ABOUT

“SMART-D,” or the State Medicaid Alternative Reimbursement and Purchasing Test for High-Cost Drugs, was launched by The Center for Evidence-based Policy at the Oregon Health & Science University, and funded by the Laura and John Arnold Foundation.

GOALS

- Map the landscape of Medicaid drug purchasing
- Identify alternative payment options for states
- Work to increase patient access and improve outcomes
- Identify specific opportunities to collaborate with drug manufacturers
- Provide implementation, technical assistance and support to states

MISSION

SMART-D is focused on exploring alternative payment models (APMs) to help manage prescription drug costs within state Medicaid programs. To accomplish this, SMART-D aims to bring clarity to the complicated landscape of drug purchasing for state Medicaid programs, and also to provide alternative payment models (APMs) to help improve patient access to evidence-based therapies, while allowing states to manage prescription drug costs.

ABOUT APMs

An APM is a contract between a payer and drug manufacturer that ties payment for a drug or drugs to an agreed-upon measure. Currently, in Medicaid drug purchasing, the manufacturer sets a price for the drug wholesaler, pharmacy, or provider, and Medicaid reimbursement is based upon that price, with a subsequent, time-delayed reconciliation for rebates.

An APM changes the price-setting dynamic and creates shared risk between the manufacturer and payer for an agreed-upon outcome measure. APMs are generally financial- or health outcome-based.

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SMART-D is focused on addressing a narrow set of costly problems within a specific, present-day context: providing better options for state Medicaid management of high cost specialty drugs within the existing regulatory and public policy framework.

**IMPLEMENTATION STRATEGIES**

Achieved through several phases:

**Phase One:**
Comprehensive research and release of several reports

**Phase Two:**
Help states assess their readiness and begin strategic planning for APMs.

**Phase Three:**
Provide technical assistance for the implementation of APMs within state Medicaid programs

**HIGH-COST SPECIALTY DRUGS AND MEDICAID**

Prescription drugs are the single fastest growing component of US healthcare spending and state Medicaid programs are acutely experiencing the cost increase as they try to manage their budgets; 49 states have some form of balanced budget requirement, and most are in the form of a constitutional requirement. High cost drugs contribute to the budget squeeze all states face in their health care spending. For the purposes of the SMART-D research, we have defined high-cost specialty drugs as those that have: reimbursement of more than $600 per prescription, and total Medicaid reimbursement of $72 million per year.

This research and work conducted through the SMART-D project aims to:

- Maintain access for Medicaid enrollees to effective drug therapy;
- Ensure payment to manufacturers for those innovative drugs; and
- Drive state fiscal and health outcomes.

This research can help to achieve the triple win of maintain access to treatments for Medicaid enrollees while also ensuring that drug manufacturers are reimbursed and states manage costs as effectively as possible.

— Pam Curtis, Director
Center for Evidence-based Policy

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