

EXHIBIT 12

ILLUSTRATIVE MEASURES OF STUDY POPULATION PHARMACY BENEFIT USE AND REIMBURSEMENT, 2004^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)	\$38,471	\$17,864	\$20,607	\$3,357
Average Annual Pharmacy Reimbursement per Beneficiary ^c	\$907	\$504	\$2,980	\$3,771
Average Pharmacy Reimbursement per Benefit Month ^d	\$110	\$65	\$283	\$369
Average Annual Number of Prescriptions per Beneficiary	13.4	7.3	44.7	68.3
Average Number of Prescriptions per Benefit Month	1.6	0.9	4.2	6.7

Source: Medicaid Analytic Extract (MAX), 2004. 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, D.9, and N.1a 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, 8.2 months of coverage. The comparable number was 7.8 months among nondual beneficiaries and 10.5 months among dual eligible beneficiaries, and 10.2 months among beneficiaries who resided in nursing facilities throughout their Medicaid enrollment in 2004.

^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.