

INTERAGENCY PHARMACEUTICALS PURCHASING COUNCIL

Meeting June 11, 2020

Virtual Meeting - GoToMeeting

1:00 pm to 4:00 pm

1. CALL TO ORDER

Ken Ortiz, Director of the Interagency Pharmaceuticals Purchasing Council (IPPC), called the meeting to order at 1:02 p.m. via GoToMeeting. A quorum was established with roll call.

ROLL CALL

Designee, Department of Health, Dr. Thomas Massaro

Designee, Children, Youth, and Families Department, Terry Locke

Secretary, Corrections Department, Alisha Tafoya Lucero

Director, Risk Management Division, General Services Department, Mark Tyndall

Executive Director, Retiree Health Care Authority, David Archuleta

Interim Executive Director, New Mexico Public Schools Insurance Authority, Richard Valerio

Designee, University of New Mexico, Joey Evans

Executive Director, New Mexico Counties, Steve Kopelman

ABSENT/EXCUSED

Designee, Human Services Department, Kari Armijo

Superintendent, Albuquerque Public Schools

2. APPROVAL OF THE AGENDA

MOTION: There was not a motion put forth to approve the agenda for the June 11, 2020 meeting.

3. APPROVAL OF MINUTES

Secretary Ortiz noted there were minutes from three prior IPPC meetings that had to be approved. Ms. Trujillo, IPPC Coordinator, sent drafts of minutes from November 21, 2019 and February 27, 2020 and proposed changes to minutes from November 14, 2019 to IPPC members prior to the meeting for their review. IPPC members acknowledged receipt of these documents.

Ms. Trujillo stated that the motion put forth in the February 27, 2020 meeting to make changes and approve the minutes from November 21, 2019 was actually a motion to change the November 14, 2019 minutes. The motion to change the name Frank Allen to Frank Roland has been changed in the November 14, 2019 minutes. The motion to change the second paragraph on page 3 has not been changed. Ms. Trujillo noted that Mr. Nathan Varley from Western Sky Community Care and Luanne Cunico from Presbyterian Health Plan clarified that the change to the second paragraph on page 3 be revised to:

Fiscal impact report from NM Legislative Finance Committee (LFC) estimated \$51M increase in Medicaid spend if NM moved pharmacy to 'carve out' fee-for-service (FFS) model (SB 184).

Ms. Cunico explained that the majority of the cost increase for the State are projected to be in dispensing fees and increase in staffing to oversee the pharmacy benefit if pharmacy was carved out for the State to manage.

Ms. Trujillo stated that IPPC's legal counsel has advised to retain the November 14, 2019 minutes that were approved on the website and add the **Revised** minutes with the changes to the website clearly marking the changes.

MOTION: Mr. Tyndall moved to approve the **Revised** November 14, 2019 minutes with a second from Ms. Tafoya Lucero. The motion passed unanimously.

MOTION: Mr. Valerio moved to approve the November 21, 2019 minutes with a second from Mr. Locke. The motion passed unanimously.

Changes/Corrections to February 27, 2020 Minutes:

Under Item 3, change to Approval of Minutes from November 14, 2019

MOTION: Mr. Kopelman moved to approve the February 27, 2020 minutes with a second from Ms. Tafoya Lucero. The motion passed unanimously.

4. IPPC SUBCOMMITTEE'S WORK PROGRESS

PAYER SUBCOMMITTEE WORK PROGRESS

Mr. Tyndall provided an update on the Payer subcommittee's progress (presentation attached to the minutes).

PURCHASER SUBCOMMITTEE WORK PROGRESS

Mr. Evans reported that the Purchaser subcommittee has collected and were in the process of reviewing pharmaceutical purchasing contracts for Department of Corrections, Children, Youth, and Families Department, New Mexico Counties, and New Mexico Department of Health.

The subcommittee's initial discussion, which included Mr. Evans's subject matter expert Louis Auchism, Executive Director of Pharmacy Services for University of New Mexico Hospital, focused on the following items:

- 340B purchasing discussion. It was determined that 340B is not an option because of regulatory requirements. 340B pricing is intended for institutions who have disproportionate shares of undercompensated care.
- The process and potential for consolidating purchasing with a single wholesaler across New Mexico purchaser agencies to achieve better volume pricing.

Mr. Evans stated that the Purchaser subcommittee's future activity will be to evaluate opportunities for consolidated use of single wholesaler across NM purchaser agencies, evaluate the opportunity for development of a single formulary across NM purchaser agencies, and to evaluate use of a Request for Proposals to achieve the above activities for the Corrections and Children, Youth, and Families Departments, New Mexico Counties, and Department of Health.

Dr. Massaro from the Purchaser subcommittee provided additional information on the Minnesota Multistate collaborative known as MMCAP (Minnesota Multistate Contracting Alliance for Pharmacy) Infuse, of which all public health facilities of the public health division are part. The public health facilities are able to obtain good pricing from the collaborative and manage the department's 340B purchases. Facilities must have an on-site pharmacy to use MMCAP Infuse, so it is not clear whether all state agencies can use MMCAP Infuse.

5. UPDATE ON SENATE BILL 1: Wholesale Prescription Drug Importation Act

Dr. Massaro presented a progress report on the Wholesale Prescription Drug Importation Act (presentation attached to the minutes).

Mr. Kopelman asked what the next steps were to implementing the program. Dr. Massaro stated that legislation requires an application to import prescription drugs be submitted to the United States Department of Health and Human Services by December 15, 2020, with a public hearing to be held prior to the application submission. Dr. Massaro indicated that potential savings must be quantified on the application and is looking to the IPPC members to help with identifying potential prescription drug savings.

Mr. Tyndall asked Dr. Massaro whether Colorado has developed a model on how to purchase and distribute drugs not eligible for importation. Dr. Massaro did not have an answer on this; however, said that Colorado has been a helpful partner to New Mexico as it goes through the drug importation application process and if the IPPC has questions, Dr. Massaro would be comfortable sharing these questions with Colorado.

Mr. Ortiz read a comment from the GoToMeeting chat box from Luanne Cunico:

Wondering about Medicaid, only FDA approved medication can be paid for under CMS, I believe that NM does receive supplemental rebates on Medicaid.

Dr. Massaro was unable to provide comment on this.

Mr. Evans asked whether rebates applied to drugs that are imported from Canada since entities in New Mexico receive their savings from guaranteed rebates. He wanted to know whether Colorado took rebates into account in their estimates. Dr. Massaro stated he has read almost everything Colorado has published relevant to this question and has seen nothing in this regard.

6. ACTION PLANS FOR LFC REPORTING

Mr. Tyndall read from Senate Bill 131 legislation:

The legislative finance committee shall annually review and validate the interagency pharmaceuticals purchasing council's progress. The legislative finance committee shall incorporate this information into its budget and policy analysis and recommendations for the council or any of the council's implementing constituent agencies

Mr. Tyndall wanted to assure the LFC that the IPPC is available to share the data and presentations that have been provided over the last year as well as any assessments on the IPPC's progress.

Mr. Ortiz also reiterated that he and Mr. Tyndall will reach out to Director Abbey to ensure the IPPC is providing information and answering questions for LFC review.

Ruby Ann Esquibel from the LFC was in the meeting and replied that the LFC appreciated the updates, summary of work progress, and the work collaboration.

Mr. Ortiz added that if the LFC is interested in providing a presentation on its review of the IPPC, then the LFC could be added to the agenda for the next meeting.

7. UPDATE ON HOUSE BILL 292: Prescription Drug Cost Sharing

Mr. Ortiz noted that Superintendent Toal was slotted to present on House Bill 292, but was called away at the last minute, but that Superintendent Toal would be available to do a full presentation of HB292 and related updates at the next IPPC meeting. Mr. Ortiz presented the slides on Prescription Drug Cost Sharing (presentation attached to the minutes).

8. PUBLIC COMMENT

Barbara Webber from Health Action New Mexico noted that one of the recommendations in Ms. Horvath's report on February 27, 2020 included creating a Prescription Drug Affordability Board and that Health Action New Mexico would support it in the next legislative session. Mr. Ortiz said he would bring this recommendation to the IPPC to add to the next agenda for discussion.

A public comment from the GoToMeeting Chat Log was read aloud:

My name is LuGina Mendez-Harper from Prime Therapeutics. I would like to request notation on Jane Horvath's deck, slide 9. Prime Therapeutics was not purchased by Express Scripts.

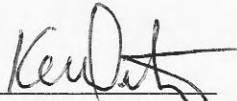
After discussion from IPPC members and Ms. Horvath and while Prime Therapeutics has not been purchased by Express Scripts (rather there is a contractual relationship between Express Scripts and Prime Therapeutics), the IPPC agreed to let the slide deck remain unchanged since this is the way it was presented to the council on February 27, 2020.

9. NEXT STEPS FOR IPPC

The next meeting will be Thursday, August 13, 2020 at 1:00 pm. Mr. Ortiz asked IPPC members whether they had any proposed agenda items. Council members can email Mr. Ortiz and Ms. Trujillo with agenda recommendations. Mr. Tyndall asked that we consider inviting someone that can address the cost and/or data available of pharmaceuticals paid through medical plans rather than PBMs.

10. ADJOURN

MOTION: With all business conducted, Mr. Kopelman moved to adjourn at 2:33 p.m. with a second from Ms. Tafoya-Lucero.


Ken Ortiz, Director

8/14/20
Date

Interagency Pharmaceutical Purchasing Council
Payer Subcommittee – Current and Future Activity

- I. Collect current PBM contracts across different payers and PBM's.
- II. Compare contracts in major categories
 - a. Discount guarantee
 - b. Rebate guarantee
 - c. Pass through vs. spread pricing
 - d. Cost Containment Activities (i.e. prior authorizations, step therapy, etc.)
- III. Compare details of current contracts with recommendations made by Council's consultant
- IV. Incorporate recommendations with desirable elements of current contracts to develop an optimal Request for Proposal (RFP)
- V. Recruit participation in RFP from as broad a public purchasing base as possible – to potentially include but not be limited to IBAC, UNM, CNM, City of Albuquerque, Bernalillo County
- VI. Deploy RFP during FY2021 for potential FY2022 effective date

THE WHOLESALE PRESCRIPTION DRUG IMPORTATION ACT (SB1): Progress Report

IPPC Plenary Meeting

June 11, 2020

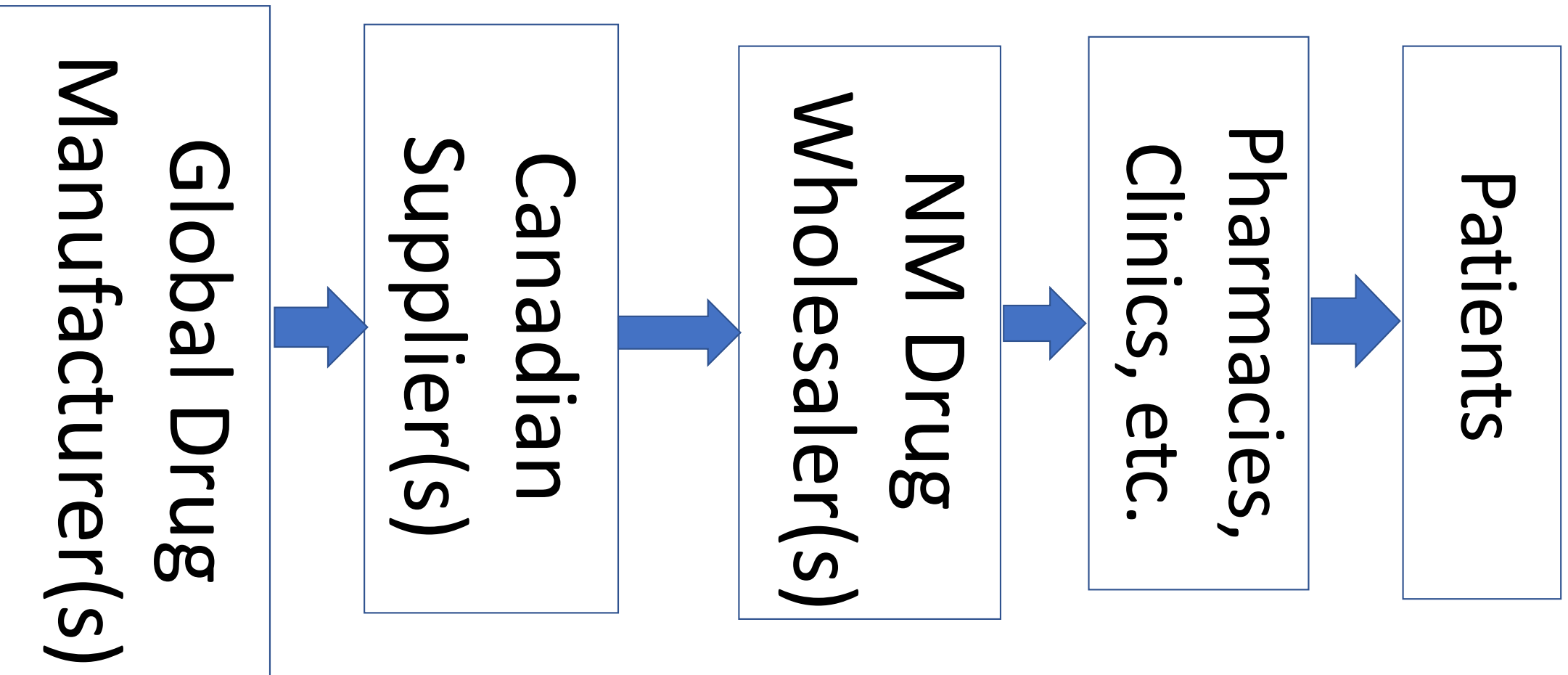
Opening the Door for SB1

- Section 804 of the FDCA, “[Importation of Prescription Drugs](#),” makes importation of lower-cost medications from Canada expressly legal in wholesale and personal use quantities.
- For this to occur, the Secretary of HHS must affirm that there would be “no additional risk to the public’s health and safety” and would “result in a significant reduction in the cost of covered products to the American consumer.” To date, no HHS secretary has made such a certification.

Insuring Safety

- All potential importation programs must comply with the track and trace requirements of [Title II of the Drug Security and Quality Act](#).
- All companies in the drug supply chain, including manufacturers, wholesale pharmacies, retail pharmacies, and third-party logistics providers, must take certain actions so that a pharmaceutical product can be traced back electronically to the manufacturing source.

SB1 Process Mimics Existing Flow

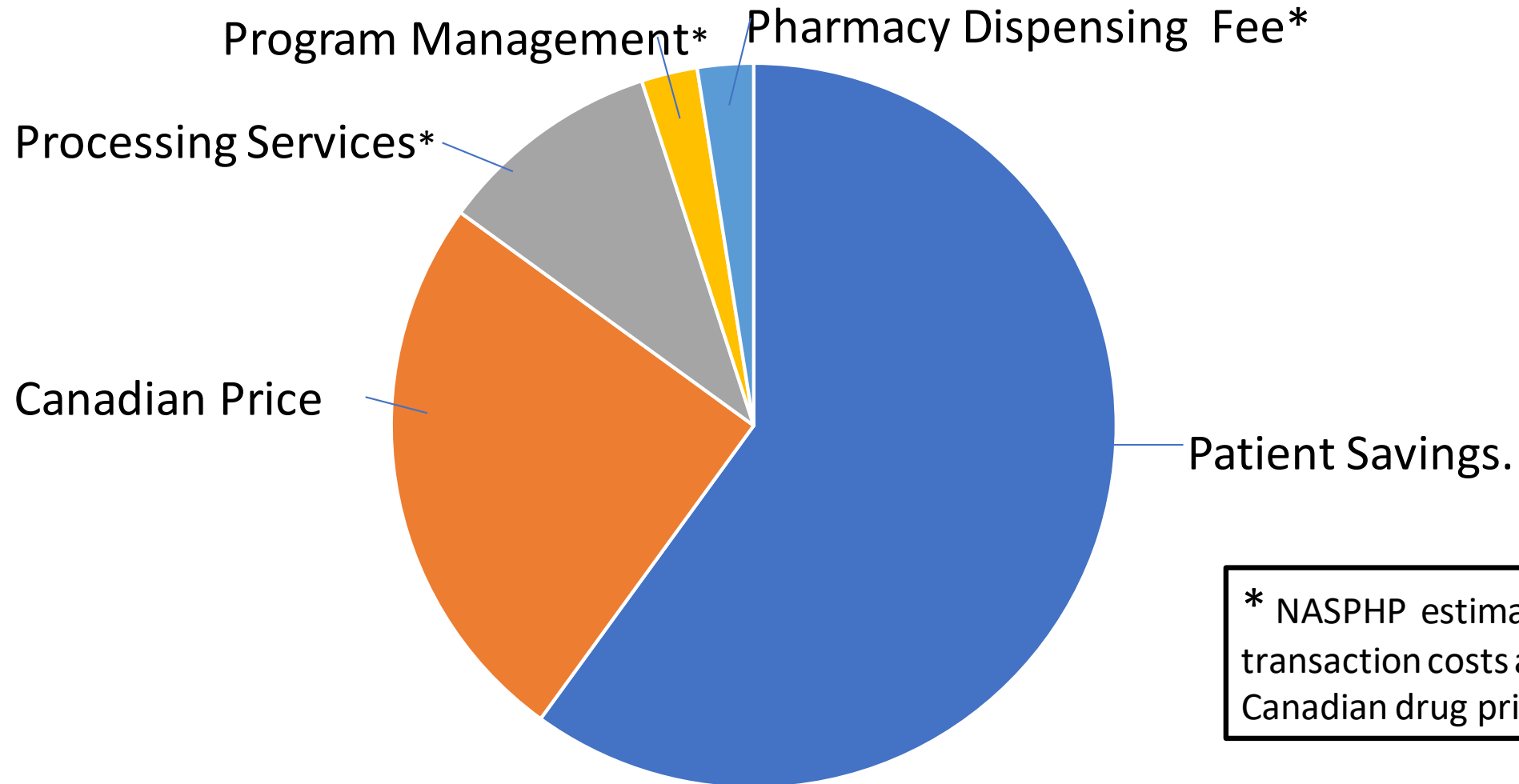


Program Savings Potential

- The New Mexico application to the Secretary of HHS must show that the importation program will produce “significant” savings to New Mexicans.
- Other states that have looked at this question have reached estimates ranging from \$1.5 to \$150 Million/year.
- Since the IPPC has great corporate knowledge about volume and cost of pharmaceuticals in New Mexico, we come to this group for insight on how we might best demonstrate the significance of the savings.

Potential Savings from SB1

(As % of Current USA Cost)



* NASPHP estimates total transaction costs at 45% of Canadian drug price or less

Colorado's Approach to Estimating Savings

- Colorado has an All Payer Data Base (APDB)
- The APDB searched for 500 most expensive pharmaceuticals
- After exclusions, 168 drug remained on list
- For each drug on the list Canadian price (+ 45% transaction cost) subtracted from US price = Savings/unit
- Savings/unit x Total Units = Estimated savings for CO.

Using CO Estimates as “First Guess” for NM

- At 15% Replacement CO estimated savings = \$36,180,231
- At 25% Replacement CO estimated savings = \$60,300,386
- Ratio of NM/CO population: $2.10/5.76 = 0.366$
- Therefore at 15% replacement, “First Guess” NM savings could be:

\$13,190,709

- At 25% replacement, “First Guess” NM savings could be:

\$21,984,515

But New Mexico is Different from Colorado

Insurance	New Mexico	Colorado
Commercial	28%	60%
Medicaid/Chip*	40%	20%
Medicare	20%	14%
Uninsured	12%	6.5%

* NM Medicaid does not receive supplemental rebates. Colorado Medicaid does. Might this matter for importation program?

The Questions

- How can New Mexico best demonstrate that its drug importation program produces “significant” savings?
- Might the experience within the IPPC be relevant to this effort?

HB 292

Russell Toal
Superintendent of Insurance
June 11, 2020

Key Elements of HB 292

- Requires Individual and Group Health Insurance and Managed Health Care Plans to cap the amount an insured is required to pay for a preferred formulary insulin drug at an amount not to exceed \$25 for a thirty-day supply effective January 1, 2021.
- Requires the Superintendent of Insurance to convene an advisory group to study the cost of prescription drugs for NM consumers and make recommendations on increasing accessibility of prescription drugs to consumers.
- The report must be submitted to the Legislature by October 1 of this year.

The HB 292 Advisory Committee

- In addition to the SOI, the Advisory Committee includes the secretaries of DOH, HSD and GSD as well as the dean of UNM's College of Pharmacy.
- The Committee must, at a minimum, examine the costs of setting cost-sharing limitations for 9 categories of drugs.
- The OSI has engaged a national actuarial firm to assist with data collection and the feasibility and cost benefit of setting cost-sharing limitations for the respective drug categories to be studied.
- The firm will begin work in early July.

Next Steps

- Implementing the Scope of Work we have defined for the actuarial firm.
- Convening the Advisory Committee before the end of June (and after the Special Session).
- Securing Rx data from the state's health programs.
- Establishing a process for public input.
- Assessing the applications of insurers seeking to offer plans on the New Mexico Health Insurance Exchange (beWellnm) to ensure compliance with the provisions of HB 292.