

Bulk Purchasing/Subscription Model

Policy Description

Maryland would implement a modified subscription model (often termed the "Netflix Model") for GLP-1 medications. Under this arrangement, the State pays a negotiated, capped annual fee to a single manufacturer in exchange for an expanded or unlimited supply of semaglutide for Medicaid, State Employee, and/or correctional populations. This model provides the manufacturer with a guaranteed revenue stream while ensuring Maryland has predictable, consistent costs regardless of utilization volume.

Implementation Process and Timeline

- **Phase 1: Feasibility Study (4 Months):** PDAB and Maryland Medicaid conduct a joint feasibility study to evaluate manufacturer interest and develop multi-year cost savings estimates based on various utilization caps.
- **Phase 2: CMS Submission (3 Months):** MDH submits a State Plan Amendment (SPA) request or waiver request to the Centers for Medicare and Medicaid Services (CMS) for authority to negotiate subscription-based supplemental rebates.
- **Phase 3: Optional Legislative Support (3 Months):** Parallel Legislative Session: Introduction of a "Value-Based Purchasing Act" to provide statutory support (similar to PA HB1470).
- **Phase 4: RFP Issuance (Milestone):** Upon CMS approval, the State issues a request for proposal (RFP) to drug manufacturers for a sole-source subscription contract.
- **Phase 5: Contract Execution (Milestone):** Contract execution with the selected manufacturer(s).
- **Phase 6: Program Launch (Milestone):** Program launch and distribution of GLP-1s on a subscription basis.

Other State Examples

- Louisiana (Hepatitis C): Louisiana received [CMS approval](#) for an SPA allowing a capped annual fee to a manufacturer (Gilead/Asegua) for an unlimited supply of Hep-C antiviral treatments. This model successfully expanded access to thousands of residents while keeping state expenditures fixed.