

KEEPING GENERIC DRUGS AFFORDABLE

The Value of Maximum Allowable Cost (MAC) Lists

What is a MAC list?

- A MAC list specifies the most a PBM will reimburse a pharmacy for a particular generic drug
- Identical generic drugs can be made by several manufacturers and listed at different prices
- PBMs set and regularly update MAC lists at a level that reflects the average acquisition cost of a well-run pharmacy
- MAC lists encourage pharmacies to purchase generics at the lowest possible cost, driving competition among wholesalers and generic drug manufacturers

MAC lists help PBMs fairly compensate pharmacies and provide cost-effective drug benefits to health plan and employer clients.

MAC lists are effectively:

- ✓ Increasing and maintaining high generic dispensing rates
- ✓ Ensuring pharmacies are paid fairly but not overpaid for dispensing generics
- ✓ Making the generic market more competitive and more efficient

Who uses MAC lists?



79%
of private
employers¹



45
State
Medicaid²
Programs



Medicare
Part D
Plans



Unions

¹ Express Scripts. (2016). Available at: <http://lab.express-scripts.com/lab/insights/drug-options/mac-pricing-incents-more-affordable-rx>

² Office of the Inspector General, Department of Health and Human Services. *Medicaid Drug Pricing in State Maximum Allowable Cost Programs*. (July 2013).

Generic drugs are driving significant savings in commercial insurance, Medicare, and Medicaid

\$111.5
billion in commercial insurance savings



\$32.7
billion in Medicaid savings



\$67.6
billion in Medicare savings



Generic drugs saved U.S. consumers **\$207** billion in 2015.

Increased generic drug dispensing rates
=
more money in the pocket of consumers through lower copays and premiums

If the use of generic drugs and MAC lists are restricted:



A 2015 analysis of more than 800 affected generic prescriptions found that restrictions on MAC lists could:

- Increase costs by **31% to 56%** for affected generic prescriptions
- Increase expenditures nationally by up to **\$6.2 billion** annually

Generic drugs account for **89%** of filled prescriptions and account for only **27%** of drug expenditures



Reference: IMS Institute for Health Informatics, for the Generic Pharmaceutical Association. (2016).