

Program Benefit Proposal



Background

Negotiation of Program Benefit Proposal (PBP) agreements is the responsibility of Texas Health and Human Services (HHS). The Texas Medicaid Supplemental Rebate Program has two major components:

- Involving the negotiation of a supplemental rebate as a requirement of HHS considering drug(s) for inclusion on the Texas Medicaid preferred drug list (PDL). HHS has retained Magellan Medicaid Administration (MMA) to provide PDL development and management and supplemental rebate contracting services. Provider Synergies, LLC. is a wholly-owned subsidiary of MMA.
- After negotiating a supplemental rebate a manufacturer has the choice to develop a PBP that:
 - Saves HHS an amount of money at least as much as what the negotiated supplemental rebate would be for the period of the contract.
 - Limits the estimated value of the program benefit to the state's share of the estimated value of the supplemental rebate.
 - Requires the manufacturer to pay HHS the federal portion of the supplemental rebate.
 - Demonstrates that the PBP meets the "Conditions of Participation" section, below. PBPs will not be considered if all the conditions are not met.

Conditions of Participation

After the drug manufacturer has signed a supplemental rebate agreement covering its drugs approved for placement on the PDL, the manufacturer may, subject to the following conditions, submit a PBP to HHS. These conditions are applicable to drug manufacturers seeking to substitute an investment in a PBP, either in part or whole, for supplemental rebate payments.

1. Only the direct investment in the PBP can be used to offset the amount of supplemental rebate owed. Direct investment is defined as the reasonable cost that HHS would have incurred had it implemented the program defined in the PBP. Reductions in claims submitted to HHS as a result of the program's implementation or any other outcome of the

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program is not considered part of the investment and cannot be used to reduce the amount of the supplemental rebate owed.

2. The amount of funding invested in the program benefit must be at least as much as the amount of the State's share of the supplemental rebate calculated for the duration of the supplemental rebate contract. If the program benefit is to cover only part of the supplemental rebate amount that will be owed, then the amount rebated over the term of the contract plus the amount invested in the program benefit over the same term, must at least equal the total supplemental rebate amount owed.
3. For drug manufacturers negotiating a program benefit with HHS, no supplemental rebate payments will be required to be paid to HHS during the negotiation period. However, the manufacturer remains liable for the payment of these rebates if a program benefit cannot be negotiated. If a program benefit agreement is not reached, the supplemental rebate contract remains in effect and if the manufacturer desires, it may withdraw from the supplemental rebate agreement after giving notice as required in the supplemental rebate agreement.
4. If the program benefit agreement is not achieved within 120 days from the Provider Synergies request for offers email, HHS reserves the right to terminate the negotiations and the drug manufacturer must pay the supplemental rebate on the schedule identified in the supplemental rebate contract it signed.
5. The content of the program benefit must address a program that HHS believes is clinically valuable and not redundant to other efforts by HHS to manage costs.
6. The program benefit's methodology will be reviewed by HHS or an independent contractor selected by HHS to verify that the investment in and savings associated with the program's implementation can be calculated. Negotiated changes in the methodology may result from this process.
7. There can be a periodic reconciliation of the program benefit investment.
8. The proposal must meet the requirements of "Sec. 531.070 - Supplemental Rebates" of the Texas Government Code.

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Submission Requirements

It is not necessary to submit a PBP until a manufacturer has reached a negotiated agreement with Provider Synergies for a supplemental rebate. PBP requests, comments or requests for clarification regarding these conditions should be submitted via email to vdprebates@hhsc.state.tx.us.