Myths vs. Facts: Prescription Drug Affordability Boards (PDABs)

Prescription Drug Affordability Boards (PDABs) have been or are being established across the U.S. with the aim of improving drug affordability. However, some of the messaging—mostly to promote establishing them—is misleading. We hope this helps clarify some important things patients and caregivers should understand.

Myths vs. Facts

MYTH	A PDAB will help ALL citizens of the state with their healthcare costs.
FACT	PDABs conduct affordability reviews on only a handful of drugs each year. Additionally, since PDABs are state entities, their decisions impact only commercial, state, and Medicaid programs. Ultimately, this means that which patients will be impacted by PDABs will depend greatly on the conditions and insurance plan of each individual.
MYTH	PDABs place caps on out-of-pocket costs for patients.
FACT	An upper payment limit is a maximum price that states and insurers pay for a drug in the state. A UPL is NOT a limit on the amount that patients must pay for a drug or a cap on patient out-of-pocket costs.
MYTH	Price caps on what a drug manufacturer can charge for a drug will lower patient costs.
FACT	Boards are not empowered to require that insurers set patient costs based on the UPL or pass along the discounted price to patients. While it is so far unclear whether PDABs will lower drug costs, it is clear that any direct decrease in costs will be for states and insurers, not for patients.
MYTH	Lowering the amount the state pays for a drug will increase access for patients.
FACT	Altering the payment structure for individual drugs could cause insurers to reevaluate the affected drug, as well as others in the class. This evaluation could result in changes to their preferred drug lists (also called formularies), the implementation of step therapy, non-medical switching, or other measures that may impact access. Further, decreasing payments could also impact the physicians or pharmacies that administer drugs to patients. If payments are set lower than what it costs to administer the drug, physicians could face a financial loss to provide that treatment to patients. In short, patients could face more barriers to accessing their preferred treatment depending on how their plan responds to PDAB policies.

Glossary: Key Terms You Need To Know

Prescription Drug Affordability Board (PDAB): A government-appointed group of individuals who have experience in the healthcare industry who are tasked with reviewing certain high priced drugs. Some have the authority to apply an Upper Payment Limit (UPL), while others are asked only to report their findings back to the state, along with recommendations about its affordability or unaffordability.

Upper Payment Limit (UPL): A price cap on the price the state will pay for a drug and how much others—like doctors, infusion centers, pharmacists—can be reimbursed for stocking, prescribing, or administering it.

Pharmacy Benefit Manager (PBM): Middle persons who negotiate drug prices, which determines which drug insurance companies will choose as their "preferred drug" that year. They also choose which pharmacy to use.

Preferred Drug List (PDL): Based on many factors, like efficacy, safety, and price, this is the list of drugs the insurance company prefers patients to use.

Non-Medical Switching (NMS): When an insurance company requests the patient change treatments to save money for the company, not for reasons that could maintain or improve patient health.

EACH PIC COALITION

The Ensuring Access through Collaborative Health Coalition (EACH) and Patient Inclusion Council (PIC) is a two-part coalition that aims to unite national and state organizations (EACH) as well as patients and caregivers (PIC) to advocate for health policies that benefit patients. Our coalition seeks to ensure that health policies at the state and federal levels are made in the best interests of patients and protect their access to needed care and treatments.

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