



Checklist for Coordinating Public Purchasing of Prescription Drugs

Target audience: *Public purchasers, including those representing state government, state university, and public school employees and retirees as well as departments of corrections, state hospitals, and Medicaid programs.*

In response to rising drug prices, states are working to take coordinated action across public purchasers. Establishing the following baseline data from each public purchaser on their plans, pharmacy benefit managers (PBMs), and prescription drug benefits, is a first step to identify opportunities and strategies to better coordinate prescription drug purchasing in order to lower drug costs.

1. Type of health plan:
 - a. Fully-insured
 - b. Self-insured
2. Average number of covered lives in a 12-month period
3. Are prescription drug benefits included in the health plan or carved out?
4. Who is the plan's current PBM?
5. What vendors does the plan work with to perform procurement, formulary design, or analytic functions related to managing prescription drug availability? (List names and roles.)
6. Number of staff supporting the prescription drug procurement function
7. Terms of PBM contract:
 - a. Length of current contract
 - b. Date of contract expiration
 - c. Contract provisions
 - i. Do you prohibit spread pricing (i.e., where the PBM pays the pharmacy less than it bills the plan and the PBM retains "the spread")?
 - ii. Rebates:
 1. Do you require transparency regarding the amount of rebates the PBM receives from manufacturers and the amount of rebates the PBM retains?
 2. Do you require the plan's PBM to pass through rebates to the plan?

- iii. Do you compensate the PBM through administrative fees/reference pricing?
8. Do you have a formulary/preferred drug list?
 9. Member contributions:
 - a. What is the deductible for prescription drugs?
 - b. What are the coinsurance/copay amounts for different tiers of drugs?
 10. Drug expenditures:
 - a. Annual total
 - b. Per covered life
 11. Top 10 drugs
 - a. Highest net cost to plan
 - b. Highest use (most frequently prescribed)
 12. Do you participate in any multi-stake activities, e.g., bulk purchasing under common formularies, Medicaid pooling initiatives, etc.? (List and identify their goals.)
 13. Do you have access to prescription drugs through an eligible 340B provider?
 14. What data capabilities do you have:
 - a. Do you maintain a data warehouse?
 - b. Do you routinely monitor key metrics, such as the generic dispensing rate, rates of growth, distribution of spending in therapeutic categories, and by spending/utilization, demographics of users, etc.
 - c. What drug reference and analytic tools do you use (e.g., Medi-Span, First Data Bank, etc.)