Connecticut Health Care Cabinet
Pharmaceutical Drug Cost Determination & Cost Containment Work Group
Meeting Summary

Monday, September 11, 2017
3:00pm – 5:00pm
OHA, 450 Capitol Ave., Hartford

Members present: *Chair*-Frances Padilla (UHCF), Bob Clark (Office of Attorney General), Ted Doolittle (OHA), Bob Tessier (Taft-Hartley), Josh Wojcik (Office of Comptroller), Marghie Giuliano (CT Pharmacists Assoc.), Kristin Campanelli (Insurance Dept.), Lena Bachar (Insurance Dept.), Rob Blundo (AHCT)

Members excused: Katharine Wade (Insurance Dept.), Raul Pino (DPH)

Others present: Carole Dicks (UHCF)

Frances Padilla called the meeting to order at 3:00pm.

Public Comment: No comment

Meeting Goals:

- To complete the discussion on transparency begun on August 29th:
    - To understand the various supply chain transparency issues as they differ from Pharma transparency.
    - To begin clarifying where states are intervening to achieve greater transparency.
    - To begin identifying possible data needs to inform future recommendations.

Frances noted that the Consumer Advisory Board brought up the fact that there should be consumer representation on each of the work groups. In the coming weeks, a consumer will be assigned so that each group will have the patient and consumer perspective.

Curbing Unfair Drug Prices, A Primer for States: Yale University Global Health Justice Partnership Policy Paper, August 2017 will be presented at the Healthcare Cabinet meeting on September 12, 2017. The paper gives an overview on what other states are doing regarding transparency.

Frances asked for any observations on the materials distributed. The group discussed what other states are doing to move legislation with regard to transparency. A question was raised about why the Maryland bill focuses only generic drugs when they are 80% of drugs and only 20% of the cost. Most of the money made is on specialty drugs. The paper went into this and the group agreed it is a question to pose to the Yale research team at the Cabinet meeting.

In order to better understand price structure and achieve transparency, the group develop a list of reporting requirements, as the Yale paper shows, of the different kinds of information that manufacturers could be required to disclose.

The question of transparency to what end was raised. Transparency for the consumer can be of some value, as a tool for public information, and also as a tool to inform policymaking. The paper argues that states should consider both.

Ted brought up the fact that there may not only need to be legislative changes, but administrative changes could be helpful as well. Just like insurance plans have to ask for rate increases every year, does the Insurance Dept. have authority to ask for information on what composes their rate increases? Insurance Dept. does have authority and does ask for and vets information. What about contracts, for example, between Anthem and Xpress Scripts – not sure they could provide information.

Marghie stated payers, state, and federal government are looking for answers as to why prices are where they are. Consumers are tired of spending out of pocket. We don't know the true impact on generic prices from one insurance plan to another. They could potentially have 20 different prices. Transparency is so important.

Some states are looking at both transparency and pricing (fair pricing; price gouging). Negotiating prices needs to be at the federal level. CT had bill SB445 passed which affects all drugs. There's a lot going on in different states, but we need to clarify what are we trying to accomplish here in CT.

Rob Blundo has access to data on the APCD and can see price increases on a year by year basis. APCD has data on the the price to end-user. What goes into APCD in terms of drugs? Prescription drug claims data – submissions from large PBMs – have claims on 1 million individuals on average, on an annual basis. It will have Medicare data, commercial, including small and individual markets, and state employee data. We should look at how other states are using APCD to weed out abuses in the system.

Marghie suggested transparency is a good starting point because it's tougher to do manufacturing or drug price regulation. Capture what negotiations are between manufacturer and PBMs, etc. Bring in value-based purchasing as well. Where are the dollars going? Basic pieces of transparency will guide us? Also, find out why there are different tiers; it shouldn't be that complicated.

Generics pricing is a problem also. Transparency in the generic market – maximum allowable costs. That's how the pharmacy is reimbursed. There is no formula. PBMs say it's fluid. Transparency will help resolve some things or show us why the same drug is priced 500 different ways? The pharmacy has no idea where that number came from.

Develop a working list of transparency factors and work through them. Figure out how we could get the necessary data. Are there certain things we would really like to get an answer to? For example, somebody should be able to see what Pfizer negotiated with Xpress Scripts. Should be able to audit and see if there's gouging going on. We should be able to choose a drug, and learn overall price and spend.

The group discussed what would be the right information to require, to achieve transparency on real cost and relationship to prices. If we were to focus on manufacturers, we'd need some way to determine what drugs would qualify. And we'd need to figure out what would be an appropriate threshold to cause the reporting trigger?

Manufacturer level – look at list of drugs. PBM look at negotiation between manufacturer and PBM. Look what insurer is paying and member is paying that's what the impact is going to be.

List Price – Average Wholesale Price – is the benchmark. Sets all other prices. The pharmacy is reimbursed AWP minus a percentage – but different for every insurer, etc. Rebate is also AWP minus something, it could be anything, certain percentage of AWP. Their ability to change AWP allows change throughout the whole market. Medicaid Best Price is 23% below best price.

There is no licensure requirement for PBMs. They only have to register, with the Insurance Department. Legislation would be needed for licensure. Insurance Dept. does regulate carriers, not PBMs. Who would regulate PBMs? Is it a federal jurisdiction? Josh said there was a NY law that had a component in it about regulation of PBMs (licensure/registration), but not sure if it ended up in final bill. Should take a look at it and ask Yale folks.

Federal regulations would provide some oversight. Drug prices are a driver of healthcare costs. Requiring them to report would give transparency.

Major Takeaways: Lots more questions!

Questions to ask Yale folks around transparency:

- How can we have an impact in the short term on consumer and employer costs of pharmacy in CT?
- What would be a good transparency strategy?
- How do we pick which drugs to investigate and what information do we want to get on that drug? Wanting detailed data, pricing data, etc. on drug.
- Knowing what you know, can you outline what would be a good transparency agenda?
- Regulating prices – how do you know what you want to regulate? Can both transparency and fair pricing be moved simultaneously?

Meeting adjourned at 4:29pm.