

Pharmacy expenditures for children with serious chronic illness

July 28 2015

In an analysis of expenditures for outpatient pharmacy products used by publicly insured children with serious chronic illness in California, treating hemophilia accounted for about 40 percent of expenditures but included just 0.4 percent of the group studied, suggesting a need to improve pricing for this and other effective yet high-cost medications, according to a study in the July 28 issue of *JAMA*.

Children with serious chronic conditions are increasingly likely to survive infancy, intensifying demands on [health care delivery](#). Medication is one driver of their [health care](#) costs; high-cost drugs threaten cost-containment efforts. Sonja M. Swenson, B.A., of Stanford University, Stanford, Calif., and colleagues analyzed paid claims for [children](#) (ages, 0-21 years) using the California Children's Services (CCS) paid claims data set (2010-2012). CCS provides insurance coverage, care coordination, and a regionalized system of pediatric specialty care facilities for approximately 180,000 publicly insured children with serious [chronic illness](#). The data set includes age, sex, race/ethnicity, county of residence, enrollment dates, primary and secondary eligible diagnoses, claim diagnoses, and procedures for every enrollee. This study included children enrolled through fee-for-service care for at least 6 continuous months.

The analysis examined records of 34,330 children. Outpatient pharmacy expenditures totaled \$475,718,130 (20 percent of total [health care expenditures](#)); per-child pharmacy expenditures ranged from \$0.16 to \$56,849,034, and average and median per-child expenditures were

\$13,857 and \$791, respectively.

The product class of blood formation, coagulation, and thrombosis agents accounted for the greatest share (42 percent) of outpatient pharmacy expenditures, and antihemophilic factor (a protein that is essential to normal blood clotting and is lacking or deficient in persons having hemophilia A) represented 98 percent of this class's expenditures or 41 percent of total pharmacy expenditures. Children with an antihemophilic factor paid claim were 0.4 percent of the cohort. The average per-child expenditure for antihemophilic factor was \$1,343,262. Among children with antihemophilic factor claims and enrolled for all 3 years, the average and median per-child annualized expenditures were \$634,054 and \$152,280, respectively. The next largest percentage of total pharmacy expenditures was 9.2 percent for central nervous system agents, with an average expenditure of \$1,869 per child.

"Antihemophilic factor is highly efficacious and essential in caring for children with hemophilia, putting pressure on public programs to seek improved pricing mechanisms for antihemophilic factor and other highly efficacious, high-cost medications," the authors write.

"Our study underscores the potential effect of new, expensive but efficacious pharmaceuticals on public insurance programs for children with chronic illness. These findings may inform efforts to enhance value in these programs, particularly as new insurance frameworks, such as accountable care organizations, are considered."

More information: *JAMA*, [DOI: 10.1001/jama.2015.7169](https://doi.org/10.1001/jama.2015.7169)

Provided by The JAMA Network Journals

Citation: Pharmacy expenditures for children with serious chronic illness (2015, July 28)
retrieved 26 April 2024 from

<https://medicalxpress.com/news/2015-07-pharmacy-expenditures-children-chronic-illness.html>

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