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A QUICK LOOK INTO IMPORTANT ISSUES OF THE DAY

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Joining Forces to Purchase Pharmaceuticals in Bulk

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States purchase drugs for their Medicaid programs, correctional facilities, state employees and retirees—making them some of the largest buyers of pharmaceuticals. As prices continue to increase, on average, [faster than inflation](#), one strategy attracting the attention of policymakers is the consolidated, or bulk, purchasing of prescription drugs.

Buying products in bulk through interagency or interstate agreements gives states a way to enhance their purchasing power. While some states are exploring how to aggregate the buying power of their own agencies, others are looking to establish partnerships with other states.

States have been searching for ways to gain leverage in negotiations with manufacturers and administrators of pharmacy benefits for decades. In the early 2000s, several initiatives sprung up. [Five multi-state](#) bulk buying pools are still operating today. Of the

five, three are made up of state Medicaid programs: the National Medicaid Pooling Initiative (NMPI), the Top Dollar Program (TOP\$) and the Sovereign States Drug Consortium (SSDC).

The [NMPI](#) was the first interstate contract of its kind. Approved by the Centers for Medicare and Medicaid Services (CMS) in 2004, today the NMPI includes 10 states and the District of Columbia. According to the plan administrator, the program covers 3.8 million people and has supplemental rebate agreements with over 90 drug makers.

The [TOP\\$](#) program began in 2005 and is a similar, but separate, state Medicaid pharmaceutical purchasing pool. Today there are seven member states.

In both programs, supplemental, or additional, rebates for medicine are given to the state by participating manufacturers. States [select drugs](#) that are covered under these agreements to tailor a preferred drug list (PDL)—a list of medications that

Did You Know?

- Several bulk purchasing initiatives sprung up in the early 2000s, with five still in operation today.
- A preferred drug list (PDL) is a list of medications for which Medicaid will reimburse without requiring prior authorization.
- The Sovereign States Drug Consortium leverages the collective purchasing power of over 7 million Medicaid beneficiaries in 12 states.

