



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



Rx Post Rebate Revolution, Trump's Blue Print & the Implications for Pharmaceutical Coverage

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We view change to safe harbor as having two levels of complexity

- ✓ The strategic financial impact on the industry
- ✓ The operational financial impact on managing rebates and providing member POS discounts



The strategic financial impact on the industry

- ✓ The strategic impact is highly debated among the actuarial experts in the industry
- ✓ Financial analysis has resulted in a broad range of conclusions
 - One school of thought would indicate massive losses from reduced rebates offered by Pharma amounting to as much as nearly **\$200B from lost rebates**
 - While the other extreme predicts large savings in terms **of \$140B through net price reductions for drugs**

Until there is more clarity from CMS with its intended final solution, the actual result will be somewhat unpredictable

The operational financial impact on managing rebates and providing member POS discounts

- ✓ PBMs will be responsible with the job of managing the rebate operations
- ✓ POS discounts will be required at the claim level as tied to specific rebate terms for specific drugs
- ✓ It may also be tied to client specific data as well, depending on who holds the rebate contracts
- ✓ While the process would be similar to tracking DIR rebates at the NDC level, it would have to be captured in real time
- ✓ This will require transparency from **Health Plan, PBMs and Pharma** to execute successfully
- ✓ Process will likely require a revision in NCPDP claim file layout to accommodate the new rebate discount information for Medicare Part D claims



We believe the final rule from CMS will likely be a combination of the current utilization of value-based rebate model plus some POS rebates in the form of discounts by specific drugs, most likely applied to specialty products

Other Implications

- ✓ **There will be a significant impact on Medicare-Advantage plan as well**
 - ✓ The loss of rebate dollars will impact the CMS annual bid process
 - ✓ pass-through to member rather than to the plan
 - ✓ would reduce dollars to the plan currently used to offset premium costs and reduce cost-sharing for all members
 - ✓ High utilizers of rebated drugs would see more significant cost-share reductions through rebate discounts while lower utilizers would likely see high cost-sharing and higher premiums

PBM's relying on rebate revenue and rebate admin fees will be forced to restructure admin costs to cover revenue targets rather than relying on passive income from rebates





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