


The Commonwealth of Massachusetts
Executive Office of Health and Human Services 
Office of Medicaid
One Ashburton Place, Room 1109
Boston, Massachusetts 02108

CHARLES D. BAKER
Governor

KARYN E. POLITO
Lieutenant Governor

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December 27, 2021

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 Service 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 increased the pace at which MassHealth can enter into these agreements. As of November 1, 2021, MassHealth has active agreements on supplemental rebate contracts with 17 manufacturers for 50 drugs with a total annual incremental savings of approximately \$171M. The 14 manufacturers include Abbvie, Alnylam, Amgen, Asegua Therapeutics, AveXis, Biogen, Eli Lilly & Co, Gilead, Indivior, Janssen, Merck, Novartis, Pfizer, Shire/Takeda, Teva, Vertex and ViiV.¹ These contracts typically have a duration of one year but are usually renewed annually.

Contracts with six manufacturers, covering 16 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,

¹ As a reminder, there were agreements with 13 manufacturers for 35 drugs in FY20 (reported on October 15, 2020).



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	2
Alnylam	2
Amgen	1
Asegua	2
Avexis	1
Biogen	1
Eli Lilly	4
Gilead	4
Indivior	2
Janssen	6
Merck	2
Novartis	1
Pfizer	10
Shire/Takeda	2
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