





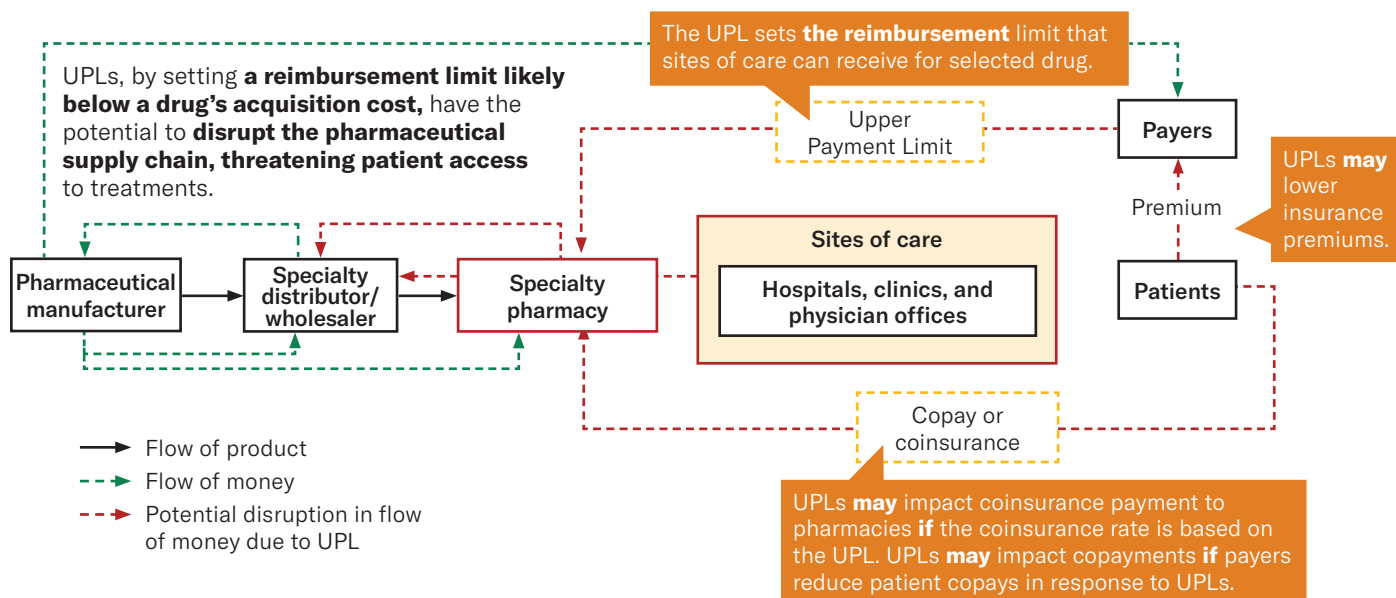
Upper Payment Limits (UPLs) explained

UPLs are caps on the reimbursement rates that payers pay to pharmacies, providers, and sites of care for drugs deemed “unaffordable” by a state prescription drug affordability board (PDAB).

Four state PDABs are empowered to set UPLs for “unaffordable” drugs for public payers (Medicaid or state employee plans); three PDABs are empowered to set UPLs for commercial payers* as well.

*Self-funded ERISA plans are not subject to UPLs.

	Scope of impact		Execution
	Upper Payment Limit	Commercial payer applicability	Started affordability review
 Maryland	✓	✓	✓
 Minnesota	✓	✓	
 Colorado	✓	✓	✓
 Washington	✓		✓



What can a UPL be based on?



Colorado

Medicare Maximum Fair Price (MFP): On October 3, 2025, the Colorado PDAB set a UPL for Enbrel using Enbrel's MFP. Maryland and Washington have proposed using the Medicare MFP for UPLs.



Maryland

In Maryland's "Upper Payment Limit Action Plan," the Maryland PDAB has proposed using:

1. **MFPs** (the Maryland PDAB cannot set a UPL lower than the Medicare MFP);
2. **Most Favored Nation (MFN) Pricing**, referencing list prices in the UK, Germany, France, and Canada;
3. **Therapeutic Class Reference Pricing**;
4. **The lowest net price** paid by payers in other states; and
5. **Launch Reference Pricing** if the price of a drug increases at a rate higher than inflation.

Not yet apparent how this information could be gathered.



Washington

The Washington PDAB has proposed setting UPLs using Medicare MFP or Canadian list prices.

Colorado and Washington are prohibited from using Quality-Adjusted Life Years (QALYs) to set UPLs.

Sources: "Prescription Drug Affordability Boards," The Partnership for Safer Medicines, <https://www.safemedicines.org/2024/08/pdabs.html>; "Policy Blog: Colorado PDAB Sets First Upper Payment Limit," Colorado Bioscience Association, <https://www.hca.wa.gov/assets/program/pdab-rcw-70.405-pdab.pdf>; \"Enacted Prescription Drug Affordability Boards,\" AIMED Alliance, https://legis.delaware.gov/docs/default-source/publications/researchreports/researchreport-prescriptiondrugaffordabilityreviewboards.pdf?sfvrsn=3b0f8838_2.