

A FIRST: REAL VALUE IN MEDICAID

How innovative contracting helped a Medicaid program reduce the burden of specialty drug costs

THE CHALLENGE

Prescription drug prices are soaring in the US, particularly for specialty medications. To deal with escalating costs, forward-thinking health plans and pharmacy benefit managers (PBMs) are exploring value-based contracts as an alternative to traditional fee-for-service payment models.

For one Medicaid Program Agency that receives one of the lowest federal reimbursements in the nation, skyrocketing specialty drug costs are an exceptional burden.

To help the Medicaid program navigate this challenging financial environment, Abarca negotiated value-based agreements with the manufacturer of two high-cost Multiple Sclerosis (MS) treatments, each with a listed price of roughly \$7,000 per member, per month. This would be the first publicly disclosed value-based contract to cover Medicaid patients in the United States.

First publicly disclosed value-based contract to cover Medicaid

THE APPROACH

Under the terms of this agreement, the drug maker would provide a full refund to the plan for any member who discontinued treatment for any reason, such as side effects and lack of visible progress. To manage this undertaking, Abarca leveraged:

1. Advanced technology. Abarca used its industry-leading PBM digital platform to execute this agreement accurately and efficiently. The platform's advanced reporting capabilities allowed Abarca's team to monitor patient adherence and easily detect when someone had stopped filling his or her prescriptions and advise the plan on possible interventions. This also made it easy to collect the necessary data to present to the drug maker for reimbursement.

2. A collaborative partnership. In order to deliver results to their client, Abarca had to work closely with both the Medicaid plan and the drug maker. From the initial negotiations to the annual reimbursements, navigating these relationships takes delicate coordination and open communication. However, Abarca was built to treat its partners Like Family, and the team has been able to keep all stakeholders invested in the partnership's ongoing success.

3. A culture of innovation. Abarca was founded to find a better way in healthcare, and their team is constantly looking for new ways to deliver value. The company's culture encourages employees to push the envelope in the name of a better client and member experience. This made Abarca the ideal partner for the drug maker who was looking to undertake a new approach to contracting.

THE RESULTS

In the first two years under this agreement, the Medicaid program received incremental value from the pharmaceutical manufacturer when patients discontinued therapy.

Although only a small number of members is taking one of these MS medications, the benefits of this program are widespread. Moreover, while studies of other MS treatments have shown that only 30-40% of patients were adherent to their treatment after two years, 55-60% of members participating in this contract remained adherent to their medication. By recouping the cost for these drugs when members discontinued therapy, the Medicaid Program can reinvest these resources in initiatives that will improve member health.

“Excellent partnerships made this contract a success. Abarca is dedicated to finding creative solutions to manage drug spending, and the manufacturer was willing to work with us and stand by its products.”

- A government official from the Medicaid Program Agency