

Medicare Must Not Cost Shift Alzheimer's Care to Medicaid
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In July, the Food and Drug Administration used its accelerated approval pathway to approve a new Alzheimer's drug, Aduhelm. This drug's price is an eye-popping \$56,000 per year, despite ongoing debate among experts on whether this treatment does what it claims to do. Now Medicare is deciding whether to cover it. That decision has huge ramifications for the Medicaid program.

Medicaid is already the primary payer of long-term services and supports, such as nursing home care, for people suffering from Alzheimer's. If Medicare chooses to cover Aduhelm, then Medicaid will pay for Medicare's cost sharing for members enrolled in both programs. If Medicare doesn't cover Aduhelm, then Medicaid becomes the first-dollar source of coverage for these patients.

Medicaid's costs look very different in these two scenarios. Based on a survey of 19 states, NAMD estimates that Aduhelm will cost Medicaid \$1 billion in state and federal dollars if Medicare covers the drug. If Medicare doesn't and Medicaid is forced to do so, then state and federal costs for this unproven product will skyrocket to \$2.6 billion – an increase of over 250%. Some states could see total Medicaid spending for this drug increase between 350 – 500% if Medicare shifts costs to Medicaid, forcing difficult decisions as states balance their budgets each budget cycle.

Why would Medicaid's costs be so high? Part of the reason is that unlike any other payer in the health care system, Medicaid is required by federal law to cover any FDA-approved drug. In exchange, Medicaid receives a mandatory rebate off of a drug's list price, guaranteed rebates if price increases outpace inflation in a year, and the best price offered to certain other payers. While that's a good deal in most circumstances, it's not enough here. Aduhelm isn't curative so costs will be ongoing, its list price is high, and it could be prescribed to a potentially wide patient population.

The federal government must ensure the high costs of new Alzheimer's therapies with questionable efficacy are not shifted to state Medicaid programs that are already struggling to manage ever-growing spending on prescription drugs.

Read more about NAMD's position in our formal comments to CMS [here](#).