



COLORADO

Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

Colorado Prescription Drug Importation Program

Program Overview and Outreach

In light of the COVID-19 pandemic and its unprecedented impact on the Colorado state budget and economy, the state's efforts to rein in prescription drug costs are more important than ever. Prescription drug importation from Canada is one tool the Department of Health Care Policy & Financing (Department) is deploying to address the burden that high drug costs pose to Colorado families and employers. We are seeking partnership with pharmacies to offer imported drugs as part of an innovative, state-wide solution to address this great need.

Program Background

In accordance with [Colorado Senate Bill 19-005](#), the Department submitted a [draft application](#) to the U.S. Department of Health and Human Services (HHS) in early March 2020 to establish a Canadian prescription drug importation program to bring significant reductions in the costs of prescription drugs to Colorado families and employers.

Colorado's proposed program establishes a framework to allow a registered importer (a pharmacist or wholesaler) to contract with a registered foreign seller (wholesaler) in Canada to safely import prescription drugs that have been approved by the Food and Drug Administration (FDA) for importation. The Department's preliminary estimate finds that such a program could save Coloradan families and employers 61 percent average per imported drug (see attached drug list).

The state's draft application, or State Importation Program (SIP), was designed to align with the federal government's [proposed rule](#) for Canadian importation, which provides extensive requirements to ensure the safety of the distribution system. We are seeking changes in the final rule to ensure significant cost savings can be achieved, while maintaining the strong safety provisions in the proposed rule. As the Department awaits final rulemaking from HHS and the FDA, we are working closely with stakeholders to refine our proposed program and will submit a final application after a final rule is in place.

Opportunities for Collaboration

Partnership with pharmacies, wholesalers, health plans and PBMs are critical to ensuring Colorado can demonstrate significant cost savings in its application to HHS for a drug importation program.

Our preliminary analysis has demonstrated significant reductions in costs for many prescription drugs, even when accounting for mark-ups across the supply chain. We are conducting analysis of potential

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cost savings and believe that there are certain prescription drugs that may be advantageous to import, including: lower cost brands when compared to the US generic equivalent, higher tier drugs with little or no rebates, and drugs with US shortages.

We hope to work with all stakeholders to design a program that can be an attractive affordability solution. As a next step, we are seeking discussions with pharmacies to share our framework and receive feedback. Key areas for discussion include:

- **Process flow and pricing:** We have designed a draft process flow and are seeking feedback on how this draft flow could work within the operational structure of current pharmacy processes for drug reimbursement and payment.
- **Network design:** The Department has developed some initial thinking on network design. We would like to obtain feedback on how network changes for importation may impact pharmacies.
- **Operations:** We are hoping to understand logistical and operational requirements pharmacies may face in carrying two versions of the same drug, the current US version and one imported from Canada.
- **The business case for importation:** We would like to understand how the state's initiative could be most attractive to pharmacy partners and explore opportunities for partnerships that incentivize participation.

The current budget and economic outlook in Colorado has painted a bleak picture that must be addressed with new, innovative approaches to reducing health care costs. Canadian importation is one creative solution we should be exploring together in partnership. We look forward to the opportunity to work with partners on the state's importation program to design a strategy that can best meet the needs of Colorado pharmacies, employers and consumers during this very challenging time.

