DRAFT

MINUTES

September 26, 2019

Wisconsin Pharmacy Cost Study Committee

State of Wisconsin

Location:

Hill Farms State Office Building – CR N106
4822 Madison Yards Way, Madison, WI 53705

COMMITTEE MEMBERS PRESENT:

Pam Appleby (Teleconference)
Jeff Bogardus
Daryl Daane
Nathan Houdek
Daniel Kattenbraker
Eileen Mallow
Noah Roberts (Teleconference)
Renee Walk

OTHERS PRESENT

Advocate Aurora Health
Andrew Hanus
Department of Administration
Derek Sherwin
Department of Employee Trust Funds
Rachel Carabell, Lisa Gurley,
Bruce Johnson, Tricia Sieg
Office of the Commissioner of Insurance
Jennifer Stegall
National Governors Association (Teleconference)
Jane Horvath, Kate Johnson,
Kirk Williamson, Sandra Wilkniss
Navitus
Karen Markstahler
Pharmacy Society of Wisconsin
Danielle Womack
Wisconsin Association of Health Plans
Tim Lindquist
Wisconsin Government
Linda Palmer (Representative Michael Schraa)

Ms. Mallow called the meeting of the Wisconsin Pharmacy Cost Study Committee (Committee) to order at 2:00 p.m.

WELCOME/ATTENDANCE

Ms. Mallow provided an overview of the meeting agenda:

- 340B pricing and approaches;
- Pharmacy Benefit Manager (PBM) models; and
- Committee's next steps.

Committee	Mtg Date	Item #
WPCSC	10.31.19	2

Ms. Walk updated the Committee on parking reimbursements for the meeting.

APPROVAL OF MINUTES OF THE AUGUST 27, 2019 MEETING

> ***MOTION: Mr. Kattenbraker motioned to approve the open session minutes of the August 27, 2019, meeting as submitted by the Committee Liaison. Mr. Daane seconded the motion, which passed unanimously on a voice vote.***

NGA PRESENTATION ON 340B PRICING

Ms. Horvath provided an overview of 340B Drug Discount Program (REF. WPCSC | 9.26.19 | 3). She discussed the background of the 340B Drug Discount Program administered by the Health Resources Services Administration (HRSA), which requires drug manufacturers to provide outpatient drugs to eligible safety-net providers at a reduced price. Ms. Horvath stated the intent of the 340B Program is to provide those covered entities access to low cost medications in order to expand the type and volume of care they provide to the safety-net patient populations. There are approximately 53,000 safety-net providers that fall into 27 categories of eligibility, which include but are not limited to:

- Disproportionate Share Hospitals;
- Children's Hospitals;
- Critical Access Hospitals;
- Cancer Hospitals;
- Rural Hospitals;
- Federally Qualified Health Centers;
- Tribal Clinics;
- Ryan White Programs; and
- Title X Family Planning Clinics.

Ms. Horvath recommend ETF work with health plan providers to ensure they are affiliated with 340B entities, which would then extend the pricing to patients. She stated that 340B drug prices are confidential to providers and the public; Medicaid prices are confidential to the Medicaid providers.

Mr. Kattenbraker asked whether NGA has any concerns regarding significant changes or risks to 340B pricing moving forward. Ms. Horvath stated she does not see risks to 340B entities and pricing for the future. She stated the 340B eligible entities continue to grow and expand.

Mr. Houdek asked if there are any limits under 340B pricing that have been established. Ms. Horvath stated there are no limits under the 340B plans at this time.

340B PRICING APPROACHES (Renee Walk)

Ms. Mallow recommend the Committee investigate avenues which could build relationships among agencies to show the responsibilities of each agency to address

340B pricing concerns and profitability. She also recommended working on adapting a model comparable to either Texas or Iowa's 340B pricing models. Recommendation to Current 340B entities that are in the state system include university hospitals and colleges.

Mr. Daane mentioned that the Department of Corrections has tried to have discussions with the University of Wisconsin Hospital regarding partnering as a 340B entity, but the discussions have failed. He mentioned DOC's last attempt to negotiate with UW Hospital was approximately 2 1/2 to 3 years ago.

Mr. Houdek requested additional information from Mr. Daane on efforts already pursued by DOC in the past with UW Hospitals as well as an overview of the DOC Public Health structure. Mr. Daane will bring historical information about conversations DOC has had with UW Hospital as well as invite them to present information regarding the 340B pricing option pros and cons from their perspective.

Mr. Daane suggested we invite someone from DHS to gauge each entity's perspectives. Ms. Walk will talk to DHS to find a representative to attend the meeting.

Mr. Houdek suggested a coordinated call with DOC's directors to discuss 340B pricing and the efforts undertaken as well as what expectations they have for this type of business relationship moving forward.

Ms. Wilkniss stated NGA is willing to gather information regarding approaches currently used by other states like Iowa's Model. She stated NGA can bring additional information to next the meeting if the Committee finds this information useful.

Mr. Bogardus asked whether NGA can assist with either researching whether current Wisconsin Group Health Insurance Program (GHIP) members are 340B patients or assist in finding out why the GHIP is disqualified from 340B pricing if the members are indeed 340B patients.

PHARMACY DATA PRESENTATION

Ms. Carabell discussed the type of data that was available to the Pharmacy Cost Study Committee in 2018 regarding shared drug expenditures and utilization for:

- Top 50 drugs by total spending;
- Drugs to treat hepatitis C;
- Epi-Pens; and
- Narcan.

Ms. Carabell stated the Committee was unable, at that time, to provide an effective comparison of drug prices across the agencies due to a variety of challenges with data which included:

- Non-comparable unit cost comparisons due to different purchasing model utilization;
- Rebates and other pricing information not available;
- Reporting timeframes need to be close to the same for all state agencies; and
- Medical benefit drug costs are generally not available due to being bundled under a general revenue code.

Ms. Carabell provided a breakdown of the top conditions being treated by each agency in 2018:

- ETF: diabetes, multiple sclerosis, rheumatoid arthritis and cancer;
- DOC and DHS: mental health conditions, HIV and hepatitis C; and
- Veterans Home at King: rheumatoid arthritis, multiple sclerosis, fibromyalgia, diabetes, dementia, seizures and other conditions common for the elderly and those in long-term care facilities.

Mr. Daane stated within the last few months, Lyrica has become available as a generic drug, which shows approximately a 95% drug cost savings.

DATA AVAILABILITY AND QUESTIONS

Ms. Appleby offered to gather drug pricing down to the NDC level for the Department of Health Services to bring back to the Committee for discussion and comparison to other state agencies.

Ms. Horvath asked if the Committee may be interested in looking into whether someone from UW Madison's health policy division can be bound with a confidentiality agreement which would allow the Committee to provide them with the data to analyze costs and pricing of different drugs.

Mr. Bogardus stated ETF has a contract with GHIP's pharmacy benefit manager (PBM); ETF has had discussions on whether they may be able to piggyback on ETF's current contract with the PBM.

Mr. Houdek asked if ETF can release an RFI for a drug costs analysis utilizing a third-party contract or another type of arrangement. He also stated that there would need to be a neutral party for processing the pharmacy costs analysis and recommended focusing on the top five drugs across the state agencies. Mr. Houdek also suggested the Committee look at how removing or adding drugs from plans may be able to help align drug costs and the impact that it may have on rebates.

Ms. Mallow offered to bring information back to the Committee on ETF's current pharmacy program audit contract to help construct a timeframe for presenting an RFI to be released if the Committee deems it appropriate.

Mr. Roberts departed at 3:00 p.m.

PHARMACY PIPELINE PRESENTATION

Mr. Bogardus discussed Pharmacy Benefit Manager (PBM) Payment Models, highlighting that the average annual cost of pharmacy claims is $330 million, and that ETF has been able to implement reduction techniques to successfully get the average annual net pharmacy expenses down to $272 million—a $58 million average annual reduction in pharmacy costs.

Mr. Bogardus also presented notable differences between the Pharmacy Benefit Manager business models, including the benefit of a Pass-Through model, which maintains a single maximum allowable cost list where the clients receive the full value of the contracted discount without any revenue retention. He also highlighted that this model's maximum allowable cost pricing applies to retail, mail order and specialty distribution channels and has full disclosure of specific maximum allowable cost list drug pricing upon client request. Mr. Bogardus stated that the opposite was true in a traditional model and included low contracts with pharmacies, high contracts with clients, revenue retention, the pricing often excludes mail order and specialty distribution channels and the list drug pricing is typically not disclosed to clients. Mr. Bogardus discussed how rebates are distributed in the Pass-Through and Traditional models. He highlighted that within the Pass-Through model, clients receive 100% of all rebates, no revenue is retained by the PBM, full disclosure of any manufacturer financial benefits or revenue and fully auditable manufacturer agreements. He added that ETF's auditor for the PBM, Tricast, audits the contracts and manufacturer agreements.

ADJOURNMENT

The meeting adjourned at 3:31 p.m.

Date Approved: ______________________________

Signed: _____________________________________
Renee Walk, Facilitator
Wisconsin Pharmacy Cost Study Committee