A PDAB established Upper Payment Limit (UPL) Will Disrupt the Pharmaceutical Supply Chain Restricting Patient Access While Failing to Guarantee Any Savings Are Passed Along to Consumers

As Dr. Madelaine Feldman, Immediate Past President of the Coalition of State Rheumatology Organizations (CSRO) explained, access is about ***availability AND affordability***.

A CO PDAB mandated UPL poses numerous threats to the availability of medications and does not ensure that the drug will be affordable to patients.

A UPL will create extensive problems within the pharmaceutical supply chain resulting in reduced availability of therapies which adversely affects patients along with many businesses and providers.

The pharmaceutical supply chain is complex:
The pharmaceutical supply chain involves numerous entities such as manufacturers, wholesalers, distributors, group purchasers (buying groups), individual purchasers and those facilities and businesses that provide the therapy to patients.

The PDAB focus appears to be solely on manufacturers without recognizing the many different companies and types of businesses that are involved in the supply chain and which influence the cost of the product.

Depending on the type of medications and how it is administered, patients may receive a drug at different locations and through various delivery methods, such as in a hospital inpatient or hospital outpatient setting, physician's office, surgery centers, chain pharmacy or independent pharmacies, internet-based pharmacies, specialty pharmacies and mail-order pharmacies.

The business and medical practices of all of these entities will be negatively impacted by a UPL because the state will be dictating conditions for purchasing and providing a UPL drug to patients.

Depending on the amount of the UPL, and how it is implemented and enforced, entities in the supply chain may be unable to "carry or stock" a product so the UPL medication would no longer be available as an option to be prescribed for patients.

Patients living in rural areas with only one hospital, medical clinic or pharmacy could be disproportionately affected and forced to travel long distances to obtain the medication or be switched to a different, and possibly less effective therapy.

Situations of this nature can worsen health disparities and further exemplify how PDABs threaten health equity.

On numerous occasions over the past few years, wholesalers, distributors, physicians, hospitals and pharmacies have communicated concerns about how the implementation of a PDL could adversely affect their business operations and financial stability, as well as reduce or even eliminate the availability of UPL medications.

Similar concerns were also expressed by PDAAC members at the January 2024 meeting; yet the state continues to push ahead with PDAB decisions while ignoring the complex realities that exist within the pharmaceutical supply chain.

A Colorado PDAB UPL does not ensure that medications are affordable to patients who are consumers and supposed to benefit from this effort:

The PDAB was "sold" as an initiative to help patients, who are also consumers.

If the CO PDAB votes to establish an UPL for a specific medication, there is no requirement or any explanation for how any costs savings will be passed along to the consumer.

Improving consumer affordability for prescription drugs is cited as the goal in the PDAB authorizing legislation.

Additionally, for individuals with some type of health care coverage or insurance – whether through Medicaid, the state employee program, employer offered or individually purchased – the amount paid at the pharmacy, the patient cost-sharing, is determined by the insurance company and pharmaceutical benefit managers (PBMs).

Insurance companies and PBMs dictate how much hospitals, physicians and pharmacies can charge for a specific medication.

For some therapies, depending on the circumstances surrounding how the product is supplied and administered or dispensed, the amount charged to the patient can have very little relationship to the purchase price of the medication due to the confidential "deals, contracts and policies" of insurance companies and PBMs.

Summary & Recommendations:

Medication access has two key components – availability and affordability. Both of these are in jeopardy if the state imposes an UPL on life-essential medications.

In reality, an UPL will benefit the Medicaid program and other payers, as well as insurance companies and PBMs, while harming hospitals, doctors, pharmacists and patients.

According to CO statute and regulations, the PDAB will consider the affordability of a prescription drug for Colorado **consumers – not Medicaid, insurers or PBMs – the focus is supposed to be on helping the consumers.**

Instead of simply focusing on the cost of a product, the state should consider the barriers to access - availability and affordability - expressed by patients.

Patients have repeatedly stated that tactics used by insurers and PBMs, such as tiered copays, high percentage cost-sharing, prior authorization and fail-first/step-therapy, create significant access barriers that often delay the use of a treatment and cause their conditions to worsen.

Why is the state not working to address these concerns with PBMs and insurers instead of investing hundreds of thousands of state dollars in the PDAB?