

Balancing the Scale

The Role of PDABs in Drug Pricing and Healthcare Stakeholder Impacts



What's a Prescription Drug Affordability Board (PDAB)? Through the Eyes of Patients, Providers, and Payers

A Prescription Drug Affordability Board (PDAB) is an oversight entity established by states to evaluate and manage the costs of prescription drugs. Its primary objective is to ensure drug affordability for consumers while balancing state healthcare budgets. PDABs conduct “affordability reviews” of drug prices and spending, and develop strategies to control costs.

A key tool in their arsenal is the implementation of Upper Payment Limits (UPLs), which set maximum price caps that state programs will pay for certain medications.

WHAT'S AT STAKE FOR PATIENTS

Concerns have risen regarding the potential negative impacts of PDABs on patient access to vital medications, highlighted by recent data showing thousands of patients in various states who might be affected, particularly those with conditions such as Cancer, HIV, and Hepatitis C.

- ▶ Affordability, from a patient perspective, means access to essential medications and treatments without facing financial hardship, ensuring equitable healthcare access and robust patient protections.
- ▶ Patients may face limited access to specific medications if manufacturers do not lower their prices to meet UPLs, potentially affecting their ability to obtain essential treatments.

WHAT'S AT STAKE FOR PAYERS

Payers, while adapting to the limitations set by UPLs, may need to re-evaluate their formulary structures and benefit designs. They will also have to anticipate and manage the potential market shifts as manufacturers adjust their pricing and access strategies in response to state UPLs.

- ▶ Payers work to strike a balance between controlling expenses and safeguarding patients' equitable access to necessary healthcare services.
- ▶ Payers must navigate changes in drug pricing strategies and formulary designs due to UPLs, potentially affecting which drugs are covered and how costs are shared with patients.

WHAT'S AT STAKE FOR PROVIDERS

Providers may encounter challenges with UPLs influencing drug availability and pricing, potentially affecting their ability to administer the most suitable treatments. As PDABs deliberate on the cost-effectiveness of therapies, prescribers might have to navigate a narrower selection of treatments, impacting both provider autonomy and patient health outcomes.

- ▶ For providers, it involves delivering quality care without being constrained by cost considerations.
- ▶ Providers may need to consider alternative medications for their patients based on UPLs and affordability, potentially altering treatment plans and impacting patient care.

WHAT GOES INTO AN AFFORDABILITY REVIEW?

PDABs may perform "Affordability Reviews" in efforts to evaluate the costs and spending on prescription drugs—aiming to identify whether these costs are justifiable and sustainable for both the state healthcare system and consumers.

In these reviews, PDABs analyze various factors, including the Wholesale Acquisition Cost (WAC) of drugs, their therapeutic alternatives, and the overall impact on healthcare budgets.

The determination of what is considered "affordable" is typically based on a framework established by the PDAB, which may include input from healthcare providers, patient groups, and insurance professionals. The affordability threshold is often a balance between ensuring patient access to essential medications and maintaining the financial viability of healthcare systems.



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