

# **Spending and Utilization of Part B Medicines in 2012 and 2017**

*Prepared for:*

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**THE MORAN COMPANY**

## Spending and Utilization of Part B Medicines in 2012 and 2017

We conducted an analysis to examine the spending and utilization of medicines covered by Medicare Part B in 2012 and 2017.

### Findings

#### Overall Statistics

- Total spending for Part B drugs increased by \$15.1B from 2012 to 2017. \$11.4B (76%) is attributable to changes in drug volume and drugs entering the market between 2012 and 2017. The remaining \$3.7B (24%) is a result of changes in drug pricing.
- For drugs that were present in both 2012 and 2017, spending increased by \$7.6B. If drug prices were kept constant from 2012 to 2017, 52% of the spending increase (\$3.9B) would still have occurred, due to changes in volume. This emphasizes how increases in drug utilization are an important part of the story about the growth in Part B drug spending.

#### Additional facts about ASP changes

- The ASP for nearly one-third of Part B medicines declined or was flat from 2012 to 2017.
- For an additional fourteen percent of Part B medicines, ASP grew at or below the rate of medical inflation (medical CPI)<sup>1</sup> from 2012 to 2017.
- More than half of the medicines with price increases above medical CPI are generics.

### Methodology

We used the 2012 and 2017 Physician/Supplier Procedure Summary (PSPS) files and 2012 and 2017 Hospital Outpatient Standard Analytic Files in this analysis. To count the units, we limited the files to Part B medicines using the ASP Drug Pricing Files published by CMS. We then multiplied the units by the payment limit amount (ASP plus 6%) which is published in the ASP drug pricing files to calculate total payment amounts. We compared the spending for all the drugs in 2012 and 2017.

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<sup>1</sup> Consumer Price Index for Medical Care (CPI-M) is maintained by the Bureau of Labor Statistics.