

**Minutes of the
INTERAGENCY PHARMACEUTICALS PURCHASING COUNCIL**

August 29, 2019

State Capitol, Room 322, Santa Fe, NM 87507

1:00 pm to 4:00 pm

1. CALL TO ORDER

Ken Ortiz, Director of the Interagency Pharmaceuticals Purchasing Council (IPPC) and General Services Cabinet Secretary called the meeting to order at 1:10 p.m. in Room 322, of the New Mexico State Capitol.

ROLL CALL

1. Dr. David Scrase, Cabinet Secretary, Human Services Department, was present.
2. Kathy Kunkel, Cabinet Secretary, Department of Health. Dr. Abinash Achrekar, Deputy Secretary, Department of Health, has been appointed Designee and was present.
3. Brian Blalock, Cabinet Secretary, Children, Youth, and Families. Terry Locke, Deputy Secretary, Children Youth and Families Department, has been appointed Designee and was present.
4. Alisha Tafoya Lucero, Cabinet Secretary, New Mexico Corrections Department, was present.
5. Clinton Nicley, Director, Risk Management Division, was present.
6. David Archuleta, Executive Director, Retiree Health Care Authority, was present.
7. Ernestine Chavez, Executive Director, Public School Insurance Authority, was present.
8. Raquel Reedy, Superintendent for Albuquerque Public Schools. Mark Tyndall, Benefits Director, Albuquerque Public Schools has been appointed Designee and was present.
9. Dr. Garnett Stokes, President of the University of New Mexico. Joey Evans, Benefits Director, University of New Mexico has been appointed Designee and was present.

A quorum was established with roll call.

2. INTRODUCTION OF MEMBERS

Director Ortiz informed members that, per SB131, two more entities have been named to the council: New Mexico Counties and the New Mexico Municipal League. Specific council members for these entities have not been named yet. Secretary Ortiz anticipates these two members will be named by the next meeting.

Each IPPC member gave a short introduction of themselves. Therese "Terry" Trujillo, IPPC Coordinator and Linda Vigil, Executive Assistant for General Services Department, were introduced by Secretary Ken Ortiz.

3. APPROVAL OF THE AGENDA

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

4. IPPC OPEN MEETINGS ACT RESOLUTION

Ms. Trujillo read the IPPC Open Meetings Act Resolution aloud for the record.

PUBLIC COMMENT:

- Mary Feldblum, Executive Director of Health Security for New Mexicans Campaign. As a former Sandoval County Planning and Zoning member she wanted to provide some advice on the amount of members needed for a quorum and that, with a quorum, a voting majority may only be four members out of 11. She also wanted to ask for a longer period of time for complex materials to be posted so members have time to review the materials.

Dr. Scrase stated the reverse side of the quorum issue is that when there is a minimum quorum, the votes would have to be unanimous. Dr. Scrase respects the comments of having advanced notice within reason.

Mr. Tyndall asked if it would be appropriate to accept the Open Meetings Act Resolution as presented with the understanding that it can be discussed and/or amended at the next meeting. Secretary Ortiz and all members accepted.

MOTION: Ms. Chavez moved to adopt the Open Meetings Act Resolution as presented with the understanding that amendments may be considered at the next meeting, with a second from Mr. Nicley. All members voted to accept the resolution.

5. BACKGROUND AND HISTORY OF THE IPPC

Senator Jeff Steinborn discussed how, when he served on the House Appropriation and Finance Committee, the committee noticed the differences in the costs of medications among state agencies and wanted to work on something that would enhance the existing structure to maximize the state's purchasing power of pharmaceuticals. Senator Steinborn noted that his bill, Senate Bill 131, had bi-partisan support and received agencies' input and collaboration.

Senator Steinborn discussed the tasks the IPPC will have, including holding public meetings for input. Senator Steinborn is excited to be working with the IPPC on cost containment strategies for pharmaceuticals. All other states will be looking at New Mexico on this.

6. PHARMACY 101

Dr. David Scrase presented his slideshow for the members (*See Exhibit A*).

PUBLIC COMMENT:

- Maria Sanchez of Children, Youth, and Families Department, Juvenile Justice, asked if the Council would consider forming a state PBM (Pharmacy Benefit Manager). Also, she asked what role physicians play in pharmaceutical costs.

Dr. Scrase stated that the council could consider a PBM but would want transparency. Related to doctors' roles in drug costs, Dr. Scrase said that specialty physicians are trained to treat one patient at a time behind a closed examination door and are not large population doctors. As a result, specialty physicians are not focusing on cost effectiveness.

Dr. Achrekar thinks a transparent PBM is a good idea. He stated that he, too, is a specialty physician and has been trained to take care of one patient at a time. Maybe physicians can now be part of the solution on pharmaceutical cost effectiveness.

Dr. Scrase thinks maybe if some states banded together they could do it.

Senator Steinborn pointed out that one strategy in the bill is to have a multistate initiative.

- Dale Tinker, who represents the New Mexico Pharmacy Association, wanted to mention dispensing fees. The large topic is transparency and seeing the pricing. There is a Federal law that requires pharmacies to submit invoices to show the costs. Mr. Tinker offered the association's help and support toward better drug prices. In addition, the association can guide the IPPC in keeping pharmacies alive while working on cost containment initiatives.

Dr. Scrase recognized his staff, Deborah Zamora-Martinez and Kari Armijo, who helped with his presentation. Secretary Ortiz thanked them as well.

- Minda McGonagle with the Pharmacy Business Council thanked the IPPC members and Dr. Scrase for including the Pharmacy Business Council as stakeholders of the IPPC. Ms. McGonagle noted that in reference to gag clauses, there is legislation passed that does address gag clauses. She offered the Pharmacy Business Council's help with leg work and are appreciative for the Council.

7. FRAMING POLICY FOR THE IPPC

Ms. Jane Wishner presented her slideshow for the members. (*See Exhibit B and C*)

PUBLIC COMMENT:

Collin Baillio from Health Action New Mexico thanked Senator Steinborn and Ms. Wishner on their great information and strategies. He encouraged the IPPC not to lose sight of helping consumers with pharmaceutical costs. While the IPPC has the ability to make recommendations to the Legislature on pharmaceutical cost containment strategies for the state, he hopes the IPPC considers making recommendations to help consumers dealing with the rising costs of their commercial insurance pharmaceutical costs. He is looking forward to engaging with the Council.

Dr. Scrase explained many commercial insurances struggle with how they pass some costs on to employees. He said what ends up happening is consumers have to pay an initial deductible. When the deductible turns out to be more than their salary, there is a better way to manage it.

- Jackie Cooper, AARP (American Association of Retired Persons), supports Senate Bill 131. The AARP national organization is interested in addressing the rising drug costs and there is a focus in every state. This was a win for New Mexico and she thanked everyone for their presentations.

- Mary Feldblum, Executive Director of Health Security for New Mexicans Campaign. People are concerned about drug prices, including consumers on commercial insurance. It is critical and it is important to get into the cost analysis. The drug companies state they spend money on research; it is important to know if the research cost data is accurate. She hopes the IPPC can jointly work together. It is important that solutions are proposed for all the agencies as well as the private sector.

Dr. Achrekar wants to be balanced in the cost data for research and development. He asked everyone to remember that 1 in 12 pharmaceuticals actually get to market. The argument is the cost of one drug spreads across all drugs that do not make it to market.

Ms. Feldblum wants the IPPC to look at the research data internationally.

Senator Steinborn stated that one strategy is looking for one purchase agreement for all the agencies. He appreciated the comment about drug research and development.

Dr. Scrase stated there is some data showing they spend more money on marketing than on research. He did not judge it, but stated that it is a component of the product sold.

Ms. Wishner thanked Jackie Cooper from AARP for co-sponsorship at the National Academy for State Health Policy (NASHP) conference she attended in mid-August.

8. NEXT STEPS FOR THE IPPC

Secretary Ortiz thanked Senator Steinborn and stated that the General Services Department received some funding in a non-recurring fund and hired Ms. Trujillo as the coordinator. This leaves \$275,000 for IPPC consulting work.

It was discussed and decided that creating a subcommittee to draft a scope of work for consulting work for the IPPC would be appropriate. Then it would be decided at the next meeting if the IPPC should issue a request for proposals for one or more consultants.

Mr. Nicley, Dr. Achrekar, and Dr. Scrase volunteered for the subcommittee.

Secretary Ortiz noted that the next meeting would be the second Thursday in November, but he would like to call an interim meeting in 3-5 weeks in order to give the subcommittee enough time to work on a scope of work to bring back to the IPPC for review and decision.

Mr. Tyndall mentioned the IBAC is working on RFPs for their dental/medical/vision plans, which will take most of their time. If the subcommittee needs another member, IBAC can help to a certain extent.

Discussion ensued between members on the top priorities for a scope of work. Ms. Wishner stated the Governor's office gets offers from organizations to have phone calls ad hoc, which could be a help to the IPPC.

The subcommittee agreed they will have a scope of work ready for an October 3rd meeting and will have the scope of work available in advance for Council members.

Ms. Trujillo stated the Corrections Department's pharmaceutical supplier's contract expires in November 2019. She recommended that other agencies currently working on renewing their pharmaceutical contracts get together with the Corrections Department to start a collaborative dialogue.

Mr. Tyndall wanted to ask about the public comments on the Open Meetings Act Resolution; he would like to make sure it is on the next agenda.

Ms. Chavez has a conflict for the next Council meeting; PSIA board meets on the 3rd. She asked if the meeting could be moved to 1:30 pm. Secretary Ortiz said he approved of changing the meeting time to 1:30 if there was no objection from Council members. Secretary Ortiz agreed to call the October 3, 2019 meeting at 1:30.

Dr. Scrase would like to have public comments sent in beforehand. Secretary Ortiz will try to get a comments section or an email set up on the IPPC website.

Senator Steinborn thanked the Council for a great first meeting. Senator Steinborn gave a brief history of the bill drafter and thanked the LFC (Legislative Finance Committee) and Ms. Wishner for their help with Senate Bill 131.

Secretary Ortiz thanked those in the audience from other state agencies.

9. PUBLIC COMMENT

No additional comments.

10. ADJOURN

MOTION: Mr. Tyndall moved to adjourn at 3:46 p.m. with a second from Mr. Nicley, which passed by voice vote.

Ken Ortiz, Director

Date