

INTERAGENCY PHARMACEUTICALS PURCHASING COUNCIL

Thursday, August 11, 2022
New Mexico State Capitol, Room 326
1:00 to 2:30 p.m.

1. CALL TO ORDER

John Garcia, Cabinet Secretary Designate and Director of the Interagency Pharmaceuticals Purchasing Council (Council) called the meeting to order at 1:00 p.m. Christopher Lee took roll and a quorum was established.

ROLL CALL

MEMBERS PRESENT

- Albuquerque Public Schools (APS), Valerie Atencio, Designee (via MS Teams)
- Children, Youth, and Families Department (CYFD), Barbara Vigil, Cabinet Secretary (via MS Teams)
- Children, Youth, and Families Department (CYFD), Lisa Fitting, Designee
- Corrections Department, Wenceslaus (Wence) Asonganyi, Health Services Administrator, Designee (via MS Teams)
- General Services Department (GSD), IPPC Director, John Garcia, Cabinet Secretary
- General Services Department (GSD), Risk Management Division, Randall Cherry, Acting Division Director
- Human Services Department (HSD), Kari Armijo, Designee
- New Mexico Counties, Kamie Denton, Designee (via MS Teams)
- New Mexico Public Schools Insurance Authority (NMPSIA), Martha Quintana, Executive Director
- Retiree Health Care Authority (RHCA), Neil Keuffer, Executive Director (via MS Teams)
- University of New Mexico (UNM), Joey Evans, Executive Director of University Benefits (via MS Teams)

ABSENT/EXCUSED

None

2. APPROVAL OF THE AGENDA

Chair Garcia asked for a motion to approve the agenda. Randall Cherry moved to approve and Martha Quintana seconded the motion. The Council voted and unanimously approved the agenda.

Action: Agenda approved.

3. APPROVAL OF MINUTES FROM: May 12, 2022

Chair Garcia asked for a motion to approve the minutes from the May 12, 2022 meeting. Randall Cherry moved to approve and Lisa Fitting seconded the motion. The Council voted and unanimously approved the minutes.

Action: Minutes approved.

4. Implementation Experiences with New Pharmaceutical Benefits Manager Contracts

Chair Garcia discussed the new contract with CVS and mentioned the administrative cost savings the state will experience. He discussed the number of places members can go to have their prescriptions filled. He then asked Mr. Cherry to provide an overview of the contract with CVS and discuss the highlights.

Mr. Cherry explained that the transition to CVS was a seamless process. He cited the anticipated savings the state will experience (\$90 million over four years) and that other entities will also experience significant savings. He mentioned that CVS has been good to work with and that Express Scripts was helpful during the transition. He thanked Cindy Maestas (Employee Benefits Bureau Chief) and asked if she had any thoughts regarding the transition.

Ms. Maestas mentioned that formulary changes with CVS would occur quarterly. The changes in October will include two medications and impact approximately 34 members. Those members will be contacted directly by CVS who will explain the change and offer alternatives, which will give members plenty of time to work with their provider. Ms. Maestas mentioned that the state advises members to accept the medication changes for the benefit of the program, but does not force them to make the change. If a patient has tried an alternative medication but only a name brand will do, a letter of medical necessity (or prior authorization) can be submitted to allow the member to continue with their regular medication. During the transition to CVS, roughly 800 state members were impacted by the formulary change. Each member received letters offering alternative actions to take to remain on their medication of choice (or need).

Ms. Maestas stated that she was happy with CVS during the transition as they were available to members prior to launch and reached out to members regarding their specialty medications and the Prudent RX discount card program, which allows members to receive their specialty medications at little to no cost. This program will also contribute to the overall savings experienced by the state.

Ms. Maestas mentioned that NMPSIA also switched and expressed the same positive experience with CVS.

Mr. Cherry asked Ms. Quintana if she would like to share her thoughts on the NMPSIA transition to CVS.

Ms. Quintana reiterated that both Express Scripts and CVS made the transition very easy. She stated that NMPSIA's projected savings over 4 years would be \$87 million (\$13 million in the first year) and that CVS was willing to do whatever it took to get members to zero dollars for specialty medications.

Chair Garcia thanked Ms. Maestas and Mr. Cherry for their work on the entire process.

Ms. Armijo asked what the big driver behind the savings was. Ms. Quintana stated the having UNM join the procurement may have helped, but that the CVS approach to rebating, the cost of medication and access to pharmacies had a major impact.

Senator Hickey wanted to know if this was a complete IBAC contract or separate contracts pursued by each entity. Mr. Cherry responded that these were separate contracts and that each entity has the option to make an independent decision.

Senator Hickey then asked if the other entities were aware of the savings and if there was an opportunity for them to establish a contract with CVS.

Mr. Cherry stated that each entity evaluated the numerous data points and made independent decisions based on what was in the best interest of their entity. He mentioned that there were savings attached to each of the proposals and each entity has very different needs.

Mr. Kueffer stated that IBAC as a whole was looking for a savings of approximately \$286 million over four years. He went on to state that the RHCA contracted with Express Scripts and was looking at \$74 million in savings over the four-year contract. Express Scripts offered an increase in rebate guarantees, point of sale savings, reduced administrative fees and everything guaranteed in the RFP was included in their contract.

Senator Hickey stated that he would be very interested in understanding how entities calculated their savings. He said he would reach out to them to understand that. Senator Hickey was concerned that entities were not taking advantage of the “law of large numbers” if they were contracting independently.

In response, Mr. Kueffer explained that the vendors responding to the RFP quoted the entire IBAC book of business and stated that the IBAC entities do leverage the membership as a whole, but make the final selection and contract separately. The vendors then have the opportunity to put forth their best offer to the entire group.

Mr. Kueffer then discussed his experience with Express Scripts as RHCA transitioned to the new contract.

Mr. Cherry asked if others on the call had any comments.

Mr. Evans stated that UNM has also experienced a smooth transition to CVS.

Chair Garcia thanked all partners for their comments.

5. Statewide Pharmaceuticals Strategy

Chair Garcia thanked Senator Jeff Steinborn for his support and attention to the issue of pharmaceutical costs and their impact on New Mexicans. The Chair also thanked Senator Martin Hickey for his support and expertise.

Mr. Garcia stated that his biggest priority is developing a plan for the Governor (and for New Mexico) on how to address the cost problems with the state’s health benefits fund and that he will be looking at administrative costs, premiums, the impact of COVID and the use of federal funds to help fix it.

The chair yielded the floor to Senator Hickey.

Senator Hickey discussed the need to look to other states for solutions to bring health care costs down and hold intermediaries accountable to improve the health status of all New Mexicans.

6. Pharmaceutical Benefits Best Practices

Christopher Lee presented a chart outlining the prescription drug affordability initiatives underway in eight states. He mentioned that several have created prescription drug affordability boards to

address the high cost of prescription drugs. He referenced a March 2022 chart developed by the National Academy for State Health Policy.

Mr. Lee has also been virtually attending the prescription drug affordability board meetings for Colorado, Maryland and Oregon and offered to keep the IPPC apprised of their developments.

Chair Garcia opened a discussion on best practices or potential strategies by asserting the need to examine the benefits of joining an out of state pool or consortium, reviewing high use and high cost drugs used by New Mexicans and determining if negotiating lower drug prices directly with pharmaceutical companies is possible.

The group discussed avenues the IPPC could take in an effort to impact drug prices. Suggestions included reviewing other states' initiatives, joining a pool or consortium, negotiating the price of high use drug directly with pharmaceutical companies, creating a drug affordability board in New Mexico, evaluating the efficacy of drugs and investigating the practice of de-prescribing.

There was also a question about the New Mexico Department of Health's application to purchase prescription drugs from Canada. Ms. Armijo stated that she would look into that and report to the group.

7. PUBLIC COMMENT

Ruby Ann Esquibel from the Legislative Finance Committee mentioned that the Governor's Pharmaceutical Task Force met and is focused on the regulation of pharmacy benefit managers.

8. NEXT STEPS FOR IPPC

The next IPPC meeting will take place on Thursday, November 10. The IPPC will continue discussing strategies to control prescription drug costs in New Mexico.

3. ADJOURN

With all business conducted the Chair adjourned the meeting at 1:30 p.m.

John Garcia, Chairman

Date