



The Puerto Rico Chamber of Commerce
and it's Health Committee present the



PUERTO RICO
Health & Insurance
CONFERENCE 2021
**Medicaid Drug Rebate
Program (MDRP)**

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Medicaid Drug Rebate Program (MDRP)

History

- Congress created the MDRP in 1990
- MDRP was designed to manage Medicaid outpatient prescription costs
- Most drug manufacturers participate in the MDRP in exchange for Medicaid coverage of the manufacturers' drugs
- Under the MDRP, drug manufacturers pay a minimum rebate, set by law, which is the Best Price available in the marketplace or a percentage of the drug's Average Manufacturer Price (AMP), whichever is lower
- All fifty states and District of Columbia participate in the MDRP

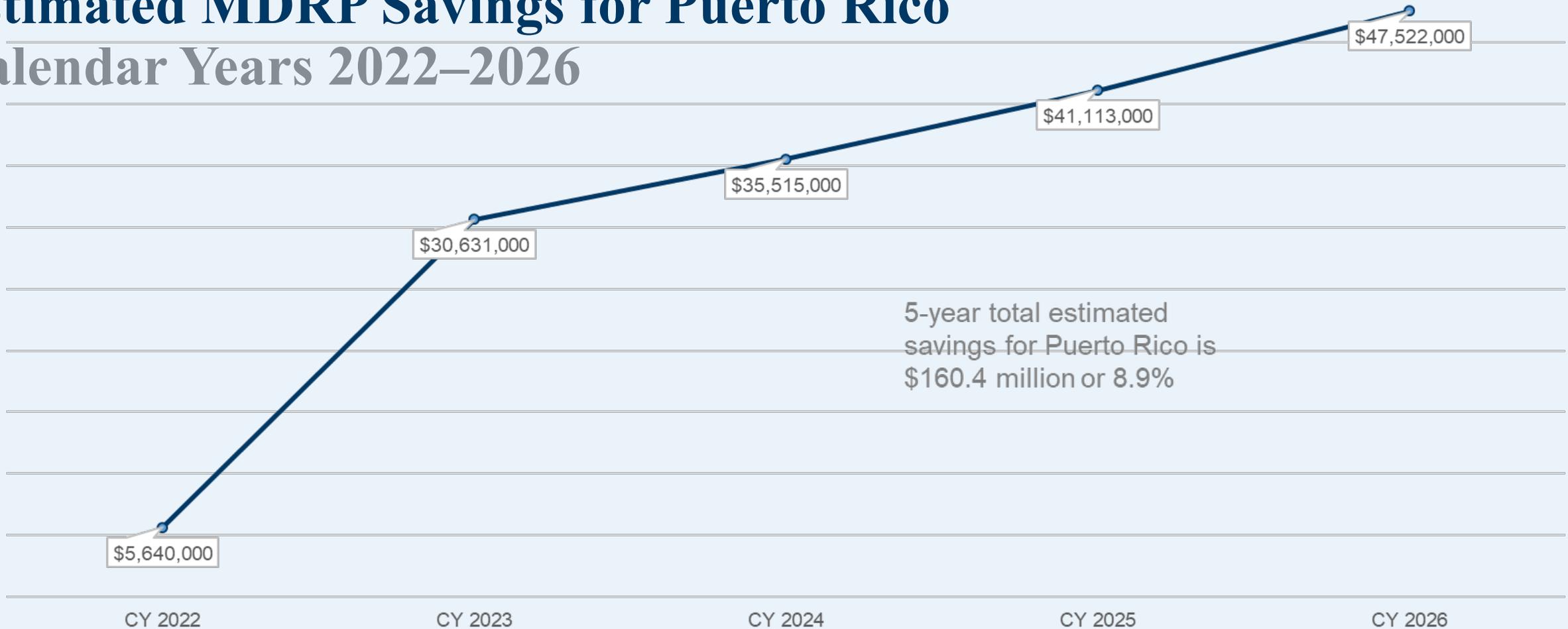
Medicaid Drug Rebate Program (MDRP)

Covered Outpatient Drug Rule

- U.S. Territories have been carved out of the MDRP since inception
- The Centers of Medicare and Medicaid Services' (CMS) Covered Outpatient Drug Rule requires the U.S. Territories to join the MDRP or request authority to opt-out of the MDRP by April 2022
- Puerto Rico has decided to join the MDRP, resulting in significant projected savings to the Medicaid program over time



Estimated MDRP Savings for Puerto Rico Calendar Years 2022–2026



Medicaid Drug Rebate Program (MDRP) Benefits for Puerto Rico

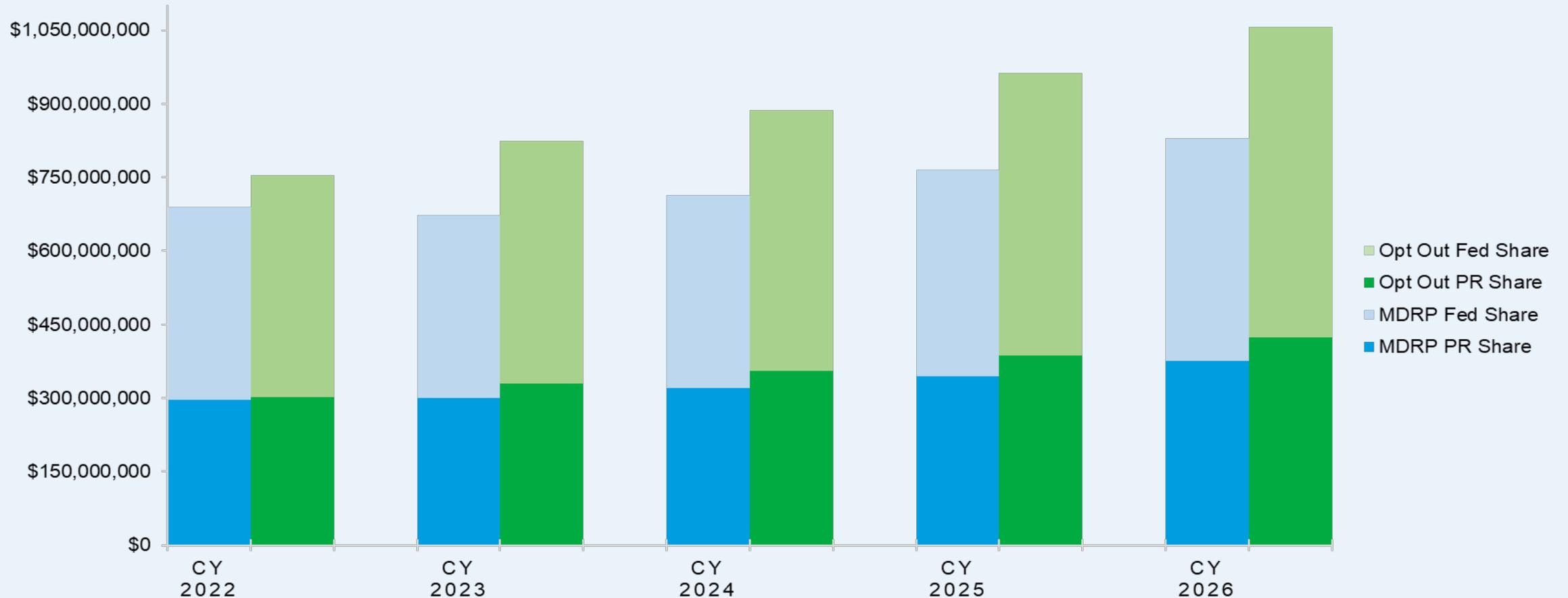
- Savings are a result of the difference between the current drug manufacturer rebates received compared to the MDRP rebates
 - Presently, Puerto Rico receives 35% to 40% of total paid amount in drug manufacturer rebates for select brand name drugs
 - Under MDRP, Puerto Rico could receive **50% to 55%** or more of total paid amount in federal rebates for both brand name and generic drugs

Medicaid Drug Rebate Program (MDRP) Benefits for Puerto Rico

- Price inflation protection is built into MDRP rebate calculations
 - If drug prices increase faster than inflation, the manufacturer has to pay more rebate
- There is also opportunity for supplemental rebates through direct contracting with manufacturers or joining a purchasing pool with other states to increase supplemental rebate contracting ability



Total Estimated Annual Net Drug Spend — Join MDRP vs. Opt Out of MDRP Federal (Fed) Share and Puerto Rico (PR) Share





Medicaid Drug Rebate Program (MDRP) Path Forward





THANK YOU!

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