

Value Based Pricing Work Group

Draft List of Potential Recommendations for Consideration and Discussion

Proposals under Medicaid:

1. Develop the capacity to engage in various types of value based contracts for supplemental rebates. (OK, MI, OR, etc.)
2. Pursue a waiver from the federal government to utilize value based assessments to design a value based formulary which may or may not include exclusions. (MA)
3. Impose a Medicaid prescription drug spending growth cap and require supplemental rebates be pursued when the cap is breached for drugs identified as have the most significant impact on rising costs. (NY)

Proposal under the State Employee Health Plan:

1. Make capacity and engagement in value based contracting a consideration in selecting a PBM vendor.
2. Require PBM to utilize ICER reports to build a value based formulary
3. Explore opportunities for direct engagement with manufacturers
4. Over the long-term determine if Medicaid's capacity and expertise in formulary development and rebate contracting could be utilized by the state plan.

Group Purchasing:

1. Establish an entity to purchase and distribute certain drugs for statewide consumption. This approach would be appropriate for drugs that do not fit easily into the standard insurance model (e.g. drugs for extremely rare diseases or drugs essential to public health (Narcan, etc.)).

Other Items for Consideration:

1. Require co-insurance and deductibles to be based on net price
2. Require any additional rebates associated with value contracts be shared with risk holders/consumers – may require transparency reporting from PBMs to ensure risk holders and consumers are benefiting from negotiated rebates
3. Require PBMs to be fiduciaries of at risk plans in order to align incentives
4. Explore using outcome based contracts to engage additional resources for medication compliance, adherence and care management
5. Specifically charge, in statute, the new Office of Health Strategy with overseeing statewide policy associated with pharmaceuticals