



The Puerto Rico Chamber of Commerce
and El Nuevo Día present:



PUERTO RICO
Health & Insurance
CONFERENCE 2019

**Rx Post Rebate Revolution
Root Cause**

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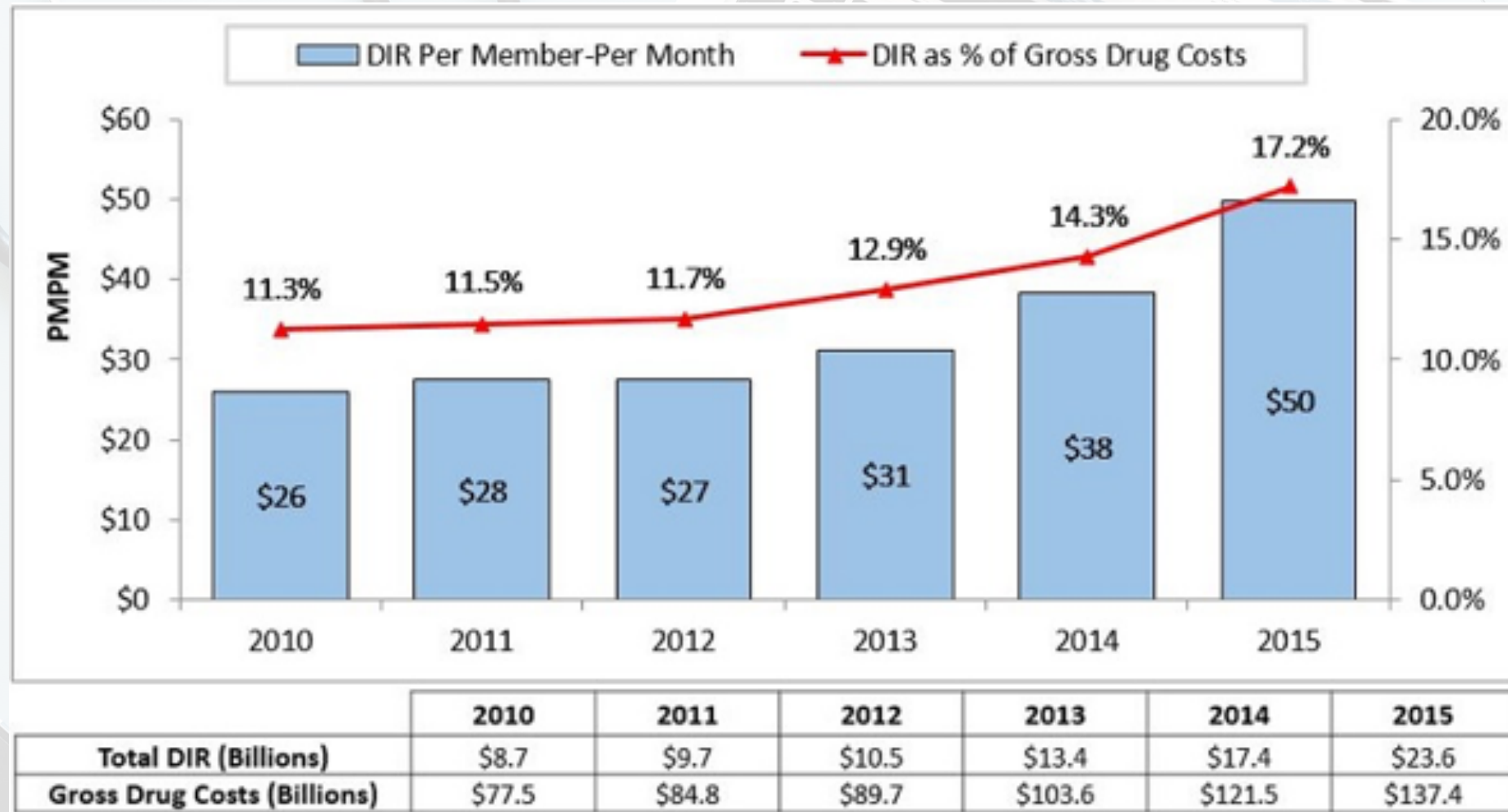
Agenda

- Potential Root Cause
 - DIR
 - Specialty Drugs and its impact to CMS' Liability
 - Catastrophic Coverage
 - Effects on Premiums
- Some Proposed Rule Facts & Questions

DIR

- Part D sponsors get additional compensation after the point of sale drug pricing that serves to change the final cost of drugs
- A great part of this compensation are rebates paid by Manufacturers to PBMs/Plan Sponsors
- Rebates and other price concessions are reported by Plan Sponsors in the Direct & Indirect Remuneration Report (DIR)
- CMS has seen an increase of almost tripled in DIR reported by Plan Sponsors from 2010 to 2015

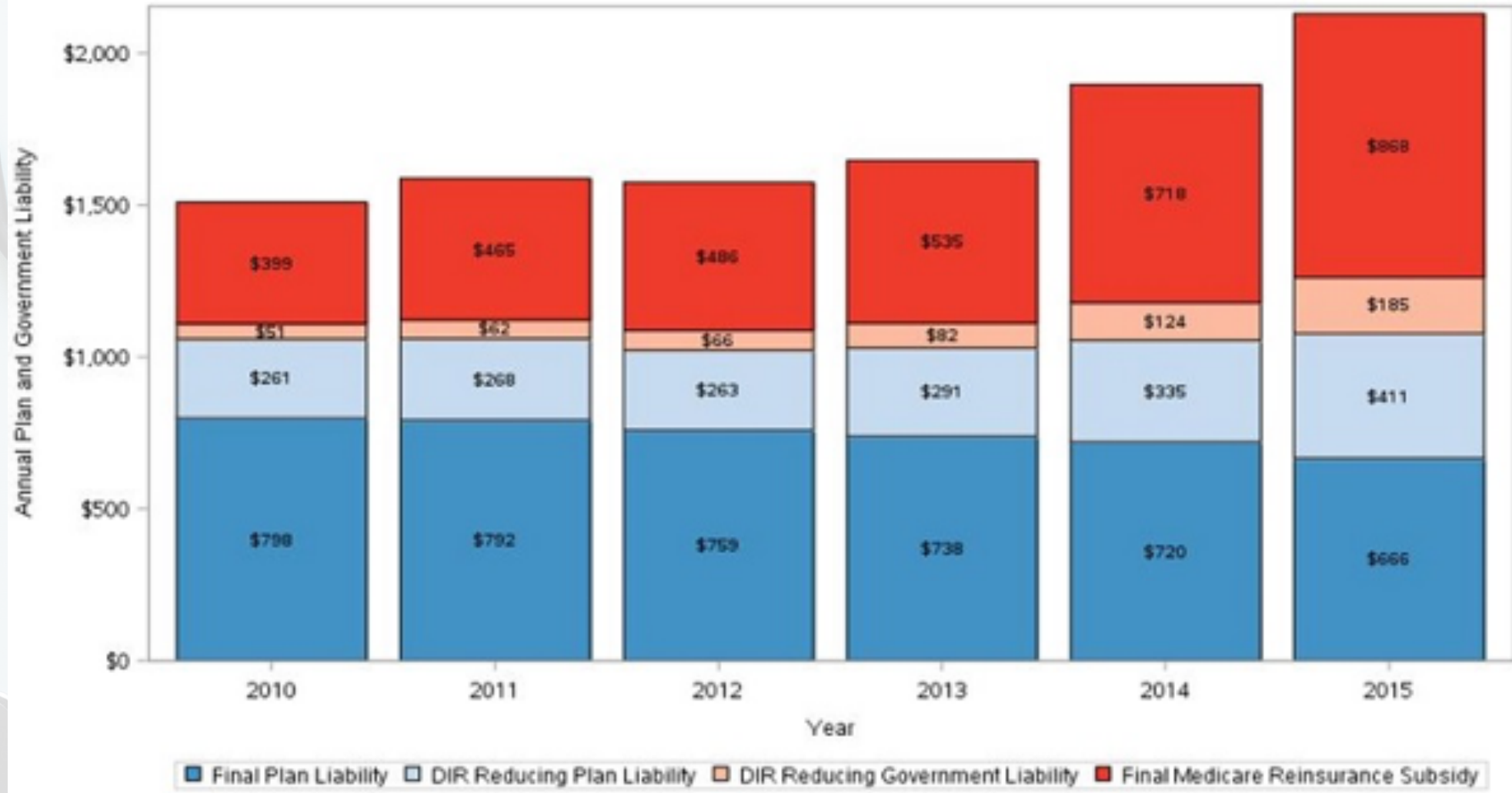
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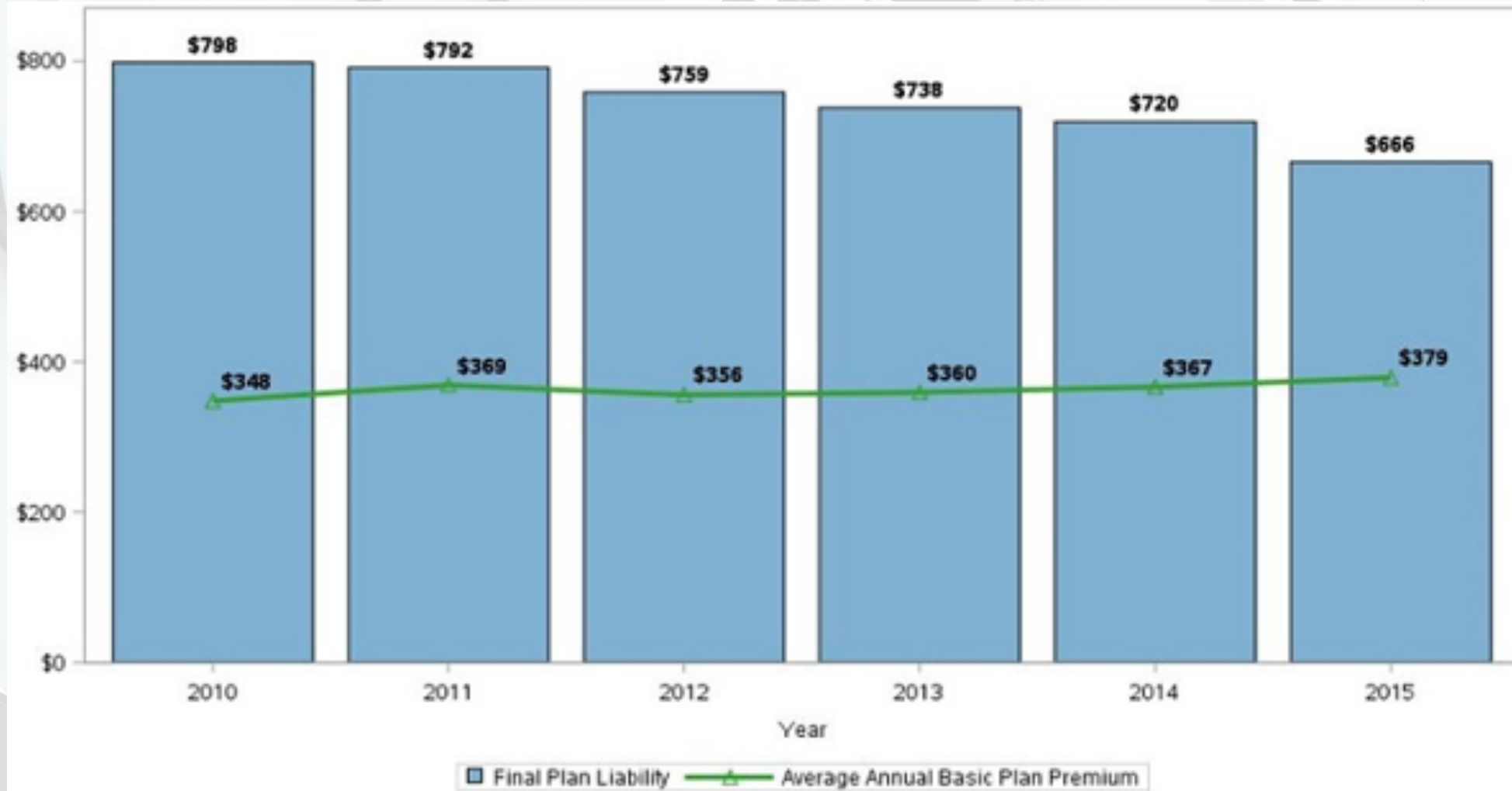
Specialty Drugs Impact

- CMS has seen an increase of specialty drug spending from \$8.7B to \$32.8B from 2010 to 2015
- These costly drugs make members reach the catastrophic phase faster. This has caused that federal spending in the catastrophic phase has more than tripled in the same period. CMS ends up subsidizing 80% of all drug spend in this phase

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Flat Premiums

- This has kept Part D premiums flat for the benefit of the members

Facts & Questions

- The proposal is for Medicare Part D and Managed Medicaid (MCO)
 - What will be the impact to ASES' rebate program?
- Insurance Principle of spreading risk
- Do the POS rebates need to be submitted in the price files for the Medicare Plan Finder?
 - So, would it induce adverse selection?
- What will be the incentive for PBMs to aggressively negotiate rebates?
- What about the cash flow impact to cover rebates at POS, is it going to be absorbed by the manufacturers?



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