

# Sovereign States Drug Consortium (SSDC)

## CMS Approved Medicaid Supplemental Drug Rebate Pool

### Fact Sheet

The Sovereign States Drug Consortium (SSDC) is an organization of 12 state Medicaid programs that have agreed to collectively solicit and evaluate offers from manufacturers for state supplemental and DME rebates. The SSDC, which started in 2006 with three charter states – Iowa, Maine and Vermont – is the only Medicaid rebate pool organized and managed by the states. The SSDC is also unique in that it is the only Medicaid rebate pool in which member states contract individually with manufacturers using their own state-specific Supplemental Rebate Agreements (SRAs). The SSDC enables the states to leverage the purchasing power of their collective 5 million covered lives while providing each state with full ownership of its contracts.

The SSDC contracts with Change Healthcare to administer the rebate solicitation, negotiation and evaluation process. Each spring, Change Healthcare solicits offers for the pool from manufacturers for the following calendar year.

States belonging to the SSDC:

- Use Preferred Drug Lists (PDLs) or Product Based Prior Authorization (PBPA) programs to direct utilization to drug and DME products that provide the greatest value.
- Leverage their collective covered lives to negotiate for drug and DME discounts from manufacturers.
- Collaborate and share best practices in other areas of Medicaid pharmacy administration and management

#### Vendor Administered v. State Administered Medicaid Supplemental Drug Rebate Pools:

Key differences in current Medicaid rebate pools:

- **Vendor/Contractor** administered pools are “owned” by the vendor/contractors.
  - There are two vendor/contractor pools approved by CMS - the National Medicaid Pooling Initiative (NMPI) and The Optimal PDL Solution (TOP\$). Both pools are administered by Magellan Medicaid Administration and/or its affiliate Provider Synergies.
  - States participating in a vendor/contractor-managed pool must contract directly with the vendor. Termination of the contract with the vendor automatically terminates a state’s participation in the pool.
  - Rebate contracts are between the manufacturer and the vendor, with states signing Participation Agreements with the vendor in order to access the rebate contracts. Because all participating states access the same contract, states have limited flexibility.
- **State** administered pools are “owned” by the member states.
  - There is one state administered pool approved by CMS – the Sovereign States Drug Consortium (SSDC). Change Healthcare is contracted by the SSDC to administer the rebate solicitation, negotiation and evaluation process.
  - States participate in the SSDC by signing a Memorandum of Understanding with, and paying a small membership fee to, the SSDC. States do not have to contract with Change Healthcare to participate in the pool.
  - Each member uses its own Supplemental Rebate Agreement to contract directly with manufacturers for discounts negotiated by Change Healthcare on behalf of the SSDC. This provides the states with

greater flexibility and full ownership of its agreements.

Covered Medicaid Lives and Expenditures for SSDC Member States:

State	Average Monthly PDL Lives	Annual Medicaid Drug Spend
DE	230,000	\$208,000,000
IA	570,720	\$426,197,744
ME	291,105	\$232,315,231
MS	537,696	\$255,943,031
ND	66,041	\$39,215,361
OH	514,000	\$340,000,000
OK	837,000	\$505,000,000
OR	1,049,644	\$171,289,720
UT	115,063	\$139,640,000
VT	167,890	\$179,340,168
WV	516,000	\$446,971,859
WY	75,325	\$47,946,923
TOTAL	4,970,484	\$2,991,860,037

Additional information for States interested in joining the SSDC:

- The SSDC operates through a Member State Memorandum of Understanding (MOU).
- States able to commit to the SSDC MOU may join the SSDC with the approval of the existing Member States.
- Vermont is the Member State managing and paying for the SSDC's contract services. States agree to share in the cost of these services through the MOU and to pay Vermont for their share.
- An accretion fee applies when a state first joins the SSDC. This one-time fee is currently \$12,000.
- States wishing to participate may request a savings analysis of their utilization data for a nominal fee (approximately \$4200). If a state then chooses to join the SSDC, that fee will be applied to its accretion/membership fees.
- Annual membership fee are based on the cost of the rebate bid solicitation and administrative support services contracted by the SSDC. As more states join the SSDC, annual membership fees decline for all participating states. Currently, the total annual membership fee for these costs will not exceed \$20,000 per state.

Schedule of Annual SSDC Activities

- The Member State-Manufacturer contracts are annual with the contract year running from January 1 to December 31 (except for certain DME contracts, which may extend to two years).
- Early each spring, Change Healthcare solicits offers for the following contract year for pharmaceutical and DME products on behalf of the SSDC. Change Healthcare negotiates offers with the manufacturers that best meet the goals set by the Member States.
- Each summer, SSDC Member States hold an annual meeting to review the offers that have been negotiated,

to set priorities and strategy and to exchange information and best practices.

- After the annual meeting, SSDC Member States make final decisions on which offers to accept. To the extent possible, the Member States attempt to take a unified approach in this decision making process.
- Each states Supplemental Rebate Agreements for the offers that have been accepted go into effect on January 1.

Contact for Interested States: Change Healthcare ([rxoffers@rxssdc.org](mailto:rxoffers@rxssdc.org))