

WELCOME

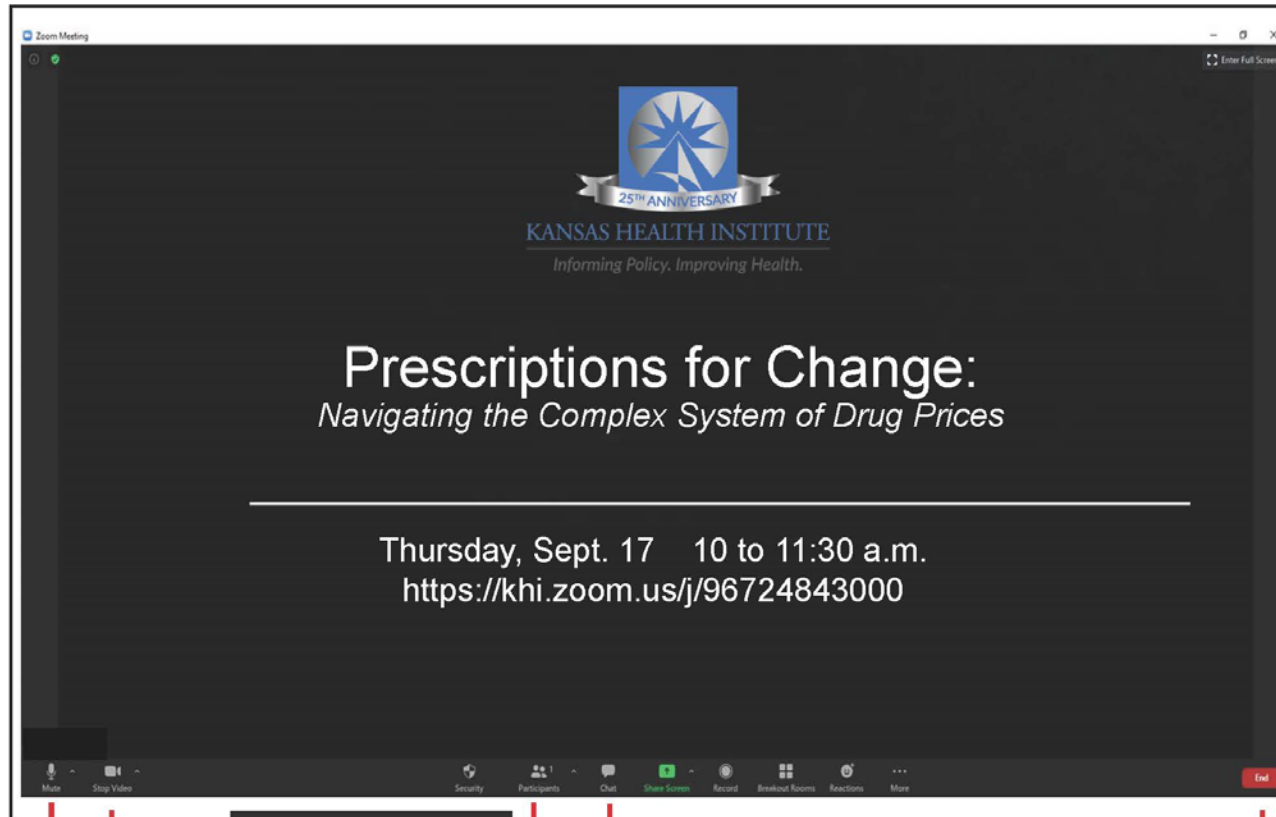


Norms and recommendations:

- Have access to the chat and be ready to type.
- Select mute when not speaking.
- Use headphones to reduce background noise in busy areas.
- Participate actively.
- Use the "raise hand" feature to ask a question when we open up the discussion.
- Give grace to others who may struggle with the technology, that includes us!

**Technical
Issues Can be
Raised In the
Chat Window**

Helpful Hints for the *KHI Prescriptions for Change* Zoom Meeting



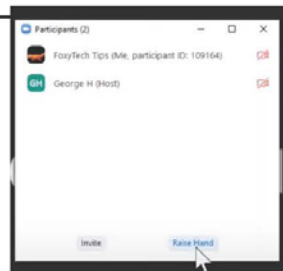
Exit Full Screen

Technical Issues
Can Be Raised In
The Chat Window



Mute

Stop or
Start Video

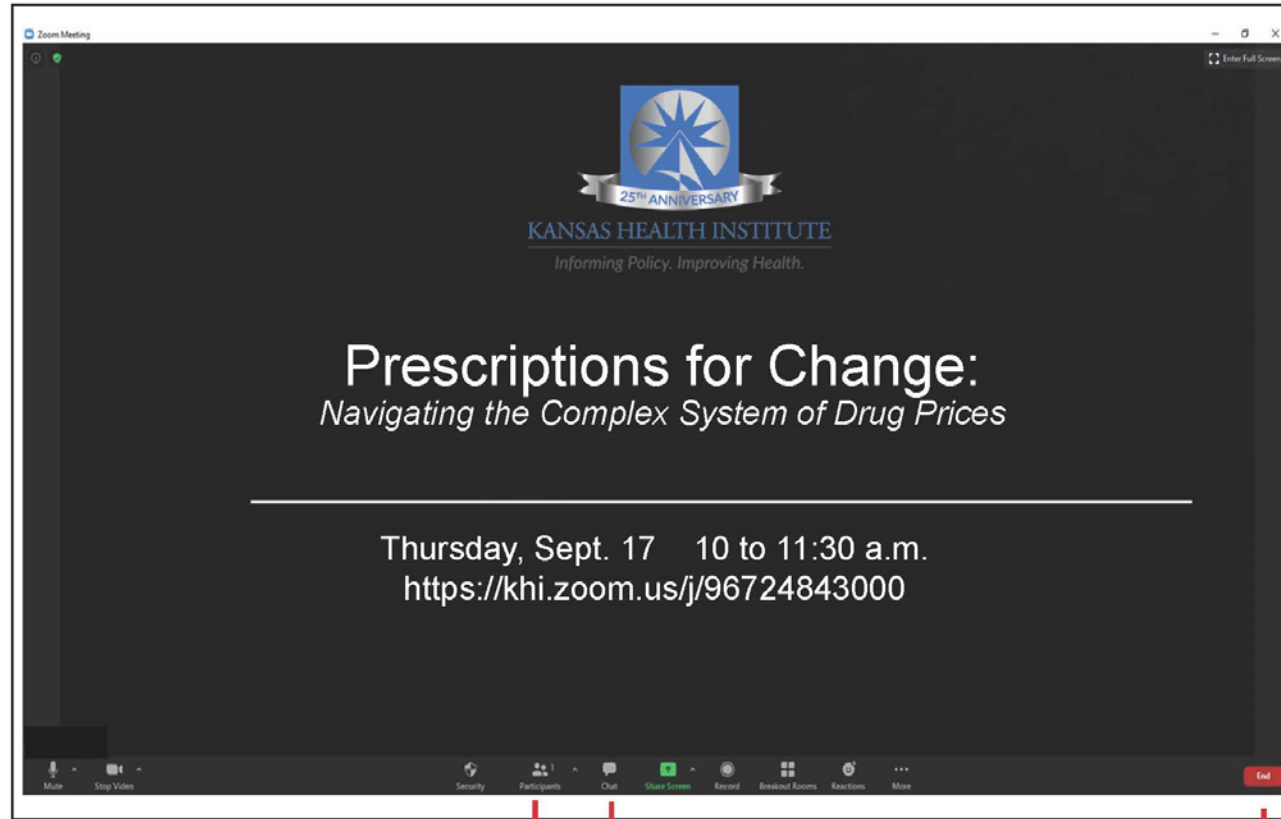


Chat: Click to read or type to chat.
Please use chat function to ask questions.

Leave Meeting

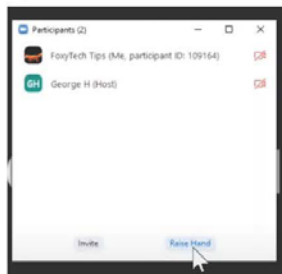
Raise Hand: Click on arrow by participants. At the right lower corner click on Raise Hand. When you click on Raise Hand a blue hand appears in the upper right hand corner. When you want to lower your hand, click on the Lower Hand icon.

Helpful Hints for the *KHI Prescriptions for Change* Zoom Meeting



Exit Full Screen

We are expecting many attendees today so are asking audience members to remain muted with cameras off until the discussion/Q&A session. To minimize the number of participants appearing on your screen, you can hide all non-video participants, using the three "dots" that appear as you hover over a participant's window. If you have technical questions, please add them to the chat window. Thank you!



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Leave Meeting

If you require technical assistance during the virtual event, please contact us at itdesk@khi.org.

PRESCRIPTIONS FOR CHANGE:

NAVIGATING THE COMPLEX WORLD OF DRUG PRICING



KANSAS HEALTH INSTITUTE

Informing Policy. Improving Health.

Thursday, September 17, 2020
10:00am – 11:30am



KANSAS HEALTH INSTITUTE

Informing Policy. Improving Health.

KEYNOTE SPEAKER

Colleen Becker, M.P.P.

Senior Policy Specialist

National Conference of State Legislatures



THE KANSAS HEALTH INSTITUTE

STATE ACTIONS ON PRESCRIPTION DRUG COSTS AND PRICING

SEPTEMBER 17, 2020



ABOUT NCSL

- NCSL is a champion of state legislatures
- All legislators and legislative staff are members
 - 7,383 legislators
 - Tens of thousands of legislative staff
- We do not take positions on state laws or policies or write legislation.



WHAT'S ALL THE FUSS ABOUT?

- In 2018, the Centers for Medicare and Medicaid Services (CMS) reported that 9% of all health care spending went to Rx = \$335 billion
- More than half of all Americans use one prescription drug annually
- Many products, both unique and competing
 - US Food and Drug Administration (FDA) approved products
 - 20,000 prescription drug products approved for marketing (dosages; delivery method)
 - 400 FDA-licensed biologics products

HOW MUCH ARE WE SPENDING?

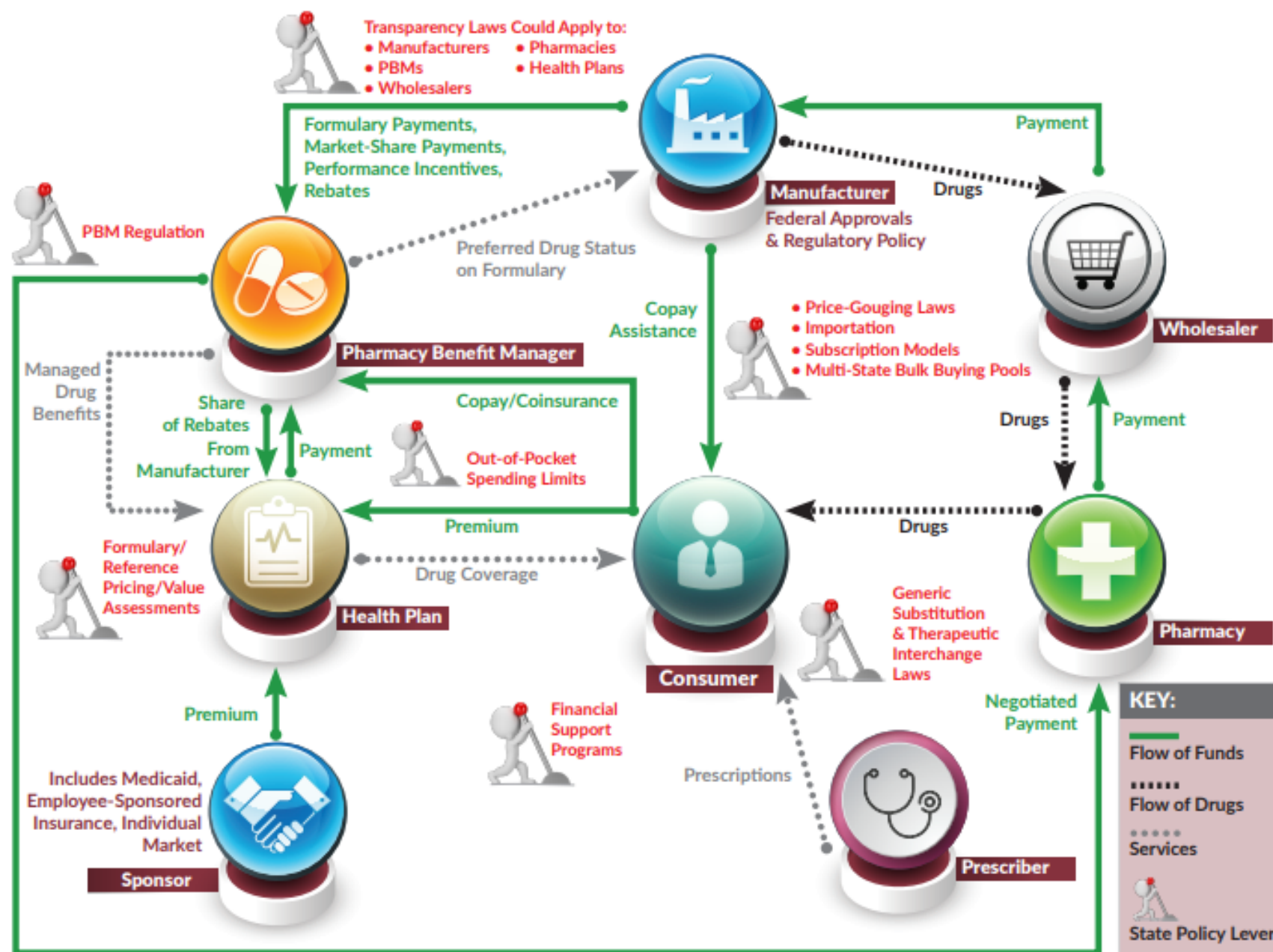
- 16.8% of overall personal health care spending went toward prescription drugs in 2018
 - 53% of spending goes to brand-name prescription drugs
 - 7.6% of spending for specialty drugs (*\$600/month; injected or infused*)
- 90% of prescriptions filled are generics
- 15% of Medicaid spending goes to prescription drugs



<https://aspe.hhs.gov/system/files/pdf/187586/Drugspending.pdf>

<https://www.cms.gov/newsroom/press-releases/cms-office-actuary-releases-2018-national-health-expenditures>

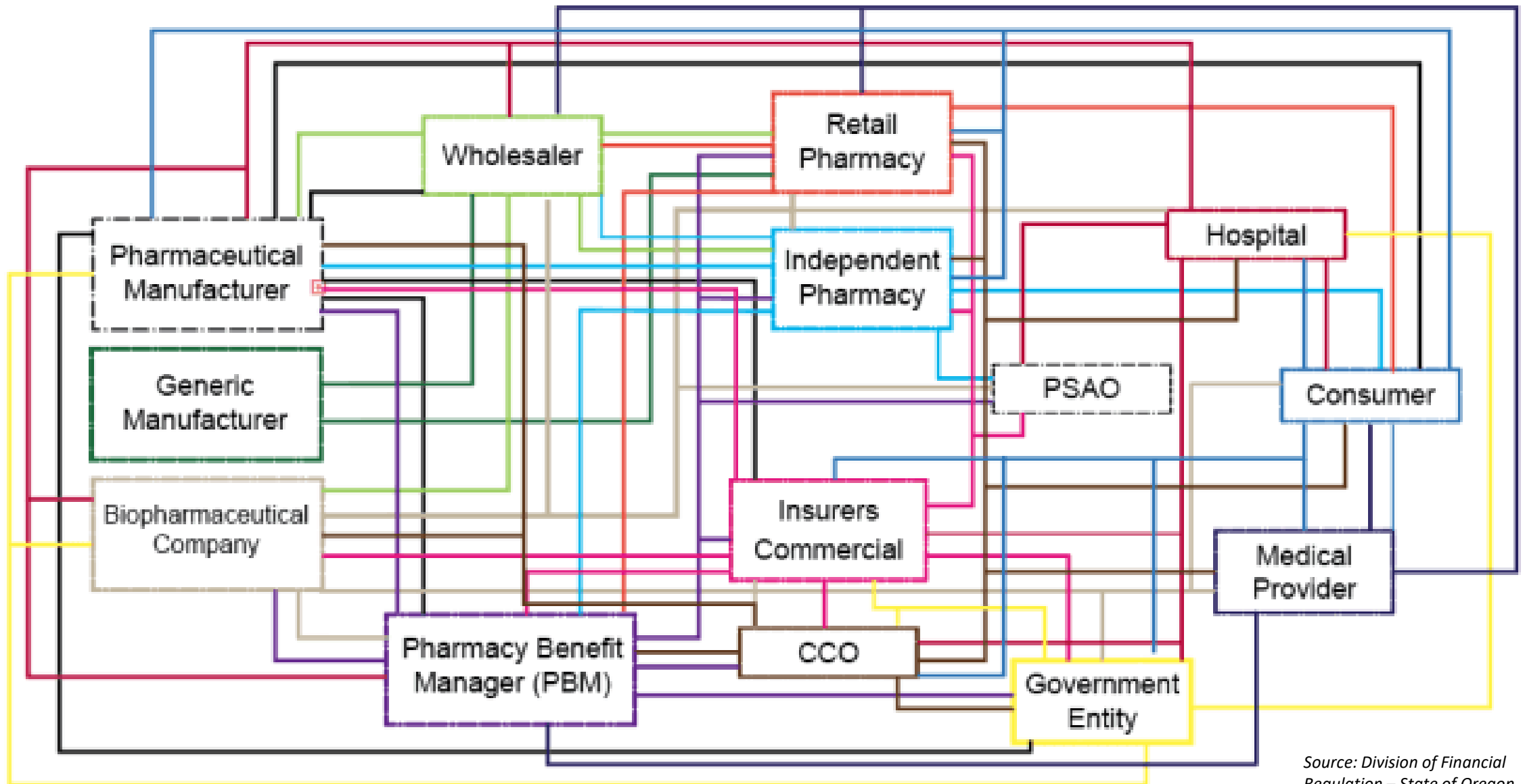
Figure 1. State Policy Levers in the Retail Prescription Drug Supply Chain



Note: Model represents non-specialty prescription drugs covered by health insurance.

Source: Adapted by the Kansas Health Institute from "Follow the Money: The Flow of Funds in the Pharmaceutical Distribution System," Health Affairs Blog, June 13, 2017.

Figure 1: Pharmaceutical Supply Chain: All Direct Transactional Relationships.



Source: Division of Financial Regulation – State of Oregon

NCSL PRESCRIPTION DRUG DATABASE

STATEWIDE PRESCRIPTION DRUG DATABASE | 2015 - PRESENT

2/6/2019



Use this state legislative database to learn about and analyze what states are considering and enacting in current topic areas of prescription drugs. The bill listings include thirteen broad categories of state regulation and involvement. Using the **search check-box below**, you can search among more than 4,600 pieces of legislation by state, year, topic,

keyword, current status, and/or primary legislative sponsor. For more information on the topics covered in the database, please [see the guide section](#) below the database.

■ Updates:

2019 filed and pending legislation. Use the "2019" checkbox below. As of the end of January there were more than 500 measures in at least 44 states, Puerto Rico and DC listed for consideration in 2019. So far **at least 9 new laws** have been signed in at least 3 states and D.C. and Puerto Rico. Bills carried over from 2018 are included.

- **Weekly updates:** Bill information for the current year is updated each Tuesday. New measures are added as they are introduced or identified by NCSL staff.

Two-year Sessions: Bills may appear twice in [carry over states](#). In these states, please check the last date of action to ensure the status of the bill reflects the appropriate year.

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CONTACT

[Health program](#)

TOPICS	STATES			
<input type="checkbox"/> Clinical Trials and Right to Try <input type="checkbox"/> Compounding Pharmacy Regulation <input type="checkbox"/> Cost Sharing and Deductibles - Consumers <input type="checkbox"/> Insurance/Coverage - Rx Drugs <input type="checkbox"/> Medicaid Use and Cost - Rx Drugs <input type="checkbox"/> Other Prescription Drug Measures <input checked="" type="checkbox"/> Pharmacy Benefit Managers (PBM) <input type="checkbox"/> Pricing and Payment - Industry <input type="checkbox"/> Safety and Errors - Rx Drugs <input type="checkbox"/> Specialty Pharmaceuticals <input type="checkbox"/> Utilization Management - Rx Drugs	<input checked="" type="checkbox"/> All States <input checked="" type="checkbox"/> Alabama <input checked="" type="checkbox"/> Alaska <input checked="" type="checkbox"/> Arizona <input checked="" type="checkbox"/> Arkansas <input checked="" type="checkbox"/> California <input checked="" type="checkbox"/> Colorado <input checked="" type="checkbox"/> Connecticut <input checked="" type="checkbox"/> Delaware <input checked="" type="checkbox"/> District of Columbia			
KEYWORD	STATUS	BILL NUMBER	YEAR	AUTHOR
	All		2019	

Search

Reset All

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[LexisNexis General Terms and Conditions](#)

This search is based on:

Topics: Pharmacy Benefit Managers (PBM)

States: All States

Year: 2019

706 filed bills in 2020!

[All History](#) [Hide All History](#)

[Print Results](#)

RESULTS

Total States: 34

Total Bills: 131

ARIZONA

[BILL TEXT LOOKUP](#)

AZ H 2167

2019

Insurer Responsibility and Pharmacy Benefits

Status: Pending - House Health and Human Services Committee

Date of Last Action:* 1/16/2019

Author: Barto (R) **Additional Authors:** Cobb (R)

CAPPING CONSUMER COPAYMENTS

- California ([HSC § 1342.71](#))
 - State regulated plans = \$250/mo. and up to \$500/mo. on some high deductible plans.
- Specialty drugs – \$150/30-day supply
 - Delaware
 - District of Columbia
 - Maryland
 - Louisiana



Image: Shutterstock

Studies point to minimal impact on premiums so far

CAPPING CONSUMER COPAYMENTS – INSULIN

- Colorado 2019 law – \$100/30-day supply of insulin ([H 1216](#))

Followed by...

Delaware, Illinois, New Hampshire \$100/mo.

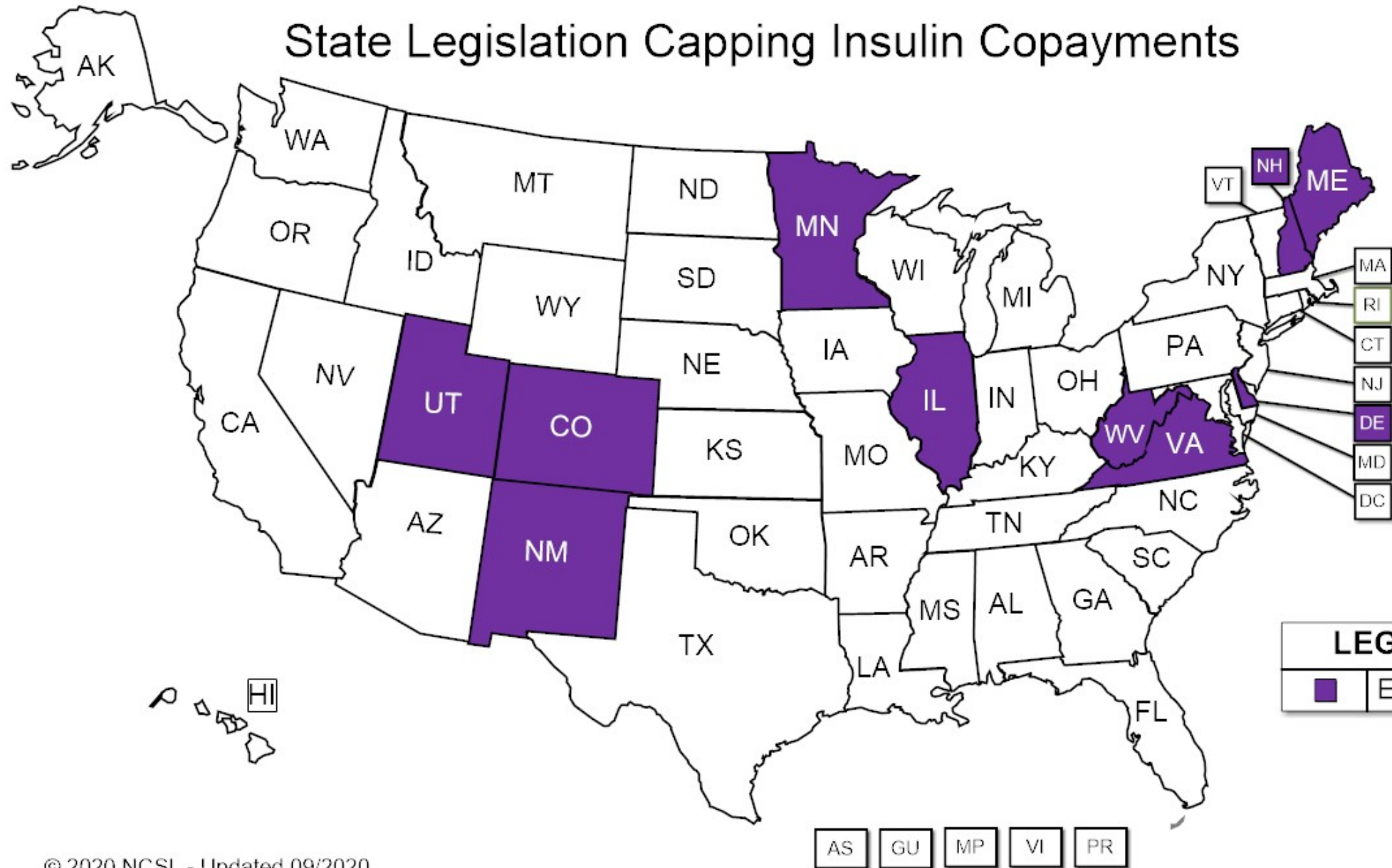
Maine \$35/mo.

Minnesota, Utah, Virginia \$30/mo.

New Mexico, West Virginia \$25/mo.

107 bills proposed in **36** states!!

State Legislation Capping Insulin Copayments



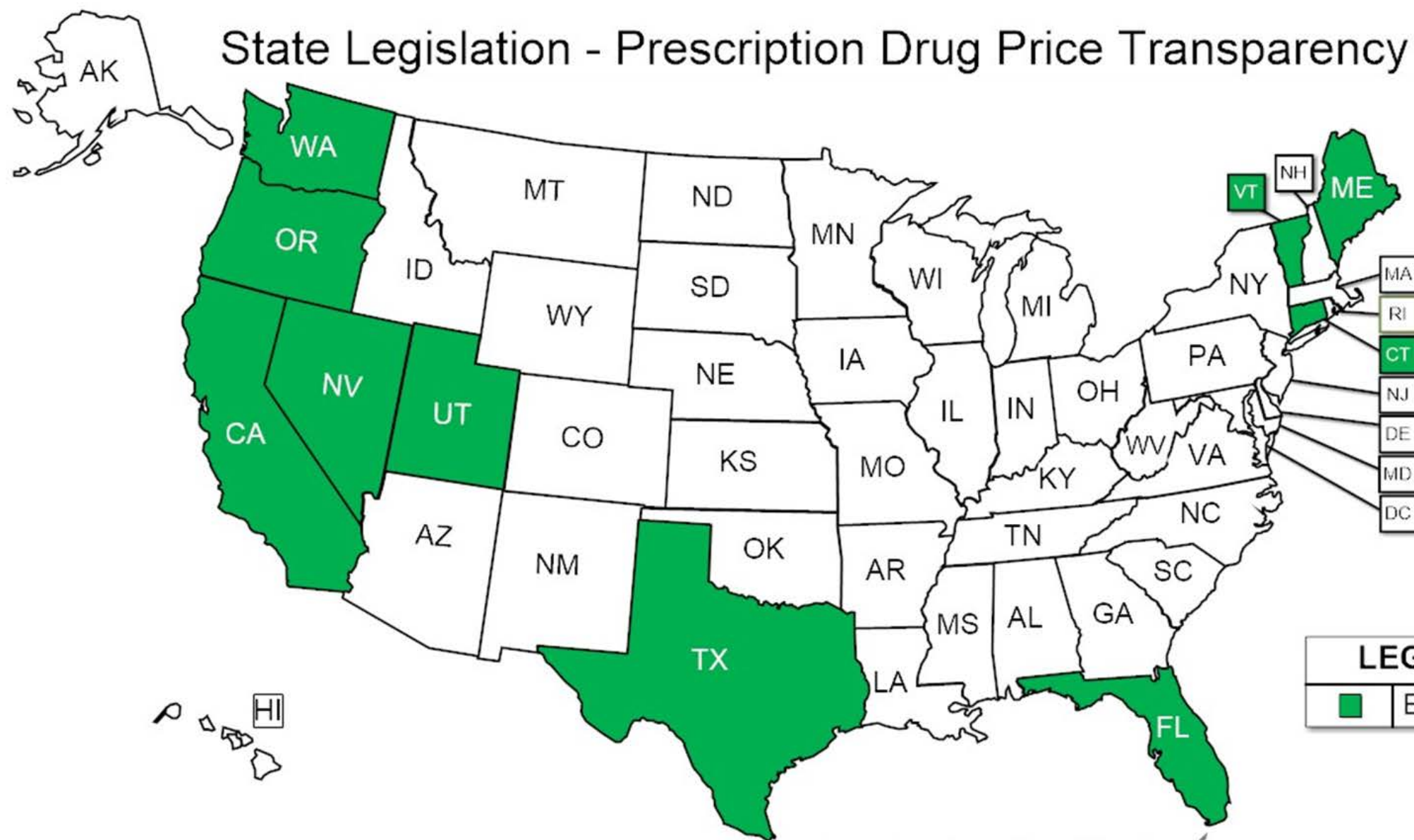
© 2020 NCSL - Updated 09/2020

See NCSL Prescription Drug Law Database for details at www.ncsl.org

STATE PHARMACY BENEFIT MANAGER REFORM

- Prohibits pharmacist gag-clauses and co-payment 'clawbacks'
- Prohibit patient-steering
- Licensure and registration requirements
- Transparency and reporting requirements
- Fiduciary duty – must act in the best interest of the client
- Prohibits spread pricing – must pass rebates on to consumers at point of sale

State Legislation - Prescription Drug Price Transparency



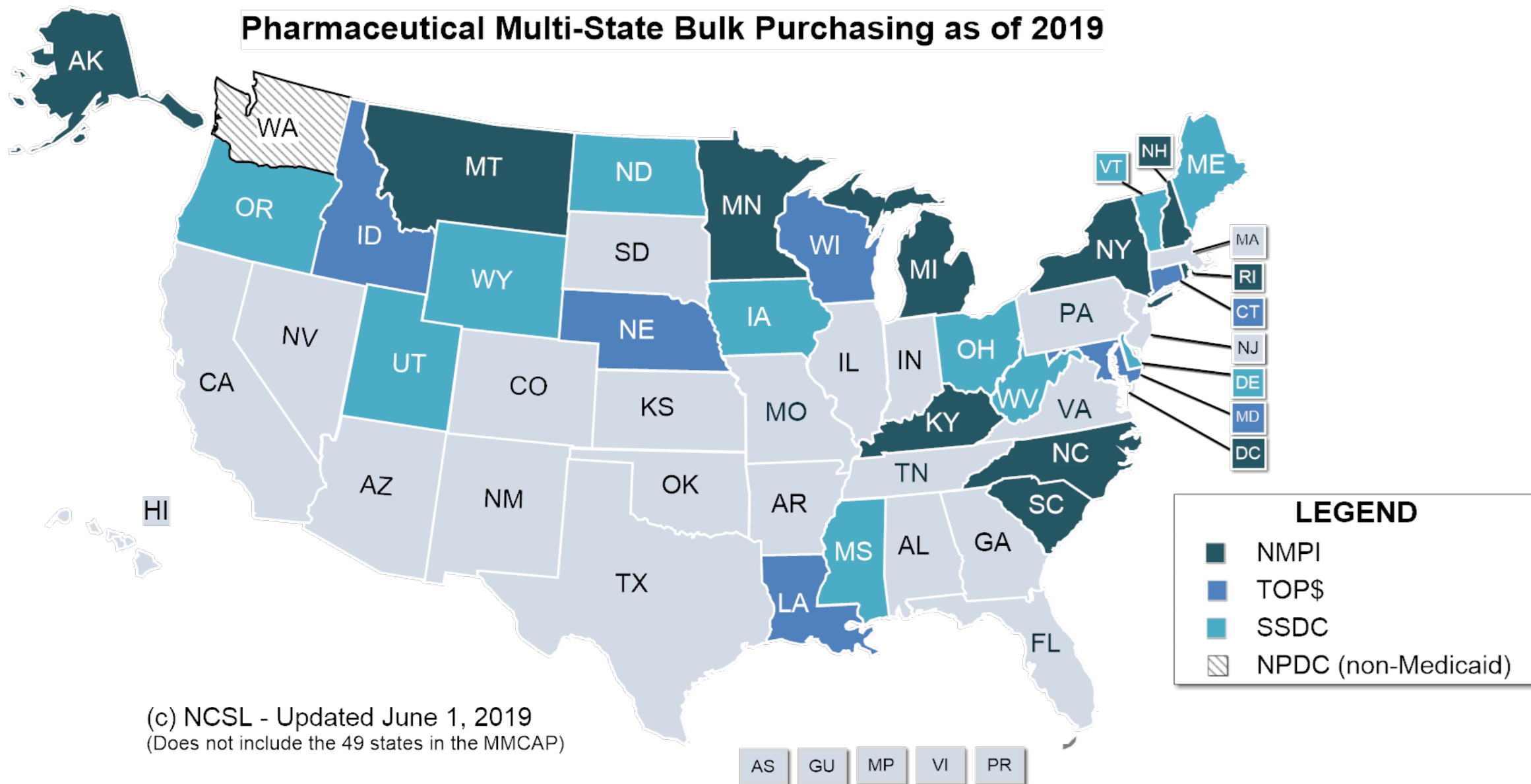
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BOARDS, WORKGROUPS AND STUDIES

- Maryland – Prescription Drug Affordability Board
 - Identify prescription drug products that may create affordability challenges
 - Cost review and recommends legislation
- Maine – Drug Affordability Review Board
 - Sets spending targets for state agencies
- 2017 New York Drug Utilization Review Board Medicaid Drug Spending Cap
 - Net spend cannot exceed a certain threshold
- New Mexico – Interagency Pharmacy Purchasing Council
- California – Executive order in January to pool state agencies
 - SB 852 passed Aug 2020 – waiting governor's signature

Pharmaceutical Multi-State Bulk Purchasing as of 2019



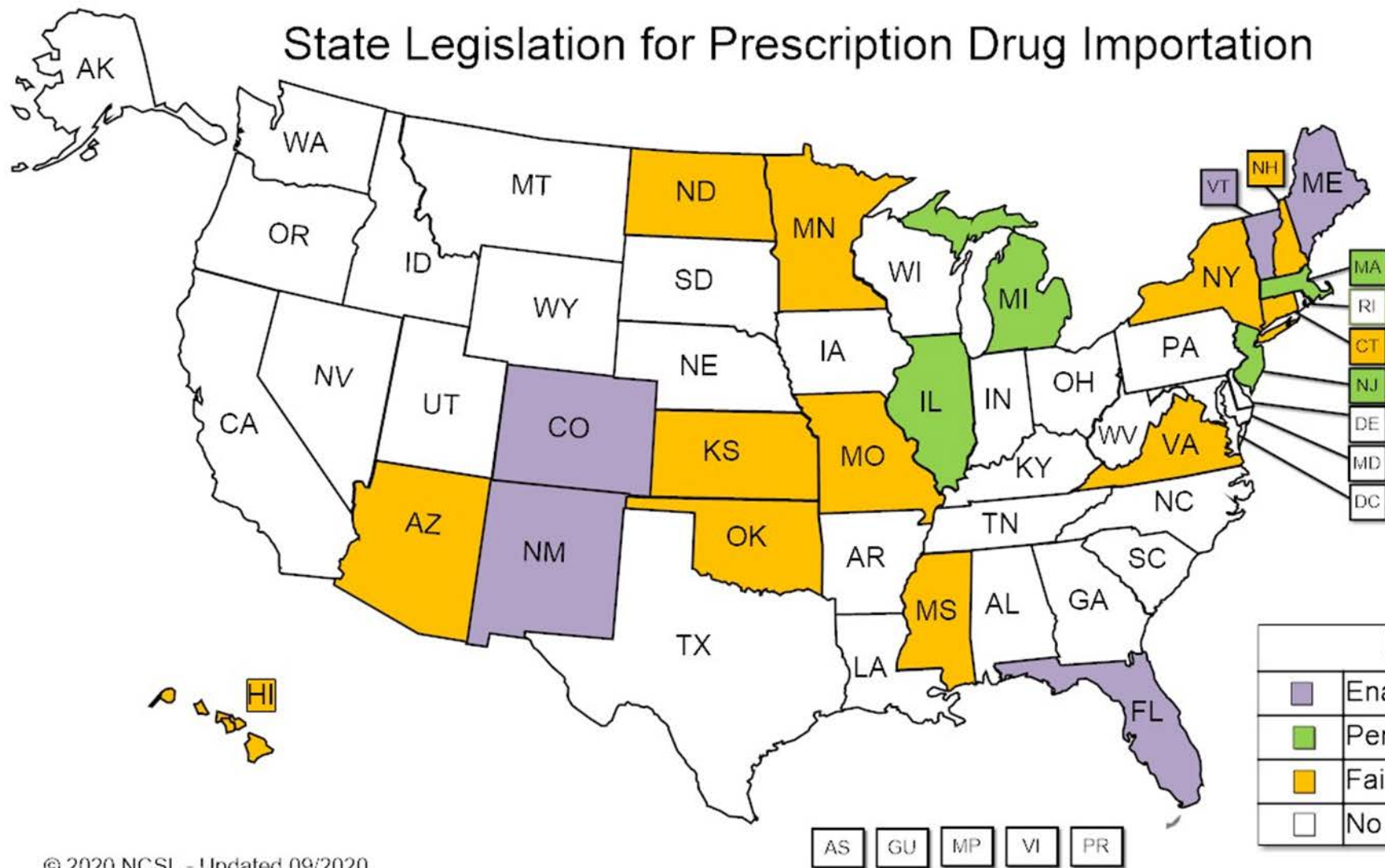
ALTERNATIVE PAYMENT MODELS

- Value-based or outcomes-based purchasing (OK, MI, CO, WA)
 - Oklahoma state plan amendment
 - Four different drugs based on performance standards or measured outcomes
 - Expected outcomes:
 - Increased adherence
 - Decreased hospitalizations
 - Tradeoff: no prior authorization requirement

ALTERNATIVE PAYMENT MODELS

- Subscription based or 'Netflix' model
 - Louisiana
 - Five-year contract with Gilead subsidiary for Hepatitis C treatment
 - Covers Medicaid and corrections populations
 - Will pay annual amount and get unlimited access
 - Washington has similar plan
 - Contract with AbbVie
 - Also includes state employees, teachers

State Legislation for Prescription Drug Importation



WHAT'S NEXT?

CONSUMER SPEND

- Limits on cost-sharing
- Increasing access

APPLIES TO BOTH

- PBM reform
- Committees, studies and work groups
- Utilization management reform
 - Step-therapy or 'fail first', non-medical switching, prior authorization

STATE SPEND

- Value-based purchasing arrangements and bulk purchasing agreements
- Payment models for most costly therapies

But 2021 is still three long months away.....



NATIONAL CONFERENCE OF STATE LEGISLATURES

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STATEWIDE PRESCRIPTION DRUG DATABASE | 2015 - PRESENT

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- ☐ Cost Sharing and Deductibles - Consumers
- ☐ Insurance/Coverage - Rx Drugs
- ☐ Medicaid Use and Cost - Rx Drugs
- ☐ Other Prescription Drug Measures
- ☒ Pharmacy Benefit Managers (PBM)
- ☐ Pricing and Payment - Industry
- ☐ Safety and Errors - Rx Drugs
- ☐ Specialty Pharmaceuticals
- ☐ Utilization Management - Rx Drugs

STATES

- ☒ All States
- ☒ Alabama
- ☒ Alaska
- ☒ Arizona
- ☒ Arkansas
- ☒ California
- ☒ Colorado
- ☒ Connecticut
- ☒ Delaware
- ☒ District of Columbia

KEYWORD

STATUS

All ▼

BILL NUMBER

YEAR

2019 ▼

AUTHOR

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Reset All

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RESOURCES

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- [NCSL Prescription Drug Policy Resource Center](#)
- <https://aspe.hhs.gov/system/files/pdf/187586/Drugspending.pdf>
- <https://www.cms.gov/newsroom/press-releases/cms-office-actuary-releases-2018-national-health-expenditures>
- <https://www.fda.gov/drugs/new-drugs-fda-cders-new-molecular-entities-and-new-therapeutic-biological-products/novel-drug-approvals-2019>
- <https://www.fda.gov/about-fda/fda-basics/fact-sheet-fda-glance>
- https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160AB339
- <https://www.nejm.org/doi/full/10.1056/NEJMsa1910366#:~:text=We%20found%20that%20among%20patients,out%2Dof%2Dpocket%20spending>
- <https://www.milliman.com/en/insight/the-impact-of-californias-prescription-drug-cost-sharing-cap>



THANK YOU!

Colleen Becker

Senior Policy Specialist, Health Program

Colleen.Becker@ncsl.org

303-856-1653



NATIONAL CONFERENCE OF STATE LEGISLATURES

PRESCRIPTIONS FOR CHANGE:

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PANELISTS



Katelin Lucariello, M.P.H.
Director of State Policy
**Pharmaceutical Research and
Manufacturers of America**



Alex Sommer, J.D.
*Government Affairs
Lobbyist*
Prime Therapeutics

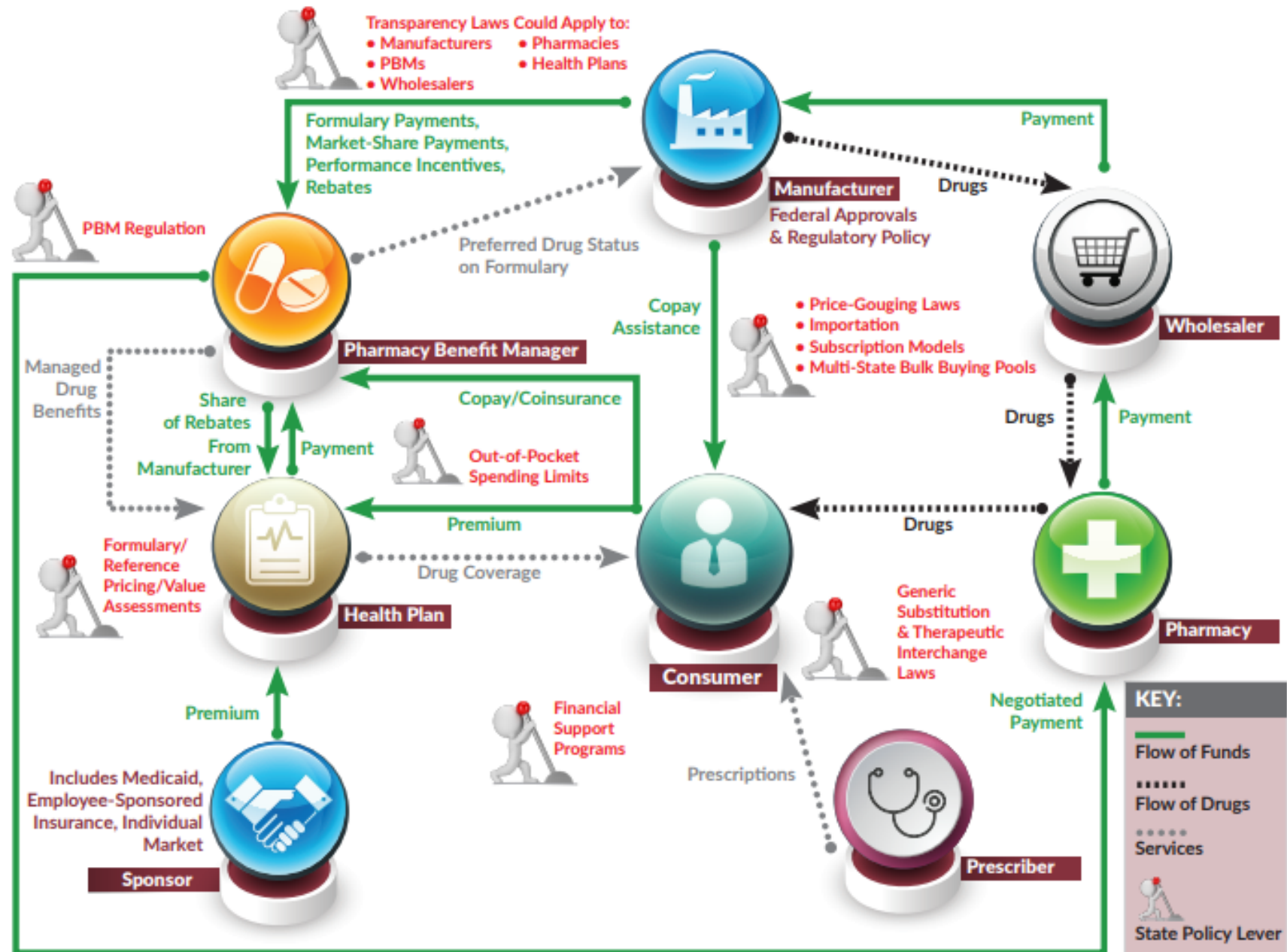


Aaron Dunkel
Executive Director
**Kansas
Pharmacists
Association**



Kate Dixon, M.P.H.
*Medical Student/
Consumer*
**University of Kansas
School of Medicine**

Figure 1. State Policy Levers in the Retail Prescription Drug Supply Chain



Note: Model represents non-specialty prescription drugs covered by health insurance.

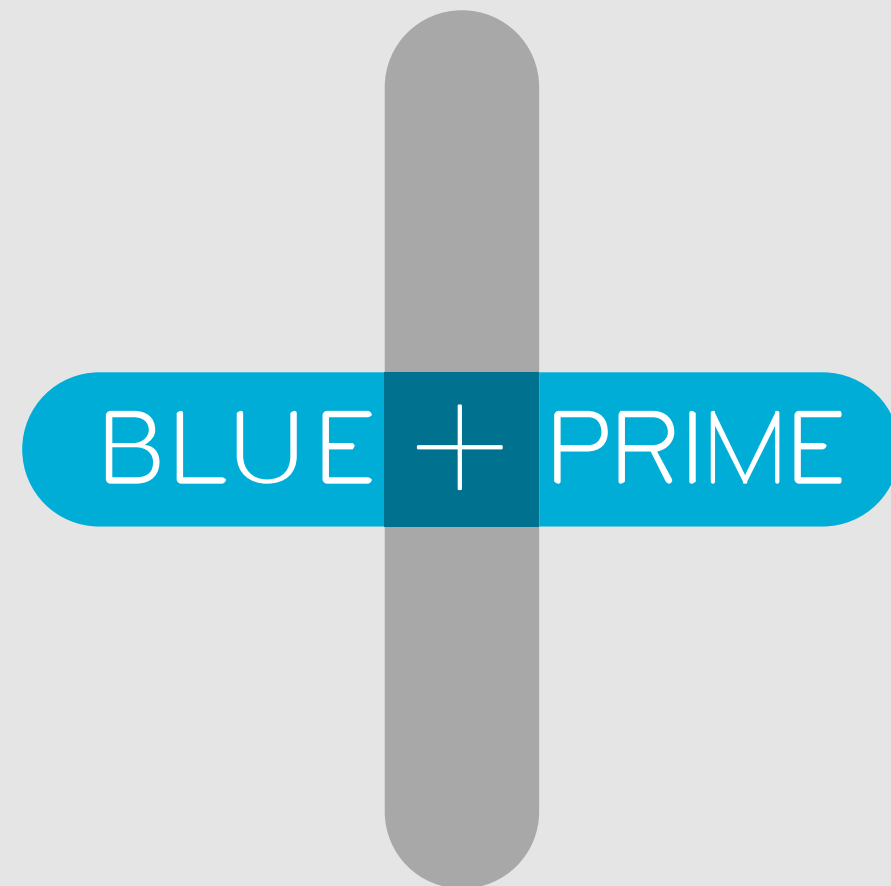
Source: Adapted by the Kansas Health Institute from "Follow the Money: The Flow of Funds in the Pharmaceutical Distribution System," Health Affairs Blog, June 13, 2017.

The Role of PBMs in the Drug Supply Chain

September 17, 2020

Alex Sommer, J.D.

Government Affairs, Prime Therapeutics



What is a PBM?



PBMs administer the prescription drug portion of the health care benefits provided and paid for by health plan sponsors.



PBMs perform a variety of services to ensure high-quality, cost-efficient delivery of prescription drugs to consumers.



PBMs apply downward pressure on health care spending by driving lower drug costs.

Pharmacy Benefit Management Services



Claims
Processing



Price, Discount and
Rebate Negotiations
with Pharmaceutical
Manufacturers and
Drugstores



Formulary
Management



Pharmacy
Networks



Mail-service
Pharmacy



Specialty
Pharmacy



Drug Utilization
Review



Disease
Management and
Adherence
Initiatives

Why Do Payers Hire PBMs?

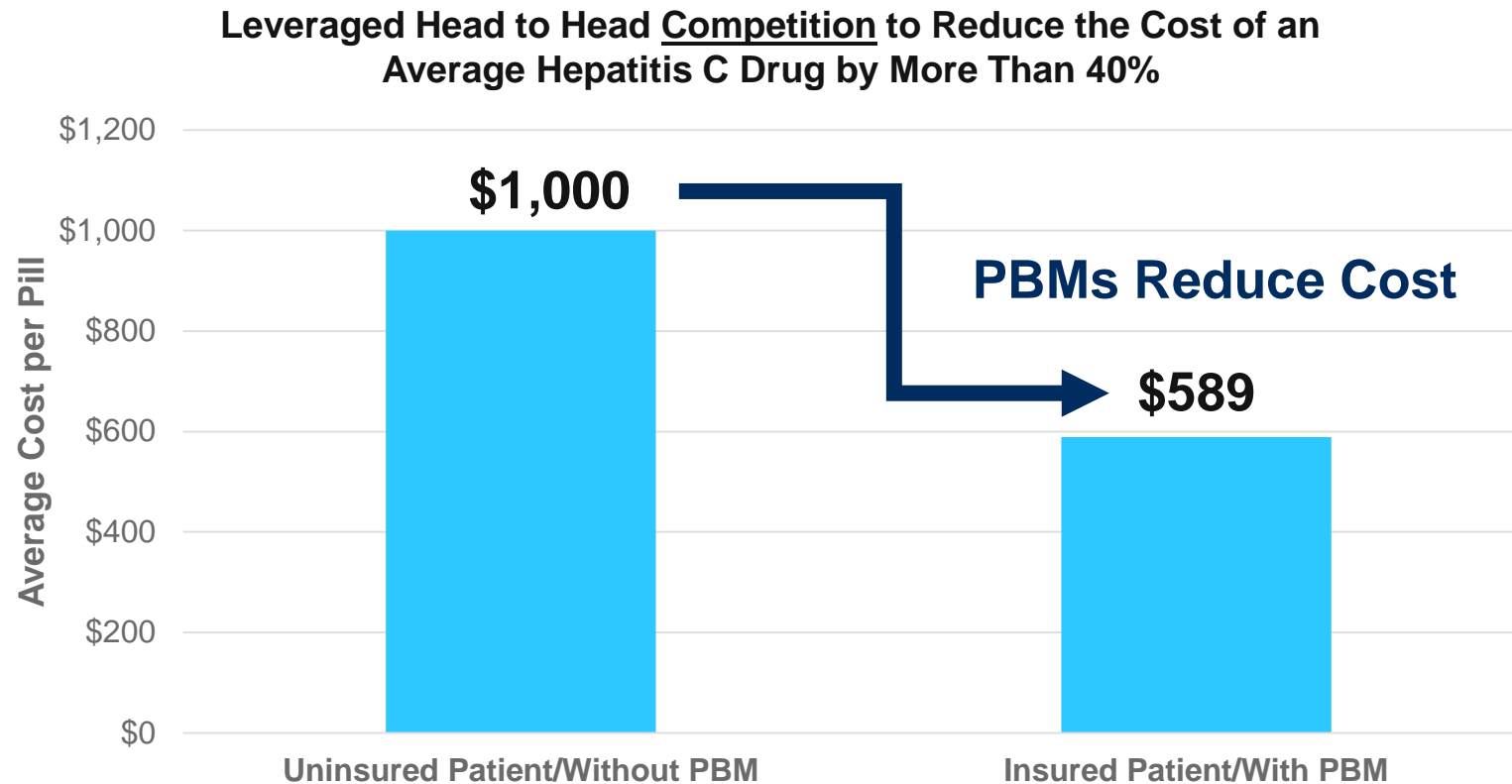
Affordable and Accessible Medicines

- Payers **do NOT** have to use a PBM.
- Payers **choose PBMs** because:
 - *PBMs improve medication use.*
 - *PBMs help payers control drug spend.*
 - *PBM programs improve patient outcomes.*

PBMs actively work to address Kansans
emphatic request to do something about the
high cost of prescription drugs.

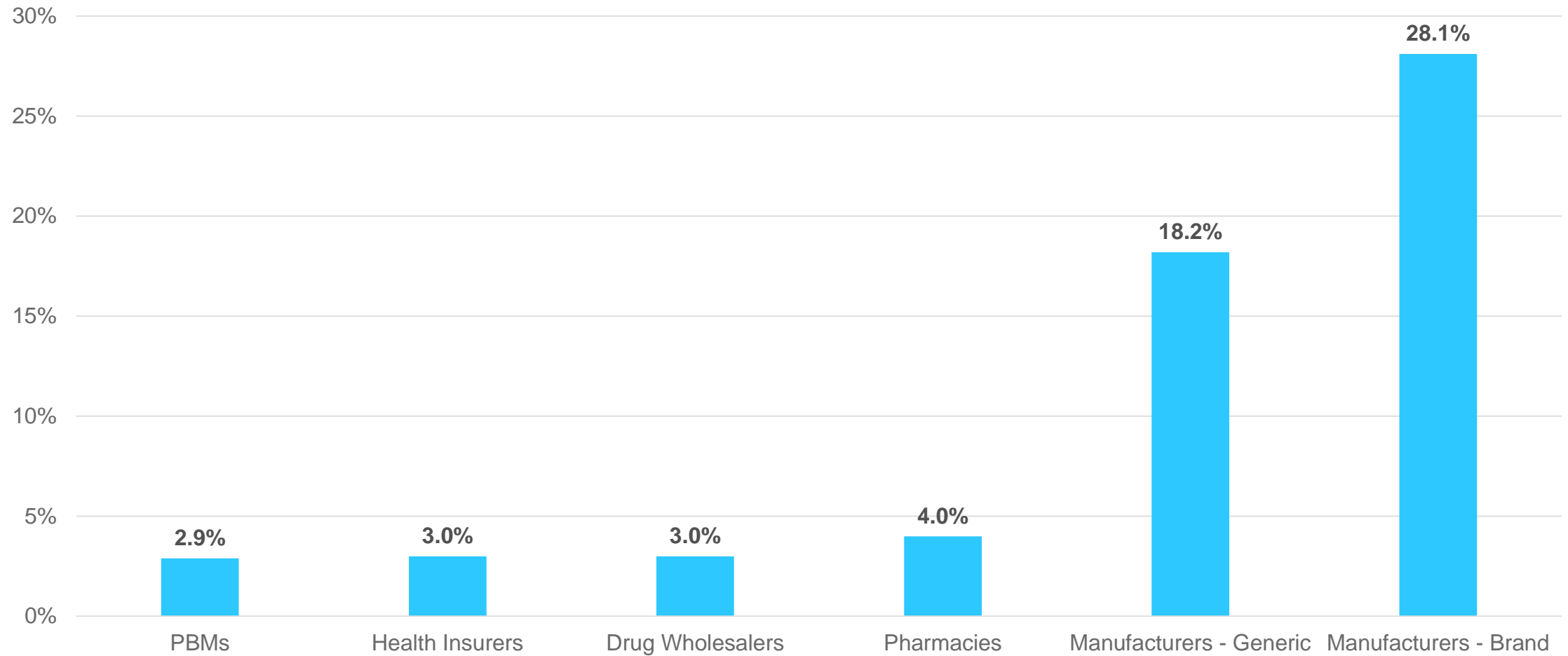
The Value of PBMs

PBMs save plan sponsors and consumers an average 35% compared to expenditures made without pharmacy benefit management.



Source: Visante, prepared for PCMA. February 2016.

Pharmaceutical Supply Chain Profit Margins



Source: *The Flow of Money Through the Pharmaceutical Distribution System*. Schaeffer Center for Health Policy & Economics, University of Southern California. June 2017.

Key Takeaways about PBMs

- **Payers choose to contract with a PBM.**
 - They can administer prescription drug benefits themselves, but continue choosing PBMs.
- **PBMs work for payers.**
 - Offer pharmacy benefit design models based on payer's specific needs
 - Offer and administer high-quality, cost-efficient services selected by payers
- **Payers always have the final say when creating drug benefits.**
 - There is no one-size-fits-all model - each payer has unique needs.
- **Payers retain full audit rights in their contracts – ensuring transparency.**



Aaron Dunkel

Executive Director, Kansas Pharmacists Association

Pharmacy's Role in Drug Pricing

- Pharmacies buy medications from wholesalers or, in limited cases, on the open market
- A vast majority of prescriptions are billed by pharmacies and are reimbursed through claims processed by pharmacy benefit managers, the rest are paid for by individuals at point of sale
- PBM claims are paid based on contracts, with point-of-sale pricing set wholly by the PBM
- On most claims, pharmacies do not determine what an individual or plan pays related to a prescription

Considerations When Looking at Drug Prices

- While we need to be very sensitive to the cost at the register for the patient, we must consider the full cost of medications to the system
- These costs need to include, at a minimum:
 - Patient co-pay
 - Amount charged to the plan for the medication
 - Costs associated with managing the plan
 - Rebates and other plan derived producer incentives paid to and retained by plan administrators
 - Variances in payment for services by PBMs to PBM owned pharmacies compared to other pharmacies

RESOURCES

- National Conference of State Legislatures: State Prescription Drug Database, 2015-present
 - <https://www.ncsl.org/research/health/prescription-drug-statenet-database.aspx>
- National Academy for State Health Policy: Prescription Drug Pricing
 - <https://www.nashp.org/policy/prescription-drug-pricing/>

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