# The Risks of Prescription Drug Affordability Boards and the Importance of Innovation for Healthy Aging and Health Equity

### Key Terms

**Prescription Drug Affordability Board (PDAB):** A state-appointed board that reviews drug costs to assess their affordability for patients, and set UPLs for those deemed unaffordable.

**Upper Payment Limit (UPL):** The only tool provided to many PDABs, a UPL is the maximum amount a payer (e.g., Medicaid, insurer) can reimburse for a medication deemed unaffordable by a PDAB.

### Key Takeaways from the 2024 Roundtable

On June 6, 2024, the Global Coalition on Aging (GCOA) Alliance for Health Innovation convened cross-sectoral experts to discuss the risks posed by PDABs and UPLs, including patient concerns, potential barriers, and best practices for engaging patients in states implementing these policies.

1. **Unproven Savings:** PDABs' ability to generate savings is unproven; they focus on cost containment without providing patient savings at the pharmacy counter.
2. **Access and Equity Concerns:** PDABs may limit access to essential drugs, disproportionately affecting patients with hard-to-treat conditions and the aging population.
3. **Impact on Innovation:** UPLs could impede future innovation, with outsized impacts on smaller biotech companies and those working on rare and hard-to-treat diseases.
4. **Importance of Patient Engagement:** Effective patient engagement is crucial. Incorporating diverse patient perspectives helps mitigate negative impacts and disruptions in the pharmaceutical supply chain.

**Read the full brief here:**

## Overview

Prescription Drug Affordability Boards (PDABs) are state-run entities that are often described as a way to lower costs for patients and health systems. However, PDABs and the singular tool that many of the boards are empowered to use encompass significant shortcomings, not the least the generalized lack of meaningful patient engagement throughout their governance and review processes, and the still-unsubstantiated claim of saving money for patients at the pharmacy counter.

States must focus on methods to directly reduce out-of-pocket costs for patients, informed by meaningful engagement from impacted communities throughout decision-making processes. In doing so, states must ensure they safeguard patient access to medicines and do not threaten to institute barriers to care that could ultimately lead to higher patient costs.

In states where PDABs are already established, these recommendations are equally applicable. Boards must consider the broader implications of UPLs on patient access, innovation, and healthy aging, and ensure transparency in their affordability review methodologies and engage patients and other stakeholders meaningfully and effectively.

**By The Numbers**

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| **8** | Eight states have enacted PDAB legislation.<br>• Four states (CO, MD, MN, WA) have PDABs that have or have the power to request authority to set a UPL.<br>• Four states (ME, NH, NJ, OR) have PDABs that review the affordability of prescription drugs but do not have the authority to set a UPL. Oregon's legislature is set to vote on this issue in 2025. |
| **17+** | During the 2024 state legislative sessions, at least seventeen states were considering PDAB legislation. |
| **$700,000** | Colorado and Maryland, the two states furthest along in PDAB implementation, had start-up costs over $700,000. |
| **3** | Just three drugs have been deemed "unaffordable" following a PDAB review. |
| **0** | To date, there have been zero dollars worth of patient savings as a result of PDABs. |

**As of September 2024*

**PDABs must meaningfully engage with patients and patient communities by:**

- **Partnering with patients** as experts and ensure ongoing and non-tokenistic involvement.
- **Assessing long-term impacts** and use relevant data.
- **Addressing the unique needs of rare diseases** and adapt processes for different conditions.
- **Incorporating patient values** into affordability reviews.