



EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
COMMONWEALTH OF MASSACHUSETTS
OFFICE OF MEDICAID
ONE ASHBURTON PLACE, BOSTON, MA 02108



MAURA T. HEALEY
GOVERNOR

KATHLEEN E. WALSH
SECRETARY

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

MIKE LEVINE
ASSISTANT SECRETARY
FOR MASSHEALTH

November 3, 2023

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

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

Chair Cindy F. Friedman
Senate Chair, Joint Committee on Health
Care Financing
State House, Room 313
Boston, MA 02133

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

Dear Chairs Rodrigues, Michlewitz, Friedman, and Lawn,

Section 12A of Chapter 118E of the Massachusetts General Laws on pharmaceutical drugs and the negotiation of supplemental rebate agreements requires that the executive office report on (i) the amount of supplemental rebates received under this section; (ii) the number of drugs receiving a supplemental rebate under this section, broken down by manufacturer; and (iii) 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 July 1, 2023, MassHealth has active agreements on supplemental rebate contracts with 21 manufacturers for 64 drugs with a total annual incremental savings of approximately \$402M. The 21 manufacturers are listed in the table below.¹

¹ As a reminder, there were agreements with 21 manufacturers for 57 drugs in FY22 (reported on October 2022) with a total annual incremental savings of approximately \$318M. 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.

Contracts with six manufacturers (covering 9 drugs) qualify as value-based payment (VBP) agreements. These agreements tie rebate amount to outcomes data, including efficacy data and utilization data, or use alternative payment 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	5
Alkermes	1
Alnylam	4
Amgen	1
Asegua	2
AveXis	1
Bayer	3
Bluebird bio	1
Eli Lilly	4
Gilead	7
Hikma	1
Indivior	3
Janssen	7
Merck	2
Novartis	1
Pfizer	8
Recordati Rare Disease	1
Sanofi	1
Teva	1
Vertex	4
ViiV	6

Please feel free to contact Sarah Nordberg at Sarah.Nordberg@mass.gov if you have any questions.

Sincerely,



Mike Levine

cc: Kathleen E. Walsh