

# GAO Highlights

Highlights of [GAO-13-739T](#), a testimony before the Subcommittee on Health, Committee on Energy and Commerce, House of Representatives

## Why GAO Did This Study

In an October 2012 report, GAO examined the levels and trends in expenditures, utilization, and average annual per beneficiary costs for the most expensive Medicare Part B drugs ([GAO-13-46R](#)). Unlike Medicare Part D, Part B covers drugs that are commonly administered by a physician or under a physician's close supervision, such as chemotherapy drugs. Many Part B drugs may be expensive for the Medicare program either because their prices are high or because they are used by a large number of beneficiaries. In 2010, the Medicare program and its beneficiaries spent about \$19.5 billion on Part B drugs, about 9 percent of total Part B expenditures.

In this statement, GAO highlights the findings from the 2012 report on (1) the Part B drugs for which Medicare expenditures were highest in 2010 and the utilization and expenditure trends for these drugs from 2008 to 2010, and (2) nationwide spending levels for the total U.S. insured population for these high-expenditure Part B drugs in 2010 and Medicare's percentage of total U.S. spending.

GAO calculated the total expenditures for each drug using the Centers for Medicare & Medicaid Services' national claims files for physicians, hospital outpatient, and durable medical equipment and ranked the drugs, selecting the top 55 for analysis of utilization and average annual per beneficiary cost. In addition, GAO obtained estimates of total U.S. expenditures for each of the drugs from IMS Health, a company that collects and analyzes health care data, to estimate Medicare's share of total U.S. spending for these drugs.

View [GAO-13-739T](#). For more information, contact James Cosgrove at (202) 512-7114 or [cosgrovej@gao.gov](mailto:cosgrovej@gao.gov).

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## MEDICARE

### Information on Highest-Expenditure Part B Drugs

## What GAO Found

Medicare expenditures for Part B drugs in 2010 were concentrated among relatively few drugs. The 55 highest-expenditure Part B drugs represented \$16.9 billion in spending, or about 85 percent of all Medicare spending on Part B drugs, and the 10 highest-expenditure drugs accounted for about 45 percent of all Part B drug spending in 2010. Most of these drugs were under patent and could be purchased only from a single manufacturer. The number of Medicare beneficiaries who used the 55 drugs ranged from over 15 million beneficiaries who received the influenza vaccine to 660 beneficiaries who used a drug that treats hemophilia. The annual per beneficiary cost of the Part B drugs GAO examined also varied widely in 2010, from \$13 for influenza vaccine to over \$200,000 for factor viii recombinant to treat hemophilia. Spending, utilization, and prices increased for most of the 55 drugs between 2008 and 2010, with the drugs that showed the greatest increases in expenditures also showing the greatest increases in utilization.

#### Five Highest-Expenditure Medicare Part B Drugs, 2010

2010 rank by total Medicare expenditures	Brand name(s)	Condition(s) treated	Total 2010 expenditures for Medicare beneficiaries (millions)
1	Epogen/Procrit (end-stage renal disease (ESRD) use) <sup>a</sup>	Anemia in ESRD patients	\$2,000
2	Rituxan	Cancer; rheumatoid arthritis	1,302
3	Lucentis	Wet age-related macular degeneration (AMD)	1,180
4	Avastin	Cancer; wet AMD	1,130
5	Remicade	Various autoimmune disorders	900

Source: GAO analysis of data from the Centers for Medicare & Medicaid Services, the Food and Drug Administration, the National Institutes of Health, and drug manufacturers.

<sup>a</sup>ESRD is a condition of permanent kidney failure.

Spending on Medicare beneficiaries accounted for the majority of estimated total U.S. spending for 35 of the 55 highest-expenditure drugs in 2010. For 17 of these drugs, Medicare spending accounted for more than two-thirds of total U.S. spending. Of the \$16.9 billion Medicare spent for the 55 highest-expenditure Part B drugs, \$11 billion, or 65 percent, was spent on drugs for which Medicare was the largest U.S. payer.