

# Pharmacy Benefit Manager Reimbursements Directly or through Medicaid Health Plan

(FY2021 Appropriation Act - Public Act 166 of 2020)

**March 1, 2021**

**Sec. 1626.** (1) *By January 15 of the current fiscal year, each pharmacy benefit manager that receives reimbursements, either directly or through a Medicaid health plan, from the funds appropriated in part 1 for medical services must submit all of the following information to the department for the previous fiscal year:*

(a) *The total number of prescriptions that were dispensed.*

(b) *The aggregate wholesale acquisition cost for each drug on its formulary.*

(c) *The aggregate amount of rebates, discounts, and price concessions that the pharmacy benefit manager received for each drug on its formulary. The amount of rebates shall include any utilization discounts the pharmacy benefit manager receives from a manufacturer.*

(d) *The aggregate amount of administrative fees that the pharmacy benefit manager received from all pharmaceutical manufacturers.*

(e) *The aggregate amount identified in subdivisions (b) and (c) that were retained by the pharmacy benefit manager and did not pass through to the department or to the Medicaid health plan.*

(f) *The aggregate amount of reimbursements the pharmacy benefit manager pays to contracting pharmacies.*

(g) *Any other information as deemed necessary by the department.*

**(2) By March 1 of the current fiscal year, the department shall submit the information provided under subsection (1) to the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, the house and senate policy offices, and the state budget office.**

**(3) Any nonaggregated information submitted under this section shall be confidential and shall not be disclosed to any person by the department. Such information shall not be deemed a public record of the department.**



## Section 1626(2) PA 166 of 2020

**(a) The total number of prescriptions that were dispensed.** For fiscal year 2020, the Medicaid Health Plan (MHP) Pharmacy Benefit Managers (PBMs) reported an aggregate total of 22,071,481 prescriptions dispensed.

**(b) The aggregate wholesale acquisition cost for each drug on its formulary.** For fiscal year 2020, the MHP PBMs reported an aggregate \$1,193,090,861 calculated wholesale acquisition cost for prescriptions dispensed.

**(c) The aggregate amount of rebates, discounts, and price concessions that the pharmacy benefit manager received for each drug on its formulary. The amount of rebates shall include any utilization discounts the pharmacy benefit manager receives from a manufacturer.** For fiscal year 2020, surveys submitted to the Department reported \$27,817,740 as the aggregate amount of rebates, discounts, and price concessions that MHP PBMs received from drug manufacturers. This was prior to the Department's new Single Preferred Drug List (Single PDL) which entitles the Department, in lieu of the MHP PBMs, to invoice drug manufacturers for Single PDL supplemental rebates.

**(d) The aggregate amount of administrative fees that the pharmacy benefit manager received from all pharmaceutical manufacturers.** For fiscal year 2020, the PBMs reported an aggregate amount of a \$5,401,943 for administrative fees the PBM received from all pharmaceutical manufacturers.

**(e) The aggregate amount identified in subdivisions (b) and (c) that were retained by the pharmacy benefit manager and did not pass through to the department or to the Medicaid health plan.** For fiscal year 2020, the MHP surveys identified \$356,211 retained by the PBMs and not passed through to the department or to the Medicaid health plan. The Department is reviewing this further and will determine whether a notice of non-compliance or corrective action plan is necessary for any of the MHPs.

**(f) The aggregate amount of reimbursements the pharmacy benefit manager pays to contracting pharmacies.** The MHP PBMs reported an aggregate amount of reimbursements to contracting pharmacies of \$1,007,460,212.

**(g) Any other information as deemed necessary by the department.** For part (b), based on historical data, the majority of prescriptions dispensed are priced at a rate/benchmark other than a flat wholesale acquisition cost. The amount reported in part (b) is a calculation by each of the MHP PBMs of aggregate wholesale acquisition cost for prescriptions paid during fiscal year 2020 had they been priced at wholesale acquisition cost. Based on historical reimbursement trends it was anticipated that actual reimbursement to pharmacies in part (f) would be less than calculated wholesale acquisition cost.