Board Solicited Stakeholder Council Input

PDASC Meeting

August 25, 2025

PDAB Staff

MARYLAND
Prescription Drug Affordability Board

Policy Review Process - Information Gathering
COMAR 14.01.05.04(D)(2)

Stakeholder Council Input.

(a) The Board may request input from the Stakeholder Council. This input can be a request for general input and ideas on policies or more specific requests for specific information.

(b) Board staff may provide the Board with summaries of input from the Stakeholder Council.

The circumstances under which the prescription drug products have led to affordability challenges include:

- the percentage change in WAC over time is substantially larger than the percentage change in inflation (rate of increase in inflation) (both drugs);
- at the 90 percentile, patient out of pocket (OOP) costs in certain markets is disproportionate to the net cost paid by payors (both drugs);
- total gross spending for Farxiga for state and local governments exceeds 1% of gross prescription drug spend for state and local governments; and
- total gross spending for Jardiance for state and local governments exceeds 1.8% of gross prescription drug spend for state and local governments.

Board Solicited Stakeholder Council Input

1. What driver(s) caused or contributed to each of the circumstances listed above? Please explain how that driver operates in practice and how it contributed to the circumstance.
2. What information demonstrates or supports the existence of this driver?
3. Identify policies that could address this driver and how they could address the driver. For each policy, discuss:
    a. Strengths and weaknesses of the policy;
    b. Possible implementation of the policy through legislation, regulation, or enforcement; and
    c. Potential impacts of the policy.

Terms

- “Driver” means a factor that causes a particular phenomenon to happen or develop.
- “Real-time benefit tool” means a tool that displays out-of-pocket drug cost estimates in the electronic health record (EHR) at the point of prescribing.
- “Deductible smoothing” is a Medicare Part D Program to help beneficiaries manage their out-of-pocket prescription drug costs. This plan allows beneficiaries to spread their costs evenly throughout the calendar year, rather than paying them upfront at the point of sale

Example of Possible Drivers

- For circumstance of disproportionate OOP cost to net, possible drivers might be:

  Patients with high OOP costs are using drugs for which their health plan gets lower rebates than average (*i.e.,* they are using non-preferred drugs);

  Patients with high OOP costs have high deductibles; and/or

  Co-insurance rates based on paid amounts result in patients paying a high percentage of the net cost for plans with high rebates.

Other Questions to Inform Discussion

Wholesale Acquisition Cost (WAC) Increases

- How much do production costs increase over time and what percentage of the WAC increases are attributable to production costs?
- What other costs would explain the higher rates of increase in the WAC set by the drug companies?
- Do the minimum rebate amounts negotiated between the drug companies and pharmacy benefit managers (PBM) impact the WAC? If so, how?
- How does the WAC, and potential increases in the WAC, impact PBM-manufacturer negotiations?

Exploring Some Identified Policy Options

- What are the barriers to the adoption and utilization of real-time benefit tools?
- What are the barriers to the adoption, enrollment and utilization of deductible smoothing under Medicare Part D?
- What policies would ensure that patients with high deductibles and coinsurance rates are not paying a large proportion of the net cost of the drug?
- How might WAC inflation penalties (charges for manufacturers for increasing WAC faster than inflation) disincentivize WAC increases?
- What changes to PBM contracts would discourage WAC increases?
- How might an upper payment limit (UPL) change the incentives for WAC increases?
- How would the application of a UPL to the drug impact formulary placement of the drug?
- What frameworks or contextual information should be considered for each drug if setting a UPL?