INTERAGENCY PHARMACEUTICALS PURCHASING COUNCIL
Meeting August 13, 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 1:01 p.m. via GoToMeeting. A quorum was established with roll call.

ROLL CALL
Designee, Human Services Department, Kari Armijo
Designee, Department of Health, Jason Cornwell
Designee, Children, Youth, and Families Department, Terry Locke
Designee, Corrections Department, Wencelaus Asonganyi
Director, Risk Management Division, General Services Department, Mark Tyndall
Executive Director, Retiree Health Care Authority, David Archuleta
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

Interim Superintendent, Albuquerque Public Schools, Scott Elder

2. APPROVAL OF THE AGENDA

MOTION: Mr. Archuleta moved to approve the agenda with a second from Mr. Cornwell. The motion passed unanimously.

3. APPROVAL OF MINUTES

MOTION: Mr. Valerio moved to approve the June 11, 2020 minutes with a second from Mr. Locke. Mr. Asonganyi abstained from voting since he was not a member of the IPPC on June 11, 2020. The motion passed.

4. Update on Corrections Department 340b Pricing

Dr. Wendy Price and Mr. Asonganyi provided an update on the Corrections Department's 340b Pricing (presentation attached to the minutes).

Questions after the presentation included:

Mr. Ortiz asked whether the Corrections Department had a population estimate of those that will need Hepatitis C care. Mr. Asonganyi indicated that data from three years ago put the estimate at 40% of the population. Dr. Price also clarified that the estimate is a moving number as, generally, 50% of the population changes yearly and sometimes the estimate has been as high as 46%.

Mr. Ortiz asked what the Corrections Department's cost reductions have been that has allowed the department to care for more patients. While Mr. Asonganyi said the actual cost reductions have not been calculated yet, projected cost reductions are about 10%-20%.

Mr. Archuleta asked how inmates are prioritized for treatment. Mr. Asonganyi said that every patient that presents for treatment is given a blood test and based on the complexity of each

patient's blood test results, people are treated. At this point, no one presenting for treatment is turned away.

Ms. Trujillo asked whether volume of members helps pharmaceutical prices. Mr. Asonganyi said that volume does not lower prices. Ms. Trujillo also read a chat received from Todd Ness (Abbvie Pharmaceuticals) who confirmed that volume does not affect 340b pricing. However, 340b pricing can change when manufacturers are contracting across the country with specific agents, which happens on a quarterly basis.

IPPC SUBCOMMITTEE'S WORK PROGRESS

PAYER SUBCOMMITTEE WORK PROGRESS

Mr. Tyndall prepared and presented a PBM Contract Comparison from the five payers on the subcommittee (presentation attached to the minutes). Of these five payers there are three different PBMs (Pharmacy Benefit Manager). These contracts vary from a small organization with little pharmaceutical purchases to a large, complex organization with substantial pharmaceutical spend.

An item Mr. Tyndall did not include on the comparison report but presented orally were dispensing fees, which vary from $.50 to a $1.00. This is relevant, according to the General Services Department's (GSD) Consultant's Report, because in any future requests for proposal (RFP), agencies should be mindful of dispensing fees that could benefit large chains over independent dispensaries.

The Payer Subcommittee learned that bigger is better and, during future procurement cycles, everyone should continue to look at broadening the state payer member base to receive better rebates and discounts and more advantageous terms and conditions.

Ms. Trujillo asked if the committee looked at pharmaceutical similarities between payers. Mr. Tyndall explained that it is difficult to compare similarities because different PBMs have different formularies but in the end, there are more similarities between PBM formularies than there are differences.

Mr. Ortiz asked why there were vast rebate fluctuations for the three payers with the same PBM. Mr. Tyndall explained there were different variables contributing to these fluctuations. One is because of copayment differentials; bigger differentials between formulary and non-formulary brands shows manufacturers that when payers are providing more financial incentives for members to take brand drugs, rebates are better. The network and programs payers negotiate also affect the rebate structure, such as plan design on using a mail order pharmacy versus a retail pharmacy.

PURCHASER SUBCOMMITTEE WORK PROGRESS

Mr. Ortiz said he would have a conversation off-line with Mr. Asonganyi and Dr. Price from the Corrections Department to invite one of them to join the Purchaser Subcommittee.

Ms. Trujillo invited Mr. Evans to join this phone call since he has been functioning as the subcommittee's quasi-leader for the last few months.

Mr. Ortiz asked if the subcommittee has gathered the Purchaser PBM contracts. Mr. Evans affirmed the Purchaser agreements have been collected but does not know if any of the subcommittee members have had a chance to review them.

5. Pharmaceutical Costs through Medical Plans

Mr. Tyndall noted that much of the GSD's pharmaceutical costs are administered through the medical plans. GSD spends about $50 million on pharmaceuticals through the PBM with rebates of about $12 million, which brings total PBM spend to $38 million per year.

GSD spends about $23 million in pharmaceuticals annually through its medical plans with the majority of costs coming from hospital settings. There is no data to distinguish whether these pharmaceutical costs are from expensive antibiotics or from other drugs such as chemo agents. These costs represent 8%-9% of GSD's total medical spend. Fourteen million of the $23 million is spent in outpatient settings through medical plans.

Mr. Tyndall said he did not see that medical plans benefit from 340b pricing when pharmaceuticals are administered in hospital settings. He proposed that we look for a "guinea pig" hospital to help examine whether 1) the hospital is eligible to receive 340b pricing and 2) if they are eligible, can the pricing be passed on to the agency and to the health plan members.

Mr. Ortiz asked Mr. Tyndall and other IPPC members if they have points of contact with hospitals. Mr. Tyndall said he and Mr. Evans will look for hospital contacts that can provide education on this subject for the next meeting.

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

Superintendent Toal reminded attendees that House Bill (HB) 292 imposes a $25 per month out of pocket maximum expenditure for preferred formulary insulin products. This provision goes into effect on January 1, 2021. HB 292 calls for an advisory committee, which has been established and has met, which agreed to issue a data call to all insurance carriers on the following provisions for review as stipulated in HB 292: 1) inhaled prescription drugs used to control asthma; 2) oral medications to treat or control diabetes; 3) injectable epinephrine devices for severe allergic reactions; 4) opioid reversal agents; 5) medications used to treat hypertension; 6) antidepressant medications; 7) antipsychotic medications; 8) lipid-lowering agents; and 9) anticonvulsants.

These nine categories of medications will be analyzed by the committee to render a decision in September on whether these medications warrant the same kind of patient cost sharing limitations as the insulin products.

Mr. Ortiz asked Superintendent Toal to inform him if he needed any additional information from the IPPC.

7. PUBLIC COMMENT

There were no public comments.

8. NEXT STEPS FOR IPPC

Mr. Ortiz stated that at the last IPPC meeting, 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. Ms. Webber and her colleagues created a background piece on Prescription Drug Affordability Boards and that background piece was emailed to IPPC members for review (attached to the minutes).

Mr. Ortiz opened this topic for discussion to determine whether the IPPC is ready to act on one of the IPPC Consultant's recommendations of creating a Prescription Drug Affordability Board and whether this item should be on the next IPPC agenda.

Mr. Ortiz invited Ms. Webber to comment or provide recommendations to the IPPC members. Ms. Webber provided statistics and consumer concerns regarding prescriptions. She recommended creating an Affordability Board that will build on the work of the IPPC and this board would require rate justifications from pharmaceutical companies and do some prescription rate setting when justified. Ms. Webber said her organization supports this legislation and will be supporting it in the next legislature.

Mr. Ortiz asked Ms. Webber whether this was a new initiative or had it been introduced in prior years. Ms. Webber confirmed this is a new initiative.

Mr. Tyndall commented that we all should keep the pressure on regarding prescription costs on consumers' premiums and co-pays. Further, he thought the Prescription Drug Affordability Board would be doing the same things that HB 292 was doing. He is not sure whether the IPPC has any specific legislative recommendations on this issue, but says the IPPC would always be on the side of affordable medicine for consumers.

Mr. Cornwell asked whether there is a movement of establishing affordability boards across the nation. Ms. Webber affirmed that there was. Mr. Cornwell seconded Mr. Tyndall's comments regarding the necessity of an Affordability Board.

Mr. Ortiz said this subject was not an action item on the agenda therefore he could not formally ask for a vote on this subject. He stated that Ms. Webber's recommendation will be placed on the next meeting agenda so the IPPC can take a vote on this initiative.

The next meeting will be Thursday, November 12, 2020. We will notify everyone whether this will be an in-person or virtual meeting.

Mr. Ortiz asked IPPC members for any next steps items and whether they had any proposed agenda items.

Mr. Asongani stated that the formation of an Affordability Board would be critical and the challenge the IPPC faces will he to make sure no resources are wasted and no inefficiencies and redundancies are established. He believes the work of an Affordability Board would be important alongside the work of the IPPC if everything was aligned well.

Ms. Webber said she will provide model legislation and lessons learned from states with an Affordability Board to the IPPC for the next meeting.

9. ADJOURN

MOTION: With all business conducted, Mr. Cornwell moved to adjourn at 2:27 p.m. with a second from Mr. Tyndall. The motion passed unanimously.

Ken Ortiz, Director

11/19/20
Date

NEW MEXICO CORRECTIONS DEPARTMENT

340B Drug Pricing Program

Update #1
August 13, 2020

Prepared by:

Wence Asonganyi – Health Services Administrator
Dr. Wendy Price – Behavioral Health Bureau Chief

Outline

- Introduction: Why 340B in the NMCD
- Approval to Implement 340B pricing
- Program Implementation
  - Implications for Hep C Elimination project
  - Implications for current Medical Vendor
  - Implications for the ECHO Hep C tele clinic
- Ongoing/Next steps
- Questions

Introduction

Agency: NMCD

Mission: Strengthen New Mexico communities through effective community supervision, creating safe and professional institutional environments and providing those entrusted to our care with opportunities for positive personal growth and self-development

Description: Set up processes to efficiently procure drugs through the 340B program that would offer improved access to high cost medications.

NMCD 340B History

- Who qualifies for 340B drug pricing?
  - Program administered by the Health Resources and Services Administration under HHS
  - Designed to assist community-based providers that treat a large number of low-income and uninsured patients
  - Eligible providers are known as covered entities and include federally qualified health centers, Ryan White HIV/AIDS grantees, hospitals that serve a large number of Medicaid enrollees and uninsured individuals, and other safety net providers.
  - DOC's do not qualify as eligible providers.

Additional Complications for Corrections

- 340B Rules stipulate a direct relationship between the covered entity and the patient.
  - Covered entity must keep a health record
  - Treatment is provided by an employee/contractor of the covered entity
  - Covered entity cannot only dispense the medications to the patient
- NMCD provides healthcare through a contracted provider

NMCD's Early Work on 340B Pricing

- 2016 – Medical contract vendor is requested that the contractor obtain 340B pricing
- September 2017 LOA signed between Centurion Correctional Healthcare of NM and St. Vincent Hospital
  - St. Vincent Hospital provides care for HIV/AIDS patient's within NMCD through both face-to-face appointments and telemedicine
  - Medication dispensed through provider pharmacy and shipped to patients facility

Implementing 340B pricing for Hep C medications

- Context – Elimination of Hep C in NM by 2030
- Collaborating with DOH to develop an Action Plan
- June 23 2020: Official approval/Welcome letter from HRSA
- June 29 2020: HSB staff attended HRSA Office of Pharmacy Affairs (OPA) "Welcome to the 340B Program Webinar."

Implementing 340B pricing for Hep C medications continued

- July 1, 2020: NMCD officially became a "covered entity" under HRSA
- Effective date for contract pharmacy at approval was Oct 1, 2020.
- Request for a retroactive effective date of contract pharmacy granted on July 10, 2020.
- Development of a 340B compliance plan

Implications for Hep C Elimination project

- More patients will have access to medication
- Need to increase resources to handle expected increase in number of patients treated
- Projected that number of Hep C patients treated will increase from 150 to about 600/yr

Implications for current Medical Vendor

- Clinical guidelines for Hep C elimination require use of FibroScan
- New contract/agreement regarding implementation of 340B pricing for Hep C medications
- Contract pharmacy compensation options for dispensing and delivery of medications to facilities

Implications for partnership with ECHO telehealth hep C clinic

- Development of Clinical guidelines for Hep C elimination
- New contract/agreement regarding implementation of Hep C elimination
- Increased collaboration with current medical vendor

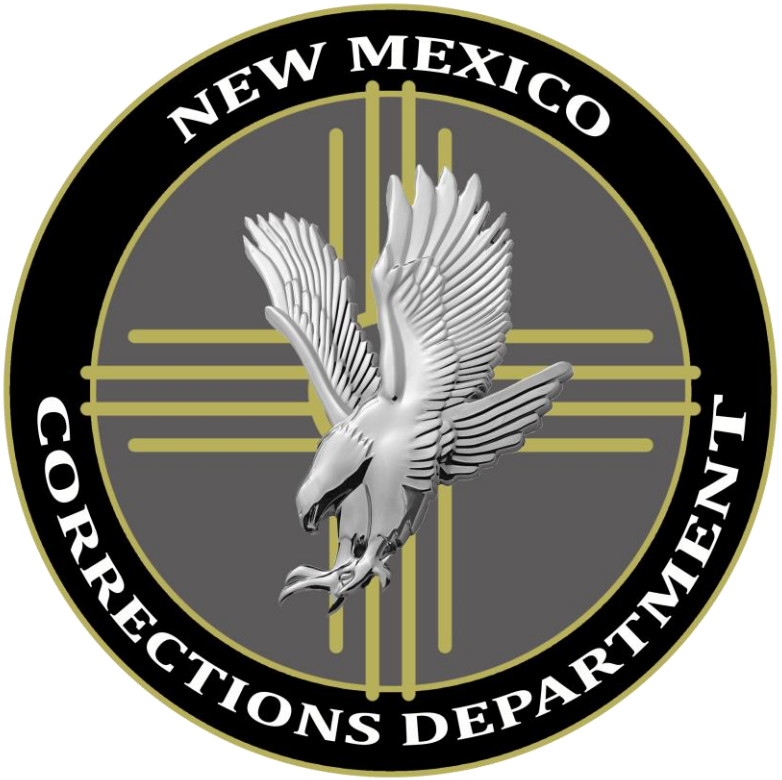
Implications for Inmates

- Currently everyone who requires treatment is being considered for treatment
- Reduced exposure to Hep C infection while incarcerated

Ongoing/Next Step

- Securing FibroScan for use at the Intake facilities
- Clinical Protocols approval
- Approval of project ECHO and Wexford's Hep C elimination plans
- 340B pricing compliance committee work plan
- Optimal implementation of 340B pricing

Questions



Thank You!

Interagency Agency Pharmacy Purchasing Council (IPPC) - PBM Contract Comparison

		Payer 1	Payer 2	Payer 3	Payer 4	Payer 5
		PBM A	PBM A	PBM A	PBM B	PBM C
ASO Fee		$1.30	$1.30	$1.30	$0.00	$0.00
Discount Guarantees						
Brand Retail		AWP Minus 18.5%	AWP Minus 18.5%	AWP Minus 18.5%	AWP Minus 18%	AWP Minus 13%
Generic Retail		AWP Minus 83.7%	AWP Minus 83.7%	AWP Minus 83.7%	AWP Minus 80%	AWP Minus 42%
Brand Mail		AWP Minus 25.25%	AWP Minus 25.25%	AWP Minus 25.25%	AWP Minus 23.8%	N/A
Generic Mail		AWP Minus 87%	AWP Minus 87%	AWP Minus 87%	AWP Minus 81.4%	N/A
Specialty (PBM-owned)		AWP Minus 21%	AWP Minus 21%	AWP Minus 21%	AWP Minus 18.5%	N/A
Rebate Guarantees						
Retail per claim - 30 days		$179.86	$334.56	$265.94	$203.37	N/A
Retail per claim - 90 days		N/A	$762.08	N/A	N/A	N/A
Mail per claim - 90 days		$811.72	$714.80	$742.51	$546.95	N/A
Specialty (PBM-owned)		$2,840.00	$3,142.50	$2,992.50	N/A	N/A

Mailing: 3700 Osuna Rd NE
Suite 504
Albuquerque, NM 87109
Tel: (505) 322-2152
Fax: (505) 322-2155
Email: info@HealthActionNM.org
Web: www.HealthActionNM.org

What is a Prescription Drug Affordability Board?

Prepared by Andrew Baker: HANM Communications/Policy Analyst

A prescription drug affordability board is a way to lower the price of medicines at the state level by using collective bargaining to achieve a lower price (Sklar & Robertson, 2019). While the exact structure varies between states, members of the board are appointed from various stakeholders to review the cost of high-cost and generic drugs. Board members propose a reimbursement scheme for drugs purchased through state programs which is then approved by the legislature or the governor. Prescription prices have increased steadily over the years, to the point where nearly 1 in 4 Americans and a substantial majority approve of price control measures (Cox et al., 2016). 39% of New Mexicans have skipped or refused a medical test because they could not afford it (2019). When patients are unable to afford their medication, they may ration their prescription or seek alternative treatments that worsen their condition, or create other health problems. Price control measures are already in effect at the federal level; drug companies have worked to lower the prices of medications for those covered by Medicaid, among other programs (Gillett & Gal, 2019). Drug Affordability Boards seek to establish some of those same price control measures for those that do not qualify for federal programs.

<u>What other states have done</u>:

The Prescription Drug Affordability Boards in Maryland and Maine establish commissions made up of various stakeholders to review reimbursement schemes for drugs according to price or affordability challenge, and while Maryland has established lower thresholds, Maine's drug affordability board targets those that meet the following criteria:

- Cost more than $30,000 (proprietary) or $3,000 (generic) for a year of treatment
- Increase in price by 10% or $3,000 in one year (proprietary), or $300 for a 30 day supply (generic)
- When the drug creates affordability challenges for state healthcare systems and patients

Maryland's affordability board came after the 2017 Anti-Price-Gouging Act was struck down; the 2017 bill failed because it attempted to regulate the prices charged by manufacturers to wholesalers, which occurred out of state. The current board got around this by targeting prices between the wholesaler and the state purchasers; the board establishes reimbursement levels that the wholesaler must accept to sell their pharmaceuticals to state, county, and local government plans. As part of the board review, drug manufacturers have the opportunity to

explain prices or price increases. The reimbursement levels are reviewed by the legislative policy committee or sent to the governor and state attorney general for approval.

Advantages:

- Allows for transparency in drug pricing.
- Creates a framework for pricing control.
- Oversight from the state government Increases in strength as more sates create affordability boards

Disadvantages:

- Only covers high-cost medications.
- Only affects prices for state plans.
- Manufacturers can refuse to sell to state plans.
- Only as strong as the size of the state

How A Drug Affordability Board builds on New Mexico's Work

A prescription drug affordability board is an important part of price control legislation for the state of New Mexico. An affordability board would pass savings along to state purchasers and those not covered by existing federal programs. A board could work with other measures like the proposed drug importation program to establish a method by which prices are set for the state. A board could also fit in with existing drug price transparency laws to provide a formal method for reporting and commenting on drug prices. Together with existing laws, an affordability board could create a system to lower prices for high cost drugs, and inform New Mexicans about how and why the price of their medication has increased.

References & Further Reading:

Demarco, V. (n.d.). *Summary of the 2019 Prescription Drug Affordability Board Act HB768*. Maryland Citizen's Health Initiative. https://mmcp.health.maryland.gov/Documents/MMAC/2019/04_April/Summary%20of%20Prescription%20Drug%20Affordability%20Board.pdf

Bills would establish Rx affordability board, bulk purchasing agreements. (2020). *NJ Biz*. Gale General OneFile. https://libproxy.unm.edu/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsggo&AN=edsgcl.613026582&site=eds-live&scope=site

Caton, M. L. (2019). Maryland's Prescription Drug Affordability Board Bill Set To Take Effect. *Mondaq Business Briefing*. Gale General OneFile. https://libproxy.unm.edu/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsggo&AN=edsgcl.588400751&site=eds-live&scope=site

Cox, C., Kamal, R., Jankiewicz, A., & Rousseau, D. (2016). VISUALIZING HEALTH POLICY. *JAMA: Journal of the American Medical Association*, *315*(13), 1326–1326. Academic Search Complete.

Gillett, R., & Gal, S. (2019, September 18). *Insulin List Prices Over the Last Decade*. Business Insider. https://www.businessinsider.com/insulin-price-increased-last-decade-chart-2019-9?op=1

MARYLAND'S PATH TO A PRESCRIPTION DRUG AFFORDABILITY BOARD. (2019). *States News Service*. Gale General OneFile. https://libproxy.unm.edu/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsggo&AN=edsgcl.591729320&site=eds-live&scope=site

Md. Lawmakers Push for Nation's First Prescription Drug Affordability Board. (2019). *USNews.Com*. Gale General OneFile. https://libproxy.unm.edu/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsggo&AN=edsgcl.581902106&site=eds-live&scope=site

Sklar, T., & Robertson, C. (2019). Affordability Boards-The States' New Fix for Drug Pricing. *The New England Journal of Medicine*, *14*, 1301. Gale Academic OneFile.

SP0461, LD 1499, item 1, An Act To Establish the Maine Prescription Drug Affordability Board. (n.d.). Retrieved July 31, 2020, from http://legislature.maine.gov/legis/bills/bills_129th/billtexts/SP046101.asp

(2019). Purple Strategies. https://drive.google.com/file/d/1mXAUYmltb_ablBQRZ1SGbTXsY4cHOOG-/view?usp=sharing