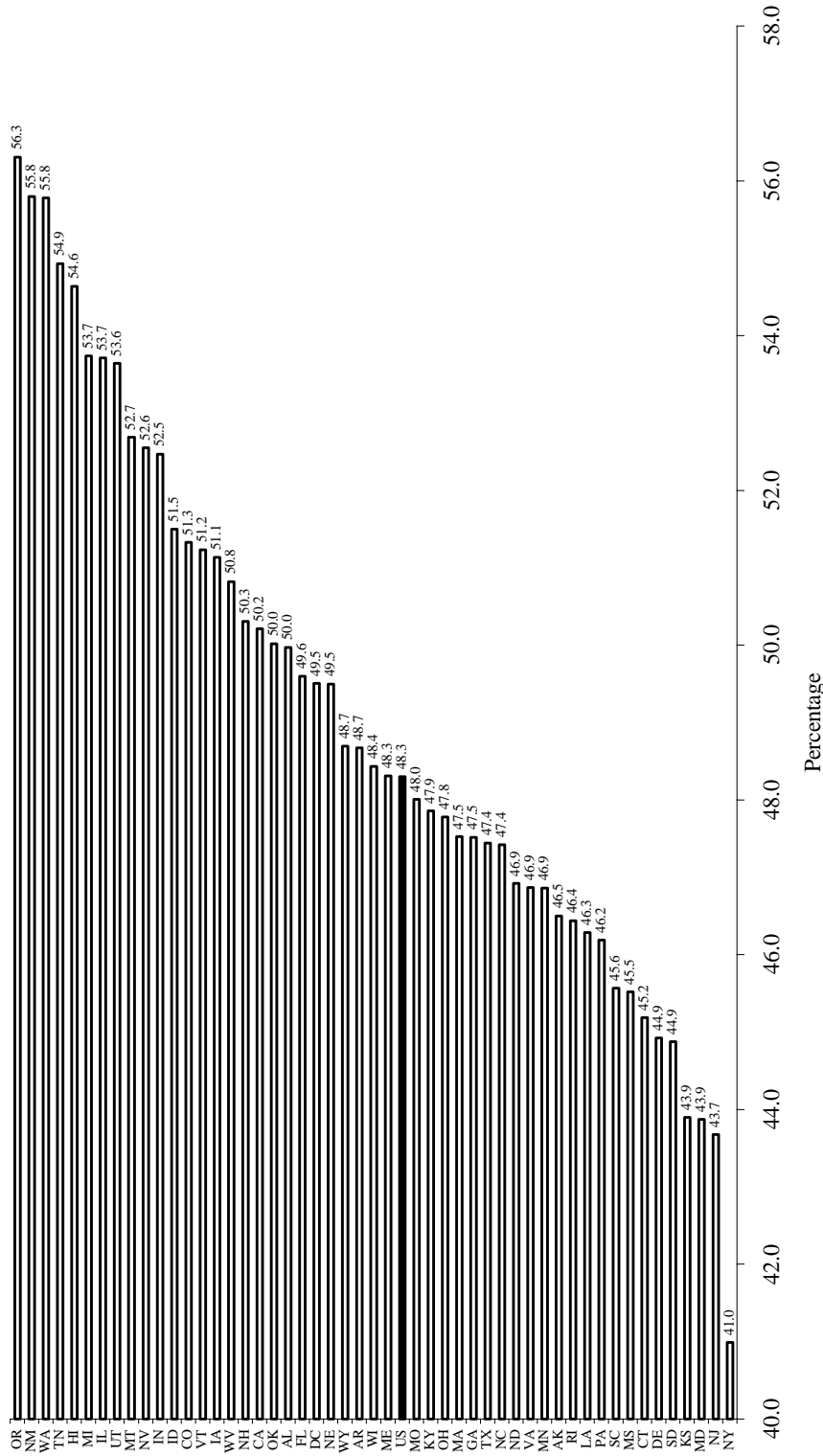
Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table N.2 of the Compendium for the nation. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

^cDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 19
GENERIC PRESCRIPTIONS AS PERCENTAGE OF ALL PRESCRIPTIONS
AMONG NONDUAL BENEFICIARIES, BY STATE, 2002^{a,b}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table N.2 of the Compendium for the nation. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

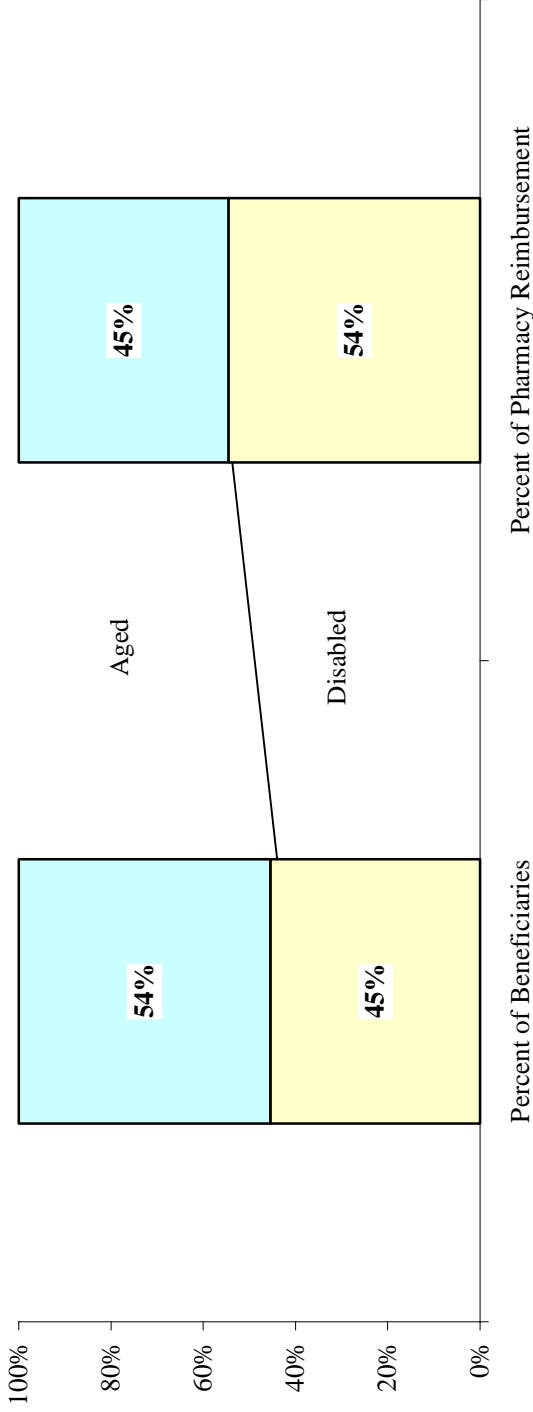
^aBrand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, [<http://www.medspan.com/products/index.aspx?id=1>] (November 8, 2006).

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,
DUAL ELIGIBLE BENEFICIARIES**

EXHIBIT 20

DISTRIBUTION OF BENEFICIARIES AND TOTAL PHARMACY REIMBURSEMENT AMONG DUAL ELIGIBLES, BY BASIS OF ELIGIBILITY, 2002^{a,b,c,d}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables D.2, D.3, and D.6 of the Compendium.

^aChildren and adults comprise less than 1 percent each of dual eligible beneficiaries both in percentage of beneficiaries and in percentage of pharmacy reimbursement.

^bThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

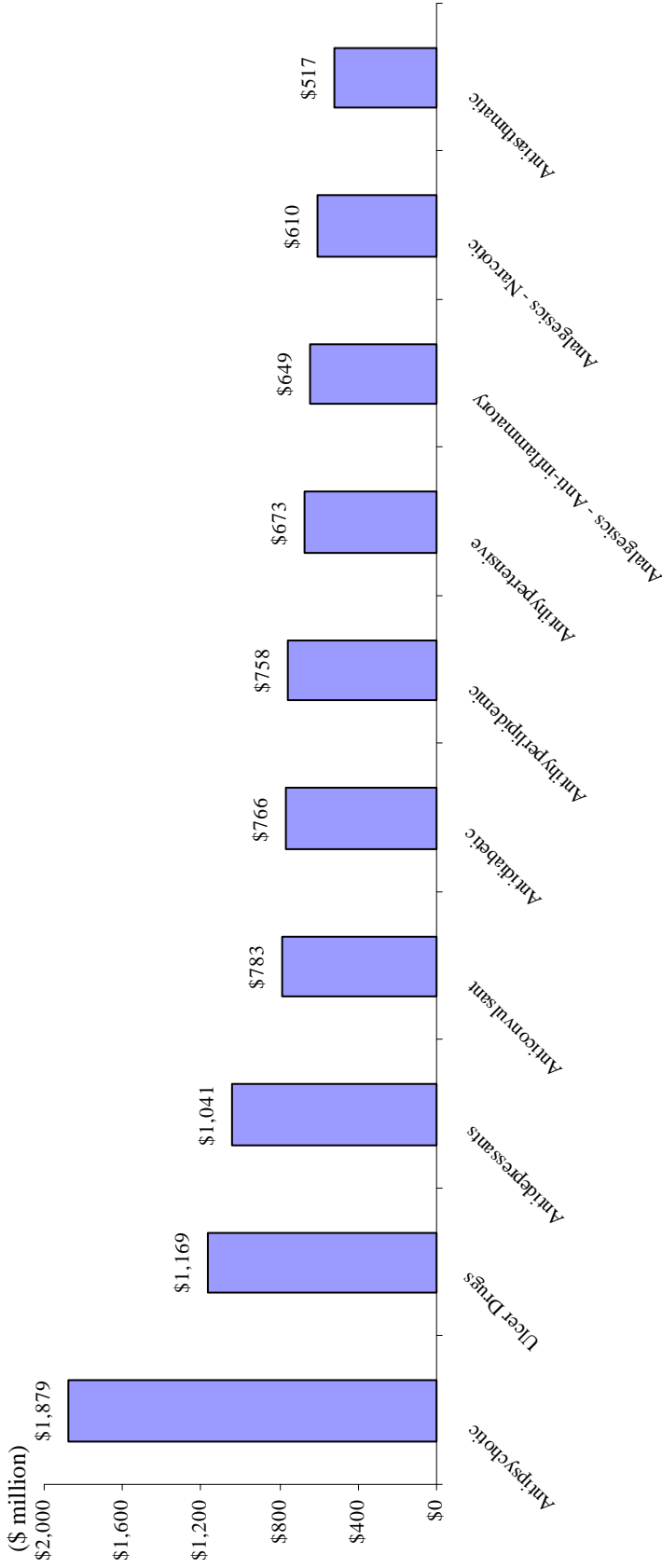
^cMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 21

TOTAL ANNUAL MEDICAID REIMBURSEMENT FOR TOP 10 DRUG GROUPS AMONG DUAL ELIGIBLES, 2002^{a,b,c,d}

The top 10 drug groups (out of over 90 drug groups) accounted for 60 percent of total Medicaid FFS pharmacy reimbursement for dual eligibles in 2002.



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table D.7 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

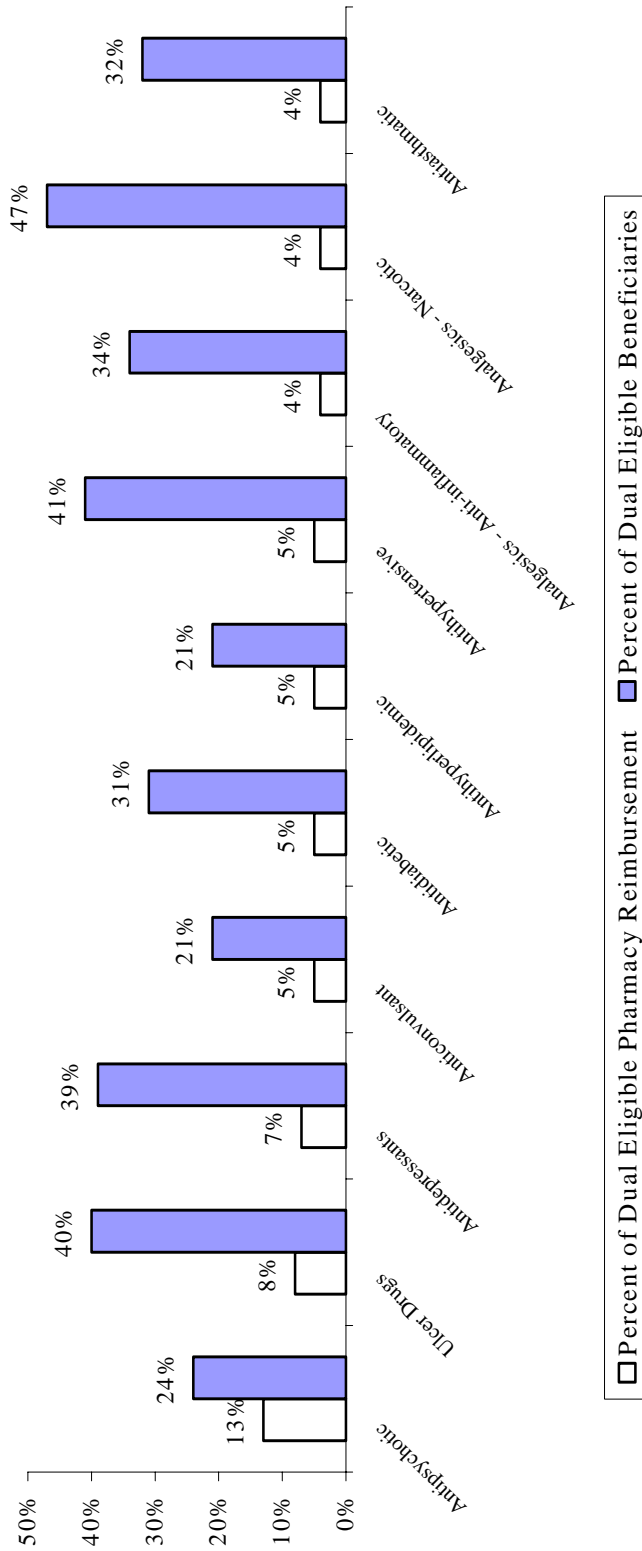
^bAnnual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, nondual eligible Medicaid beneficiaries in the study population had, on average, 10.2 months of coverage.

^cThe top 10 drug groups were determined based on total Medicaid reimbursement in 2002. For information about these drug groups, see Wolters Kluwer Health, [<http://www.medspan.com/products/index.aspx?id=1>] (November 8, 2006).

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 22

PERCENTAGE OF PHARMACY REIMBURSEMENT AND USERS FOR TOP 10 DRUG GROUPS AMONG DUAL ELIGIBLES, 2002^{a,b,c,d}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table D.7 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bA user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2002. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these drug groups, see Wolters Kluwer Health, [http://www.medispn.com/products/index.aspx?id=1] (November 8, 2006).

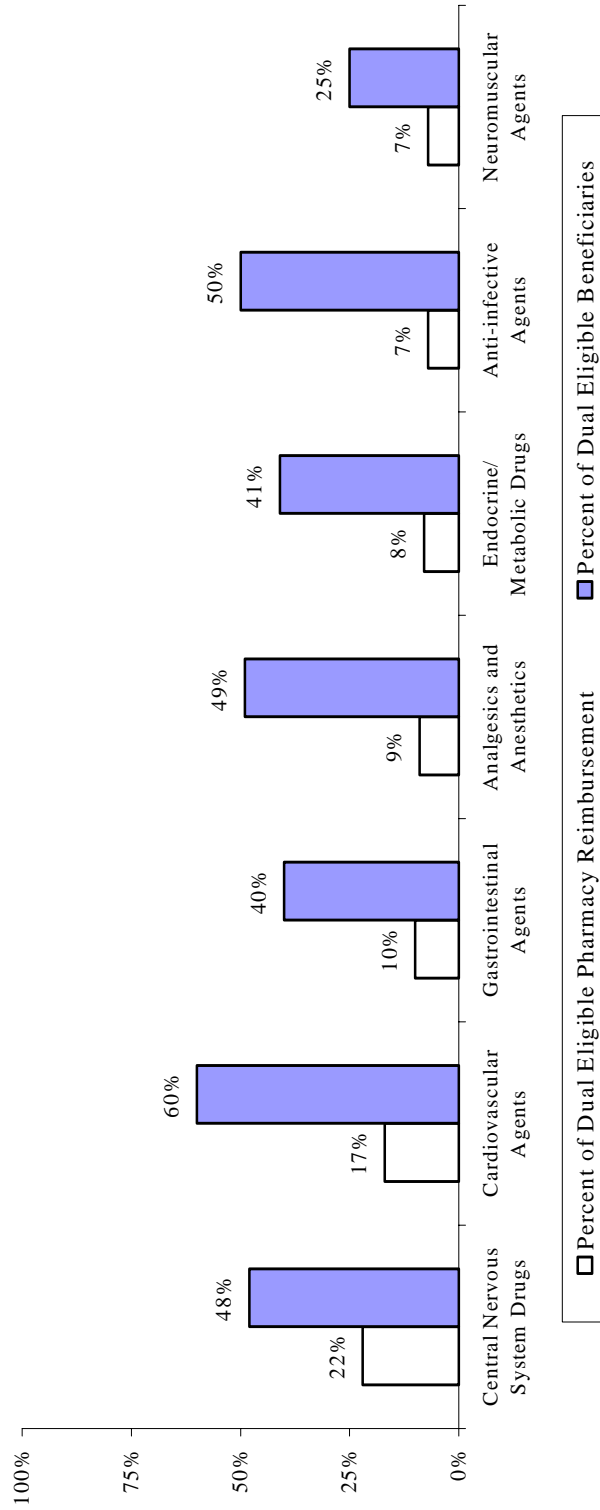
^cThe top 10 drugs groups were determined based on total Medicaid reimbursement in the state for 2002. For information about these drug groups, see Wolters Kluwer Health, [http://www.medispn.com/products/index.aspx?id=1] (November 8, 2006).

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Refer to Table I in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 23

PERCENTAGE OF PHARMACY REIMBURSEMENT AND USERS FOR TOP 7 THERAPEUTIC CATEGORIES AMONG DUAL ELIGIBLES, 2002^{a,b,c,d}

The top 7 therapeutic categories (out of 18 therapeutic categories) accounted for 79 percent of total Medicaid FFS pharmacy reimbursement for dual beneficiaries in 2002



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table D.6 of the Compendium.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

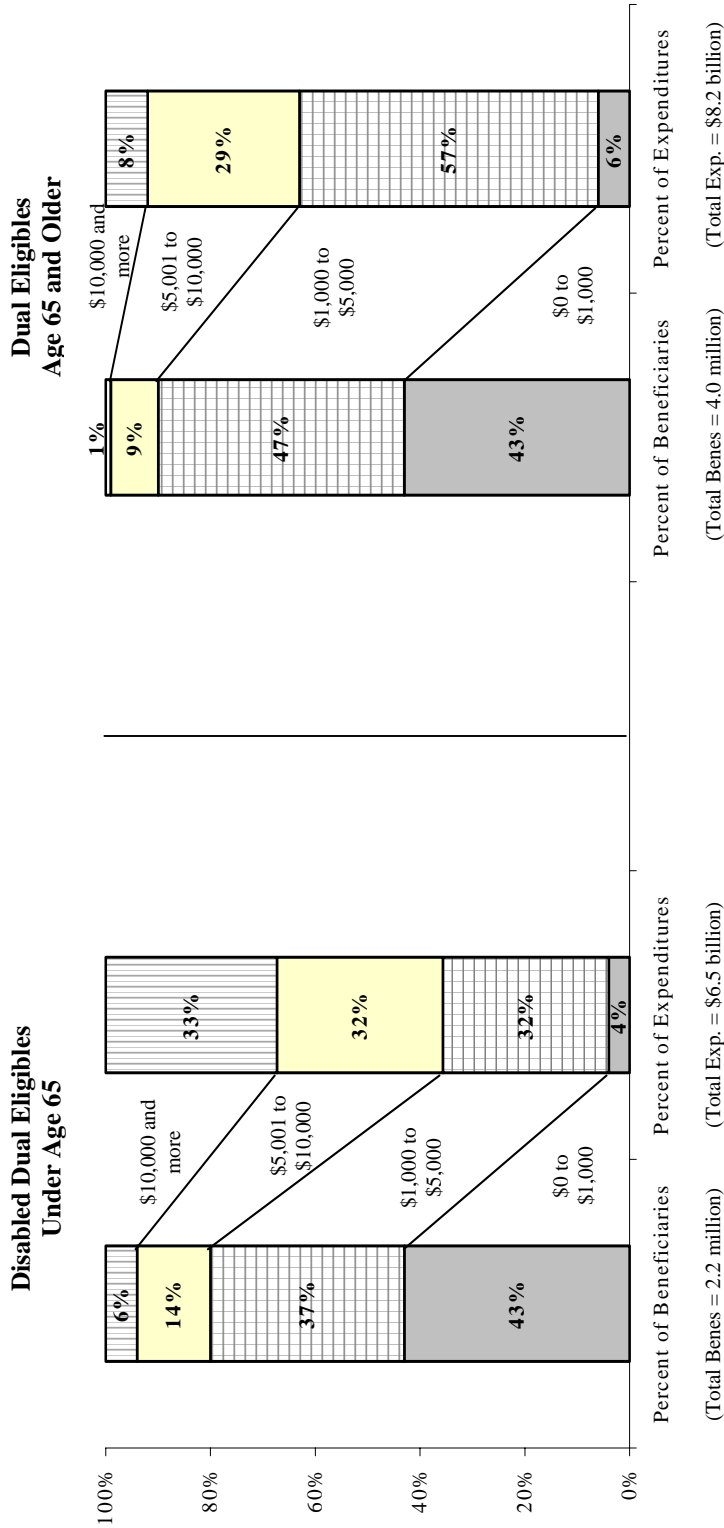
^bA user is a beneficiary who had at least one prescription filled in a given therapeutic category during 2002. A beneficiary who used drugs from two or more categories was counted as a user for each category. Therefore, the sum of users across categories may exceed the total number of individual users. For information about these therapeutic categories, see Wolters Kluwer Health, [<http://www.medispn.com/products/index.aspx?id=1>] (November 8, 2006).

^cTop 7 categories were determined based on total Medicaid reimbursement in 2002. For information about these therapeutic categories, see Wolters Kluwer Health, [<http://www.medispn.com/products/index.aspx?id=1>] (November 8, 2006).

^dDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 24

DISTRIBUTION OF ANNUAL PHARMACY REIMBURSEMENT FOR DUAL ELIGIBLES, UNDER-AGE-65 DISABLED VS. AGE 65 AND OLDER, 2002^{a,b,c}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Supplemental Tables 1A and 1B of the Compendium for the nation.

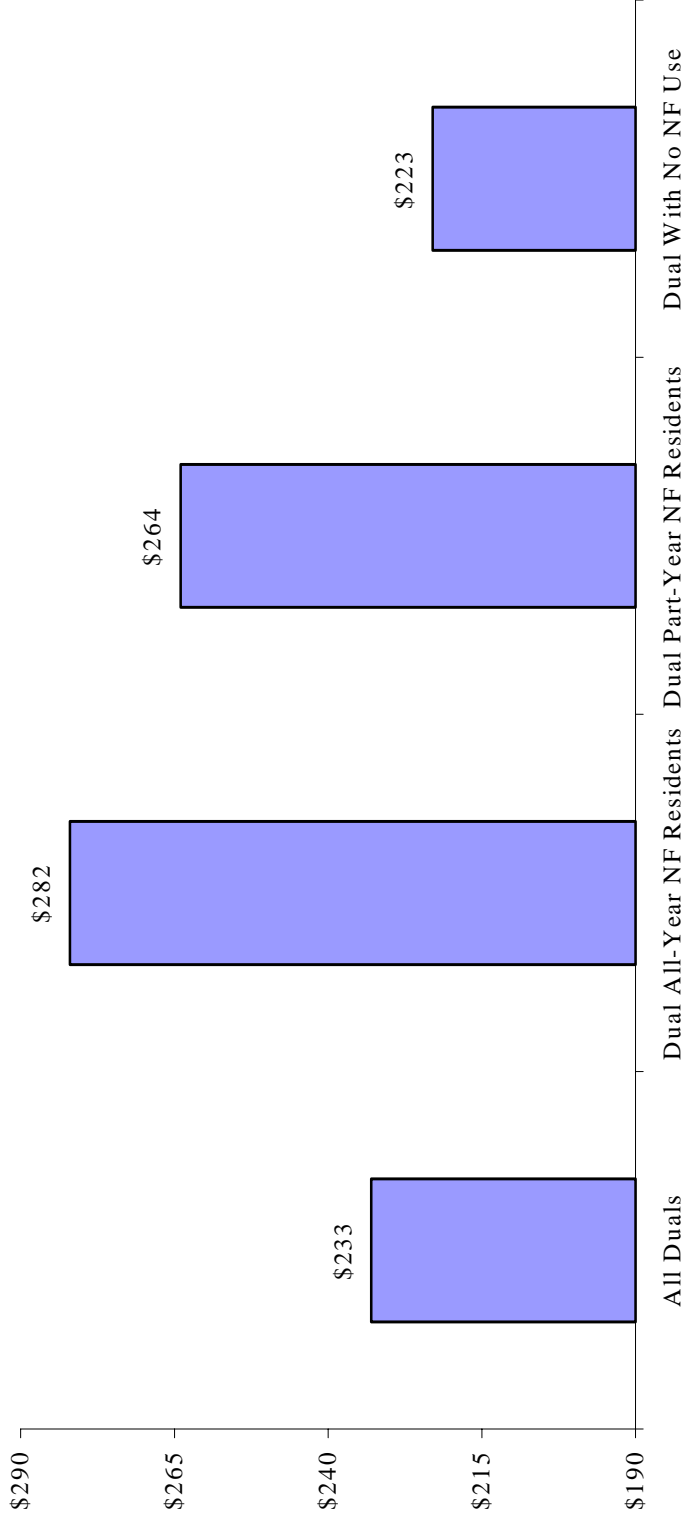
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population had, on average, 10.2 months of coverage in 2002.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 25

**AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT AMONG DUAL ELIGIBLES,
BY BENEFICIARY NURSING FACILITY RESIDENCE, 2002^{a,b,c}**



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table D.4 of the Compendium.

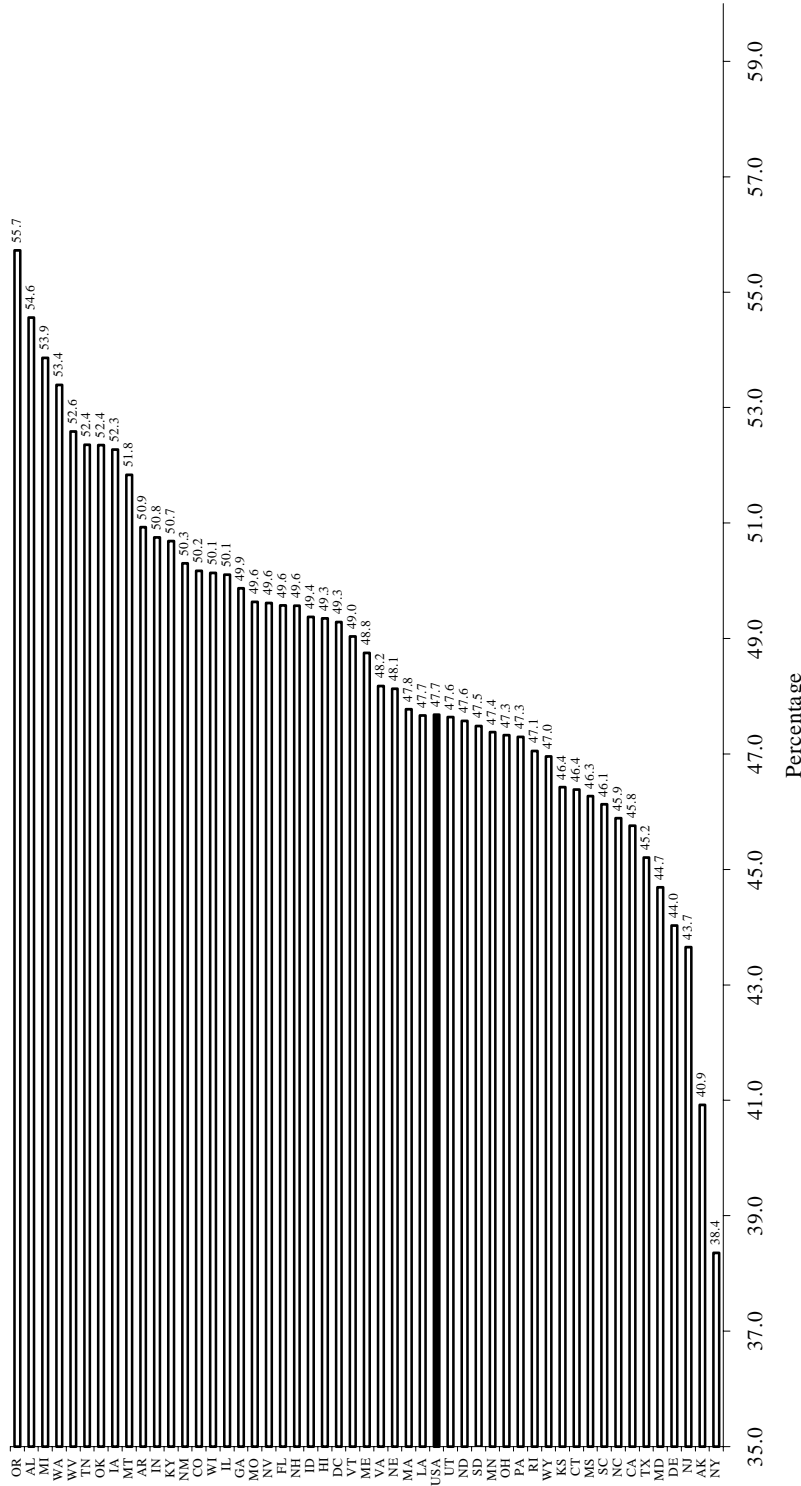
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

^cDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 27

GENERIC PRESCRIPTIONS AS A PERCENTAGE OF ALL PRESCRIPTIONS AMONG DUAL ELIGIBLES, BY STATE, 2002^{a,b}



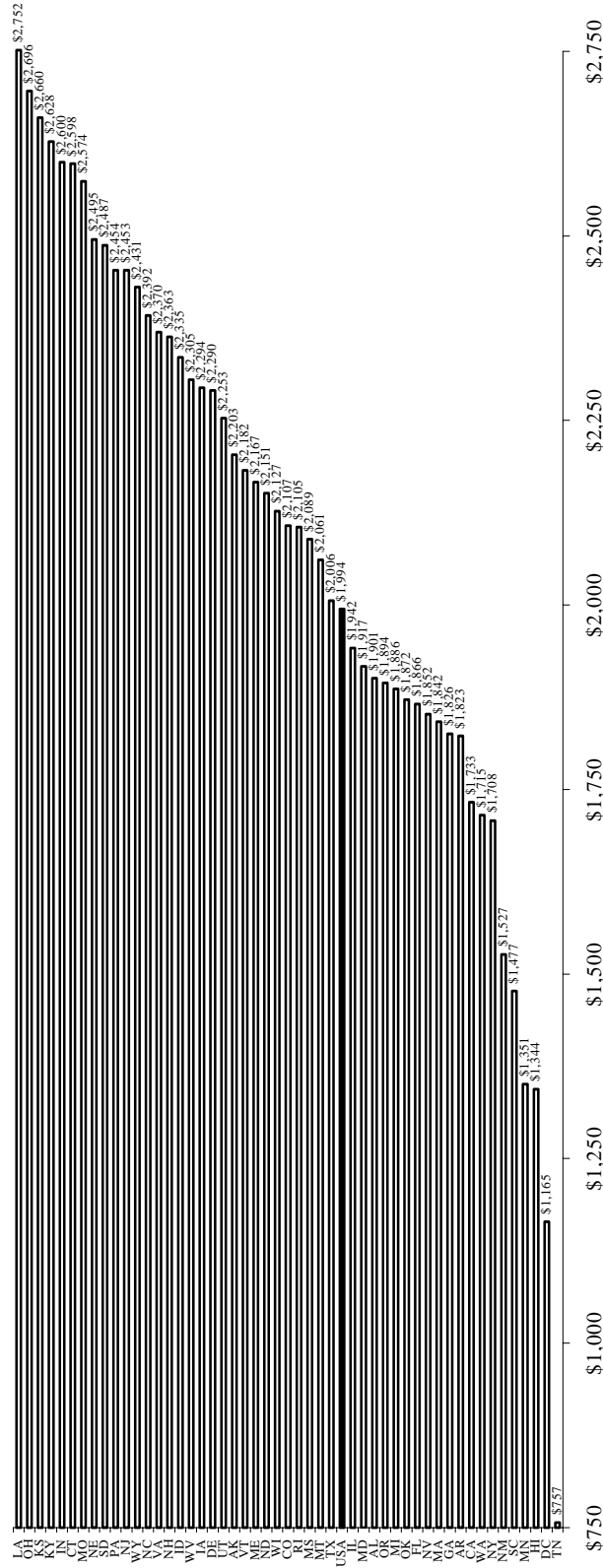
Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table N.5 of the Compendium for the nation. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

^aBrand-name drugs, sometimes called “innovator single-source drugs,” are drugs whose patents have not yet expired. Off-patent brand-name drugs, sometimes called “innovator multiple-source drugs,” are brand-name drugs whose patents have expired. Generic drugs, sometimes called “non-innovator multiple-source drugs,” are off-patent drugs manufactured and sold by companies other than the original patent holder. For information about this classification method, see Wolters Kluwer Health, [<http://www.medispn.com/products/index.aspx?id=1>] (November 8, 2006).

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 28

AVERAGE ANNUAL PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY FOR AGED DUAL ELIGIBLES, BY STATE, 2002^{a,b,c}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in State Tables D.3 of the Compendium. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

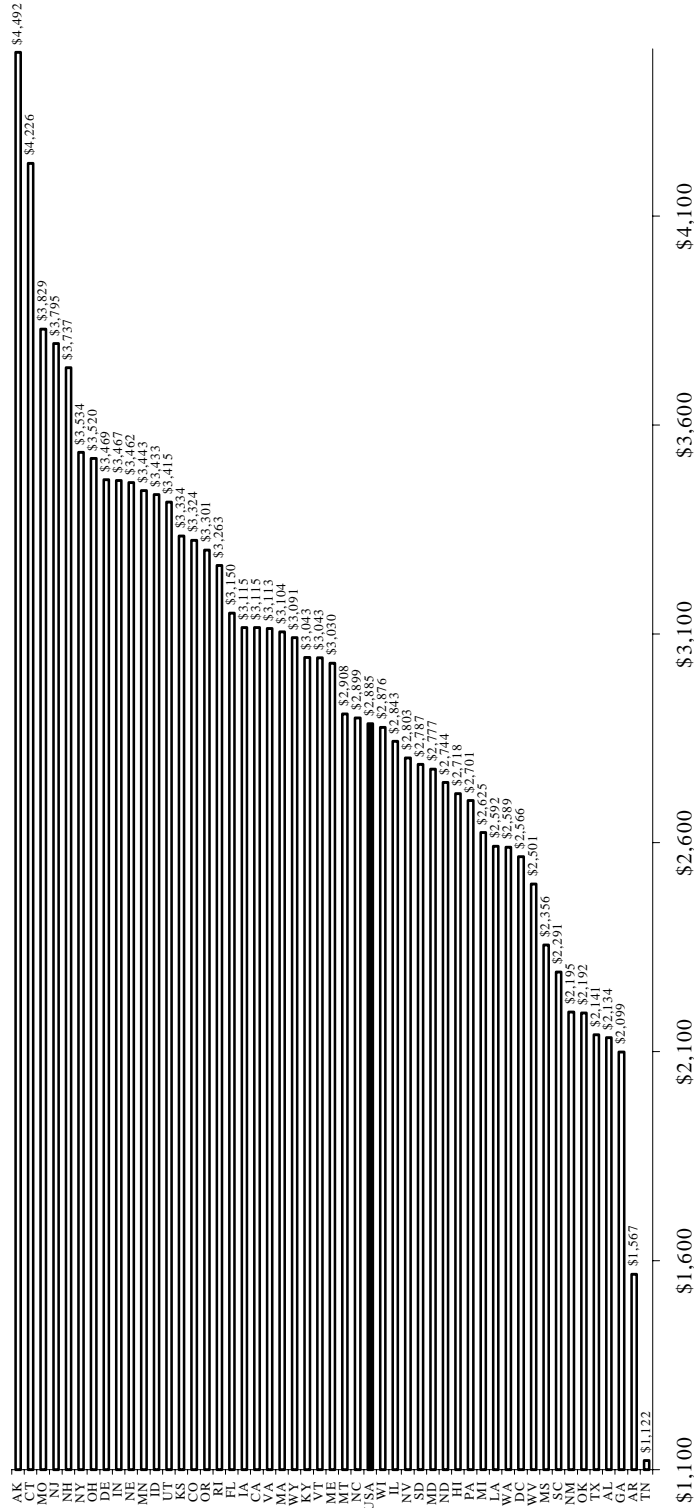
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, aged dual eligible Medicaid beneficiaries in the study population had, on average, 10.1 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 29

AVERAGE ANNUAL PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY FOR UNDER-AGE-65 DISABLED DUAL ELIGIBLE BENEFICIARIES, BY STATE, 2002^{a,b,c}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in State Tables D.3 of the Compendium. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

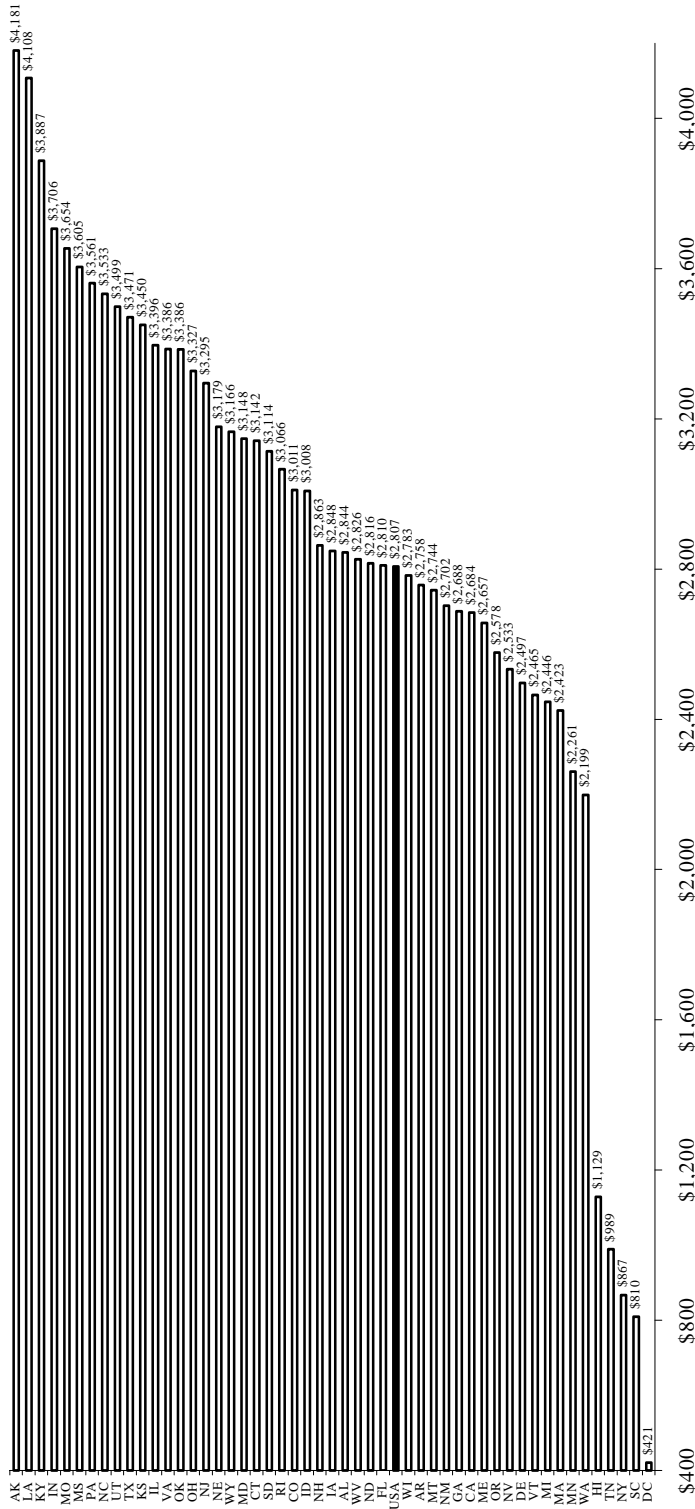
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bAnnual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, disabled dual eligible Medicaid beneficiaries in the study population had, on average, 10.5 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 30

AVERAGE ANNUAL PHARMACY REIMBURSEMENT AMOUNT PER BENEFICIARY FOR DUAL ELIGIBLE ALL-YEAR NURSING FACILITY RESIDENTS, BY STATE, 2002^{a,b,c}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in State Tables D.3 of the Compendium. The Compendium was prepared for 49 states (excluding Arizona) and the District of Columbia. FFS pharmacy reimbursement information is not available for Arizona due to a very high share of beneficiary enrollment in prepaid managed care plans.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

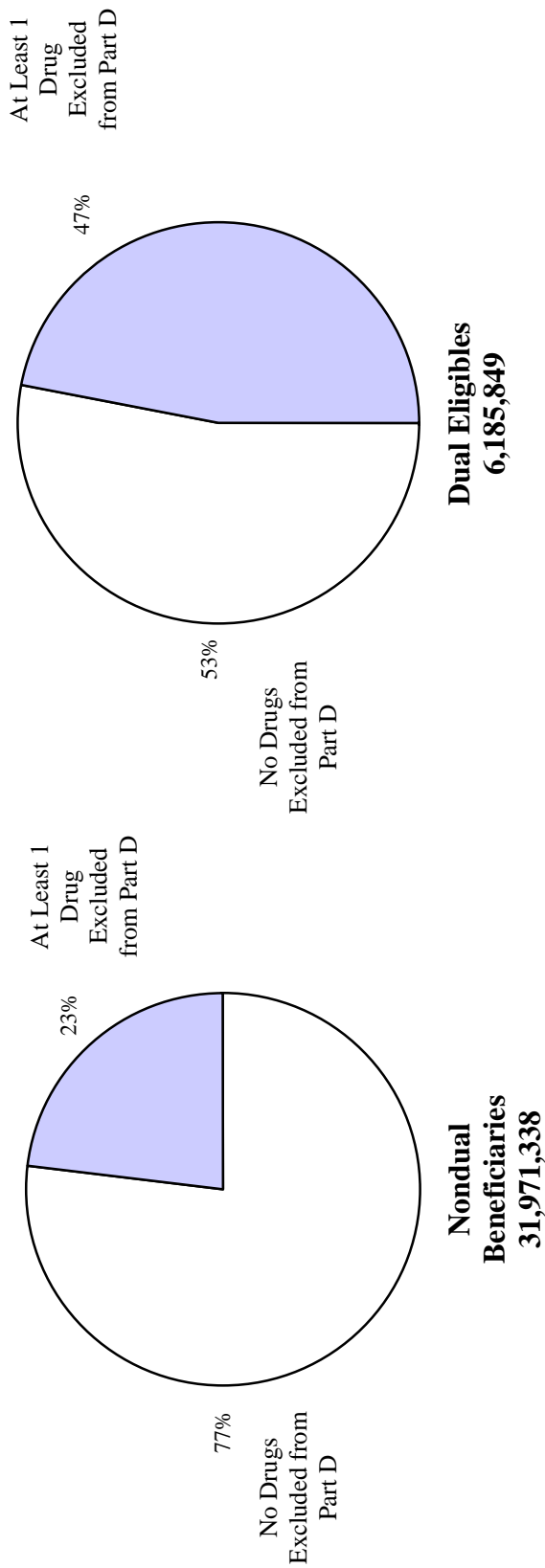
^bAnnual per-beneficiary reimbursement includes all reimbursement during the year for the number of months of Medicaid FFS pharmacy benefit coverage. Thus, some beneficiaries may have had only one month of coverage, while others were covered for twelve months. At the national level, dual eligible Medicaid beneficiaries in the study population who resided in nursing facilities full-year had, on average, 10.0 months of coverage.

^cDual eligibles include beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefit coverage during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,
DRUGS EXCLUDED BY STATUTE FROM MEDICARE PART D**

EXHIBIT 31

PERCENTAGE OF MEDICAID BENEFICIARIES USING AT LEAST ONE DRUG EXCLUDED FROM MEDICARE PART D, 2002^{a,b}



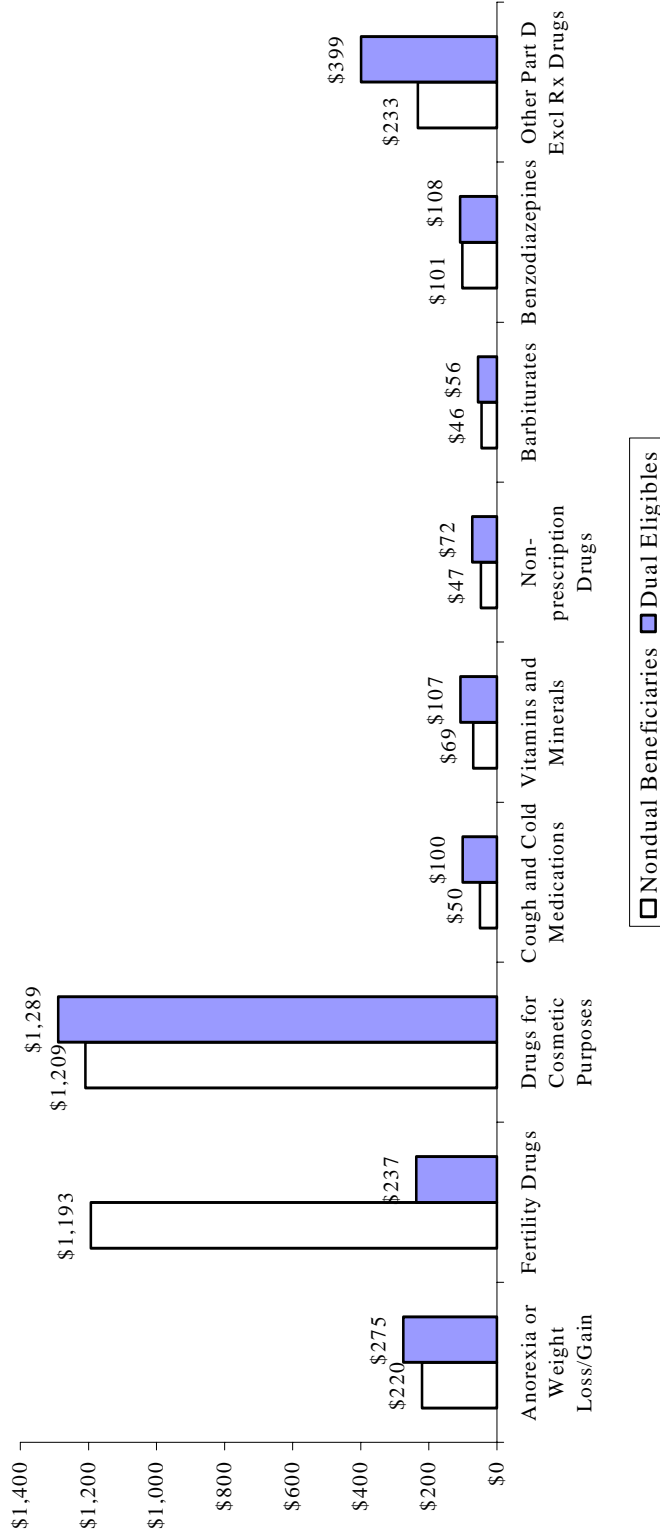
Source: Medicaid Analytic Extract (MAX), 2002. These graphs are based on the information contained in Tables ND.11 and D.11 of the Compendium.

^aThe statute that established the Medicare Part D drug benefit excluded several types of drugs from Part D coverage. State Medicaid programs are required to continue covering these drugs for dual eligibles if they are covered for any other Medicaid beneficiaries. Drugs excluded from the Medicare Part D drug benefit include benzodiazepines; barbiturates; nonprescription (OTC) medications; prescription vitamins and minerals (not including prenatal vitamins and fluoride preparations); and drugs used for anorexia, weight loss, or weight gain. Other excluded drugs include those that promote fertility; those used for cosmetic purposes or hair growth, for symptomatic relief of coughs and colds; or drugs for which the manufacturer requires that associated tests or monitoring services be purchased exclusively from the manufacturer.

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 32

ANNUAL MEDICAID PHARMACY REIMBURSEMENT FOR DRUGS EXCLUDED FROM MEDICARE PART D, NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2002^{a,b}



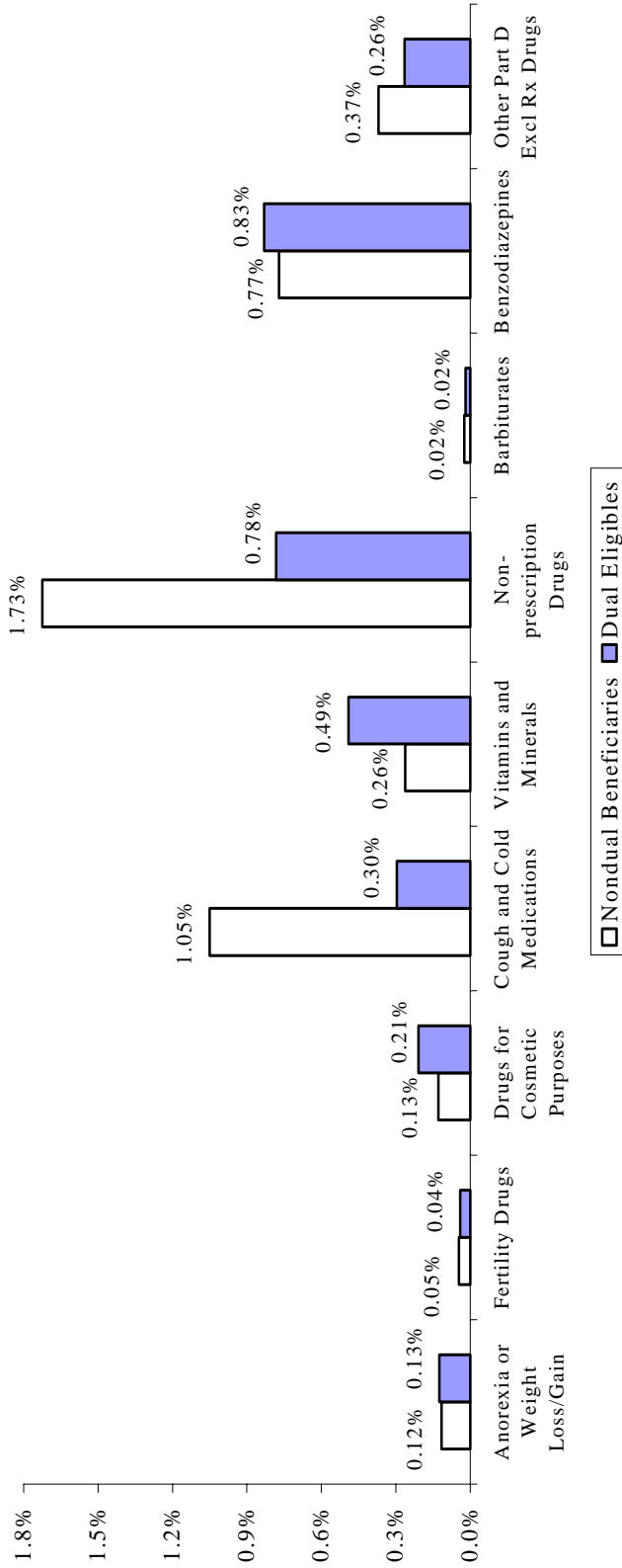
Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.13 and D.13 of the Compendium.

^aThe statute that established the Medicare Part D drug benefit excluded several types of drugs from Part D coverage. State Medicaid programs are required to continue covering these drugs for dual eligibles if they are covered for any other Medicaid beneficiaries. Drugs excluded from the Medicare Part D drug benefit include benzodiazepines; barbiturates; nonprescription (OTC) medications; prescription vitamins and minerals (not including prenatal vitamins and fluoride preparations); and drugs used for anorexia, weight loss, or weight gain. Other excluded drugs include those that promote fertility; those used for cosmetic purposes or hair growth, for symptomatic relief of coughs and colds; or drugs for which the manufacturer requires that associated tests or monitoring services be purchased exclusively from the manufacturer.

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 33

ANNUAL MEDICAID PHARMACY REIMBURSEMENT FOR DRUGS EXCLUDED FROM MEDICARE PART D FOR NONDUAL AND DUAL ELIGIBLE BENEFICIARIES AS A PERCENTAGE OF TOTAL ANNUAL MEDICAID REIMBURSEMENT FOR NONDUAL AND DUAL ELIGIBLE BENEFICIARIES, 2002^{a,b}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Tables ND.13 and D.13 of the Compendium.

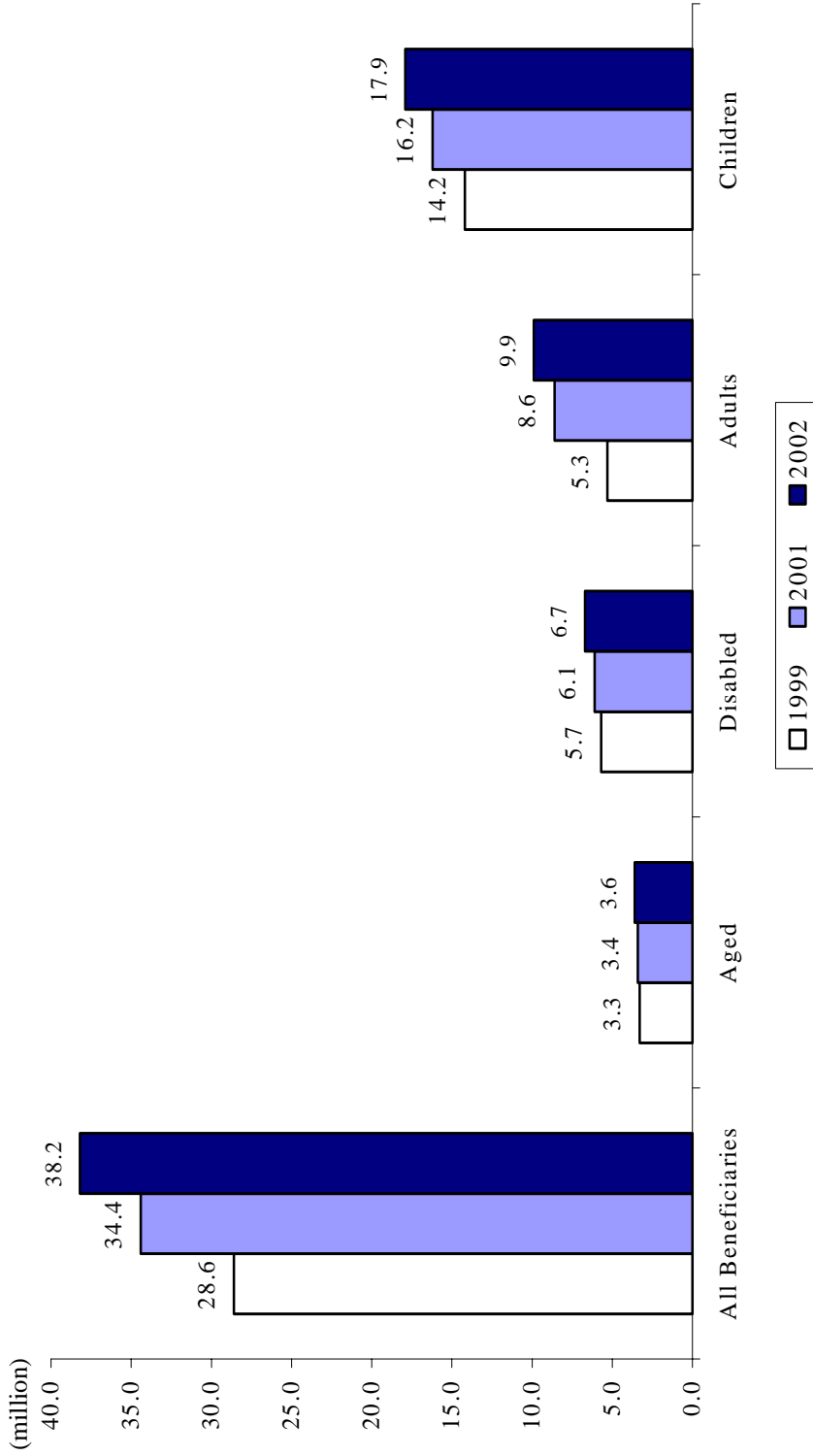
^aThe statute that established the Medicare Part D drug benefit excluded several types of drugs from Part D coverage. State Medicaid programs are required to continue covering these drugs for dual eligibles if they are covered for any other Medicaid beneficiaries. Drugs excluded from the Medicare Part D drug benefit include benzodiazepines; barbiturates; nonprescription (OTC) medications; prescription vitamins and minerals (not including prenatal vitamins and fluoride preparations); and drugs used for anorexia, weight loss, or weight gain. Other excluded drugs include those that promote fertility; those used for cosmetic purposes or hair growth, for symptomatic relief of coughs and colds; or drugs for which the manufacturer requires that associated tests or monitoring services be purchased exclusively from the manufacturer.

^bDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Nondual beneficiaries include beneficiaries who were never dually eligible or were dually eligible but never had Medicaid FFS pharmacy benefits. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

**MEDICAID PHARMACY USE AND REIMBURSEMENT,
1999, 2001, AND 2002**

EXHIBIT 34

NUMBER OF MEDICAID BENEFICIARIES BY BASIS OF ELIGIBILITY, 1999, 2001, AND 2001^a

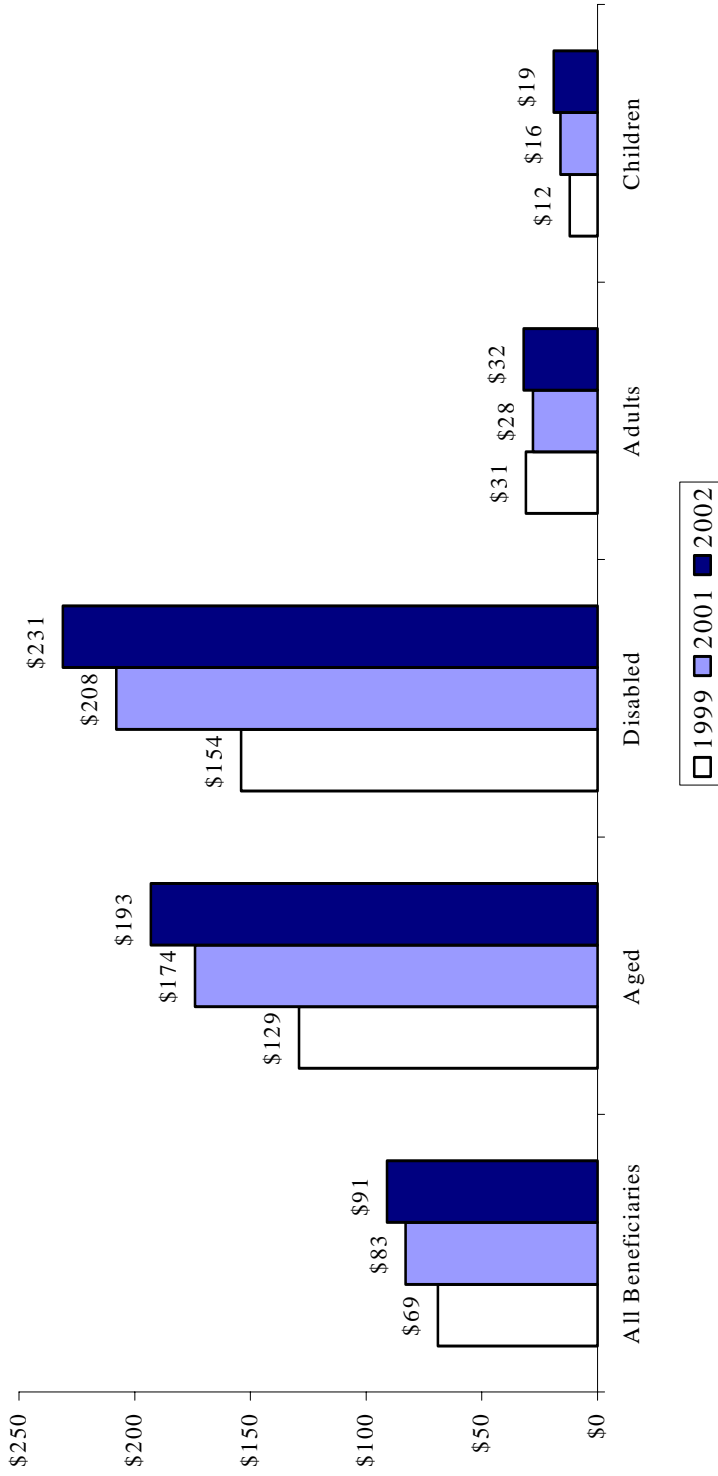


Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table 2 of the 1999, 2001, and 2002 Compendiums.

^aMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

EXHIBIT 35

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT BY BASIS OF ELIGIBILITY, 1999, 2001, AND 2002^{a,b,c}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table 4 of the 1999, 2001, and 2002 Compendiums.

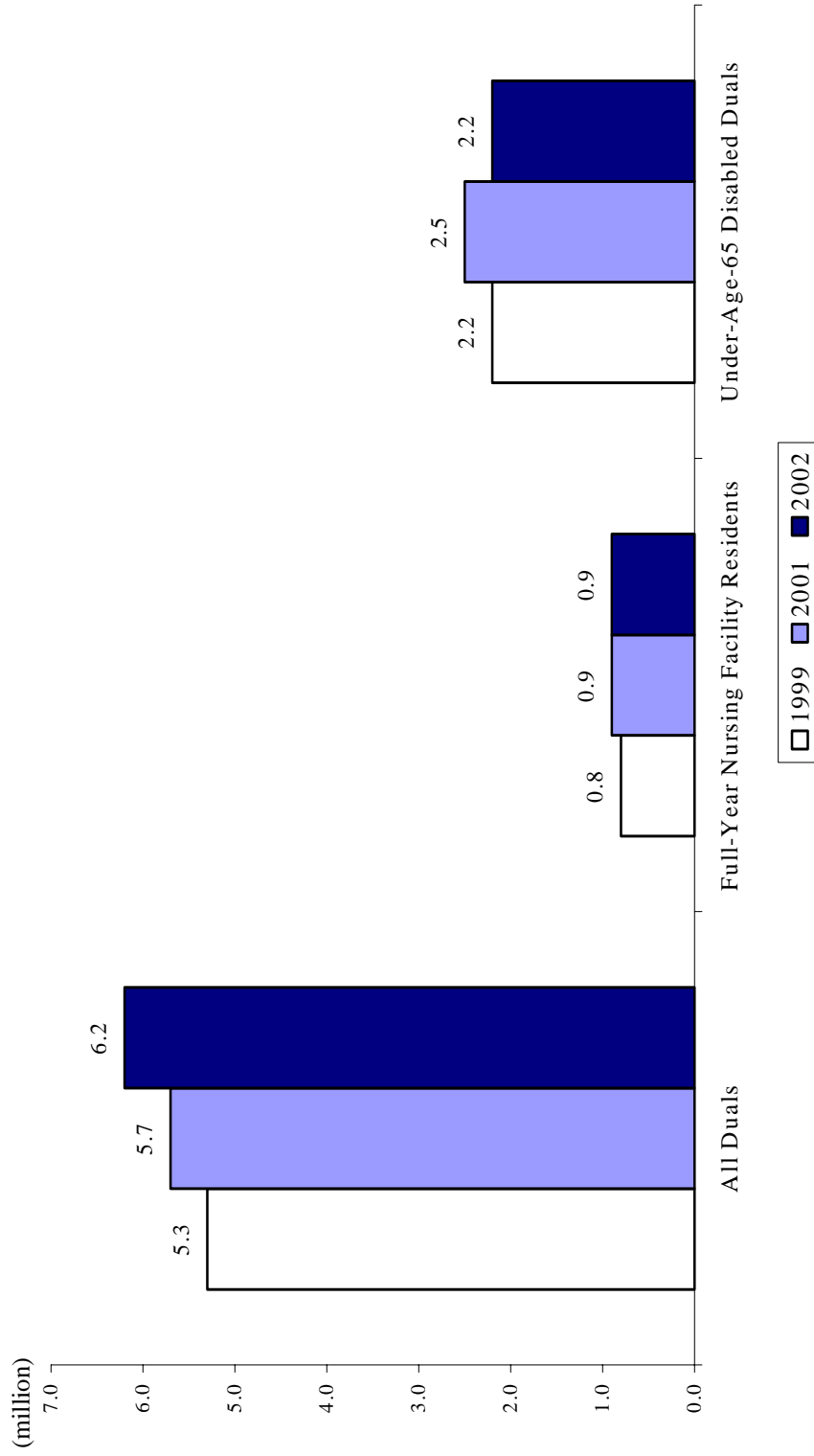
^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMedicaid basis of eligibility is classified as: aged, disabled, adults, and children. The disabled group includes beneficiaries of any age who were determined to be eligible because of disability or blindness, and thus includes a large number of dual eligibles. The children's group includes children receiving foster care and adoptive services. The total includes some beneficiaries with unknown basis of eligibility and some whose age categories are not consistent with basis of eligibility.

^cMonthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.

EXHIBIT 36

**NUMBER OF DUAL ELIGIBLE FULL-YEAR NURSING FACILITY RESIDENTS
AND UNDER-AGE-65 DISABLED DUAL ELIGIBLE BENEFICIARIES
COMPARED TO ALL DUALS, 1999 AND 2001^a**

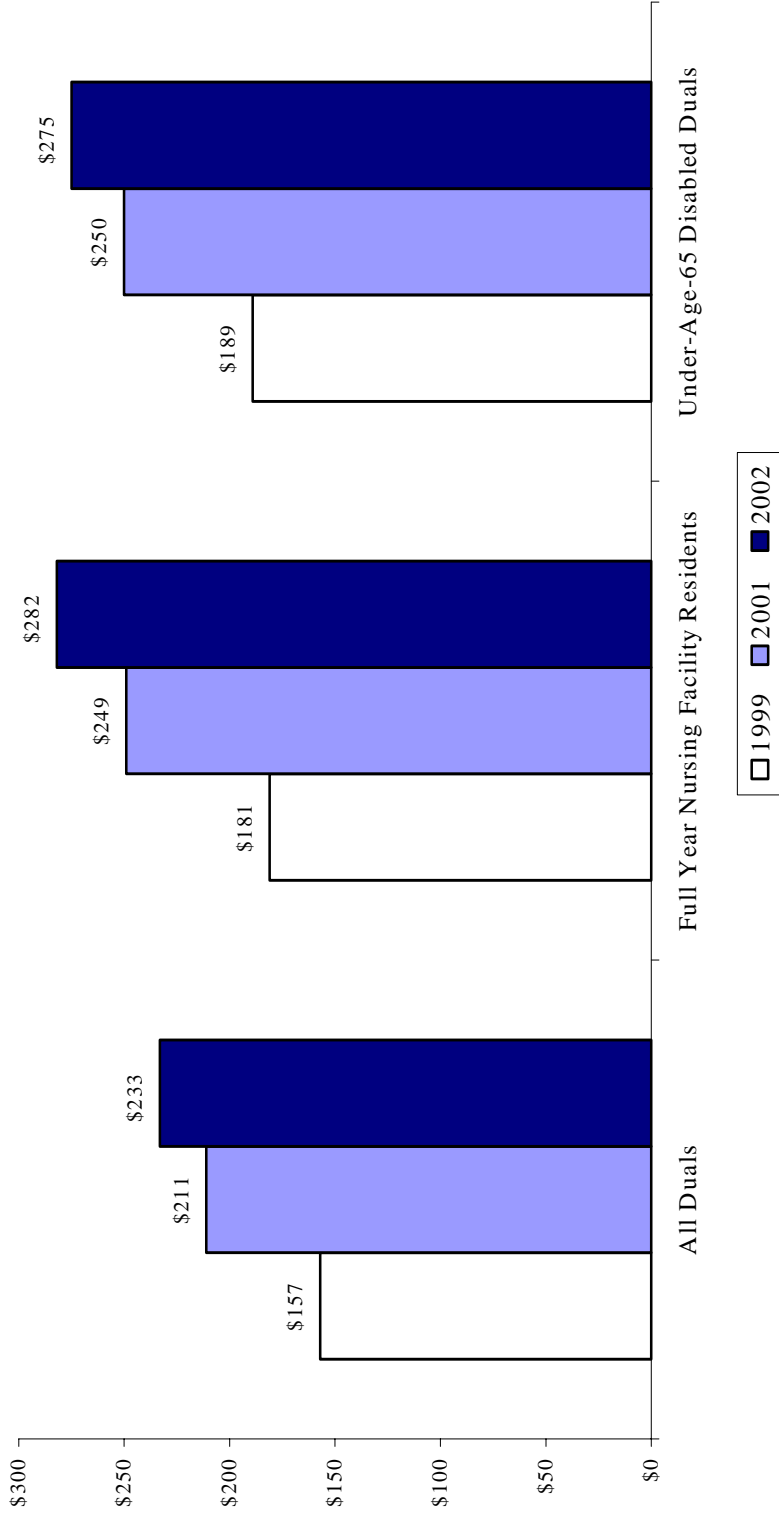


Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table 11 of the 1999 Compendium and Table D.2 of the 2001 and 2002 Compendiums.

^aDual eligibles are beneficiaries who had Medicare as well as Medicaid FFS pharmacy benefits during any month of Medicaid enrollment in 2002. Refer to Table 1 in the Compendium for more information about how we determined dual eligibility status.

EXHIBIT 37

AVERAGE MONTHLY MEDICAID PHARMACY REIMBURSEMENT FOR DUAL ELIGIBLE FULL-YEAR NURSING FACILITY RESIDENTS AND UNDER-AGE-65 DISABLED DUAL ELIGIBLE BENEFICIARIES COMPARED TO ALL DUALS, 1999, 2001, AND 2001^{a,b}



Source: Medicaid Analytic Extract (MAX), 2002. This graph is based on the information contained in Table 13 of the 1999 and D.4 of the 2001 and 2002 Compendiums.

^aThe Medicaid pharmacy reimbursement amount is the amount Medicaid reimbursed pharmacies, including dispensing fees minus beneficiary copayment. Reimbursement amounts are gross amounts prior to the receipt of rebates from drug manufacturers to states.

^bMonthly reimbursement amounts were calculated by dividing the total reimbursement among all beneficiaries in the study population by the total number of benefit months of those beneficiaries. Benefit months are months during which beneficiaries had FFS pharmacy benefit coverage.