

# **Under Construction**

# **Upper Payment Limit Action Plan**

# **Overview/Next Steps**

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PDAB Meeting

July 22, 2024

PDAB Staff



# Upper Payment Limit Action Plan

## Background

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- **The Prescription Drug Affordability Board has the authority to set upper payment limits (UPLs) for state and local governments.**
  - **To use this authority, the Board must approve an Upper Payment Limit Action Plan that is then approved by the General Assembly Legislative Policy Committee.**
- **The Upper Payment Limit Action Plan (UPL Action Plan) is a plan of action for implementing the process that includes the criteria the Board shall use to set upper payment limits, including consideration of**
  - (1) The cost of administering the prescription drug product, the**
  - (2) The cost of delivering the prescription drug product to consumers; and**
  - (3) Other relevant administrative costs related to the prescription drug product.**



# In Development

# Upper Payment Limit Action Plan

## Overview

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- 1. Staff Proposed Process for Policy Review and Selection of Policy**
- 2. Staff Proposed Method for Setting the Upper Payment Limit Amount**
- 3. Staff Proposed Eligible Government Entities**
- 4. Staff Proposed Implementation of Upper Payment**



# Cost Review Study Leads to Policy Review

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## Step 1: Preliminary Determination of Affordability Challenge

- At the conclusion of the Cost Review Study Process, the Board makes a preliminary determination of whether use of the prescription drug product “has led or will lead to affordability challenges for the State health care system or high out-of-pocket costs for patients.” A preliminary determination is subject to revision and modification.

## Step 2: Policy Review Process

- If the Board’s preliminary determination is that use of the prescription drug product has led or will lead to affordability challenges, the Board may engage in the policy review process to consider policy options to redress the affordability challenge, including a UPL.



# Step 2: Policy Review Process

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## A: Information Gathering

- Board convenes hearing(s) to receive testimony on policy options including UPLs, and other issues (Public, Experts, Industry)
- Board requests Stakeholder Counsel input
- Board Staff conducts research on policy options and issues

## B: Preliminary Policy Recommendations

- Board Staff Presents Draft Cost Review Study Report to Board
- Board Staff Presents Draft Policy Options to the Board
- Draft Policy Options Include Analysis of UPL



# Policy Review - Final Affordability Challenge Determination and Policy Recommendation/Selection

## Step 3: Final Determination of Affordability and Policy Recommendation

- At the end of the Policy Review Process, the Board may adopt the final report of the cost review study and the Board's final determination.
- If the Board's preliminary determination is that use of the prescription drug product has not or will not lead to affordability challenges, the Board may adopt that determination as final, and no further action is taken.
- If the final determination is that the drug has led to affordability challenges, the Board may vote to pursue and/or recommend a policy solution to redress the affordability challenge, which may be an upper payment limit.
- Because a UPL may not be the preferred policy solution in every case, the Board may recommend other policy actions, which may include seeking additional legislative authority to implement a policy solution, and providing policy recommendations to the legislature, state and local government partners and others.



# Setting the Upper Payment Limit Amount

## The Board may consider the following factors when setting an upper payment limit amount:

- Cost of administering the prescription drug product
- Cost of delivering the prescription drug product to consumers
- Other relevant administrative costs related to the prescription drug product
- Information contained in the Cost Review dossier
- Utilization, in terms of patients and prescriptions, in
  - the state health plan
  - county, bicounty, and municipal health plans
  - Medicaid
- Amount of direct government purchases in terms of units and patients served
- Net prices in
  - the state health plan
  - county, bicounty, and municipal health plans
  - direct government purchases
  - Medicaid
- Total out-of-pocket costs in
  - the state health plan
  - county, bicounty, and municipal health plans
  - Medicaid
- Current coverage status of the drug in
  - the state health plan
  - Medicaid
  - county, bicounty, and municipal health plans
- The number of prescriptions paid through the Maryland State Medical Assistance Program
- The number of patients for the drug helped through the Maryland State Medical Assistance Program
- The total amount paid for the drug through the Maryland State Medical Assistance Program
- Information submitted as part of a request for information
- Testimony
- Any information provided by entities potentially subject to UPLs
- Information derived from stakeholder council input
- Information derived from public comments
- Any information that can be derived from the manipulation, aggregation, calculation, and comparison of the information listed above
- Information on the potential impact setting a UPL (e.g., savings, impacts on access, behavioral changes)



# Eligible Government Entities - Pilot Program

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- **The Board recommends that upper payment limits be implemented as a pilot program with key governmental partners. These partners must be Eligible Governmental Entities subject to the Board's upper payment limit statutory authority.**
- **Participation in the pilot means that these partners will make a good faith effort to work with the Prescription Drug Affordability Board to implement the upper payment limits in their programs.**
- **The PDAB will work with each Eligible Governmental Entity partner to determine the best mechanism to implement the upper payment limit.**





# Next Steps

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- The Board will publish a draft of the Upper Payment Limit Action Plan
- The Stakeholder Council will provide input on the draft of the Upper Payment Limit Action Plan
- In an open meeting, the Board will approve the Upper Payment Limit Action Plan and refer it to the Legislative Policy Committee for review and approval





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