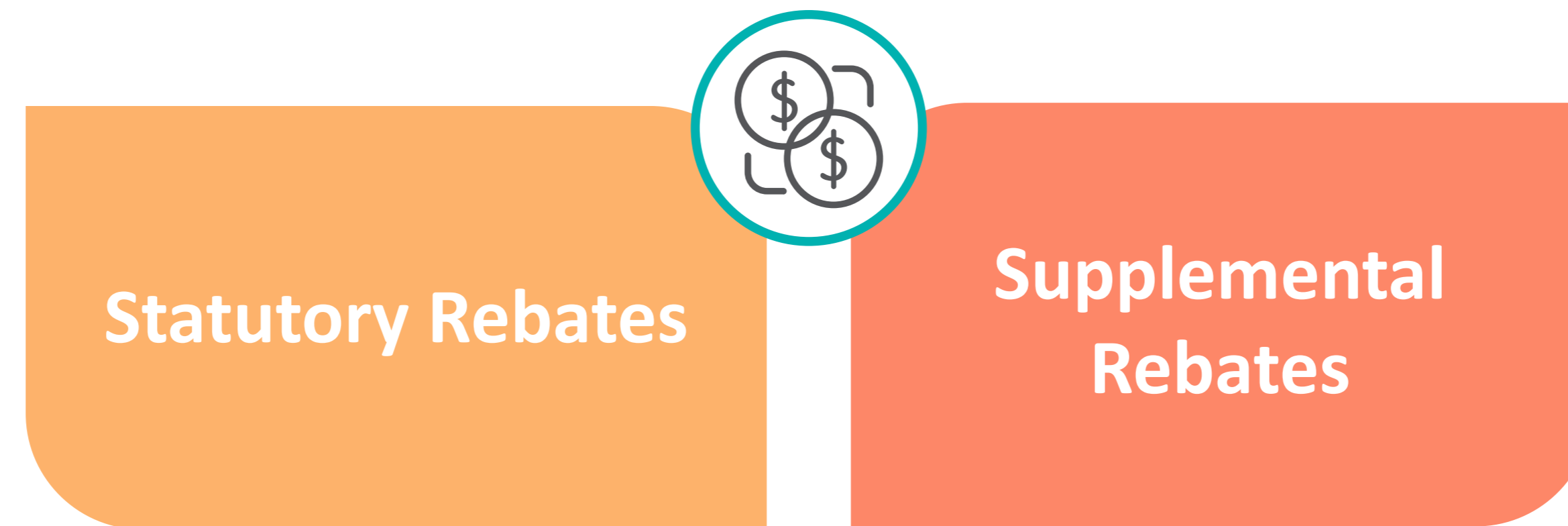


Medicaid Rebates

Artia SOLUTIONS

Medicaid Rebates



42 U.S. Code 1396r-8 (b)(3)(D) – “...information disclosed by manufacturers or wholesalers under this paragraph...is confidential and shall not be disclosed by the Secretary or the Secretary of Veterans Affairs or a State agency (or contractor therewith) in a form which discloses the identity of a specific manufacturer or wholesaler, prices charged for drugs by such manufacturer or wholesaler...”

Statutory Medicaid Rebate

Federal Rebate Requirements

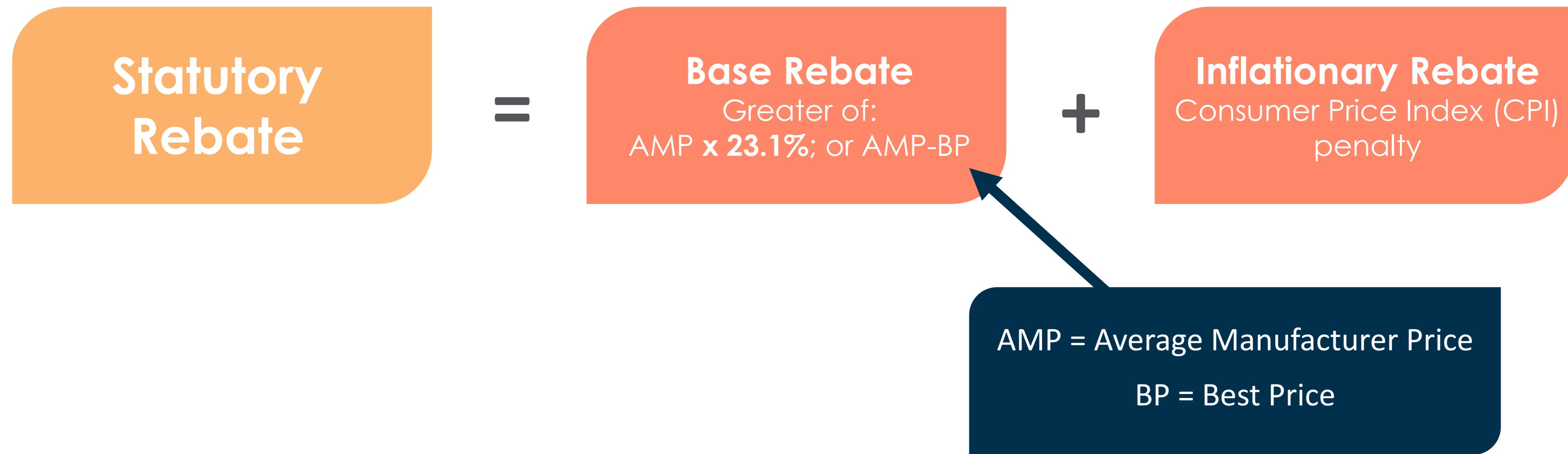
Mandatory

- ✓ Medicaid pharmacy coverage is an optional program that a State opts into; expenditures are shared between Federal and State government
- ✓ Federal matching funds will not be available for the product unless the pharmaceutical manufacturer signs a rebate agreement with Centers for Medicare and Medicaid Services (CMS)
(Section 1927 of the Social Security Act)
- ✓ NO REBATE AGREEMENT = NO MEDICAID COVERAGE¹
- ✓ The rebate amount is applied to all Medicaid utilization
- ✓ States invoice manufacturers each quarter for rebate amounts based on reimbursed units of pharmaceuticals

¹ States have the option to cover products without a CMS Rebate agreement, but they will not receive federal matching funds.

Statutory Medicaid Rebate

Unit Rebate Amount (URA) Calculation



Medicaid's status as Best Price-exempt permits State Medicaid programs to contract for additional rebates without impacting any other government program's discounts

Supplemental Rebates

1

Preferred Drug Lists (PDLs)

- States operate preferred drug lists to contain costs while still providing access to medication.
- PDLs are used to leverage supplemental rebates from manufacturers, who participate *voluntarily*
 - Manufacturers with similar products compete on clinical effectiveness and cost for positioning in their therapeutic class

2

Manufacturers pay Supplemental Rebates for positioning on Medicaid PDLs

- Preferred positioning generally allows unrestricted access to product unless specific restrictions are permitted by contract
- Non-preferred positioning requires doctor or pharmacy to obtain Prior Authorization approval or step through 1 or more preferred products
- Most states use a vendor to provide rebate contracting services, but vendors do not retain any Medicaid rebates

The Medicaid program cannot be leveraged for discounts for other government programs

Supplemental Rebate

Medicaid net price calculation



Drug safety, effectiveness, and net price are considered when State Medicaid programs assign PDL statuses

Thank You!

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