



# MEDICAID PHARMACY BENEFIT CARVEOUT

**BILL NUMBER:** Pending Introduction

**PURPOSE OF BILL:**

This bill is aimed at encouraging the Department of Human Services (DHS) to create a prescription drug program that is 100% Fee for Service by taking the drug spend for Medicaid patients and moving it from the PBMs/MCOs to the state. This will save millions for the state and improve access to prescriptions for our patients.

**SIGNIFICANCE:**

This bill aims to reduce costs for the state and improve prescription access for patients. The bill will also allow the Commissioner for the Department of Health to develop a preferred drug list and engage in price negotiations with prescription drugs to obtain price discounts and rebates for prescription drugs. It is important to know that we are advocating to not have 340B taken away from health systems and pharmacies and MPhA is working with the author on language to address this.

**KEY POINTS:**

- **WHAT IS A PHARMACY BENEFIT “CARVE-OUT”?** Pharmacy benefit carve-out refers to a type of health insurance plan where the prescription drug benefit is separated from the medical coverage and administered by a separate entity, usually a pharmacy benefit manager (PBM). This allows for greater flexibility in negotiating drug prices and formularies, and can result in lower costs for both the insurer and the patient.
- **IMPROVING PATIENT CARE:** Patients and providers are often limited by formulas and not what is best for the patient. This will also help our State have authority in negotiating prices of state prescription plans thus saving valuable funds.
- **SUCCESS IN OTHER STATES:** West Virginia created legislation for a drug carve out which saved the state \$57 million dollars in the first year.