

DRAFT

MINUTES

December 19, 2019

Wisconsin Pharmacy Cost Study Committee

State of Wisconsin



Location:

Hill Farms State Office Building – CR N133
4822 Madison Yards Way, Madison, WI 53705

COMMITTEE MEMBERS PRESENT:

Pam Appleby, DHS (teleconference)	Daniel Kattenbraker, DCTS
Jeff Bogardus, ETF	Eileen Mallow, ETF
Daryl Daane, DOC	Renee Walk, ETF
Nathan Houdek, OCI	

COMMITTEE MEMBERS ABSENT:

Noah Roberts (Governor’s Office)	Julie Thiel (DHS)
----------------------------------	-------------------

OTHERS PRESENT

Department of Administration

Derek Sherwin

Department of Employee Trust Funds

Rachel Carabell, John Freidheim,
Lisa Gurley, Bruce Johnson, Tricia Sieg

Office of the Commissioner of Insurance

Jennifer Stegall

National Governors Association

(Teleconference)

Jane Horvath, Kirk Williamson,
Sandra Wilkniss

UW Health

Mark Johnson, Connie Schulze, Julie Yendrek

Wisconsin Department of Public Health

Sheila Guilfoyle

Wisconsin Government

Linda Palmer (Representative Michael Schraa)

Wisconsin Hospital Association

Laura Rose

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

REVIEW OF AGENDA

Ms. Mallow provided an overview of the meeting agenda and asked if there were any other topics that the Committee would like to discuss:

- Finalizing 340B Approach;
- Specialty Pooled Purchasing;
- Reports; and
- Committee’s next steps.

Committee	Mtg Date	Item #
WPCSC	1.23.20	2

APPROVAL OF MINUTES OF THE OCTOBER 31, 2019 MEETING

MOTION: Mr. Kattenbraker motioned to approve the open session minutes of the October 31, 2019, meeting as submitted by the Committee Liaison. Mr. Bogardus seconded the motion, which passed unanimously on a voice vote.

FINALIZING 340B APPROACH

DHP Presentation

Ms. Amsterdam from the Department of Health Services, Division of Public Health provided an overview of a memorandum of understanding (MOU) that is in the works between DHS and the State Lab of Hygiene (SLH). She stated SLH currently provides the testing for sexually transmitted diseases (STDs) and tuberculosis (TB) for the Department of Corrections (DOC). Ms. Amsterdam explained the next steps under this MOU is to ensure that DHS and DOC are set up in the system under a working in kind relationship to make them eligible as 340B entities under SLH. Ms. Amsterdam stated she would be the contact at DHS for signing the MOU.

Mr. Daane stated it is the DOC's position that they would be responsible for applying and recertifying as a 340B entity under this MOU. He also stated Dr. Bekx, acting bureau director, would be the contact at DOC for signing the MOU until the position is filled. Mr. Daane's understanding is once DOC is certified, they would be on the board at the following quarterly meeting after successful certification.

Ms. Amsterdam confirmed that Mr. Daane would need to enroll all institutions under DOC as sub-grantees at the time of applying for those facilities to be eligible for the 340B pricing.

Mr. Daane stated he will help track financial savings in this quarterly budget reports and update the committee on cost savings that they are seeing with this MOU.

UW Hospital Presentation

Mr. Johnson, Vice President of Managed Care Contracting, from UW Health provided an overview 340B pricing and engaged in discussion that included:

- Understanding DOC current state & objectives;
- Summary of level 340B information and how prescriptions qualify;
- Current state of UW Health 340B; and
- Potential DOC relationship.

Mr. Johnson stated Milliman had released a report which showed estimates of 340B acquisition costs for entities which included pricing on pharmaceutical drugs.

Ms. Horvath offered to share Milliman's report with the Committee.

Mr. Johnson stated UW Health currently only qualifies for the Ryan White Grant and Hemophilia Program, but qualification in additional programs or grants is routinely evaluated.

Mr. Johnson explained under current UW limitations, options are non-existent for 340B pricing. He questioned whether DOC would be interested in re-visiting a relationship if UW's qualifications change but stated DOC would need to change to UW as their source for obtaining drugs if this is the route that would be chosen. Mr. Johnson also stated UW has costs of administering drugs, so this would not be a pass-through model for 340B pricing.

Options to Pursue

Ms. Walk presented options for the Committee to consider regarding 340B pricing, which included:

- DOC should pursue a subgrantee arrangement with DPH to obtain 340B pricing for drugs related to STD treatment; and
- If WPCSC supports recommendation, the Workgroup can provide additional analysis on costs and savings specific to this change, to be included in final WPCSC report.

Ms. Walk stated to initiate the subgrantee arrangement, DOC should make its intentions known to DPH and document the nature of their current partnership, discounted STD treatment kits, and adjust the in-kind relationship if needed. She explained, DOC can then apply directly to the Health Resources and Services Administration (HRSA) for subgrantee status. Ms. Walk stated HRSA will contact DPH to verify the relationship and that DPH is receiving funds under sections 317 and 318. She stated once awarded the subgrantee status, DOC can enroll as a 340B entity and use 340B drugs to fill client prescriptions if the client is receiving services that are within the scope of STD or tuberculosis treatments

MOTION: Mr. Daane moved to enter into a cooperative agreement with the Department of Health Services' Division of Public Health as a subgrantee in order to obtain 340B pricing for eligible clients. Ms. Mallow seconded the motion, which passed unanimously on a voice vote.

SPECIALTY POOLED PURCHASING

Options for Consideration

Ms. Walk provided an overview of what constitutes a specialty drug, which included:

- Being prescribed for a person with a complex or chronic medical condition;
- Treat rare conditions;
- Require additional patient education and support beyond dispensing;
- Have a high monthly cost;
- Have special handling requirements; and
- Are not stocked at all retail pharmacies.

Ms. Carabell provided an overview of the common drugs among agencies that contributed data, which included:

- Adalimumab (Humira);
- Insulin Glargine, Recombinant (Lantus and Toujeo);
- Pregabalin (Lyrica);
- Etanercept (Enbrel);
- Albuterol Sulfate (Proventil HFA, Ventolin HFA and ProAir HFA);
- Rivaroxaban (Xarelto); and
- Glatiramer Acetate (Copaxone and Glatopa).

Mr. Daane stated Albuterol Sulfate and Pregabalin will fall off this list as markets increase rollovers for first generics. However, they will not be available to the generic marketplace until 2023 due to current contracts.

Ms. Carabell stated everyone purchases drugs differently and, in this analysis, we used contracted prices to the pharmacy including cost sharing; the analysis numbers don't include rebate amounts or share-back payments.

Ms. Walk discussed challenges faced by pooled purchasing, which included:

- Open/closed formularies;
- Pricing transparency;
- State purchasing rules and existing contracts;
- Agency authority; and
- Staff capacity.

Mr. Bogardus introduced the idea of PillarRx, ETF's current pharmacy benefit manager program auditor, being a third-party to gather data from all agencies regarding pharmaceutical prices they receive to audit the prices. In this proposal, PillarRx would audit the prices submitted by each entity and construct a de-identified formulary or pricing guide to see the range of prices that different agencies receive for prescription drugs. He stated PillarRx has completed this process for several other states and can provide additional experience and analysis that would otherwise be out of the scope of work for separate agencies.

Mr. Houdek and Ms. Appleby agree that this proposal would be beneficial to the Committee to compare prices that agencies receive to see if there is a pattern with discounted prices in comparison to others.

Mr. Daane noted the list of specialty drugs should be re-worked as drugs change or the Committee should construct a scope of work for real costs. He added, the specialty drugs that are procured by DOC were not included in the data that was previously supplied, as the DOC is direct billed for these specific medications, and therefore housed in a separate billing system.

The Committee agreed they would like to see a proposal from PillarRx to be presented to the Committee at its January meeting for discussion. After reviewing the proposal, the Committee would like to invite PillarRx to present at its February meeting and to answer any lingering questions.

Discussion

Mr. Bogardus mentioned part of what we see from PillarRx can help to drive initiatives. The next question that the Committee will need to address is whether to create an entity to manage all oversight of the groups involved.

Mr. Daane added the Committee will also need to consider that the landscape is changing so quickly surrounding pooled and specialty drugs. His concern is that we should be mindful of what we are spending our time investigating.

Mr. Houdek questioned whether there is other work that the Committee can be doing outside of PillarRx investigating the pharmacy costs. Ms. Walk has agreed to investigate additional options for the Committee to consider at a future meeting.

Mr. Stamm suggested the Committee figure out how all entities can work together to purchase the drugs in negotiations, stating larger groups will often get better pricing.

Ms. Mallow suggested the Committee investigate building a model that will allow leveraging pricing even if the drugs change. She asked if there are specific models the Committee would like to begin investigating.

Ms. Appleby provided information on SmartD, run by the University of Oregon, which is looking into a direct collaborative working in conjunction with Arnold Ventures to improve the purchasing power in the drug pricing space. They are in the process of investigating policies and interventions to assist in moving the needle for drug costs with public payers. She stated one avenue being considered is an inter-agency purchasing model to help leverage their collaboration. Ms. Appleby stated there may be interest in Wisconsin joining this type of collaboration, because we have already been doing research on this type of work on our own. She stated this could allow Wisconsin to continue some of the work that has already been started and has been supported by NGA. Ms. Appleby stated calls for a readiness assessment for technical assistance will take place at the end of January with technical assistance grants being awarded to begin work February 2020 and run through September 2021; four to six states will be onboarded for technical assistance grants.

Next Steps

Ms. Walk asked whether the Committee would like ETF to discuss a scope of work with PillarRx. She also stated the Wisconsin Pharmacy Costs Study Workgroup could do an initial review on some of the state requirements and limitations between the agencies involved for pooled purchasing arrangements. Ms. Walk suggested this could set the framework for further discussions at the Committee level.

Mr. Daane stated the Northwest Drug Consortium was looking to bring in other states for their purchasing models if the Committee may be interested in gathering more information on this as a possible avenue.

Ms. Sieg asked NGA if they could send the Committee a copy of the presentation they gave at the last NGA Conference. Ms. Horvath stated she would send the presentation to ETF for distribution to the Committee members.

REPORTS

Governor's Task Force Update

Mr. Houdek provided an update on the Governor's Task Force on Pharmacy Benefit Costs. He stated the first meeting was held at Hill Farms State Office Building on November 20. Mr. Houdek stated this was a level setting meeting and NGA presented to the Task Force. The next meeting is scheduled for January 22 in Milwaukee and will be focused around pharmacy benefit managers.

NGA Conference Report

Mr. Daane provided an overview of the NGA Conference and stated Wisconsin is not alone in the fight to purchase pharmaceutical drugs at a lower cost; this seems to be a common theme among different states and agencies. He also stated we are only one of the many states struggling to find a balance and looking to find a consensus from states stating we are no longer going to pay high prices. Mr. Daane shared that he feels this is the only way that we will be able to afford what we need to purchase the pharmaceutical drugs that are needed for clients and patients.

ADJOURNMENT

The meeting adjourned at 3:30 p.m.

Date Approved: _____

Signed: _____

Renee Walk, Facilitator
Wisconsin Pharmacy Cost Study Committee