



# Medicaid Drug Cap

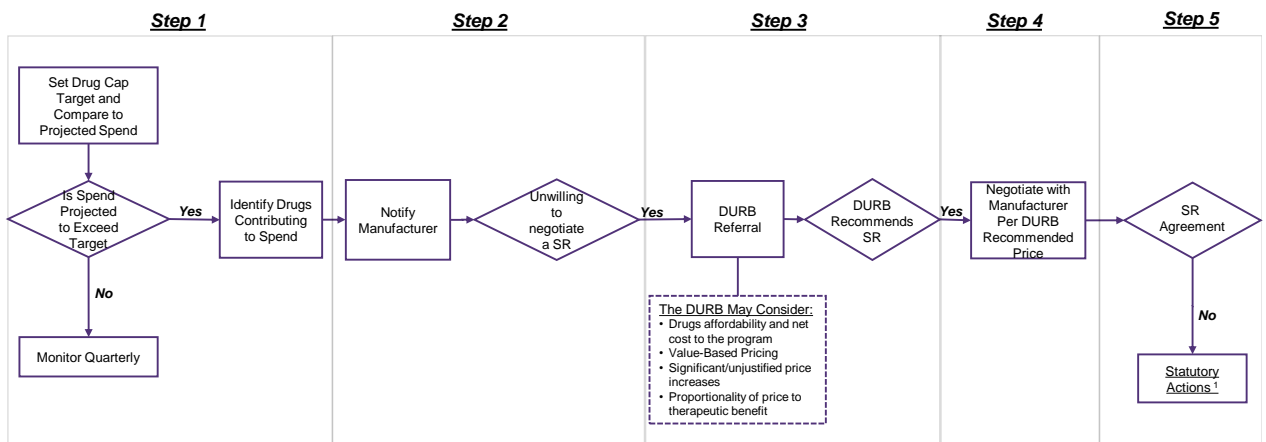
Amir Bassiri

Chief of Staff to the Medicaid Director

New York State Department of Health | Office of Health Insurance Programs

**National Academy for State Health Policy (NASHP)**  
32nd Annual State Health Policy Conference: *The Latest State Actions to Tackle Rx Prices, And What's Next?*  
August 2019

## Medicaid Drug Cap: How It Works



SR = Supplemental Rebate; DURB = Drug Utilization Review Board

<sup>1</sup> Statutory actions includes requesting information associated with the drug related to R&D costs and enforcing additional utilization management controls (if applicable)



## Criteria: Drugs Contributing to Piercing the Cap

	SFY 17-18	SFY 18-19
<b>% of Total Spend (Net of All Rebates)</b>		
<i>Brands</i>	59%	61%
<i>Generics</i>	41%	39%
<b>Amount Above Drug Cap Target</b>	\$119M	\$75M
<b>Methodology For Identifying Drugs for Possible DURB Referral</b>	1. Is the Total Spend Net of All Rebates in the Top 1% of all drugs <i>(Net Spend &gt; \$5M)</i>  2. Manufacturer Credit <sup>1</sup> <i>(\$30M Credited – State Share)</i>	1. Is Total Spend Net of All Rebates <u>OR</u> Net Cost per Claim in the Top 3% of all drugs <i>(Net Spend &gt; \$2.2M OR Net Cost per Claim &gt; \$13,000)*</i>  2. Manufacturer Credit <sup>1</sup> <i>(\$63M Credited – State Share)</i>
<b>Number of New Drugs Identified</b>	30	42
<b>Number of Manufacturers (Unique)</b>	12	25

<sup>1</sup> Per the SFY 20 Enacted Budget, manufacturers will no longer receive a 'credit' for rebates provided on other drugs in the Medicaid program.

\* Under Cost per Claim criteria, only drugs with a total spend >\$1M net of all rebates were considered.

August 2019



## Accomplishments and Results to Date

Since April 2017 the Department has achieved promising results related to the Medicaid Drug Cap.

### Successes:

- ✓ Achieved \$85M (state share) statutory savings target.
- ✓ Negotiated over 20 supplemental rebate contracts with several manufacturers with many still in negotiations.
- ✓ Developed models for DUR Drug Cap Reviews – and completed two DUR Board Drug Cap Reviews
- ✓ Refined Drug Cap models to target highest cost drugs
  - SFY 2018-19: incorporated *physician administered* drugs
- ✓ Enacted enhancements in SFY 2019-20 budget to streamline rebate negotiations and transparency.

### Takeaways:

- In SFY 19, net drug spend increased 1% over SFY 18 – a significantly lower growth rate as compared to projections and prior year actuals.
- Early indications suggest that the Drug Cap is leveraging additional rebates and reducing the growth of spending without limiting access to high cost drugs.

August 2019



Additional information available at:  
[https://www.health.ny.gov/health\\_care/medicaid/regulations/global\\_cap/](https://www.health.ny.gov/health_care/medicaid/regulations/global_cap/)

**Contact:**

[Amir.Bassiri@health.ny.gov](mailto:Amir.Bassiri@health.ny.gov)

