

State Medicaid Value-Based Purchasing Arrangements With Drug Manufacturers

State	SPA / Waiver	Status	Manufacturer	Drug	Therapeutic Area	Description	Duration of Contract	Year of Implementation	Type	Source	Source2
Colorado	SPA	Approved	TBD	Physician-administered drugs	TBD	State approved to negotiate supplemental rebate agreements involving value-based contracts with pharmaceutical companies. Value-based contracts would produce additional rebates that lower net cost for the state for drugs covered under such contracts, if clinical outcome targets for those drugs are not achieved. Colorado has not yet identified specific drugs or manufacturers it plans to approach with value-based contracts.	TBD	2018	TBD	https://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/CO/CO-18-0044.pdf	
Louisiana	SPA	Approved	Asegua Therapeutics, LLC (subsidiary of Gilead Sciences, Inc.)	Authorized generic of Epclusa® (sofosbuvir/velpatasvir)	Infectious Disease	CMS authorized the state to negotiate supplemental rebate agreements from prescription drug manufacturers. The SPA permits the state to negotiate supplemental rebate agreements using a new “modified subscription” model that initially focuses on antiviral agents for hepatitis C and that promotes eliminating the hepatitis C virus statewide. This allows Louisiana to cap gross expenditures at a fixed amount for hepatitis C drugs, while providing the state with unlimited access to clinically necessary doses of these therapies for Medicaid beneficiaries. The supplemental rebate agreement applies to hepatitis C drugs dispensed both through Medicaid Managed Care Organizations and to fee-for-service beneficiaries in Medicaid, and all supplemental rebates collected will be paid to the state, not to Managed Care Organizations. The Louisiana Department of Health and Department of Corrections announced that they have selected Asegua Therapeutics LLC, a subsidiary of Gilead Sciences, Inc, as their hepatitis C subscription model pharmaceutical partner. Asegua will provide the State (both Medicaid and the Department of Corrections) with five years of unrestricted access to its direct-acting antiviral medication, the authorized generic of Epclusa (sofosbuvir/velpatasvir tablets).	7/1/19 - 6/2024	2019	Modified Subscription Model	https://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/LA/LA-19-0018.pdf	https://www.gilead.com/news-and-press/press-room/press-releases/2019/6/louisiana-launches-hepatitis-c-innovative-payment-model-with-asegua-therapeutics-aiming-to-eliminate-the-disease
Massachusetts	Waiver	Denied	N/A	N/A	N/A	In seeking an amendment to its 1115 demonstration, Massachusetts requested to waive the requirement under Section 1927 of the Social Security Act—the provision that regulates drug coverage and payment under Medicaid—that state Medicaid programs cover nearly every FDA-approved drug of a manufacturer that has signed the CMS rebate agreement. Massachusetts, however, sought to retain the requirement under Section 1927 that manufacturers pay minimum rebates to states, which must be at least 23.1% of the drug’s price for brand-name drugs and 13% for generics while imposing a formulary that restricts coverage for certain drugs. In effect, Massachusetts aimed to modify the existing accord between states and pharmaceutical manufacturers that Section 1927 established and through which manufacturers get guaranteed formulary placement of their drugs in exchange for states getting guaranteed discounts.	N/A	N/A	N/A	https://healthinsights.manatt.com/Health-Insights/Newsletter/c67e4c8f-57c6-4716-9ea2-bb4d5d6a2245	
Michigan	SPA	Approved	TBD	TBD	TBD	Michigan received CMS approval of its plan to enter into outcomes-based contracts under its Medicaid program on November 14, 2018	TBD	2018	OBC	https://www.fiercehealthcare.com/regulatory/cms-approves-value-based-drug-payments-michigan-s-medicaid-program https://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/MI/MI-18-0009.pdf	
Oklahoma	SPA	Approved	Melinta Therapeutics	Orbactiv® (oritavancin)	Antibiotic	Under the new value-based contract, prior authorization will no longer be required. In return for having the drug listed as a first-line treatment, Melinta ensures that oritavancin will not result in a net increase in costs. However, under the terms of the value-based contract, if the state does incur higher costs from oritavancin – despite the avoided hospitalizations – Melinta will be required to cover those costs through additional rebates to the state.	N/A	2018	OBC	https://www.healthcare-economist.com/2018/09/30/oklahomas-medicaid-program-experiments-with-outcomes-based-contracts/	

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			Alkermes Plc	Aristada® (aripiprazole lauroxil)	Mental Health	Allows the state of Oklahoma to negotiate supplemental rebate agreements involving value-based purchasing arrangements with drug manufacturers that could produce extra rebates for the state if clinical outcomes are not achieved. Contract ties rebates for schizophrenia drug to patient adherence. List prices for the long-acting drug, given every month to six weeks, start at about \$1,200 a month. Under the one-year contract, the price decreases every other month as long as the prescription is refilled.				https://www.reuters.com/article/us-health-usa-medicaid/oklahoma-medicaid-tests-new-tactic-to-curb-u-s-drug-costs-idUSKCN1L81L6	
			Eisai Inc.	FYCOMPA® (perampanel)	Neurological	Eisai Inc. the U.S. pharmaceutical subsidiary of Eisai Co., Ltd., announced today that they have signed a value-based contract for FYCOMPA® (perampanel) CIII with Oklahoma Health Care Authority (OHCA) premised on reduction of hospitalizations of OHCA patients with epilepsy.				http://eisai.mediaroom.com/2018-10-24-Eisai-and-Oklahoma-Health-Care-Authority-Enter-Value-Based-Agreement-for-FYCOMPA	
			Janssen Pharmaceutical	INVEGA SUSTENNA® (paliperidone palmitate) INVEGA TRINZA (paliperidone palmitate)	Mental Health	Under this arrangement focused on enabling the use of INVEGA SUSTENNA® (paliperidone palmitate) and INVEGA TRINZA® (paliperidone palmitate) earlier in treatment of adults with schizophrenia, OHCA aims to improve care among patients with schizophrenia and reduce expenses for medical services.				https://www.prnewswire.com/news-releases/janssen-signs-results-based-contract-with-oklahoma-health-care-authority-ohca-for-its-long-acting-injectable-schizophrenia-medicines-300765003.html	
Washington	SPA	Approved	AbbVie	AbbVie's Mavyret™ (glecaprevir/pibrentasvir)	Infectious Disease	CMS approved Washington State's SPA to negotiate supplemental rebate agreements involving value-based purchasing arrangements with drug manufacturers to link payment for prescription drugs to the value delivered. Washington's proposal is specifically designed to allow the state to negotiate under a "subscription" model with manufacturers of prescription drugs that treat patients with the hepatitis C Virus. Under Washington's subscription model, the state would pay a fixed annual amount to a pharmaceutical manufacturer to purchase an unrestricted supply of Hepatitis C drugs. The SPA is the first that CMS approved that is primarily focused on hepatitis C drugs. The Washington State Health Care Authority (HCA) announced AbbVie US LLC as the apparently successful bidder (ASB) in a massive undertaking to eliminate hepatitis C virus (HCV) in Washington by 2030. AbbVie was chosen out of several candidates because they provided the best overall portfolio to assist Washington with eliminating HCV. They offer a product that will treat about 97 percent of all patients with HCV, and they have demonstrated a commitment to partner with HCA to eliminate HCV through its investment in the HepC Free WA initiative.	7/1/19 – 6/30/23 with option for 2 year extension	2019	Subscription Model	https://www.cms.gov/newsroom/press-releases/cms-approves-washington-state-plan-amendment-proposal-allow-supplemental-rebates-involving	https://www.hca.wa.gov/about-hca/health-care-authority-announces-abbvie-us-llc-apparently-successful-bidder-hepatitis-c