

# Pharmaceutical Cost Containment Strategies for Colorado Medicaid

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## Physician Administered Drug Payment Methodology Issues

- Colorado currently uses Average Sales Price (ASP) and Wholesale Acquisition Cost (WAC) to set rates for physician administered drugs
- Neither of these sources are transparent or specific to Colorado
- This leads to discrepancies between Colorado's rates and the providers' costs that are inefficient when the rate is too high and that can lead to access issues when the rate is too low.

# NASHP Supported Work

- Hired a contractor to perform a preliminary survey and analysis of invoices for physician administered drugs
- The contractor was also engaged in order to propose a methodology to develop average acquisition cost rates for physician administered drugs
- Initial findings showed that rates could be improved to be more accurate and to save money
- Colorado Medicaid is currently pursuing funds in order to operationalize this methodology

# Other Work

- Value based supplemental rebate agreements
  - Seriously talking with a couple of manufacturers
- State maximum allowable cost rates
  - Pursuing funding for implementation
- 340B ceiling prices
  - Working on implementing restrictions into claim processing system
- Outpatient hospital specialty drug payment methodology
  - Recently received CMS approval and retroactively implementing back to 8/11/2018
- Importation of drugs from Canada
  - State law signed and working on logistics