

CAPITOL STREET

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Stelara & Cosentyx Pay Limits Move Forward in CO

Maryland Moves Ahead With Six Medicines

Relevant Companies



»» Our Take & Next Up

On Weds July 3, Colorado's Prescription Drug Affordability Board (PDAB) voted unanimously to determine an upper payment limit (UPL) for Stelara (JNJ) and Cosentyx (NVS). The links to PDAB meetings [here](#). Meanwhile, the Board continues to pursue the UPL rulemaking process for Enbrel (AMGN) which was selected for a UPL in February 2024. As a reminder, proposed rulemaking hearings on the Enbrel UPL are scheduled through this Fall (Sept. 6, Oct. 18) and Winter (Dec. 6). The UPL setting process for Stelara and Cosentyx could take several months if not well into 2025 as seen by the slow progress on Enbrel. Next steps remain unclear (a common theme during the PDAB review process) as the Board has not decided if they will hold rulemaking hearings for Stelara and Cosentyx with the Enbrel hearing on Sept. 6 or a selected date afterwards. As a reminder, AMGN has also sued the Board over their choice to select a UPL for Enbrel. The lawsuit alleges that the state PDAB mandate is unconstitutional because it conflicts with federal programs and patent laws, violates due process, and seeks to regulate business outside of Colorado. Similar lawsuits are likely to result from JNJ and NVS.

»» Key Points

UPL determination for Stelara (JNJ) and Cosentyx (NVS) moves forward in Colorado, likely taking months (and could bleed to 2025). The Board voted unanimously to undergo the UPL setting process for both drugs. Board members were strongly focused on the UPL's potential impact to lower net costs and requested more info on potential payer reaction to a UPL.

Impact to Medicaid and Medicare is possible, with potential spillover to commercial.

- Under an active UPL, pharmacies will pay a maximum, and providers will be required to reimburse at a maximum (UPL). Statutory language remains unclear if the UPL will be set at a per dose or per month dosage.
- The UPL would apply to state workers and possibly a spillover to commercial as self-funded plans can opt-in.

- Medicaid is not explicitly included in the statutory language, but CO may choose to apply the UPL to reduce healthcare costs.
- AMGN (in their lawsuit), alleges that the UPL may go further and encompass Medicare as the PDAB does not exempt federal payors as it can apply to “all purchases and payer reimbursement for individuals in the state”.

Separately the state of Maryland (MD) is performing cost reviews for the six selected drugs (AZN, BI, NVO, LLY, SNY, REGN, ABBV) with UPL votes possible in late July. Maryland PDAB is also moving ahead on the heels of CO with an ongoing cost review process. The board is also drafting a plan of action to implement upper payment limits for state, local, and county government payers and purchasers that will determine how UPLs will apply if there is a recommendation to do so.

The six drugs selected for MD cost review are below. The MD PDAB members aim to decide on the need for UPLs on July 22 (soonest, [here](#)).

1. Farxiga (AZN)
2. Jardiance (BI, LLY)
3. Ozempic (NVO)
4. Trulicity (LLY)
5. Dupixent (SNY, REGN)
6. Skyrizi (ABBV).

Enbrel (AMGN) and Stelara (ABBV) are also on the Medicare drug negotiation list per IRA for 2026. The negotiation period (between CMS & manufacturers) is ongoing and ends on August 1, 2024. We will likely continued overlap between PDABs and selected drugs for Medicare negotiation as the list of negotiated drugs starts to increase. Notably, we have called out Ozempic as a potential candidate for Medicare negotiation in 2027 due to its current spending and patent timelines.

The Capitol Street projected universe of negotiated Part D drugs for 2027 can be found [here](#). Based on our projections, the top four eligible drugs (in terms of spending) are Ozempic (Novo Nordisk), Trelegy Ellipta (GSK), Xtandi (Astellas & Pfizer), and Ibrance (Pfizer). The medications are indicated for the treatment of type 2 diabetes, chronic obstructive pulmonary disease (COPD), prostate cancer, and breast cancer. We note that CMS will use a more recent data sample, so this is not a true apples-to-apples spending analysis. We should see the 2027 Part D (15 total) list by February 1, 2025 . Recall new Medicare prices for 2026 will be out late August (by Sept 1, 2024).

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