# PDAB Primer
## for Patient Groups

## What is a Prescription DrugAffordability Board (PDAB)?

In response to high prescription drug prices, several states have recently enacted Prescription Drug Affordability Boards. These boards are typically appointed by the Governor and include healthcare experts. The specific roles and responsibilities of the boards vary by state. **In general, the boards analyze certain high-cost drugs and make recommendations on how to ensure these drugs are affordable and accessible to patients who need them.** As of December 2023, 7 states had established PDABs: Colorado, Maine, Maryland, Minnesota, New Hampshire, Oregon, and Washington.

## What is an upper-payment limit (UPL)?

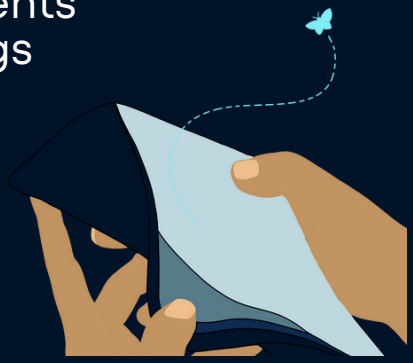
Some state PDABs have the ability to set upper payment limits (UPLs) for drugs that they deem unaffordable. **An upper payment limit is like a cap or limit on the highest amount of money that a patient or the insurance company on behalf of the patient can pay for a drug in the state**. When establishing a UPL, PDABs may consider criteria, including pricing data, costs to the state, and public input.

**Not all state prescription drug affordability boards have the authority to set upper payment limits**. Colorado's Prescription Drug Affordability Board can set UPLs for up to 12-18 drugs during the first three years of implementation, Maryland's Prescription Drug Affordability Board can set UPLs pending additional legislative approval, and Washington's Prescription Drug Affordability Board can set UPLs for up to 12 drugs. (NASHP)

## Can’t patient assistance programs (PAPs) help to make a drug affordable?

Sometimes, patients are able to afford expensive prescription drugs because of patient assistance programs (PAPs), which the drug’s manufacturer often sponsors. These programs are a short-term solution to the much larger problem of unaffordable prescription drugs and have serious drawbacks for both the individual patient and the health care system. Among the drawbacks is the arduous application process that many patients must undertake to receive (or even see if they are eligible for) assistance, income and insurance restrictions on eligibility.

Many insurance plans exclude assistance from a patient’s out-of-pocket and deductible calculations. Patient assistance can end at any time, and **within the Generation Patient community alone, we know of multiple stories in which patient assistance was revoked, sometimes on the very day the patient was to receive a prescription.** Finally, while some patients are able better to afford their prescription drugs as a result of PAPs, these programs do not actually lower prescription drug prices. Even if most of the cost of prescription drugs is paid by insurance companies, patients are paying for them through higher premiums.

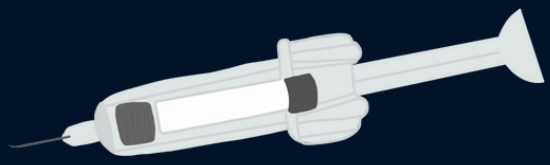


## What are common misconceptions of Prescription Drug Affordability Boards (PDABs)?

Critics of PDABs claim that if a state PDAB chooses to set an upper payment limit for a drug, the manufacturer will stop selling their prescription drugs in that state. This is highly unlikely for multiple reasons, including that it would take large and unrealistic shifts in the supply chain to stop a drug from being sold in a specific state. Unfortunately, such criticism of the PDAB comes from pharmaceutical industry talking points.

## Will my drug be available if the PDAB deems it unaffordable?

**Yes.** When a PDAB determines that a drug is unaffordable, the board can take multiple steps, which depend on that particular board's authority. Such actions include setting an upper payment limit, making recommendations to the state's legislature about how to lower drug spending, and negotiating with the manufacturer on how much the state pays for the drug.



## Why not first address prior authorization, step therapy, and co-pay accumulators?

Health insurers and pharmacy benefit managers use several tools to limit high-cost medications. Sometimes, certain medicines are inaccessible or have very high copayments for patients. However, **these tools are used because the prices of prescription drugs are so high. As a result, it is important to both protect patients from these tools and to address the underlying high cost of prescription drugs.** Implementation of PDABs and work on these other issues are not mutually exclusive. True reform to prescription drug pricing and tangible, sustainable relief for patients will require multi-faceted efforts and solutions.