However, it would not be unreasonable to assume polypharmacy cost savings due to the lack of longitudinal medical claim data. Polypharmacy intervention. This study did not address medical study showed significant pharmacy savings as a result of medication use, but may also reduce overall health cost. The present study only help improve therapeutic outcomes through improved medication use; and b) to test impacts of the identified determinants on per capita drug expenditures based on publicly available data. A structure equation model was built to test relationships among the latent constructs of policy, access, predisposing characteristics, enabling resources, and need for health care, and their influence on drug utilization. RESULTS: “Predisposing characteristics” were found to significantly impact drug utilization. Among the observed variables, “access to hospitals” and “access to primary care physicians” significantly described “health care resources”; “risk of diseases” described “need for health care”; and “poverty” described the latent construct of “enabling resources”. The “policy” construct was not described adequately by the indicator variables. CONCLUSION: Based on the study results, we conclude that Medicaid policy and program interventions, as described in this model, do not influence drug costs significantly. Population characteristics like predispositions and enabling resources determine drug costs in the state Medicaid programs.