NET SAVINGS ESTIMATES OF APPLYING UPPER PAYMENT LIMITS AT MEDICARE MFP ON JARDIANCE AND OZEMPIC PURCHASES IN THE COMMERCIAL MARKET IN MARYLAND

For the Prescription Drug Affordability Board Stakeholder Council

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BACKGROUND

- **In April and May of 2026, the Maryland Prescription Drug Affordability Board approved regulations that set upper payment limits benchmarked off of the Medicare Maximum Fair Price on Jardiance and Ozempic, respectively, for state and local governments. They would be effective as early as CY 2027**
- **The Board estimated that the UPL on Jardiance would will save State and local government approximately $320,000 and Ozempic $5.8 million off of the already rebated expenditures.**

OBJECTIVE OF STUDY

- **Maryland Health Care for All commissioned this study to estimate the potential savings that could accrue to the commercial insurance market in Maryland if/when the same upper payment limits were applied to Jardiance and Ozempic in the commercial insurance market in Maryland.**
- **The real savings to the system is the savings after existing rebates, or "net savings". Unfortunately, no data are available on rebates in the commercial market.**
- **We used data made publicly available by PDAB (through their "Framework" documents) from the Maryland All-Payer Claims Data Base to access gross expenditures for these drugs as well as the number of units sold.**
- **We then utilized the findings of several peer-reviewed studies that reconciled the savings estimates for Medicare and used publicly available data to estimate Medicare rebates.**
- **We then applied those rebates and estimated savings for each drug in the commercial market to cumulate expected net savings**

MODELS USED FOR REBATE ASSUMPTIONS

Jardiance

- Model A - Hernandez I, Wouters O, et. Al. Interpreting The First Round Of Maximum Fair Prices Negotiated By Medicare For Drugs. Health Affairs Forefront. September 3, 2024. https://www.healthaffairs.org/content/forefront/interpreting-first-round-maximum-fair-prices-negotiated-medicare-drugs.
- Model B - Uses the percentages of gross spend that are included in the findings of the Hernandez, et al. study - 63% for the rebate reduction and 66% for the MFP reduction.
- Model C - Brookings, Impact of federal negotiation of prescription drug prices, Anna Anderson-Cook and Richard G. Frank, August 19, 2024.

Ozempic

- MODEL A - Selected Drugs, Therapeutic Alternatives, and Price Benchmarks for IPAY 2027 Medicare Drug Price Negotiation. Sullivan SD, Cousin EM, et.al.. J Manag Care Spec Pharm. 2025;31(10):968-981. doi:10.18553/jmcp.2025.25199
- MODEL B - Brookings: Estimate savings from year two of the IRA Prescription Drug Negotiation Program, Anna Anderson-Cook and Richard G. Frank, December 5, 2025. https://www.brookings.edu/articles/estimated-savings-from-year-two-of-the-ira-prescription-drug-negotiation-program

ASSUMPTIONS AND LIMITATIONS

- Medicare Rebates are used as a proxy since no data are available on commercial rebates. If commercial rebates are lower than Medicare rebates for these drugs, the findings would be considered conservative. If commercial rebates are higher, the savings would be less.
- APCD data are lagged by 2 years, and the drug market can be dynamic.
- APCD data do not include ERISA exempt self-insured plans which the Maryland AG indicate are included. We extrapolate to recognize self-insured plans.
- The findings of this study represent net savings to the commercial market as a whole and do not assume how those savings will be applied.

SUMMARY ANALYSIS
JARDIANCE

Jardiance - Commercial Insurance	2023 PDAB Method and Framework Data	Alternative PDAB Method and Framework Data	2023 Using Brookings Method and MD data
Gross Spend	$ 232,668,859	$ 232,668,859	$ 232,668,859
Est. Net Spend after Rebates	$ 79,947,532	$ 86,087,478	$ 93,067,544
% Reduction off of Gross	65.6%	63.0%	60.0%
Est. Spend at MFP	$ 74,290,867	$ 79,107,412	$ 83,295,452
% Reduction off of Gross	68.1%	66.0%	64.2%
Est. Net UPL Savings after Rebates (Spend after Rebates minus Spend after MFP)	**$ 5,656,665**	**$ 6,980,066**	**$ 9,772,092**
Est. Net Savings as % of Gross Spend	2.4%	3.0%	4.2%
Est. Savings from Net Spend	7.1%	8.1%	10.5%
Extrapolated Cumulative Net Savings including ERISA/Self-Insured (at 44%)	**$ 9,478,954**	**$ 11,696,596**	**$ 16,375,234**

SUMMARY ANALYSIS
OZEMPIC

Ozempic - 2023 Commercial Insurance in Maryland	**Model A - PDAB Method and Maryland Data**	**Model B - Brookings Method and Maryland Data**
Gross Spend	$ 447,140,729	$ 447,140,729
Est. Net Spend after Rebates	$ 187,347,710	$ 236,984,586
% Reduction off of Gross	58.1%	47.0%
Est. Spend at MFP	$ 119,937,553	$ 138,613,626
% Reduction off of Gross	73.2%	69.0%
Est. Net UPL Savings after Rebates (Spend after Rebates minus Spend after MFP)	**$ 67,410,157**	**$ 98,370,960**
Est. Net Savings as % of Gross Spend	15.1%	22.0%
Est. Savings from Net Spend	36.0%	41.5%
Cumulative Net Savings Extrapolated for ERISA	**$ 112,960,164**	**$ 164,841,624**