

**Minutes of the
INTERAGENCY PHARMACEUTICALS PURCHASING COUNCIL**

October 3, 2019

State Capitol, Room 321 Santa Fe, NM 87507

1:30 pm to 4:30 pm

1. CALL TO ORDER

Ken Ortiz, Director of the Interagency Pharmaceuticals Purchasing Council (IPPC) called the meeting to order at 1:37 p.m. in Room 321, of the New Mexico State Capitol. A quorum was established with roll call.

ROLL CALL

Ken Ortiz, Director IPPC

Secretary, Human Services Department, Dr. David Scrase

Designee, Department of Health, Dr. Abinash Achrekar

Designee, Children Youth and Families Department, Terry Locke

Secretary, Corrections Department, Alisha Tafoya Lucero

Director, Risk Management Division, General Services Department, Clinton Nicley

Executive Director, Retiree Health Care Authority, David Archuleta

Executive Director, Public School Insurance Authority, Ernestine Chavez

Designee, Albuquerque Public Schools, Mark Tyndall

Designee, University of New Mexico, Joey Evans

Designee, NM Counties, Kamie Denton

ABSENT/EXCUSED

Bill Fulginiti, NM Municipal League

NEWLY APPOINTED IPPC MEMBERS

Director Ortiz welcomed Governor Michelle Lujan Grisham's newly appointed IPPC members from the NM Municipal League (Bill Fulginiti, Executive Director) and NM Counties (Steve Kopelman, Executive Director).

2. APPROVAL OF THE AGENDA

Ms. Trujillo stated the Open Meeting Resolution agenda item will need to be amended to discuss and potentially adopt and amend if IPPC members make changes to the existing resolution.

MOTION: Mr. Nicley moved to approve the agenda as amended with a second from Dr. Scrase. The motion passed unanimously.

3. APPROVAL OF MINUTES FROM AUGUST 29, 2019

MOTION: Mr. Tyndall moved to approve the minutes from August 29, 2019 with a second from Mr. Locke. The motion passed unanimously.

4. IPPC OPEN MEETING RESOLUTION

Mr. Paul Kippert, IPPC Legal Counsel, addressed comments to the resolution that were brought forward in the last meeting. He explained the reason to have the “potential adoption of an amendment” to the resolution is because the resolution can be changed as needed and IPPC members can vote on changes even though the IPPC currently has a resolution in place.

A comment brought up in the last meeting related to posting materials more than 72 hours before the IPPC meeting; the commenter thought that 72 hours may not be enough time for council members to review.

Mr. Kippert read the proposed change to the resolution related to this comment:

The Interagency Pharmaceutical Purchasing Council will make every effort to post meeting materials sooner than the required 72 hour timeframe. All supplemental materials regarding items requiring action will be posted at the same time as the meeting agenda.

He explained that the proposed language would still meet the 72 hour timeframe but every effort would be made to get it done sooner than 72 hours. Items that require action will be submitted with the agenda.

The council quorum can be changed, right now it is seven members.

Dr. Scrase endorsed the change to the resolution and believes the IPPC is doing well on the quorum.

PUBLIC COMMENT

Mary Feldblum discussed the quorum number should be changed for major or minor decisions. She believes there is a difference in the quorum amounts needed for the quarterly meetings and what is needed for voting on certain issues.

MOTION: Ms. Chavez moved to approve the IPPC Open Meeting Resolution as amended with a second from Dr. Scrase. The motion passed unanimously.

5. IPPC CONSULTANT PROCUREMENT RECOMMENDATIONS

IPPC SUBCOMMITTEE

A copy of the IPPC Consultant scope of work was passed to IPPC members. Mr. Nicley discussed the reasons the subcommittee was formed, explained the reasons the subcommittee separated the IPPC Consultant scopes into two phases, and described the goals they wished to reach with a consultant.

The first phase of the consultant’s work is to gather information on cost containment strategies for our state while identifying opportunities for maximizing efficiency and

purchasing power of pharmaceuticals. The second phase of the work is to build on the information the consultant gathered.

Dr. Scrase discussed the skill set for gathering data.

MOTION: Mr. Tyndall moved to approve the scope of work to allow the subcommittee to work on negotiations with potential subcontractors with a second from Secretary Tafoya Lucero. The motion passed unanimously.

6. UPDATE OF IBAC (INTERAGENCY BENEFITS ADVISORY COMMITTEE) PHARMACEUTICAL PURCHASING PROGRAM

Mr. Tyndall presented his presentation on IBAC's pharmacy benefits purchasing background and update. (*See attached*).

Dr. Scrase asked about the rebate average. Mr. Tyndall explained it is only for brand name medications, which is the average. There is no guarantee of a rebate on any particular drug.

Dr. Scrase asked for the percentage of brand name medications. Mr. Tyndall stated it is 87% generic.

Director Ortiz asked if all IBAC entities are using the same rates. Mr. Tyndall explained the discount would be common for all IBAC entities.

Dr. Achrekar asked about the term Mr. Tyndall used when discussing PCSK9. Mr. Tyndall said almost all members talk about is how great these drugs are.

Mr. Evans discussed that part of the financial fear was the cost of PCSK9 after the Hep C drug came out. The indications was that it was FDA approved but everyone had to wait until the FDA approvals were clarified.

Mr. Archuleta also mentioned the financial scares they face.

7. UPDATE OF PHARMACEUTICAL PURCHASING PROGRAM FROM IPPC MEMBERS

Mr. Tyndall presented the Albuquerque Public Schools pharmacy benefits purchasing background and update. (*See attached*)

Mr. Archuleta presented a Pharmaceutical Purchasing Update for the Retiree Health Care Authority. (*See attached*)

Ms. Chavez presented a Pharmaceutical Purchasing Update for the Public School Insurance Authority. (*See attached*)

Mr. Nicley presented information on the State's Pharmaceuticals Program. (*See attached*)

Mr. Evans presented an overview of the University of New Mexico's Rx Plan. (*See attached*)

Director Ortiz asked about the retirees' pre-65 mentioned in UNM's slides and asked about retirees after 65 years. Mr. Evans stated the University sponsors 6 Medicare eligible advantage plans.

Director Ortiz stated that the New Mexico Municipal League and New Mexico Counties presentations will be given at the next scheduled meeting.

8. UPDATE OF PHARMACEUTICAL PURCHASING PROGRAM FROM UNM HOSPITAL

Ms. Annalee Esterly presented the University of New Mexico Hospital pharmaceutical purchasing program. (*See attached*).

Ms. Esterly explained how they redefined the formulary in 2016 and stated that UNM Hospital receives a credit on pharmaceutical rebates annually.

Ms. Esterly stated that UNM Hospital has similar pharmaceutical challenges as the other IPPC members, but there are some unique situations UNM Hospital is experiencing with specialty drugs. As a medical facility they are looking into all pharmaceutical issues. The aging workforce is increasing and mental health and substance abuse conditions are driving up pharmaceutical prices.

Ms. Chavez asked what the lock out is on specialty drugs; Ms. Esterly stated they lock it out for a certain amount time until they determine the cost is reasonable and prescribing for the condition is reasonable.

9. PUBLIC COMMENT

- Mr. John Maynard from the SAS institute, a software analytics company. In Ohio the opioid crisis is similar to New Mexico. He said that New Mexico can put its data together with preventive analytics and monitoring fraud abuse. In Ohio, they expanded Medicaid but their cost increases came from the pharmaceutical side.

Mr. Maynard suggested New Mexico look into compounding the specialty drugs and aggregate the data. In Ohio, they got federal grants and they used Medicare and Medicaid episodes of care. The PBM insight he has would be helpful to New Mexico. He can tell which members are looking for what drugs and can spot abuse. There are other costs like criminal justice and child welfare etc.

- Mary Feldblum, Health Security for New Mexicans Campaign shared a story she heard on the NPR program “The bill of the month”. She shared a story from the program about a young girl who got a snake bite in another state. The family got a bill for over \$100,000. The anti-venom was available from only one company and the hospital charged over five times the amount of the drug. The family’s insurance premiums will go up to pay the cost for this incident. It shows you that is why consumers are furious with drug pricing in New Mexico.

She thanked the members of the Board for their work.

- Barbara Webber, Health Action New Mexico shared her consumer story to illustrate some problems they could face. Over 20 years ago she had mild psoriasis and then had an inflammation on over 90% of her body. She used the steroid creams and developed diabetes and a skin condition. She enrolled in a drug study for three years, it helped her clear up.

Ms. Webber explained a letter from her insurance company who stopped accepting rebates. The price went up. She developed another condition from not being able to have her normal medications. People have life threatening conditions. Consumers are driving the work the IPPC is doing.

10. NEXT STEPS FOR IPPC

Director Ortiz announced the next meeting will be held November 14, 2019; the time and location and agenda will be posted on the GSD website, <https://www.generalservices.state.nm.us/ippc.aspx>.

Mr. Nicley wanted to discuss one of the items the subcommittee is proposing for a consultant is to identify ways to leverage New Mexico constituent agencies pharmaceutical and pharmacy benefits procurement to maximize the purchasing power. He asked the Council to give input on this issue or discuss whether there are any current efforts to pursue common pharmaceutical procurements.

Secretary Tafoya Lucero stated that the Corrections Department's pharmaceutical procurement is in process now. The department is in the final stages of its procurement.

Mr. Nicley wants to explore greater shared procurements.

Director Ortiz stated that shared procurements is mentioned in Senate Bill 131. He would advocate for procurements to see if they can leverage powers. Mr. Nicley wants to have that discussion before the consultant is in place.

Dr. Scrase states there is a large Hep. C Medicaid population and there are discussions on other state models. It is just information gathering at this time, particularly for the Corrections Department to lower costs.

Ms. Lucero Tafoya stated the Corrections Department's pharmaceutical procurement is a multiyear contract.

Ms. Wishner stated the issue of the specialty drugs may need to have a subcommittee to work on options. Director Ortiz asked Mr. Kippert if creating a subcommittee for specialty drug options had to be voted on at the next meeting. Mr. Kippert answered in the affirmative.

Dr. Scrase was interested in the generics and brand name drug portions presented during the meeting, especially that generic drugs have such a high prescribe rate. He was also interested in the uncertain future of rebates. Dr. Scrase was trying to make tables showing the commercial market; it seems more employees are passing the pharmacy pricing onto employees. Applauds the entities for having data on the pharmacy sharing.

Sr. Scrase thinks it would help him to combine the data. Director Ortiz and Ms. Trujillo will work on consolidating that data.

Dr. Scrase stated a few years ago there was an interagency cost comparison a few years ago. He would love to add the current year's data. Dr. Scrase would also like to get a handle

on the cost of a specialty drug and the cost to administer the specialty drug, whether at home or in the hospital.

Dr. Scrase suggested having the Medicaid MCOs (managed care organizations) present to the IPPC on their challenges related to pharmaceutical pricing.

Mr. Tyndall would like to work on the demand side of pharmaceuticals; he wants to have conversations to ensure they look at over prescribing.

11.ADJOURN

MOTION: With all business conducted Mr. Nicley moved to adjourn at 3:54 p.m. with a second from Mr. Tyndall. The motion passed unanimously.



Ken Ortiz, Director



Date



Interagency Benefits Advisory Committee / Albuquerque Public Schools

Pharmacy Benefits Purchasing Background and Update

Interagency Pharmaceutical Purchasing Council

October 3, 2019

Interagency Benefits Advisory Committee (IBAC)

- What is the IBAC?
- An administrative construct to fulfill the obligations of the Health Care Purchasing Act [13-7-1 NMSA 1978]
- **13-7-2. Purpose of act.**
- The purpose of the Health Care Purchasing Act [[13-7-1](#) NMSA 1978] is to ensure public employees, public school employees and retirees of public employment and the public schools access to more affordable and enhanced quality of health insurance through cost containment and savings effected by procedures for consolidating the purchasing of publicly financed health insurance.
- Purchases health (medical, pharmacy, dental and vision) services for approximately 175,000 public sector employees, retirees and family members (over 25% of the NM's commercially insured population)
 - State of NM / GSD / RMD: 57,000
 - NM Retiree Health Care Authority: 55,000
 - NM Public Schools Insurance Authority 47,000
 - Albuquerque Public Schools 16,000
- IBAC entities have written contracts under the auspices of the act since FY2000.

IBAC Pharmacy Purchasing Background

- Pharmacy Benefit Managers (PBMs) were already dominant in the industry for large payers (including health plans) when the IBAC was created
- All IBAC entities were originally part of a multi-state agreement with Express Scripts Inc. (ESI) facilitated through West Virginia
 - The agreement was “traditional” spread pricing (\$0 administrative fees) with rebates playing a small role
- In 2002, IBAC began procuring PBM services on its own and evolved to “pass through” pricing at retail with rebates starting to play a larger role; not all entities used the same PBM
- In 2010/2011, all IBAC entities united under one PBM (Medco); a majority terminating their relationship with ESI
- In 2012, ESI purchased Medco
- All IBAC entities are still currently contracted with ESI

Why Does the IBAC Use a PBM?

- The infrastructure and platforms used to adjudicate financial transactions between the clinical community (i.e. doctors and hospitals) and pharmacies began to diverge in the 1980s and 1990s.
- This was originally a very good thing for members and purchasers
 - Old Medical Platforms – member paid full price of prescription at the pharmacy (prices were already starting to climb) and then submit receipts for reimbursement from their health plan
 - No negotiated discounts of retail costs or rebates
 - No meaningful tracking of the constituent elements of drug cost trends
 - New PBM Platforms – provided near real-time adjudication of claims allowing members to pay only their owed portion at the point of sale
 - Discounts off of retail and rebates became more prominent
 - Drug-specific reporting became available allowing for enhanced utilization management
- We all use the PBM model now – even health plans

What Do PBMs Do For the IBAC to Help Control Costs?

- Provide access to a network of participating pharmacies
 - Negotiate discounts with pharmacies using 83 million member market leverage
 - Brands: Average Wholesale Price (AWP) MINUS 18%
 - Generic: AWP MINUS 83%, though Maximum Allowable Cost (MAC) lists usually apply
 - Ensure adequate access to members – 65,000 retail pharmacies nation wide
- Adjudicate claims in accordance with IBAC plan designs and facilitates claim financing for self-funded payers
- Provide customer service (telephonic and web-based) including direction about where to find the lowest cost prescriptions
- Supports and/or warns plan sponsors of developing or upcoming trends and risks (i.e. compounds and PCSK9)

What Do PBMs Do For the IBAC to Help Control Costs?

- Utilization Management
 - Prior Authorizations
 - Ensure an appropriate drug is being used for the appropriate clinical purpose
 - Examples: HEP C Drugs – right drug for right genotype
 - Lumagin – Treating glaucoma and not for longer, thicker eyelashes
 - Step Therapy
 - Ensure appropriate, less expensive therapies are tried before moving to a much more expensive next “step”
 - Examples: \$20 generic statin for high cholesterol before a \$500 PCSK9
 - \$10 hydrocortisone cream before \$3,300 Humira for mild plaque psoriasis
 - Quantity Limits
 - Coverage should be based on current FDA and manufacturer dosing guidelines and current medical best practices
 - Examples: Opioid limits on initial prescription
 - Sleep aids such as Ambien
 - Safety Protocols
 - Identify and alert pharmacist/clinician regarding any contraindications with already prescribed medications
 - Advise if there are existing diagnoses which could render a drug harmful (PBMs receive medical claim data with diagnoses)
- Policy and regulatory discussions continue regarding these practices

What Do PBMs Do For the IBAC to Help Control Costs?

- Provide Access to Mail Order Facilities for Maintenance Medications
 - Bulk purchasing allows for greater savings
 - Brand Guarantee: AWP MINUS 25%
 - Generic Guarantee: AWP MINUS 86% (NOT PASS THROUGH PRICING)
 - Copays for 90 day supply through mail generally lower than 3 separate 30 day retail fills
 - Some members prefer the convenience of mail order (some definitely do not)
- Provide access to Specialty Pharmacies for high cost drugs
 - Bulk purchasing allows for greater savings
 - AWP MINUS 20%
 - Expertise with rare drugs to ensure correct dosage and handling
 - Specialty drug costs represent the biggest challenge moving forward (more on this later)

What Do PBMs Do For the IBAC to Help Control Costs?

- Formulary Management
 - List of preferred drugs within each therapeutic class selected for safety, efficacy and value
- Formularies have been around for decades but have taken on more financial significance as rebates have increased
 - IBAC originally had open formularies where preferred brands could be obtained at lower copayments but non-preferred brands were still covered
 - Currently, within certain classes of drugs, ONLY the preferred brand is covered
- Formularies are still developed to ensure safety and efficacy, but increasingly....
- **Formularies drive rebates** from manufacturers on brand name drugs
 - Rebate Guarantees
 - Retail - \$277 per claim
 - Mail - \$601 per claim
 - Specialty Pharmacy - \$2,662 per claim
- PBMs also provide access to copay assistance programs to increase plan revenue from manufacturers

APS Pharmacy Benefit Plan Design

	Retail (34 day Supply)			Mail/Walgreens (90 days)
	<u>Coinsurance</u>	<u>Min.</u>	<u>Max.</u>	<u>Copay</u>
• Generic	20%	\$10	\$25	\$25
• Preferred Brand	30%	\$35	\$65	\$70
• Non Pref Brand	40%	\$70	\$140	\$150

Insulin & Diabetic Supplies: \$0 Copayment

Generic Specialty: \$70

Preferred Brand Specialty: \$100

Non-Pref Brand Specialty: \$150

Out of Pocket Maximum: \$3,150 individual / \$4,300 family

APS Has Greatly Benefited from IBAC Purchasing

- APS Topline Performance Metrics – 2013 to 2018

	<u>2013</u>	<u>2018</u>	<u>Total Increase/Change</u>	<u>Annualized Increase/Change</u>
Avg Members	17,255	15885	-8.6%	-1.7%
% Members Using Benefit	81.5%	82.5%	1.2%	0.2%
Member Cost %	14.5%			
Total Plan Cost	\$12,059,356	\$15,061,828	19.9%	4.0%
Total Plan Cost PMPM	\$58.24	\$79.16	26.4%	5.3%
Rebates	\$1,403,428	\$4,697,951	234.7%	46.9%
Net Plan Cost	\$10,655,928	\$10,363,876	-2.7%	-0.5%
Net Plan Cost PMPM	\$51.46	\$54.47	5.8%	1.2%
Rebates as % of Total Plan Cost	11.6%	31.2%	168.0%	33.6%
Generic Fill Rate	82.1%	85.0%	3.4%	0.7%
Specialty Drugs as % of Plan Cost	22.3%	41.8%	46.7%	9.3%

APS Successes and Challenges

- Successes

- Improved Generic Usage – up to 87% so far in 2019
- Have moderated pharmacy trend and kept it below national averages
-not bragging because profound challenges remain

- Challenges

- Specialty....Specialty.....Specialty
- In 2013, 7 of APS's top costing drugs were specialty
- In 2018, that number is now 17
- Humira cost an average of \$2,200 per script in 2013; \$3,300 in 2018
- Zolgensma – Wonderful life-saving gene therapy for spinal muscular atrophy: \$2 million
- Luxturna – Wonderful gene therapy that cures some types of blindness: \$425,000 per eye
- More are on the way

- Uncertainty with policy and market environment

- Past market of independent PBMs no longer exists
- State and federal attempts to regulate drug costs



Interagency Pharmaceuticals Purchasing Council

IPPC Member Updates

October 3, 2019

Tom Sullivan, President

Joe Montaña, Vice President

Doug Crandall, Secretary

David Archuleta, Executive Director

Background Information

Retiree Health Care Authority Act

- Created in 1990
- Created to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.
- Governed by 11-member Board of Directors
- Broad authority for administration of the Health Care Benefits Administration Program
 - Eligibility guidelines and requirements
 - Subsidy levels
 - Plan design
- Public employer groups - 302
 - All school districts and charter schools – 50%
 - All state agencies – 25%
 - Municipalities, counties & universities – 25%
- Active Members on Medical Plan – 55,087 (10/1/19)
 - Pre-Medicare – 15,389
 - Medicare – 39,698
 - Medicare Supplement – 23,107
 - Medicare Advantage – 16,591

Pharmacy Benefits

NMRHCA MEDICARE PLAN COMPARISON

Effective: January 1, 2020

BCBSNM MEDICARE SUPPLEMENT	BCBS Medicare Advantage Plan I	Presbyterian Medicare Advantage Plan I	UnitedHealthcare Medicare Advantage Plan I	Humana Medicare Advantage Plan I	BCBS Medicare Advantage Plan II	Presbyterian Medicare Advantage Plan II	UnitedHealthcare Medicare Advantage Plan II	Humana Medicare Advantage Plan II
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Retail Pharmacy - 31-day

						\$310 Deductible			
Preferred Generic	\$5 - \$15	\$0 - \$5	\$0	\$15	\$4	\$0 - \$5	\$0	\$10	\$4
Non-Preferred Generic		\$5 - \$10	\$10	\$70	\$4	\$7 - \$12	\$10	\$35	\$4
Preferred Brand	\$30 - \$60	\$40 - \$45	\$45	\$35	\$40	\$40 - \$45	\$45	\$20	\$40
Non-Preferred Brand		\$90 - \$95	\$95	\$70	\$90	\$90 - \$95	\$95	\$35	\$90
Specialty Drug		33%	\$100	\$70	33%	25%	27%	\$35	33%
Non-Formulary	\$50 - \$125								

Mail Order - 90 day

	*** Smart 90								
Preferred Generic	\$12 - \$35	\$15	\$0	\$30	\$0	\$15	\$0	\$20	\$0
Non-Preferred Generic		\$30	\$30	\$140	\$0	\$36	\$30	\$70	\$0
Preferred Brand	\$60 - \$120	\$135	\$135	\$70	\$80	\$135	\$135	\$40	\$80
Non-Preferred Brand		\$285	\$285	\$140	\$180	\$285	\$285	\$70	\$180
Non - Formulary	\$100 - \$250								

Prescription Coverage

Coverage Gap	No	No	No	No	No	No	Yes**	Yes**	Yes**
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NON-MEDICARE PRESCRIPTION DRUG PLAN ADMINISTERED BY EXPRESS SCRIPTS

<i>Copay (Retail)</i>	<i>Minimum</i>	<i>Maximum</i>
Generic	\$5	\$15
Preferred Brand	\$30	\$60
Non-Preferred Brand	\$50	\$125

Maximum of 34-day supply or 100 unit or as prescribed by your physician or an approved exception.

<i>Copay (Mail Order or **Smart 90)</i>	<i>Minimum</i>	<i>Maximum</i>
Generic	\$12	\$35
Preferred Brand	\$60	\$120
Non-Preferred Brand	\$100	\$250

**90 day refill supply can be filled through Mail Order or through a retail pharmacy in the Smart 90 network. Visit www.express-scripts.com or call Express Scripts at 1-800-501-0987 for locations.

Maximum of 90-day supply or 300 units or as prescribed by your physician or an approved exception.

<i>Accredo (Special Pharmaceuticals)</i>	<i>Closed Network</i>
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Performance Metrics

	RHCA EGWP & Commercial Combined	Government Retirement Plans - Combined	RHCA Pre-Medicare	Government Retirement Plans - Non-Medicare	RHCA Medicare (EGWP)	Government Retirement Plans - Medicare
Description	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19
Average Member Age	67.0	72.1	54.5	56.4	75.5	75.9
Plan Cost Net PMPM	\$188.21	\$213.02	\$113.83	\$162.92	\$239.23	\$225.28
Plan Cost Net/Day	\$1.97	\$1.86	\$1.91	\$2.35	\$1.99	\$1.79
Plan Cost Net per Adjusted Rx	\$54.83	\$51.85	\$51.99	\$64.62	\$55.82	\$50.10
Nbr Adjusted Rxs PMPM	3.43	4.11	2.19	2.52	4.29	4.50
Generic Fill Rate	88.4%	90.6%	87.6%	88.8%	88.7%	90.9%
90 Day Utilization	60.1%	71.9%	48.6%	56.4%	64.0%	74.0%
Retail - Maintenance 90 Utilization	20.8%	24.9%	13.4%	4.6%	23.4%	27.7%
Home Delivery Utilization	39.3%	47.0%	35.2%	51.7%	40.7%	46.3%
Member Cost Net %	13.6%	14.2%	16.1%	13.9%	12.7%	14.3%
Specialty Percent of Plan Cost Net	49.7%	42.3%	48.0%	47.7%	50.3%	41.4%
Specialty Plan Cost Net PMPM	\$93.61	\$90.16	\$54.66	\$77.69	\$120.33	\$93.22
Formulary Compliance Rate	98.5%	98.8%	99.0%	98.6%	98.3%	98.8%

- Plan costs net PMPM decreased \$1.59 (-0.8%) to \$188.21, primarily driven by the Unit Cost Trend Component
- Specialty plan cost net PMPM increased \$8.99 (+10.6%) to \$93.61, primarily driven by the Specialty Utilization Trend Component
- Generic fill rate decreased 0.2 percentage points to 88.4%

Top 25 Drugs

Top Drugs by Plan Cost Net

Top Drugs by Plan Cost Net													
7-18 - 6-19								7-17 - 6-18				% Change	
AUM Strategy	Rank	Peer Rank	Brand Name	Indication	Adj. Rxs	Pts.	Plan Cost Net	Plan Cost Net PMPM	Rank	Adj. Rxs	Pts.	Plan Cost Net PMPM	Plan Cost Net PMPM
PA	1	2	REVLIMID*	CANCER	333	43	\$4,789,589	\$10.30	2	268	37	\$7.15	44.1%
PA/DQM	2	7	IMBRUVICA*	CANCER	252	32	\$2,696,303	\$5.80	3	190	24	\$4.10	41.4%
ST/PA/DQM	3	1	HUMIRA PEN*	INFLAMMATORY CONDITIONS	676	80	\$2,538,709	\$5.46	1	970	111	\$8.25	-33.8%
PA	4	3	ELIQUIS	ANTICOAGULANT	7,856	1,004	\$1,833,065	\$3.94	9	5,360	700	\$2.63	49.9%
PA	5	9	XARELTO	ANTICOAGULANT	6,418	833	\$1,441,964	\$3.10	8	5,483	769	\$2.75	12.6%
ST/PA/DQM	6	24	XTANDI*	CANCER	148	20	\$1,385,887	\$2.98	5	154	22	\$3.19	-6.6%
ST/PA/DQM	7	5	ENBREL SURECLICK*	INFLAMMATORY CONDITIONS	408	46	\$1,374,597	\$2.96	4	467	53	\$3.46	-14.5%
ST	8	8	LYRICA	PAIN/INFLAMMATION	3,421	503	\$1,254,814	\$2.70	7	3,408	496	\$3.03	-10.8%
PA/DQM	9	4	TRULICITY	DIABETES	3,184	395	\$1,180,958	\$2.54	14	2,268	290	\$1.97	28.8%
PA/DQM	10	12	IBRANCE*	CANCER	106	17	\$1,112,055	\$2.39	6	143	18	\$3.14	-23.8%
PA/DQM	11	20	IMATINIB MESYLATE*	CANCER	112	11	\$1,085,485	\$2.33	11	117	11	\$2.28	2.4%
ST	12	29	AUBAGIO*	MULTIPLE SCLEROSIS	185	18	\$1,014,201	\$2.18	12	178	17	\$2.06	6.0%
DQM	13	38	XIFAXAN	GI DISORDERS	587	124	\$987,129	\$2.12	15	521	110	\$1.75	21.6%
ST/DQM	14	13	JANUVIA	DIABETES	7,055	819	\$972,254	\$2.09	13	6,781	809	\$2.03	3.1%
ST/PA/DQM	15	49	FORTEO*	OSTEOPOROSIS	336	48	\$939,707	\$2.02	10	398	61	\$2.44	-17.3%
PA	16	54	AFINITOR*	CANCER	54	8	\$777,615	\$1.67	20	42	6	\$1.32	26.4%
ST/PA/DQM	17	27	ZYTIGA*	CANCER	75	15	\$769,203	\$1.65	38	45	13	\$0.96	72.6%
N/A	18	40	SHINGRIX	VACCINATIONS	4,601	3,198	\$719,947	\$1.55	85	1,558	1,275	\$0.51	206.5%
ST/PA	19	88	OPSUMIT*	PULMONARY HYPERTENSION	85	11	\$695,449	\$1.50	46	50	7	\$0.87	71.9%
PA/DQM	20	41	OFEV*	IDIOPATHIC PULMONARY FIBROSIS	73	8	\$693,636	\$1.49	36	50	6	\$0.97	53.5%
ST/PA	21	10	HUMIRA(CF) PEN*	INFLAMMATORY CONDITIONS	180	36	\$650,315	\$1.40	835	2	1	\$0.02	8979.6%
ST/PA/DQM	22	21	VICTOZA 3-PAK	DIABETES	1,210	162	\$633,022	\$1.36	23	1,197	161	\$1.27	6.8%
PA	23	25	POMALYST*	CANCER	37	8	\$630,356	\$1.36	32	35	6	\$1.06	28.4%
N/A	24	130	LEVOTHYROXINE SODIUM	THYROID DISORDERS	92,635	8,863	\$628,537	\$1.35	19	91,902	8,936	\$1.40	-3.7%
PA/DQM	25	46	TAGRISSO*	CANCER	35	5	\$622,440	\$1.34	117	8	3	\$0.36	271.4%
			Total Top 25:		130,062		\$31,427,239	\$67.59		121,595		\$58.97	14.6%
			Differences Between Periods:		8,467		\$3,491,175	\$8.62					

Cost Containment

Trend Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	\$5,262,657	\$11.32	A review of the indication and other pertinent information is performed to confirm that products are covered only when clinical criteria are met.
Drug Quantity Management	\$2,451,369	\$5.27	Review claims and allow FDA approved quantities
Step Therapy	\$1,173,660	\$2.52	Promote lower cost first line agents before more expensive brand name products.
Total Plan Cost Savings \$8,887,686 or \$19.11 PMPM			

Reporting Period: 07/01/2018 - 6/30/2019

Cost Containment Continued

- Savon Program (4/1/19 – 9/26/19)
 - Net Savings - \$796,849 (185 participants)
 - Inflammatory Conditions - \$589,181
 - Humira, Enbrel, Xeljanz, Otezla, plus 10 others
 - MS - \$82,691
 - Aubagio, Gilenya, Copaxone, Avonex , Tecfidera
 - Oncology - \$80,670
 - Ibrance, Xtandi, Bosulif, Lunparza, plus 6 others
 - Hepatitis C - \$19,399
 - Epclusa and Harvoni
 - Hemophilia - \$8,175
 - Promacta and Granix
 - PAH - \$7,024
 - Asthma - \$5,419
 - Gastrointestinal - \$2,738
 - Osteoporosis - \$1,613
- Market Check Agreement
 - 18 months from 7/1/18



New Mexico
Public Schools
Insurance Authority

Interagency Pharmaceutical Purchasing Council October 3, 2019

ERNESTINE CHAVEZ
EXECUTIVE DIRECTOR

NMPSIA

The New Mexico Public Schools Insurance Authority (NMPSIA) was created by the NM Legislature in 1986 to serve as a purchasing agency for public school districts, post-secondary educational entities and charter schools. Through NMPSIA, member schools are afforded the opportunity to offer quality employee benefit and risk coverages.

Purpose of act. 22-29-2.

The purpose of the Public School Insurance Authority Act is to provide comprehensive core insurance programs, including reimbursement coverage for the costs of providing due process to students with disabilities, for all participating public schools, school board members, school board retirees and public school employees and retirees by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage.

Authority created. 22-29-4

There is created the "public school insurance authority", which is established to provide for group health insurance, other risk-related coverage and due process reimbursement with the exception of the mandatory coverage provided by the risk management division on the effective date of the Public School Insurance Authority Act.

NMPSIA Today

•School Districts

- 88 Mandatory (*Excludes APS*)

•Charter Schools

- 97 Mandatory

•26 Educational Entities

- 27 (*Optional*)



•Staff

- 11 FTE

•Board of Directors

- 11 Board Members
 - NEA-NM
 - Mary Parr-Sanchez, President
 - David Martinez, Jr.
 - AFT-NM
 - Tim Crone
 - Governor Appointees
 - Alfred Park, Secretary
 - Vacant
 - Vacant
 - Superintendents' Association
 - Ricky Williams
 - New Mexico Association of School Business Officials
 - Chris Parrino, Vice President
 - Educational Entities at Large
 - David Willden
 - School Boards Association
 - Pauline Jaramillo
 - Public Education Commission
 - Trish Ruiz

NMPSIA Rx PLAN DESIGN

	Retail (30-day Supply)	Mail Order (90-day supply)
Generic:	\$10 Copay	\$22 Copay
Preferred Brand:	30% Coinsurance (\$30 min/\$60 max)	\$60 copay
Non-Preferred Brand:	70% Coinsurance	70% Coinsurance
Preferred Insulin & Diabetic Supplies:	\$0 Copay	\$0 Copay
Non-Preferred Insulin & Diabetic Supplies:	\$70 Coinsurance	\$70 Coinsurance
Generic and Preferred Diabetic Oral Medications:	\$10 Copay	\$22 Copay
Generic Specialty:	<i>Not Available at Retail</i>	\$55
Preferred Brand Specialty:	<i>Not Available at Retail</i>	\$80
Non-Preferred Brand Specialty:	<i>Not Available at Retail</i>	\$130 Copay
Deductible:	\$0	
Out of Pocket Maximum (specialty/non-specialty combined):	\$3,100 individual / \$6,200 family	

NMPSIA SUCCESSES AND CHALLENGES

Successes

- Implemented SaveOnSp Program – Approx. \$2 - \$2.5 million in annual savings
- Achieved higher generic usage – 86.3%
- Achieved Clinical and Rx Program Savings of \$5.4 million in FY19
- Segal's cost trend study reflects NMPSIA's annual historical and projected Rx trend as 6.56% compared to 7.55% pmpm nationally from 2007 – 2021
- Increased rebates with new PBM contract to offset plan cost - \$16.4 million in FY19
- Other programs in partnership with PBM – RationalMed, Advanced Opioid Management Program, Drug Channel Management

Challenges

- Increased Specialty Drug Utilization
- 16% of top 25 drugs are specialty drugs (67.2% of pharmacy spend)
- Costly drugs to treat members with diabetes, inflammatory conditions, cancer, MS, HIV, hemophilia, etc.
- Lack of federal regulations on drug pricing
- Network considerations – impact on independent pharmacies, rural communities

Top 25 Drugs

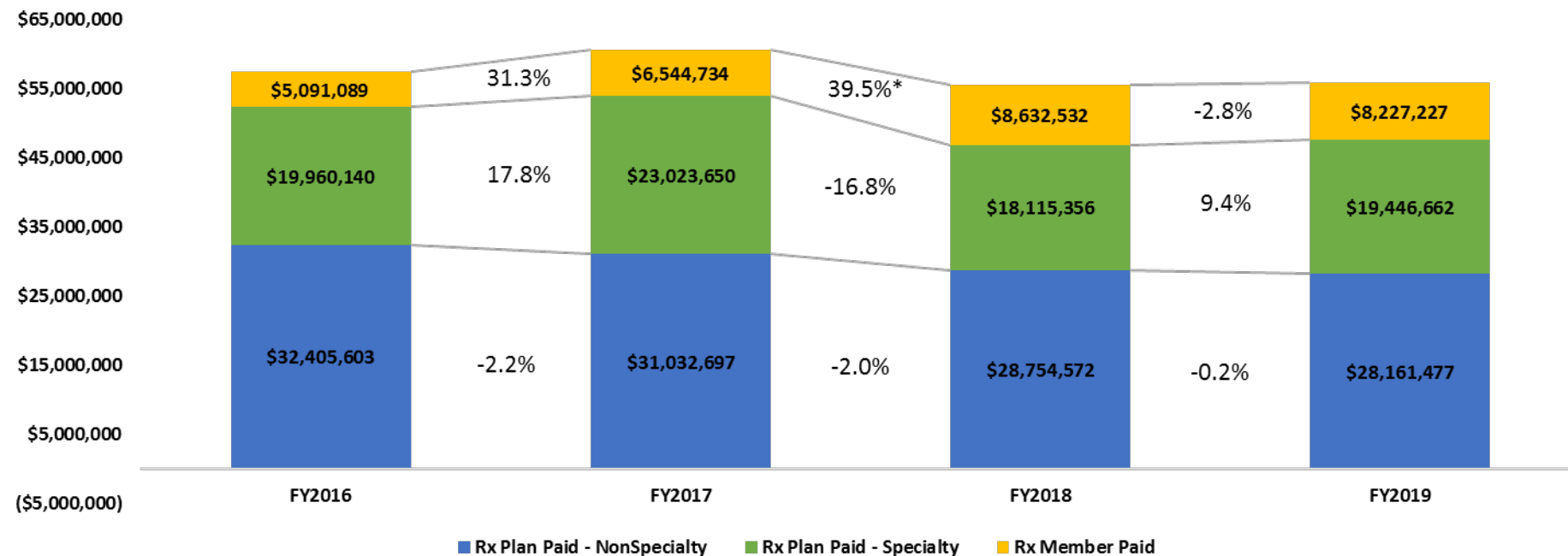
Rank	Peer Rank	Brand Name	Indication	Adj. Rxs	Pts.	Plan Cost Net
1	1	HUMIRA PEN*	INFLAMMATORY CONDITIONS	460	56	\$1,106,375
2	2	TRULICITY	DIABETES	2,751	329	\$1,086,962
3	6	REVLIMID*	CANCER	50	9	\$918,301
4	135	IDELVION*	HEMOPHILIA	6	1	\$715,328
5	8	TECFIDERA*	MULTIPLE SCLEROSIS	102	9	\$602,684
6	4	ENBREL SURECLICK*	INFLAMMATORY CONDITIONS	268	41	\$567,378
7	21	JANUVIA	DIABETES	2,755	380	\$496,108
8	7	HUMIRA(CF) PEN*	INFLAMMATORY CONDITIONS	176	43	\$458,316
9		XYNTHA SOLOFUSE*	HEMOPHILIA	14	1	\$397,742
10	120	KUVAN*	ENZYME DEFICIENCIES	15	2	\$376,596
11	34	BIKTARVY	HIV	120	19	\$327,952
12	15	HUMIRA*	INFLAMMATORY CONDITIONS	103	16	\$319,579
13	65	LANTUS SOLOSTAR	DIABETES	2,605	367	\$317,863
14	161	VOTRIENT*	CANCER	31	4	\$307,961
15	10	LYRICA	PAIN/INFLAMMATION	830	180	\$306,912
16	180	OPSUMIT*	PULMONARY HYPERTENSION	39	4	\$300,601
17	45	HUMALOG KWIKPEN U-100	DIABETES	1,841	314	\$286,138
18	30	AUBAGIO*	MULTIPLE SCLEROSIS	96	11	\$280,950
19	13	GENVOYA	HIV	103	13	\$279,640
20	49	HUMALOG	DIABETES	1,606	195	\$278,760
21	35	SPRYCEL*	CANCER	28	3	\$270,854
22	48	AFINTOR*	CANCER	18	3	\$268,194
23	9	GILENYA*	MULTIPLE SCLEROSIS	49	5	\$264,542
24	105	HIZENTRA*	IMMUNE DEFICIENCY	48	4	\$261,631
25	23	XARELTO	ANTICOAGULANT	996	162	\$238,523
			Total Top 25:	15,110		\$11,035,890
			Differences Between Periods:	428		-\$166,781

Rx Programs

Rx Programs	Description of Program
Inflammatory Conditions Care Value Program	Indication-level management, extensive clinical documentation, and early discontinuation reimbursement guarantee
Market Events Protection Program	Quicker formulary changes when prices increase leading to faster savings
Hepatitis Cure Value Program	Lowered the cost of curative hepatitis C treatments by nearly 50% and expands access to an affordable hepatitis C cure.
Cholesterol Care Value Program	Avoiding up to 90% of the plan cost increases in this therapy class
Oncology Care Value Program	Aligning cost with efficacy for selected oncology drugs
Inflation Protection Program For Brand Name Drugs	Inflation protection guarantee
Fraud Waste and Abuse Program	Identifies outliers, flags suspicious activity, gather evidence, investigate, intervention by restricting certain members to one pharmacy for substance abuse medications (opioids, ADHD, sleep, anxiety, muscle relaxers, anticonvulsants)
Multiple Sclerosis Care Value Program	Drives member adherence and includes a discontinuation guarantee if member discontinues treatment in the first three months
RationalMed Safety Protection Program	Identifies patients at risk – alerts physicians of health and safety issues
Mobile Adherence App – Pilot Program	Improves adherence for members with diabetes, hypertension, and blood cholesterol
Therapeutic Resource Centers	Member education and helps with member adherence
Opioid Care Value Program	Places limits on initial prescriptions. Member outreach and education.



NMPSIA – Historical Gross Pharmacy Spend and PMPM Trends



- FY2018 and FY2019 Member Paid includes amounts paid by pharmaceutical manufacturers through specialty drug copay assistance programs
- Total** NMPSIA Rx Plan Paid PMPM trend was:
 - FY2016 to FY2017: 7.8% (3.3% net of rebates)
 - FY2017 to FY2018: -3.1% (-17.7% net of rebates)
 - FY 2018 to FY2019: 2.6% (-3.8% net of rebates)

	Est. Rebates	Change
FY2016	\$10,370,628	N/A
FY2017	\$11,606,228	11.9%
FY2018	\$13,851,812	19.3%
FY2019	\$16,439,640	18.7%

**Reflects impact of increased copays beginning FY2018 to maximize pharmaceutical manufacturer copay assistance dollars. Actual copays paid by members are significantly reduced through the SaveOnSP program.*

***Total does not include any drug claims paid through medical benefit*

Top Line Performance Metrics – FY2016 to FY2019

	FY2016	FY2019	Total Increase/Change	Annualized Increase/Change
Avg Members	52,684	46,918	-10.9%	-3.8%
% Members Using Benefit	81.6%	82.8%	1.5%	0.5%
Member Cost %	8.9%			
Total Plan Cost	\$52,764,368	\$50,362,331	-4.6%	-1.5%
Total Plan Cost PMPM	\$83.46	\$89.45	7.2%	2.3%
Rebates	\$10,221,960	\$16,439,640	60.8%	17.2%
Net Plan Cost	\$42,542,408	\$33,922,691	-20.3%	-7.3%
Net Plan Cost PMPM	\$67.29	\$60.25	-10.5%	-3.6%
Rebates as % of Total Plan Cost	19.4%	32.6%	68.5%	19.0%
Generic Fill Rate	86.10%	86.30%	0.2%	0.1%
Specialty Drugs as % of Plan Cost	37.9%	46.0%	21.4%	6.7%



New Mexico
Public Schools
Insurance Authority

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**IPPC Meeting
October 3, 2019**



**STATE OF NEW MEXICO
GENERAL
SERVICES
DEPARTMENT**

**State
Pharmaceuticals
Program**

Cost Trends Data

Data	FY18	FY19	Change
Avg. Members	60,345	59,642	-1.2%
Usage %	75.7%	76.3%	0.6%
Member Cost	\$7,701,429	\$6,904,233	-10.4%
Total Plan Cost	\$50,950,887	\$53,253,156	4.5%
Plan Cost PMPM	\$70.36	\$74.41	5.8%
Rebates	\$12,051,493	\$15,180,109	26.0%
Net Plan Cost	\$38,899,395	\$38,073,047	-2.1%
Net Cost PMPM	\$53.72	\$53.20	-1.0%
Rebate %	23.7%	28.5%	4.8%
Generic Fill Rate	88.5%	88.7%	0.2%
Non-Specialty Cost	\$27.00	\$25.79	4.5%
Specialty Cost	\$26.72	\$27.41	2.6%



Top 5 Drugs

July 2018 through March 2019

Conditions driving prescription volume and cost

Indication/Condition	Number of Prescriptions	Number of Patients	Plan Cost
Inflammatory Conditions	3,744	549	\$4,890,000
Cancer	1,757	329	\$4,022,000
Multiple Sclerosis	422	57	\$2,288,000
Diabetes	46,003	4,125	\$2,147,000
HIV	837	103	\$1,455,000

Drugs driving prescriptions volume and cost

Drug	Indication/Condition	Number of Prescriptions	Number of Patients	Plan Cost
Humira Pen	Inflammatory Conditions	339	59	\$1,268,000
Revlimid	Cancer	57	13	\$850,000
Trulicity	Diabetes	1,974	323	\$597,000
Novoeight	Hemophilia	14	2	\$565,000
Enbrel	Inflammatory Conditions	165	30	\$480,000





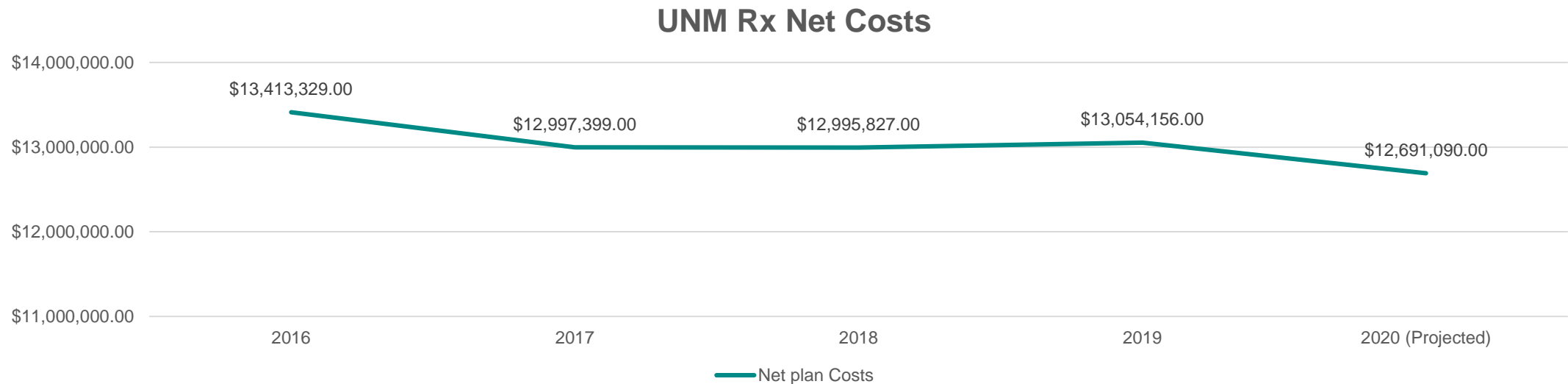
UNM Rx Plan Overview

PREPARED BY JOEY EVANS, DIRECTOR, UNIVERSITY BENEFITS

Overview

- Self-Funded Medical and Rx Plan in FY 2010
- Express Scripts identified as PBM
 - Most Recent Procurement Effective For FY 2014
- Covers ~13,000 lives
 - 6,000 active employees and their dependents
 - 500 pre-65 retirees and their dependents
- Joined Aon Coalition in FY 2016
 - Resulted in significant savings
 - Annual market check
 - Additional level of competitive bid process every 3 years

FY 2016 – FY 2019 Net Costs



- 100% rebate pass through-greater of guarantee or actual rebates
- Discount rate guarantee based on each component (retail, mail, specialty)-surplus in one component cannot be used to offset a deficit in another component

Plan Design Since FY 2017

Traditional	Retail 30-Day Supply	Retail 90-Day Supply	Home Delivery 90-Day Supply
Generic	\$10	\$20	\$20
Preferred Brand	25% (\$35 min-\$70 max)	25% (\$87.50 min-\$175 max)	25% (\$87.50 min-\$175 max)
Non preferred Brand	25% (\$55 min-\$110 max)	25% (137.50 min-\$275 max)	25% (137.50 min-\$275 max)
Diabetic Medications and Supplies \$0 copay on specified diabetic supplies and medications			

Specialty	
20% (\$250max)	Mandatory Accredo (Specialty Pharmacy). Once \$1,250 out-of-pocket, then 0\$ patient cost

- Prescription drug OOP aggregates with medical OOP for combined \$3,000 individual/\$6,000 Family Annual OOP Maximum
- Generic 3 month supply is 2X 30 day supply copay, Brand 3 month supply is 2.5X 30 day supply



Successes and Challenges

Successes

- Generic Fill Rate: FY 2019 = 86.1%
 - FY 2016 = 84.8%
- Implementation of Express Scripts programs to ensure patient safety, improve adherence, and close gaps in care

Challenges

- Continuing to provide employees with choice while managing costs
- Specialty drugs represent 54.2% of plan net costs in FY 2019
- Identifying opportunities for improving adherence for certain conditions



UNMH Rx Plan Overview

ANNALEE ESTERLY, BENEFITS MANAGER, UNMH

OVERVIEW

Self-funded Medical and RX plan

Prime Therapeutics is PBM

- Agreement effective through 12/31/2022

Covers approximately 7,700 lives

- Approximately 5,600 employees and their dependents

RX plan design updated in 2016

- Redefined formulary

PLAN DESIGN

Prescription Drug Benefit:		Prior to 2016	Current Plan Design
Rx Out of Pocket Max		N/A	\$1,500 / \$3,000
Tier:			
Generic – Preferred		\$10 co-payment	\$8 co-payment
Generic – Non-preferred		\$10 co-payment	\$20 co-payment
Brand – Preferred		\$40 co-payment	\$45 co-payment
Brand – Non-preferred		\$70 co-payment	\$75 co-payment
Specialty – Preferred		Lesser of 20% or \$250	\$150 co-payment
Specialty – Non-preferred		Lesser of 20% or \$250	\$300 co-payment
Mail Order		2x retail	2x retail

SUCCESSSES

Excellent Generic Utilization

- FY 2018: 87.9%

UNMH gets 100% pass through of all rebates

- Minimum guarantee for all rebates.
 - Reconciliation to get 100% at the end of the year.
 - No risk to UNMH if the rebates were less than the minimum.

Cost Saving Strategies

- Step Therapy
- Specialty Lock Out—newly released temporarily locked out until validated prescribing regimens and cost stabilizes
- Dispense as Written (DAW 2) or Mandatory Generic—member can select brand name, must pay difference
- Prior Authorization
- Compounding Program—limits receiving compounded drugs at inflated pricing

CHALLENGES

Current Challenges

- Specialty drugs represent 58.7% of plan net costs in FY 2018
 - Less than 1% of total scripts
 - UNMH has some unique conditions driving this

Future Challenges

- Rising cost of specialty medications
- Aging workforce
- Growing populations in mental health and substance abuse