MOST
POLICY INITIATIVE

Prescription Drug Affordability Boards

What are Prescription Drug Affordability Boards (PDAB)?

PDABs review high-cost prescription drugs.

The goals of PDABs are to reduce government and commercial spending on prescription drugs and to reduce prices for patients (Cystic Fibrosis Foundation (CFF)). PDABs work towards these goals by reviewing prescription drugs to determine if the state needs to reduce costs.

- PDABs perform reviews if a prescription drug's cost is too high for patients and insurers.

After conducting affordability reviews, the PDAB recommends to legislatures how to lower spending on prescription drugs (CFF). Methods to lower spending can be negotiating how much a state pays a manufacturer, imposing legislation to penalize high prices, or setting upper payment limits. For example, **Table 1** shows what populations review boards affect and what prescription drugs PDABs review in each state.

In 2023, PDABs existed in ME, MD, MN, NH, OR, and WA (CFF). Drug utilization review boards exist in NY and MA to negotiate how much the state pays drug manufacturers. OH has a Prescription Drug Transparency and Affordability Advisory Council.

- There is no information available on locally formed PDABs

Research Highlights

Only nine states have some form of a review board for prescription drugs prices.

New York's review board has successfully reduced prices for two prescription drugs.

Important considerations for planning a Prescription Drug Affordability Board are the scope of authority, drug pricing transparency, sustainable funding, and appointment of members.

There is little data on efficacy of PDABs.

There is currently no efficacy data on PDABs (Missouri Foundation for Health (MFH) 2023a). However, NY's drug utilization review board has made recommendations that led to price changes in prescription drugs (Bendickson et al. 2021). For a cystic fibrosis drug, the board recommended the NY Department of Health negotiate a supplemental refund with the manufacturer. For an anti-inflammatory drug, the board recommended the drug be priced to the cheapest therapeutic alternative.

- Each recommendation led to a confidential agreement between the state and the drug manufacturer for a supplemental refund.

Review boards vary in how they are implemented.

ME, MD, and NH are independent review boards, but NH's review board is administratively attached to the U.S. Department of Health and Human Services (Bendickson et al. 2021). MA

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Table 1. Summary of impacted populations and eligible drugs for each state's prescription drug review boards. Table adapted from the National Academy for State Health Policy. *See source for specific pricing threshold requirements.

State	Impacted Populations	Eligible Drugs
CO	All consumers	Must meet certain thresholds related to pricing*
ME	Public plan enrollees	Drugs purchased by public payers that may be unaffordable
MD	Public plan enrollees	Must meet certain thresholds related to pricing*
NH	Public plan enrollees	Drugs purchased by public payers that may be unaffordable
OR	N/A	Nine drugs and one insulin product are considered by the board each year
WA	All consumers	Drugs must have been on the market at least seven years and meet certain thresholds related to pricing*
MA	Medicaid enrollees	Drugs covered by Medicaid that cost more than $25,000/person or $10 million/year
NY	Medicaid enrollees	Drugs purchased by Medicaid that contribute to exceeding the state's Medicaid drug cap and must meet certain thresholds related to pricing*

and NY review boards exist within state agencies.

Important considerations for planning a PDAB are scope of authority, drug pricing transparency, sustainable funding, and appointing members (The Commonwealth Fund 2022; MFH 2023a).

A scope of authority is necessary to determine what the board is allowed to accomplish (e.g., give recommendations, set upper payment limits) (MFH 2023a).

Drug pricing transparency is necessary to access data on prices, costs, and utilization of prescription drugs from manufacturers and the rest of the supply chain (MFH 2023a).

- MO currently has no drug pricing transparency laws (MFH 2023b).
- For information on how drug prices are negotiated and drug pricing transparency laws see our Pricing & Transparency in Drug Costs and Drug Price Transparency Science Notes.

Sustainable funding is necessary for initial setup and sustaining the board (The Commonwealth Fund 2022).

- NJ proposed $1 million from the state budget for the initial setup.
- Other states fund their review boards using fees paid by drug manufacturers, wholesalers, pharmacy benefit managers, and insurers.

Members of the review board are usually appointed by the governor and state legislators (The Commonwealth Fund 2022). Review boards can also recruit experts to join an advisory council under state statute. The state can also have certain requirements of members such as having no conflicts of interest.