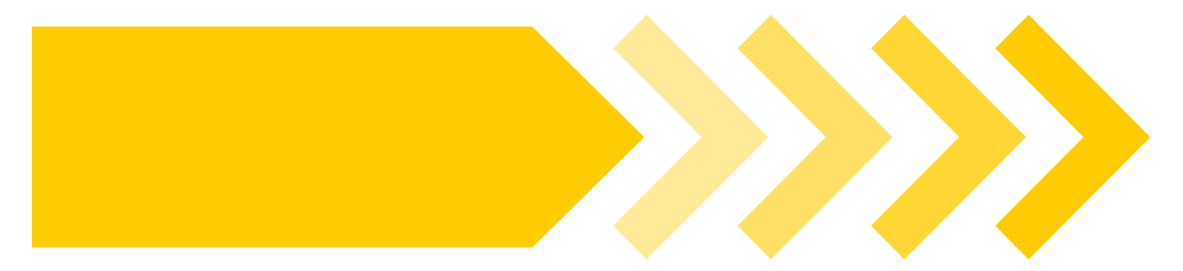


# Prescription Drug Use in an Individual Exchange Population



Since the implementation of the Affordable Care Act (ACA) individual exchanges in 2014, millions of Americans have gained access to health insurance, granting them opportunity to obtain prescription drugs for their medical conditions. As the newly insured have entered the market over the past two years, actuaries have been analyzing the new claims data to understand the true cost of providing insurance to this population.

As the 2014 calendar year of claims data became available, the Society of Actuaries (SOA) leveraged its contract with the State of Kansas All Payers All Claims data to examine the pharmaceutical use by enrollees in individual Kansas ACA plans to better understand how enrollment timing was related to costs.

The following highlights pharmaceutical drug use cost trends paid per member per month (PMPM) in the Kansas individual market before and after coverage expansion from the ACA. The population of claims data analyzed was divided into three categories based on enrollment date.

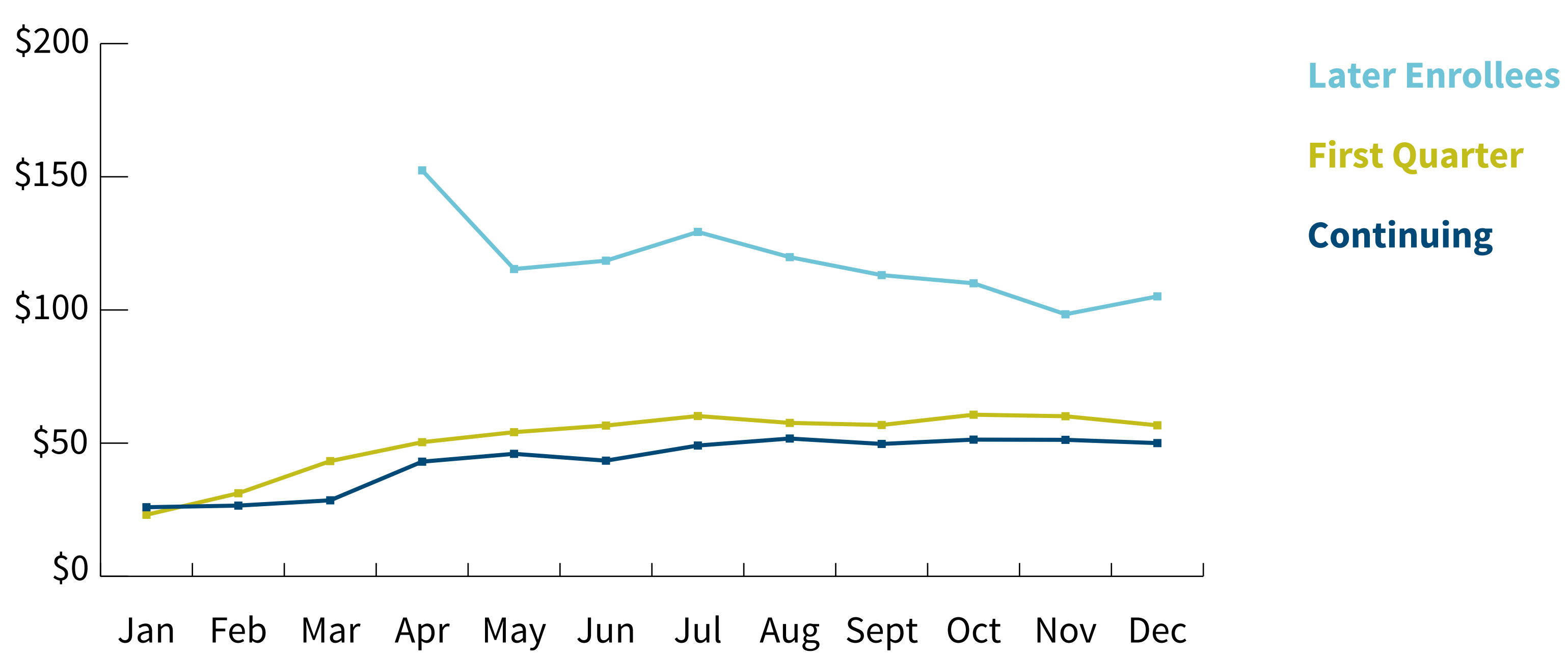
## SUMMARY OF KEY FINDINGS >>

The following highlights pharmaceutical drug use cost trends paid per member per month (PMPM) in the Kansas ACA individual market. The claims data analyzed was divided into three categories based on enrollment date: Continuing enrollees (people who could be identified as having insurance before Jan. 1); first quarter enrollees (people who enrolled in the exchanges between Jan. 1 – March 31 2014); and, later enrollees (people who enrolled after Q1 2014).

Among new enrollees (those that enrolled in Q1 2014 or later), the later enrollees to the Kansas market had higher PMPM pharmaceutical costs than consumers continuing coverage, and the PMPM costs were driven by specialty and brand name drug use among the late enrollee population.

However, as more consumers enrolled in the Kansas individual insurance market, and the risk pool expanded, PMPM pharmaceutical costs began to decline, but never to the level of the other two populations.

### PAID PPM BY ENROLLMENT CATEGORY BY MONTH



#### Continuing Enrollees



Generic medications are the largest spend for the continuing population

#### First Quarter Enrollees (Q1 2014)



First quarter enrollees had more than twice the expense of continuous enrollees for antidiabetic medications



Multiple sclerosis agents are the highest specialty drug spend for the first quarter enrollee population

#### Later Enrollees (Q2- Q4 2014)



Late enrollees, those who joined after Q1 2014, were 2.8 times as expensive as continuing members based on the PMPM calculation



The PMPM costs were driven by specialty and brand name drug use among the late enrollee population



Late enrollees had more than four times the expense of continuous enrollees for antidiabetic medications



Hepatitis agents are the largest specialty drug spend for the late enrollee population



The dominance of the later enrollees in all the specialty drug classes would indicate a more complex population with a long-term outlook of continued need for pharmaceutical treatment as well as medical care