INTERAGENCY PHARMACEUTICALS PURCHASING COUNCIL

Meeting May 13, 2021 Virtual Meeting - GoToMeeting 1:00 pm to 3:00 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, Human Services Department, Kari Armijo

Designee, Department of Health, Dr. Thomas Massaro

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

Designee, Corrections Department, Wenceslaus Asonganyi

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

Executive Director, Retiree Health Care Authority, David Archuleta

Designee, New Mexico Public Schools Insurance Authority, Patrick Sandoval

Designee, Albuquerque Public Schools, Valerie Atencio

Designee, University of New Mexico, Joey Evans

Designee, New Mexico Counties, Kamie Denton

2. APPROVAL OF THE AGENDA

MOTION: Secretary Ortiz asked for a change to the Agenda to correct the numbers of Agenda items as they were numbered incorrectly. In addition, Secretary Ortiz asked for a change in agenda items to move agenda item number 6, "Update on Senate Bill 1: Wholesale Prescription Drug Importation Act", to agenda item number 7 to accommodate a scheduling conflict for Dr. Massaro.

Dr. Massaro moved to approve the agenda with a second from Mr. Tyndall. The motion passed unanimously.

3. APPROVAL OF MINUTES

MOTION: Mr. Locke moved to approve the November 12, 2020 minutes with a second from Ms. Armijo. The motion passed unanimously.

4. Update on Interagency Benefits Advisory Committee (IBAC) Procurement

Mr. Tyndall provided an update on the Interagency Benefits Advisory Committee (IBAC) Procurement (presentation attached to the minutes).

After Mr. Tyndall's presentation, Secretary Ortiz asked council members how soon the IBAC should send letters to independent public sector entities inviting them to participate in IBAC procurement. Mr. Archuleta recommended that the invitation letter be sent as soon as possible to allow entities time to consider participating, time to allow the IBAC to develop a Request for Proposal (RFP) if other entities decide to join, and time to procure a consultant to help draft the RFP. Secretary Ortiz also recommended that each IPPC member be copied on each letter that is sent to public sector entities and municipalities.

Therese Trujillo, IPPC Coordinator, asked whether the IBAC had considered the similarity of formularies of the independent public sector entities to the IBAC entities. Mr. Tyndall said entities

that have Express Scripts and CVS Caremark as their PBMs have similar formularies as the IBAC and just like any PBM procurement, formularies are a major consideration for that procurement; formularies drive rebates.

Secretary Ortiz and Mark Tyndall invited council members to contact either of them or Ms. Trujillo to recommend local public bodies and municipalities that may want to participate in the PBM procurement.

Mr. Archuleta asked whether there would be deadline for entities to respond to the participation letter; Mr. Tyndall said there would be a definitive deadline for responses.

Hearing no further questions or comments, Secretary Ortiz thanked Mr. Tyndall.

5. General Legislative Update

Mr. Tyndall provided a general legislative update from the 2021 legislative session (presentation attached to the minutes).

Secretary Ortiz opened up for questions and comments from IPPC members and members of the public. Mr. Asonganyi commented that in Senate Bill 317, without cost sharing, utilization of services could increase causing the plan to incur more than \$1.1 million in costs as the demand for services increases. Mr. Tyndall agreed with Mr. Asonganyi's comment.

Hearing no further questions or comments, Secretary Ortiz thanked Mr. Tyndall.

7. IPPC SUBCOMMITTEE'S WORK PROGRESS

Rx PAYER SUBCOMMITTEE WORK PROGRESS

Mr. Tyndall reminded IPPC members that at the last IPPC meeting he provided a comparison of cost trends for the Interagency Benefits Advisory Council's (IBAC) entities, excluding the Retiree entity.

Today, Mr. Tyndall provided a presentation of the Risk Management Division's Pharmaceuticals Benefit Manager (PBM) Plan Performance – July thru Dec 2020 and said that in subsequent meetings, updated utilization and cost comparisons amongst payers' PBMs will be provided with full FY21 data (presentation attached to the minutes).

After the presentation, Secretary Ortiz opened up for questions and comments from Payer Subcommittee members, IPPC members, and members from the public. Ms. Armijo asked about vaccinations making the list of highly utilized pharmaceuticals in RMD's FY21 data; she asked if the vaccinations were due to COVID-19 vaccines. Jon Molberg from Express Scripts added that the vaccinations as presented were for all vaccines during that period of time.

Secretary Ortiz opened up for more questions and comments from IPPC members and members of the public. There were no questions. Hearing none, Secretary Ortiz thanked Mr. Tyndall.

Rx PURCHASER SUBCOMMITTEE WORK PROGRESS

Department of Corrections, Mr. Asonganyi, Health Services Administrator, presented activities the Purchaser Subcommittee has carried out so far (presentation attached to the minutes).

After the presentation, Secretary Ortiz opened up for questions and comments from Purchaser Subcommittee members, IPPC members, and members from the public. Ms. Trujillo asked whether Purchaser contracts' expiration dates were in close proximity. Mr. Asonganyi said the largest gap between the agency contracts was one year. Ms. Trujillo asked if the Purchaser subcommittee had

identified other purchaser entities with which they could partner. Mr. Evans said that UNM pharmacies work like retail pharmacies and therefore, the University of New Mexico Hospital is different than the Agency purchasers. Ms. Denton said that NM Counties' contracts were for county workers' compensation pharmaceuticals.

Secretary Ortiz opened up for more questions and comments from IPPC members and members of the public. There were no questions. Hearing none, Secretary Ortiz thanked Mr. Asonganyi.

6. Update on Senate Bill 1: Wholesale Prescription Drug Importation Act

Dr. Massaro, Chief Medical Officer from the Department of Health provided an update on Senate Bill 1: Wholesale Prescription Drug Importation Act (presentation attached to the minutes).

Secretary Ortiz opened up for questions and comments from IPPC members and members of the public. There were no questions for the presenter. Hearing no questions, Secretary Ortiz thanked Dr. Massaro.

8. PUBLIC COMMENT

Secretary Ortiz asked for public comments. There were no public comments.

9. NEXT STEPS FOR IPPC

Mr. Ortiz stated the next meeting will be August 12, 2021.

Secretary Ortiz noted that during the IBAC procurement agenda item, Mr. Archuleta recommended the letter of participation in the procurement be sent to local public bodies and municipalities soon. Mr. Tyndall said he would target getting the entities together by July 1st and will work to get a letter to these entities within the next couple of weeks.

Secretary Ortiz reminded the public that the IPPC has a dedicated site on the General Services Department website and documents for each meeting can be found at this site. The letter that will be sent to public entities will be included on this site.

10. ADJOURN

MOTION:	With all	business	conducted	, Mr. 1	「yndall	moved	to adjo	urn at	2:31 p.ı	n. with	a se	cond
from Mr. A	rchuleta	. The mot	ion passed	unan	imousl	y.						

Ken Ortiz, Director	Date

Interagency Pharmaceutical Purchasing Council

Discussion Items from

Risk Management Division, General Services Department

May 13, 2021

Interagency Benefits Advisory Committee – PBM Procurement

Basic Timeline

• Spring 2021: RFP process for Procurement Manager/Consulting

(Already received and being evaluated)

• <u>Summer 2021</u>: Development of PBM RFP

Fall 2021: Deploy RFP

Winter 2021/2022: Evaluation and Award of Contract

• July 1, 2022: Effective date of new PBM Contract

- Requesting participation from independent public sector entities
 - UNM, UNMH, CNM, City of Albuquerque, Bernalillo County, CNM, City of Rio Rancho, City of Santa Fe, et al

Draft of Participation Request Letter

Dear << >>>

In 2019, the New Mexico Legislature created the Interagency Pharmaceutical Purchasing Council (IPPC) in an attempt to increase the value of the hundreds of millions of dollars spent for prescription drugs by public entities in the state. This enabling legislation provided for the General Services Department (GSD) Cabinet Secretary to serve as the director of the council.

The IPPC consists of:

Cabinet Secretaries (or designees)

Human Service Department Authority (NMPSIA) Department of Health Authority Children, Youth and Families GSD

Other Council Members

Corrections

University of New Mexico Albuquerque Public Schools New Mexico Counties Other State Agencies

NM Public Schools Insurance

NM Retiree Health Care

Risk Management Division of

The IPPC has met eight times since its founding in pursuit of its legislative mandate to: 1) review and coordinate cost-containment strategies and the pooling of risk for pharmacy services by the constituent agencies; 2) identify ways to leverage constituent agencies' pharmacy procurements to maximize the purchasing power of New Mexico residents; and 3) identify other cost savings for New Mexico residents purchasing pharmaceuticals in the private sector.

While the legislation required 14 different areas of review and provided a small appropriation for administrative and consulting services, a common theme emerged: Similar types of organizations (those financing employee health benefits, for example) may be able to coordinate a procurement such that more market leverage could be brought to bear as a result of the larger size.

It is in this pursuit that I am reaching out to your office. It is my understanding that XXXXXXXXXXXXXXXXX is a self-insured provider of health benefits for its approximately XXXXXXX employees and dependents. GSD, through the Health Care Purchasing Act, currently coordinates it procurements with all 89 of New Mexico's school districts as well as the NM Retiree Health Care Authority. This purchasing collaborative, known as the Interagency Benefits Advisory Committee (IBAC) represents about 175,000 members.

We believe the addition of your organization, and others like yours, may be of mutual benefit in that better financial arrangements for purchasing pharmaceutical benefit services may be obtained by each of our organizations. In these days of perennially tight public sector budgets and ever-escalating prescription drug costs, we believe trying something a little different is in order.

We would like to set up a time to discuss the possibility of joining us in a joint procurement for pharmaceutical benefit services. The process is entirely voluntary; if the resulting proposals do not represent a materially better financial arrangement for your organization, you are under no obligation to change your existing contractual arrangements.

If you are interested in discussing this approach, please contact Mark Tyndall, Director, Risk Management Division of GSD, at (505) ###-#### or by email at mark.tyndall@state.nm.us to let us know when there is a convenient time for us to discuss this potentially exciting opportunity for us to work together.

Sincerely,

Ken Ortiz, Secretary, General Services Department Director, IPPC

Interagency Pharmaceutical Purchasing Council

Discussion Items from

Risk Management Division, General Services Department

May 13, 2021

IPPC Legislative Update

<u>Bill</u>	Description	Final Disposition
HB34	Requires member cost sharing for services from a podiatrist to be no more than for services from a Primary Care Physician (PCP)	Passed Full House & Senate Committees. No Senate Floor Vote.
HB107	Requires cost sharing parity between mail order and retail pharmacies	Passed Full House & 1 Senate Committee. Never Heard in Senate Finance.
HB129	Requires OSI to write rules requiring the application of anticipated manufacturer rebates in calculating member cost sharing and also the application of any copay assistance programs toward a member's out of pocket maximum; also increasees PBM reporting and transparency requirements	Heavily Amended Bill Passed Both Full House and Full Senate; Did Not Receive House Concurrance Before Session Ended.
HB154	Creates Prescription Drug Affordability Board	Passed One House Committee; Did Not Pass Out of 2nd Committee

IPPC Legislative Update

- SB317 Places a moratorium on cost sharing for behavioral health services and drugs for five years
 - In FY2020, approximately 14,500 members covered through RMD's plan accessed behavioral health services
 - These members paid about \$1.1 million in cost sharing for these services
 - The plan will now pay for these services at 100% so will incur additional costs of \$1.1 million
 - Improved clinical outcomes may partially mitigate these additional costs

Interagency Pharmaceutical Purchasing Council

Discussion Items from

Risk Management Division, General Services Department

May 13, 2021

Payer Subcommittee Update

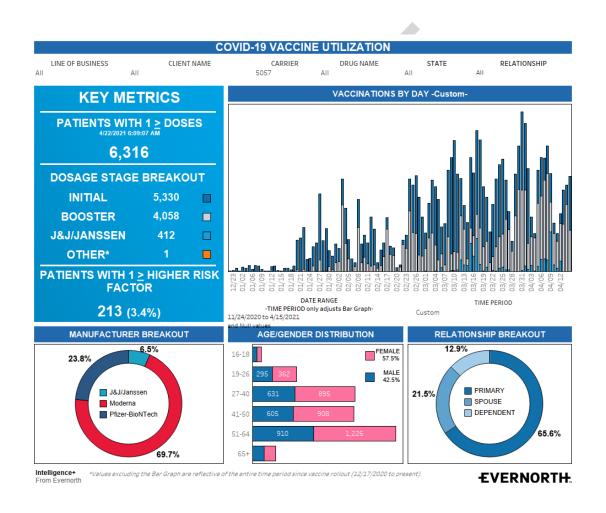
- Met April 21, 2021
 - Most payer activity is centered around upcoming procurement(s)
 - Updated utilization and cost comparisons amongst payers will be provided with full FY21 data
 - Question: Have any of the payers entered into materially different PBM contracts since last reviewed?

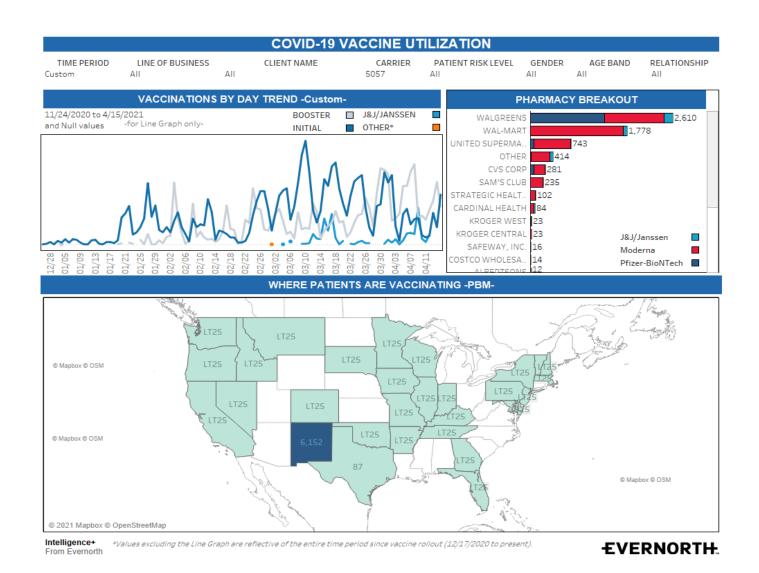
Plan Performance											
	2H20	2H19	Change %								
AWP	\$77,087,719	\$70,620,422	9.2%								
Network & Mail Discount											
Savings (includes dispensing fees)	-\$38,693,181	-\$35,970,759	7.6%								
Tax	\$26,646	\$18,683	42.6%								
Gross Cost	\$38,421,184	\$34,668,345	10.8%								
Member Cost	-\$6,256,927	-\$3,373,515	85.5%								
Plan Cost	\$32,164,257	\$31,294,830	2.8%								
Rebates*	-\$9,901,041	-\$8,895,216	11.3%								
Plan Cost Net	\$22,263,216	\$22,399,614	-0.6%								
Members	59,469	58,954	0.9%								
Gross Cost Net PMPM	\$79.93	\$72.86	9.7%								
Plan Cost PMPM	\$90.14	\$88.47	1.9%								
Plan Cost Net PMPM	\$62.39	\$63.33	-1.5%								

					Top Ir	ndications	by Pla	an Cost	Net						
					2H20							2H19			% Change
Management		Peer		Adjusted		Plan Cost	Generic Fill	Peer Generic Fill	Plan Cost Net		Adjusted		Generic Fill	Plan Cost Net	Plan Cost Net
Strategy	Rank		Indication	Rxs	Patients	Net	Rate	Rate	PMPM	Rank	Rxs	Patients	Rate	PMPM	PMPM
ST/PA/DQM	1	1	INFLAMMATORY CONDITIONS	3,136	550	\$4,317,130	51.7%	44.7%	\$12.10	1	2,813	518	54.3%	\$12.80	-5.5%
ST/PA/DQM	2	2	CANCER	1,335	301	\$3,405,067	83.0%	86.1%	\$9.54	2	1,253	276	82.3%	\$9.73	-1.9%
ST/PA/DQM	3	3	DIABETES	35,960	3,990	\$2,514,060	48.7%	41.1%	\$7.05	3	33,634	3,856	51.2%	\$5.51	28.0%
ST/PA/DQM	4	4	MULTIPLE SCLEROSIS	273	53	\$1,485,511	34.1%	35.5%	\$4.16	4	299	58	24.7%	\$5.05	-17.5%
N/A	5	5	HIV	655	125	\$1,357,358	5.8%	10.0%	\$3.80	5	530	96	7.2%	\$3.05	24.6%
PA	6	24	HEMOPHILIA	48	8	\$1,143,086	0.0%	1.3%	\$3.20	6	38	8	0.0%	\$2.80	14.5%
N/A	7	10	VACCINATIONS	13,189	11,612	\$728,022	0.0%	0.0%	\$2.04	7	10,867	9,258	0.0%	\$1.73	18.3%
ST/PA/DQM	8	9	ASTHMA	14,674	4,045	\$482,400	67.7%	66.2%	\$1.35	14	13,284	4,029	50.7%	\$0.93	44.7%
ST/PA/DQM	9	13	CONTRACEPTIVES	17,104	3,206	\$444,101	96.0%	92.0%	\$1.24	12	16,137	3,252	93.1%	\$1.09	14.4%
ST/PA/DQM	10	16	SEIZURES	6,702	1,381	\$431,272	97.1%	94.9%	\$1.21	10	6,386	1,318	97.0%	\$1.17	3.0%
-			Total Top 10:	93,076		\$16,308,006	57.2%		\$45.70		85,241		56.1%	\$43.86	4.2%
-			Differences Between Periods:	7,835		\$794,661	1.1%		\$1.85						

				Top Drugs	by Plan C	ost Ne	t						
					% Change								
Management 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
ST/PA	1	1	HUMIRA(CF) PEN*	INFLAMMATORY CONDITIONS	365	80	\$1,178,038	\$3.30	1	290	74	\$3.26	1.4%
PA	2	33	HEMLIBRA*	HEMOPHILIA	36	4	\$948,129	\$2.66	2	24	4	\$2.39	11.3%
PA/DQM	3	3	TRULICITY	DIABETES	2,134	413	\$705,229	\$1.98	4	1,731	354	\$1.54	28.1%
PA	4	4	REVLIMID*	CANCER	39	9	\$572,303	\$1.60	3	46	12	\$2.10	-23.5%
N/A	5	11	BIKTARVY	HIV	131	29	\$389,482	\$1.09	11	130	27	\$1.01	8.3%
PA/DQM	6	71	RINVOQ*	INFLAMMATORY CONDITIONS	77	19	\$376,307	\$1.05	123	10	5	\$0.12	789.6%
ST/PA	7	16	GILENYA*	MULTIPLE SCLEROSIS	62	12	\$354,525	\$0.99	5	72	13	\$1.41	-29.7%
ST/PA	8	24	AUBAGIO*	MULTIPLE SCLEROSIS	62	12	\$341,111	\$0.96	8	74	15	\$1.17	-18.5%
DQM	9	47	IMATINIB MESYLATE*	CANCER	38	7	\$303,714	\$0.85	12	37	6	\$0.96	-11.6%
N/A	10	37	DESCOVY	HIV	173	46	\$289,680	\$0.81	52	58	15	\$0.26	213.6%
ST/PA/DQM	11	14	IBRANCE*	CANCER	29	6	\$276,535	\$0.78	13	30	6	\$0.87	-10.7%
ST/DQM	12	9	OZEMPIC	DIABETES	671	157	\$274,850	\$0.77	28	403	99	\$0.44	74.6%
ST/PA/DQM	13	30	IMBRUVICA*	CANCER	19	3	\$266,557	\$0.75	9	30	6	\$1.10	-32.3%
ST/PA/DQM	14	2	STELARA*	INFLAMMATORY CONDITIONS	81	17	\$259,232	\$0.73	10	68	17	\$1.04	-29.9%
ST/PA	15	8	ENBREL SURECLICK*	INFLAMMATORY CONDITIONS	112	26	\$258,930	\$0.73	7	129	27	\$1.17	-38.2%
ST/PA	16	67	ENBREL MINI*	INFLAMMATORY CONDITIONS	102	25	\$243,632	\$0.68	20	53	15	\$0.51	32.8%
PA/DQM	17	6	DUPIXENT SYRINGE*	SKIN CONDITIONS	127	25	\$235,078	\$0.66	18	77	17	\$0.59	11.5%
ST/PA	18	5	HUMIRA PEN*	INFLAMMATORY CONDITIONS	74	19	\$225,663	\$0.63	6	111	31	\$1.24	-49.0%
ST/PA	19	15	TECFIDERA*	MULTIPLE SCLEROSIS	27	10	\$199,596	\$0.56	15	43	10	\$0.83	-32.5%
DQM	20	27	LATUDA	MENTAL/NEURO DISORDERS	202	49	\$198,207	\$0.56	33	153	42	\$0.40	37.4%
PA/DQM	21	39	TADALAFIL	ERECTILE DYSFUNCTION	427	115	\$192,195	\$0.54	21	455	120	\$0.51	5.6%
ST/PA/DQM	22	49	XTANDI*	CANCER	20	4	\$187,676	\$0.53					
N/A	23	26	SHINGRIX	VACCINATIONS	1,077	834	\$184,424	\$0.52	24	1,037	815	\$0.48	7.3%
ST/PA/DQM	24	12	COSENTYX PEN (2 PENS)*	INFLAMMATORY CONDITIONS	37	8	\$177,729	\$0.50	53	29	7	\$0.26	94.7%
PA	25	25	XARELTO	ANTICOAGULANT	734	164	\$176,451	\$0.49	32	646	143	\$0.41	21.4%
				Total Top 25:	6,856		\$8,815,271	\$24.71		5,736		\$24.08	2.6%
				Differences Between Periods:	1,120		\$299,254	\$0.63					

^{*}Specialty Drugs





IPPC's Rx Purchaser Subcommittee work Progress Report May 11, 2021

COMMITTEE MEMBERS:

- DEPT OF HEALTH DR. MASSARO
- CYFD JANET BERRY-BELTZ
- UNM JOEY EVANS
- NM COUNTIES KAMIE DENTON
- NM CORRECTIONS DEPT WENCE ASONGANYI

Update on activities

November / December 2020

-Validation of framework for analyzing various purchaser agreements/contracts/pharmacy service vendor completed on Nov 16th 2020.

January / February 2021

- -Integration and analysis of findings from:
 - Workers' Compensation
 - CYFD / Juvenile Justice Services
 - NM Corrections Department

Objectives of analyzing purchaser agreements/contracts/pharmacy services vendors

- 1. Identify the key characteristics of the various purchaser agreements/contracts/pharmacy services vendors
- 2. Determine if any opportunities exist to consolidate purchasing and pooling risk among two or more agencies
- 3. Exploring the possibility of establishing a single purchaser agreement for all constituent agencies pharmaceuticals and pharmacy benefits

key characteristics and components of reviewed agreements

- Duration of prescription or pharmacy services contract/agreement: 2.7yrs (mean duration)
- 2 of the 3 agencies utilize retail pharmacies and make use of a statewide agreement to some extent
- Population serviced by all agreement: 8000 individuals
- Value of current agreement: average \$1,440,000/yr
- Excluded medications: Hep c Medications capped at 150 patients/year valued at about 2M for one agency. Otherwise no excluded medications.
- Inclusion of pharmacy software: one agency has eMAR and EHR as part of their pharmacy services agreement.
- Top 5 most used medication purchased: the clientele is vary different across agencies so no similarity in most used medications.
- -Top 5 most expensive medication purchased: the clientele is vary different across agencies so no similarity

Does the opportunity exist to consolidate purchasing and pooling risk among two or more agencies

Potentially YES: In the area of pharmacy services, pharmacy software and EHR.

However:

- The relatively low value of the individual contracts may be a disincentive for pooling.
- Possibility of expanding current use of statewide agreements across multiple agencies.
- The exclusion of high value contracts in the analysis makes the data less robust.
- Difference in contract duration may pose additional challenge.

Questions?



SB1 Update

IPPC Quarterly Meeting May 12, 2021

Overview

- Drug reform issues remain hot topic for states
 - 23 Bills introduced in 16 states
 - Seven states considering reference pricing bills
 - "Import prices, not drugs"
- Drug Importation
 - Final Rule No action yet from Biden Administration
 - NM SIP
- Significant Action in Other States
 - FL
 - CO

Final Rule: PhRMA Action and FDA Inaction

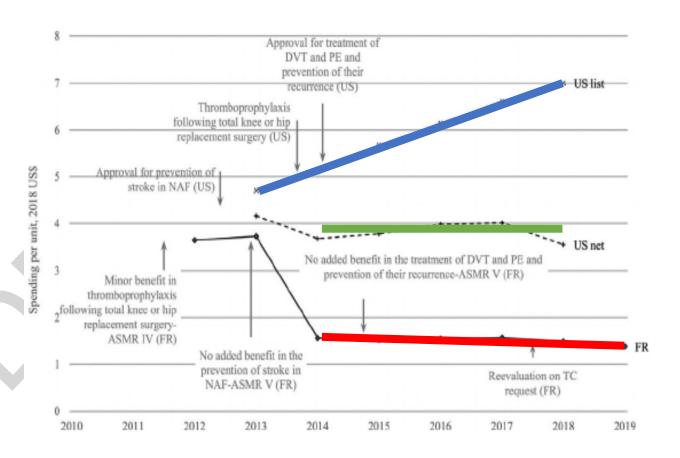
- PhRMA move to quash Final Rule postponed until May 28
 - Possible for FDA to extend once again
 - FDA may be waiting for new Commissioner
- "PhRMA Files Petition to Stop New Mexico Drug Importation Plan"
 - If motion to quash Final Rule fails, next step may be to attack individual SIPs
 - Citizen Petition filed by PhRMA et al against NM SIP on March 18.*
 - Earlier filing against FL; No other SIPs targeted at this point.
 - NM is the only state whose SIP refers to importation from beyond Canada. That is probably a significant concern to PhRMA.

^{*} Sullivan, T., Policy and Medicine, April 19, 2021

In Case Anyone Has Forgotten Why We Care:

- Eliquis at French Prices
 Saves Medicare \$1.5 B
- Xarelto at French Prices
 Saves Medicare \$700 M
- Including rebates and at 2018 prices

Raimond ,VC ., et al, "Why France Spends Less on Drugs: A Comparative Study of Drug Pricing and Pricing Regulation" Milbank Quarterly 99(1), 2021, p. 240-72.



Florida

- Issued RFP for \$30M to administer importation
 - No takers for total management package
- Eventually signed contract with Life Sciences Logistics (TX) for \$25M
 - Developing warehouse space
 - Looking for Canadian import partner
- Passed a 2nd importation bill for commercial purchasers
 - Includes International providers

Colorado

- Issued an "Invitation to Negotiate" (ITN)
 - Learned from FL
 - Will accept partners for all or part of needed services
 - ITN closed on April 25th
 - "Significant interest"
- Very recently passed a 2nd bill for importation from beyond Canada