



The Commonwealth of Massachusetts
Executive Office of Health and Human Services **MassHealth**
Office of Medicaid
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October 31, 2022

Michael Rodrigues, Chair
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Aaron Michlewitz, Chair
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Cindy Friedman, Chair
Joint Committee on Health Care Financing
State House, Room 413B
Boston, MA 02133

John Lawn, Jr., Chair
Joint Committee on Health Care Financing
State House, Room 236
Boston, MA 02133

Michael D. Hurley
Senate Clerk
State House, Room 335
Boston, MA 02133

Steven T. James
House Clerk
State House, Room 145
Boston, MA 02133

Dear Chair Rodrigues, Chair Michlewitz, Chair Friedman, Chair Lawn, Mr. James, and Mr. Hurley,

Chapter 41 of the Acts of 2019 requires the Executive Office of Health and Human Services to submit a report on the amount of supplemental rebates received; the number of drugs receiving a supplemental rebate under this section, broken down by manufacturer; and a breakdown of the duration of the supplemental rebates received.

In July 2019, MassHealth received the authority to directly negotiate with drug manufacturers for supplemental rebate agreements through Section 46 of Chapter 41 of the Acts of 2019 (the Fiscal Year 2020 budget), codified in Chapter 118E, Section 12A of the Massachusetts General Laws. This authority has dramatically increased the pace at which MassHealth can enter into these agreements. As of October 1, 2022, MassHealth has active agreements on supplemental rebate contracts with 21 manufacturers for 57 drugs with a total annual incremental savings of approximately \$318M. The 21 manufacturers are listed in the table below.¹

Contracts with six manufacturers (covering 15 drugs) qualify as value-based payment (VBP) agreements. These agreements tie the rebate amount to outcomes data, including efficacy data and utilization data, or use alternative payment

¹ As a reminder, there were agreements with 17 manufacturers for 50 drugs in FY21 (reported on October 15, 2021) with a total annual incremental savings of approximately \$171M. Compared to the last report, there has been an increase in the number of contracts, as well as additional savings for existing contracts based on increased utilization.



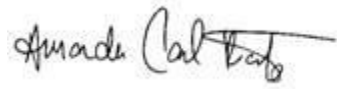
methodologies. For instance, under certain VBP agreements, if a drug is ineffective or if extended therapy is required, MassHealth may receive a portion or all of its payment back. This remains an exciting development, as it allows drug manufacturers to stand behind their products and be financially responsible for clinical outcomes.

The table below details agreements finalized through direct negotiations to date.

Manufacturer	Number of Drugs with Directly Negotiated Supplemental Rebate Agreements
AbbVie	3
Alkermes	1
Alnylam	2
Amgen	1
Asegua	2
AveXis	1
Bayer	3
Biogen	1
Biohaven	1
Eli Lilly	4
Gilead	4
Hikma	1
Indivior	2
Janssen	8
Merck	2
Novartis	1
Pfizer	9
Sanofi	1
Teva	1
Vertex	4
ViiV	5

I am grateful for your continued support of the MassHealth program. Please feel free to contact Camille Pearson at Camille.pearson@mass.gov should you have any questions about this report.

Sincerely,



Amanda Cassel Kraft

cc: Marylou Sudders