

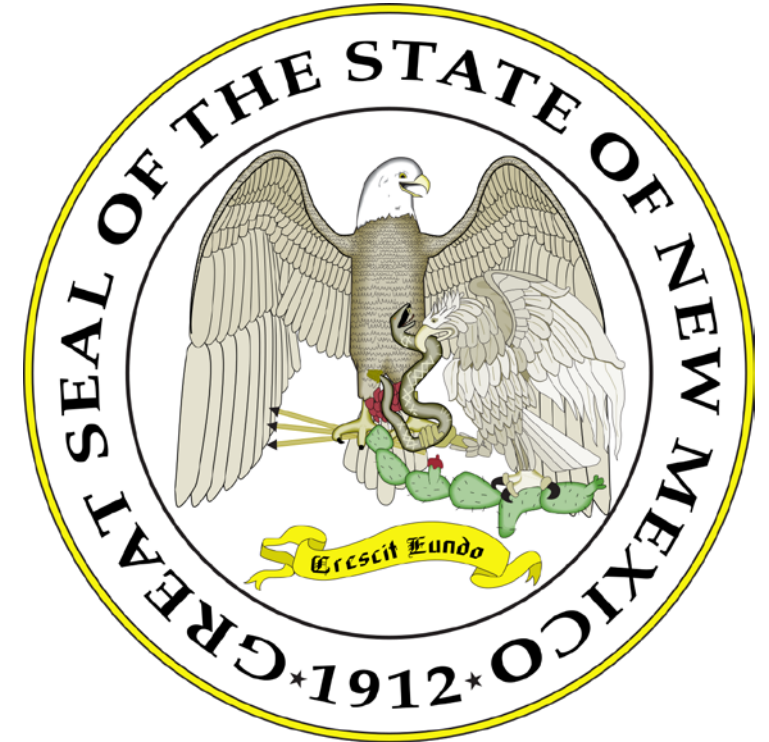
Addressing the Wide Range of Strategies Identified in SB 131

Presentation to the New Mexico Interagency
Pharmaceuticals Purchasing Council

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SB 131* Framework: Interagency Pharmaceuticals Purchasing Council

1. Creates an interagency council that represents key state and local public purchasers
2. Requires Council to study and make recommendations regarding strategies for:
 - Procurement of pharmaceuticals and pharmacy benefits
 - Pooling of risk for pharmacy services by constituent agencies
3. Lists specific strategies the Council must consider without prescribing which to recommend

*<https://www.nmlegis.gov/Sessions/19%20Regular/final/SB0131.pdf>



Specific Strategies the Council must Consider across constituent agencies (1 of 2)

1. Benchmark pricing for pharmaceuticals and pharmacy benefits to Medicaid (reference pricing)
2. Active medical management of pharmaceuticals covered through medical services plans (drugs provided by the provider directly to the patient)
3. Establish common formulary for pharmaceuticals and pharmacy benefits
4. Single purchase agreement for pharmaceuticals and pharmacy benefits
5. Common procurement of expert services, including pharmacy benefits management, oversight of PBMs, medical direction and actuarial services
6. Identify opportunities to consolidate purchasing among two or more constituent agencies
7. Identify opportunities for pooling risk among two or more constituent agencies
8. Identify opportunities for consolidating purchasing with other entities and states of the United States



Specific Strategies the Council must Consider across constituent agencies (2 of 2)

9. Ensure that all agencies, programs, clinics, etc. eligible to participate in Section 340B pharmaceutical discounts are doing so [More for Executive departments, providers]
10. Identify opportunities for maximizing the use of generics “where safe and cost-effective to do so”
11. Negotiate advantageous pricing and incentives with insurers, PBMs, pharmacies, manufacturers, distributors, vendors of pharmaceuticals and other third-parties involved in supplying pharmaceuticals, pharmacy benefits and management services
12. Identify ways to leverage constituent agencies’ procurement to maximize purchasing power of NM residents purchasing pharmaceuticals and pharmacy benefits in the private sector
13. Identify other cost-saving opportunities for NM residents purchasing pharmaceuticals and pharmacy benefits in the private sector
14. Identify other opportunities for maximizing efficiency and a high standard of healthcare quality



Framing the Discussion of Various Strategies

Center for American Progress paper (posted on website) addresses the specific areas identified in SB 131 & ties them to various strategies that the Council could consider

- Identified key issues to consider regarding consolidated purchasing and common formulary design

Certain strategies are unique to Medicaid

Some strategies are unique to providers/facilities

- 340B pricing (UNMH, DOH, & possibilities for Corrections)
- Purchasing on behalf of publicly-run institutions that provide healthcare services (e.g., the Minnesota Multi-State Contracting Alliance for Pharmacy – MMCAP)



Organizing the Work of the Council

1. Gathering data from member entities (see draft table summarizing key information compiled by Therese Trujillo, IPPC Coordinator)
 - What additional data, if any, should be compiled?
2. Hiring one or more consultants/experts for the Council:
 - Expertise in pharmaceutical supply chain, including role of PBMs
 - Expertise in negotiating rebates
 - Expertise in analyzing drug utilization and costs (how much data can agencies provide?)
 - Expertise in the array of state policy initiatives that have been implemented/proposed around the country
 - Legal issues (both federal and state-specific)
3. Are there imminent deadlines for procurements?
4. Agenda for next meeting – any timelines for recommendations?



Resources for Council Members

Center for American Progress Analysis– Background/framework/possible approaches for strategies to be considered under SB 131 (on IPPC website)

Senate Memorial 99 (Steinborn) -- Study by LFC analyzed Rx drug spending data (on IPPC website)

IBAC Cost and Utilization Trends: 2012-2016 – LFC Health Notes looked at both medical and pharmaceutical costs (on IPPC website)

National Academy for State Health Policy (NASHP), Center for State Rx Drug Pricing:
<https://nashp.org/center-for-state-rx-drug-pricing/>

- Numerous resources – Includes model legislation, state-enacted legislation addressing drug costs, numerous analyses
- Specific papers on interagency purchasing strategies:
 - **State Initiatives Using Purchasing Power to Achieve Drug Cost Containment** - https://nashp.org/wp-content/uploads/2019/04/Rx-Purchasing-Paper-Jane-Horvath-FINAL-4_9_2019.pdf
 - Describes a variety of state-specific approaches – some specific to Medicaid and to collective purchasing on behalf of public purchasers of drugs for facilities
 - **Cross-Agency Strategies to Curb Health Care Costs: Leveraging State Purchasing Power** - <https://nashp.org/wp-content/uploads/2019/04/States-Leverage-Purchasing-Power.pdf>
 - Not limited to drug pricing, but includes several Rx-specific strategies



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