

# The Burden of Prescription Drug Overdoses on Medicaid

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## Overview

Prescription drug abuse, misuse and overdoses are on the rise. In 2010, [drug overdoses killed 38,329 Americans, 16,651](#) of whom died from prescription opioid painkillers such as oxycodone, hydrocodone and methadone. These drugs also were responsible for 420,040 emergency room visits in 2011. Opioid painkiller deaths have increased in lockstep with prescription opioid prescribing, and the increased, often inappropriate, prescribing of these drugs is a key driver of the epidemic.

According to the [Coalition Against Insurance Fraud](#), prescription drug misuse, abuse and fraud cost private health insurers almost \$25 billion a year. Prescription drug overdoses also carry a financial burden for Medicaid, Medicare, and other public insurance programs. A 2009 study by the [U.S. Government Accountability Office](#) found fraudulent or abusive purchases of controlled substances in Medicaid programs in California, Illinois, New York, North Carolina and Texas, which cost \$63 million in Medicaid payments, not including fees for office visits. The [Centers for Disease Control and Prevention](#) (CDC) found that from 2004 to 2007, 45.4 percent of fatal overdoses caused by prescription opioid painkillers in Washington state were people enrolled in Medicaid.

## State Action

Almost every state has passed legislation to prohibit “doctor shopping,” that is, patients obtaining controlled substances from multiple health care practitioners without the prescribers’ knowledge of the other prescriptions.

Currently, 38 states have Medicaid pharmacy lock-in programs that require beneficiaries suspected of misusing controlled substances to use a single prescriber and pharmacy. Lock-in programs may help avoid the costly and potentially harmful effects of doctor shopping, while maintaining appropriate pain care. A 2009 analysis of the Oklahoma Pharmacy Lock-In Program found a decrease in doctor shopping, the use of narcotics and emergency department visits among participants. It saved an average \$600 in narcotics costs for those enrolled in the program the first year.

Prescription drug monitoring programs use statewide databases to track the use of controlled substances. Authorized in 49 states and operating in 47, they monitor inappropriate use of controlled substances among prescribers and patients. Health departments or boards of pharmacy house most of these databases, although some are monitored by law enforcement agencies, narcotics and drug bureaus, professional licensing boards or consumer protection agencies. In at least 11 states, the program tracks payment information and can identify drugs billed to Medicaid. Many programs are authorized to share information with their state Medicaid agencies. Medicaid offices can determine whether providers are prescribing controlled substances at notably higher rates or dosages compared with their peers.

At least 42 states also require a physical examination before a doctor can prescribe drugs. These laws generally require health practitioners to examine the patient or obtain a patient history and perform a “patient evaluation” before prescribing a controlled substance.

## Federal Action

On average, the federal government provides 57 percent of Medicaid funding, with the remainder of the money coming from states. Although the federal government does not require states to cover prescription drugs, all states do for most Medicaid beneficiaries.

The Centers for Medicare and Medicaid Services (CMS) and Congress have supported efforts to prevent abuse of prescription drugs within Medicaid. For example, CMS requires Medicaid programs to use tamper-resistant prescription pads to get reimbursed for outpatient and over-the-counter prescription drugs. The Deficit Reduction Act of 2005 required the CMS to address Medicaid fraud, misuse and abuse, including prescription drug abuse. Contractors in more than 40 states reviewed actions and claims by providers, identified overpayments, and conducted provider education about Medicaid fraud, misuse and abuse.

To support state prevention efforts, the Bureau of Justice Assistance and the Substance Abuse and Mental Health Services Administration have created federal grants to help states plan, establish or enhance prescription drug monitoring programs. The considerable public health burden from prescription drug abuse will likely continue to be a concern. Provisions in the 2010 Affordable Care Act that expand medical coverage to more uninsured people and identify certain prescription drugs as an “essential health benefit” will increase who and what are covered in state Medicaid programs.

The Centers for Disease Control and Prevention has also been active in improving surveillance of prescription drug overdoses, in evaluating interventions to help inform state programs and policies, in improving clinical practices related to appropriate prescribing and providing technical assistance to states in these areas.

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