

Ozempic: Upper Payment Limit Framework

Summary

Under the Policy Review process for Establishing an Upper Payment Limit (UPL) (COMAR 14.01.05.06A), Board staff shall recommend at least one framework for use in developing a UPL and may recommend certain contextual information for use in developing a UPL for the subject prescription drug product.

Based on the criteria for setting a UPL (*see e.g.*, COMAR 14.01.05.02D), the Board shall not set a UPL that is lower than the Medicare Maximum Fair Price (MFP). Ozempic was selected for the second round of Medicare Price Negotiations¹ and the Centers for Medicare and Medicaid Services (CMS) has published a Medicare Maximum Fair Price for this prescription drug product.² Staff explored numerous other frameworks for developing a UPL for Ozempic. However, most of the additional frameworks, such as therapeutic class reference pricing and international reference pricing, in this case, produced results below the Medicare Maximum Fair Price. Consistent with the regulatory criteria, staff does not recommend these frameworks. *See* COMAR 14.01.05.06D(2).

Finally, the Board may establish a UPL for eligible governmental entities that represent the system net ingredient cost. (COMAR 14.01.05.01B(8)).

This document is not a methodology document. The estimates below are rough estimates based on publicly available data that are not intended to be final. After the Board selects a framework, staff will publish methodology documents for public comment.

¹ Selected Drugs and Negotiated Prices. <https://www.cms.gov/priorities/medicare-prescription-drug-affordability/overview/medicare-drug-price-negotiation-program/selected-drugs-and-negotiated-prices>

² Medicare Drug Price Negotiation Program: Medicare Drug Price Negotiation Program: Negotiated Prices for Initial Price Applicability Year 2027. <https://www.cms.gov/files/document/fact-sheet-negotiated-prices-ipay-2027.pdf>

Staff Recommendations for Ozempic

Recommended UPL Framework(s):

If the Board wishes to develop a UPL for Ozempic for Eligible Governmental Entities, staff recommends that the Board uses the Domestic Reference Pricing (COMAR 14.01.05.06B(5))-Medicare Maximum Fair Price (MFP) framework. The negotiated MFP for CY2027 is \$274 for a 30-day supply.

Contextual Information:

Under COMAR 14.01.05.06C, staff recommends that the Board utilize the following Contextual Information in setting the UPL for Ozempic:

- Information gathered during the cost review study process or the policy review process; COMAR 14.01.05.06C(1)
- Net costs for:
 - State health plan;
 - County, bicounty, and municipal health plans;
 - Direct government purchases; and
 - Medicaid; COMAR 14.01.05.06C(2)
- Current coverage status of the drug in:
 - State health plan;
 - County, bicounty, and municipal health plans; and
 - Medicaid; COMAR 14.01.05.06C(4)
- Utilization in the following program by patients and prescriptions:
 - State health plan;
 - County, bicounty, and municipal health plans; and
 - Medicaid; COMAR 14.01.05.06C(5)
- Amount of direct government purchases by units and patients served; COMAR 14.01.05.06C(6); and
- Budget impact analysis. COMAR 14.01.05.06C(8).

Framework Recommendation

COMAR 14.01.05.06B(5) National Domestic Reference Pricing - Medicare Maximum Fair Price (MFP)

Description:

Under the domestic reference framework, a UPL value may be set using the estimated net cost of a prescription drug product to other purchasers and payors for the same prescription drug product within the United States, or the net price received by the manufacturer.

Under the Inflation Reduction Act of 2022 (P.L. 117-169), CMS was authorized to negotiate the prices of certain high-expenditure drugs directly with manufacturers. For the first cycle of negotiations, CMS selected ten drugs covered under Medicare Part D ³₄⁵

CMS has provided an analysis of its processes and the data considered in negotiating the Maximum Fair Price (MFP), which is available on the CMS website.⁵ CMS reports that it “held three meetings with each participating drug company to discuss the offers and counteroffers, discuss evidence, and attempt to arrive at a mutually acceptable price for the drug.”⁶ CMS revised its offers upward for each drug in response. Some drug companies revised their counteroffers downward. Although the route by which the negotiated price was reached varied by drug, a Maximum Fair Price has been published for each drug.

Ozempic was part of the second round of negotiations. CMS has published a Maximum Fair Price (MFP) for Ozempic, effective January 1, 2027.⁷

Data and Data Sources:

Published Medicare Maximum Fair Price; Centers for Medicare & Medicaid Services⁸

Calculation:

Using the MFP as a pricing benchmark, the Board sets a UPL no lower than the MFP. *See also* COMAR 14.01.05.06D(2).

³ *Id.*

⁴ *Id.*

⁵ Medicare Drug Negotiation Program. <https://www.cms.gov/priorities/medicare-prescription-drug-affordability/overview/medicare-drug-price-negotiation-program>

⁶ Medicare Drug Price Negotiation Program: Negotiated Prices for Initial Price Applicability Year 2027. <https://www.cms.gov/files/document/fact-sheet-negotiated-prices-ipay-2027.pdf>

⁷ *Id.*

⁸ Medicare Drug Price Negotiation Program. <https://www.cms.gov/priorities/medicare-prescription-drug-affordability/overview/medicare-drug-price-negotiation-program>

The negotiated MFP is \$274 for a 30-day supply.⁹ For Ozempic, each NDC-11 requires a different number of units (milliliters (ml) for injectables) to get to 30-days' supply. CMS provided a spreadsheet with the MFP per unit for each NDC-11.¹⁰

Assumptions:

Medicare plans may negotiate additional discounts and rebates based on the published Medicare MFP.

Estimated Savings/Savings Comparison:

These cost savings estimates are based on publicly available data, which may not align fully with certain proprietary data. Within these limitations, these estimates are designed to leverage the available data to understand the potential for savings.

Comparison of Estimated Current Net Cost (estimated Medicare Part D Rebates) and MFP Using Maryland Claims Data

To estimate potential savings, staff estimated and compared the total net spend using the MFP and the current commercial net spend.

Estimated Net Spend Using MFP UPL

To estimate the potential savings from adopting an upper payment limit (UPL) using the MFP, staff used the 2023 count of units dispensed to enrollees of Maryland state and local government health benefit plans as reported in the Maryland Medical Care Data Base (MCDB) (*Table 1*). The 2027 MFP of \$274 represents the cost of Ozempic per 30-day supply. For a 30-day supply of an injectable, each NDC-11 (dosage) may require a different number of units. Therefore, each NDC-11 may have a different MFP per unit, as reported by CMS.

Equation 1: Total Net Spend

$$\text{Total Net Spend} = (\text{Unit Price}) \times (\text{Units Dispensed})$$

To estimate the total net spend by state and local government health plans using the 2027 MFP (*Equation 1*), staff multiplied the MFP per unit (for each NDC-11) provided by CMS by the number of units dispensed to estimate the MFP UPL projected net spend of \$10.3 million. (*Table 1.*)

⁹ Fact Sheet on Negotiated Prices for IPAY 2027 (PDF). <https://www.cms.gov/files/document/fact-sheet-negotiated-prices-ipay-2027.pdf>

¹⁰ Selected Drug List and Negotiated Prices, also known as Maximum Fair Prices in Statute(ZIP). <https://www.cms.gov/files/zip/cms-negotiation-program-ipay-2027-mfp-data-file.zip>

Estimated Current Net Spending

To estimate the current net spending, staff used the 2023 count of units dispensed to enrollees of Maryland state and local government health benefit plans as reported in the Maryland Medical Care Data Base (MCDB). (*Table 1.*)

Staff estimated the total current net spend on Ozempic using estimates from published literature, based on the average Medicare Part D net price per 30-day supply, which was found to be \$428.¹¹ However, the unit price for Ozempic was not available in the published literature.

To calculate the number of units per 30-supply for each NDC, staff used the MFP per 30-day supply and divided it by the corresponding NDC's MFP per unit.

Equation 2.

$$\text{Units per 30 day supply} = \frac{\text{MFP per 30 day supply}}{\text{MFP per unit}}$$

To calculate unit price, staff used the ratio of the Medicare Part D price per 30-day supply (\$428) to the units per 30-day supply (*Table 1*) to determine the average Medicare Part D unit price for each NDC-11.

Equation 3.

$$\text{Unit Price} = \frac{\text{Price per 30 day supply}}{\text{Unit per 30 day Supply}}$$

This unit price was multiplied by the total units dispensed (*see Table 1*) to enrollees reported in the MCDB to calculate the estimated current net spend. (Equation 1.)

Comparison

In Table 1, staff estimated the current net spend to be \$16.1 million and the estimated MFP UPL projected net spend to be \$10.3 million to Maryland state and local government health plans. Therefore, using the MFP as a UPL represents an estimated annual cost savings of \$5.8 million to state and local governments, or approximately 36% savings over the current net cost of Ozempic (*see Table 1*)

¹¹ Sullivan SD, Cousin EM, et.al. Selected drugs, therapeutic alternatives, and price benchmarks for IPAY 2027 Medicare drug price negotiation. *J Manag Care Spec Pharm.* 2025;31(10):968-981. doi:10.18553/jmcp.2025.25199

Table 1. Domestic Reference Pricing for Ozempic

National Drug Code (11-Digit)	MFP Per 30 Day	MFP Per Unit	Units Per 30-Day Supply	Estimated Current Net Per 30 Day	Current Net Per Unit	Units Dispensed	Gross Spend	Net Spend Under MFP	Current Net Spending
00169-4130-01	\$274.00	\$92.26	2.97	\$428.00	\$144.11	93	\$26,267.00	\$8,580.21	\$13,402.66
00169-4130-13	\$274.00	\$92.26	2.97	\$428.00	\$144.11	43,653	\$12,857,706.00	\$4,027,439.44	\$6,291,036.79
00169-4132-12	\$274.00	\$177.83	1.54	\$428.00	\$277.78	5,457	\$2,653,728.00	\$970,407.42	\$1,515,818.89
00169-4136-11	\$274.00	\$92.26	2.97	\$428.00	\$144.11				
00169-4181-13	\$274.00	\$92.26	2.97	\$428.00	\$144.12	35,061	\$10,774,847.00	\$3,234,790.06	\$5,052,883.74
00169-4772-11	\$274.00	\$92.22	2.97	\$428.00	\$144.06				
00169-4772-12	\$274.00	\$92.22	2.97	\$428.00	\$144.06	22,364	\$7,085,183.00	\$2,062,515.47	\$3,221,739.50
Total							\$33,397,731.00	\$10,303,732.61	\$16,094,881.59