



The Puerto Rico Chamber of Commerce  
and El Nuevo Día present:



PUERTO RICO  
**Health & Insurance**  
CONFERENCE 2019

**Rx Post Rebate Revolution, Trump's Blue Print &  
the Implications for Pharmaceutical Coverage**

**Marileny Lugo-Cacho  
Chief Operating Officer  
MC-21 LLC**



We view change to safe harbor as having two levels of complexity

- ✓ The strategic financial impact on the industry
- ✓ The operational financial impact on managing rebates and providing member POS discounts



**American Patients First**

The Trump Administration Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs

MAY 2018

## *The strategic financial impact on the industry*

- ✓ The strategic impact is highly debated among the actuarial experts in the industry
- ✓ Financial analysis has resulted in a broad range of conclusions
  - One school of thought would indicate massive losses from reduced rebates offered by Pharma amounting to as much as nearly **\$200B from lost rebates**
  - While the other extreme predicts large savings in terms **of \$140B through net price reductions for drugs**

**Until there is more clarity from CMS with its intended final solution, the actual result will be somewhat unpredictable**

## *The operational financial impact on managing rebates and providing member POS discounts*

- ✓ PBMs will be responsible with the job of managing the rebate operations
- ✓ POS discounts will be required at the claim level as tied to specific rebate terms for specific drugs
- ✓ It may also be tied to client specific data as well, depending on who holds the rebate contracts
- ✓ While the process would be similar to tracking DIR rebates at the NDC level, it would have to be captured in real time
- ✓ This will require transparency from **Health Plan, PBMs and Pharma** to execute successfully
- ✓ Process will likely require a revision in NCPDP claim file layout to accommodate the new rebate discount information for Medicare Part D claims



**We believe the final rule from CMS will likely be a combination of the current utilization of value-based rebate model plus some POS rebates in the form of discounts by specific drugs, most likely applied to specialty products**

## *Other Implications*

- ✓ **There will be a significant impact on Medicare-Advantage plan as well**
  - ✓ The loss of rebate dollars will impact the CMS annual bid process
    - ✓ pass-through to member rather than to the plan
    - ✓ would reduce dollars to the plan currently used to offset premium costs and reduce cost-sharing for all members
  - ✓ High utilizers of rebated drugs would see more significant cost-share reductions through rebate discounts while lower utilizers would likely see high cost-sharing and higher premiums

**PBM's relying on rebate revenue and rebate admin fees will be forced to restructure admin costs to cover revenue targets rather than relying on passive income from rebates**





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# Thank You

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