

# Upper Payment Limits (UPLs) in action

The Colorado Prescription Drug Affordability Board (PDAB) set the first UPL for Enbrel at \$600 per syringe on October 3, 2025, to take effect in 2027. The Enbrel UPL in Colorado was based on the Medicare maximum fair price (MFP).

## Colorado PDAB timeline

**August 2023:** 5 drugs (Enbrel, Cosentyx, Stelara, Trikafta, and Genvoya) were selected for affordability review.

**February 2024:** Immunology drug, Enbrel, determined to be “unaffordable.” HIV drug, Genvoya, determined to not pose an affordability challenge due to manufacturer financial assistance to patients.

**October 2025:** UPL set for Enbrel.

**FUTURE:** Colorado PDAB is moving forward with setting UPLs for Cosentyx and Stelara.

**December 2023:** Rare disease drug, Trikafta, determined to not pose an affordability challenge due to manufacturer financial assistance to patients.

**July 2024:** Two additional immunology drugs, Cosentyx and Stelara, determined to be “unaffordable.”

## UPLs present opportunities for payers and financial challenges for pharmacies...



### Payers

- Will benefit from **lower reimbursement** for Enbrel
- May **prefer Enbrel** to drive further savings in a crowded immunology therapeutic area

### Example

### Current commercial reimbursement for Enbrel

|                           |              |
|---------------------------|--------------|
| List price                | \$2,039      |
| Commercial reimbursement* | \$2,031      |
| Acquisition cost**        | \$1,981      |
| <b>Pharmacy margin</b>    | <b>+\$50</b> |

### Commercial reimbursement for Enbrel under a UPL

|                        |                 |
|------------------------|-----------------|
| List price             | \$2,039         |
| <b>UPL</b>             | <b>\$600</b>    |
| Acquisition cost       | \$1,981         |
| <b>Pharmacy margin</b> | <b>-\$1,381</b> |

**Brand implications:** State-specific discounts to pharmacies would need to be in the +65% range to make pharmacies whole

\*Assuming Average Wholesale Price (AWP) - 17%, and that AWP = 20% above list price. \*\*Current National Average Drug Acquisition Cost (NADAC) for Enbrel.



### Pharmacies and specialty pharmacies

- With **lower reimbursement**, Enbrel may no longer be financially attractive to pharmacies
- Stocking may be at risk, potentially **reducing near-term utilization**

## ...leaving manufacturers with difficult choices

Challenging financials may lead pharmacies/specialty pharmacies to seek a state-specific contract with manufacturers. Two potential outcomes:

### 1 Manufacturer provides a greater discount / state-specific contract

- Pharmacy financial need, patient access and provider utilization are maintained
- Manufacturer takes on financial burden and operational hurdles

OR

### 2 Manufacturer DOES NOT provide a new contract

- CO pharmacies may no longer stock Enbrel, due to financial impact
- Patient access in Colorado is at risk
- Enbrel ASP is maintained

**Brand implications:** If manufacturers provide greater discounts in response to UPLs, federal pricing benchmarks, such as ASP, BP, and AMP may be impacted

## It is unclear how Colorado's UPL for Enbrel will be implemented and applied to pharmacies

### Application

**Key unknown:** How will Colorado PDAB apply Enbrel's UPL to mail-order pharmacies?

**Policy context:** Colorado UPLs (similar to Minnesota and Washington) technically apply to prescriptions “dispensed or administered to individuals in the state in person, by mail, or by other means.”

**Bottom line:** The application of UPLs to mail-order pharmacies is likely to raise legal challenges.

### Execution

**Key unknown:** What will be the process for enforcing UPLs and what burden might be placed on pharmacies, payers, and manufacturers?

**Policy context:** Participating payers are required to submit annual reports to the PDABs, but it is unclear what the requirements are for pharmacies.

**Bottom line:** Given how other state and federal programs are implemented, UPLs are likely to be implemented through a retrospective reconciliation process.

**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://schaeffer.usc.edu/research/flow-of-money-through-the-pharmaceutical-distribution-system/](https://d2cyvd34a2q3g.cloudfront.net/f160f061-6009-4364-9217-c0b9a88f290c/bbacf836-1199-4a25-b263-ed2c3634a601/bbacf836-1199-4a25-b263-ed2c3634a601_source_v.pdf;“Flow of Money Through the Pharmaceutical Distribution System,” USC Schaeffer Institute, <a href=); C.R.S. 10-16-1407.