Oregon Prescription Drug Price Transparency

Annual Public Hearing

1 to 3 p.m. Wednesday, Dec. 8, 2021

Sign up in the chat or Q&A to provide public testimony.
Send written comments to rx.prices@dcbs.oregon.gov.

DCBS | Department of Consumer and Business Services

Prescription Drug Price Transparency Annual Public Hearing

Moderator panel:

- **Senator Deb Patterson** (she/her)
- **Representative Rachel Prusak** (she/her)
- **Representative Rob Nosse** (he/him)
- **Representative Ron Noble**
- **Trilby de Jung** (she/her), JD, Deputy Director of Health Policy & Analytics Division at OHA

Drug Price Transparency Program

Program presenters:

- **Sofia Parra** (she/her), Program Coordinator, Drug Price Transparency Program
- **Antonio R. Vargas** (he/him), Research Analyst, Drug Price Transparency Program
- **Numi Lee Griffith** (she/her), Senior Policy Advisor, Division of Financial Regulation, DCBS

Drug Price Transparency Program

Program basics:

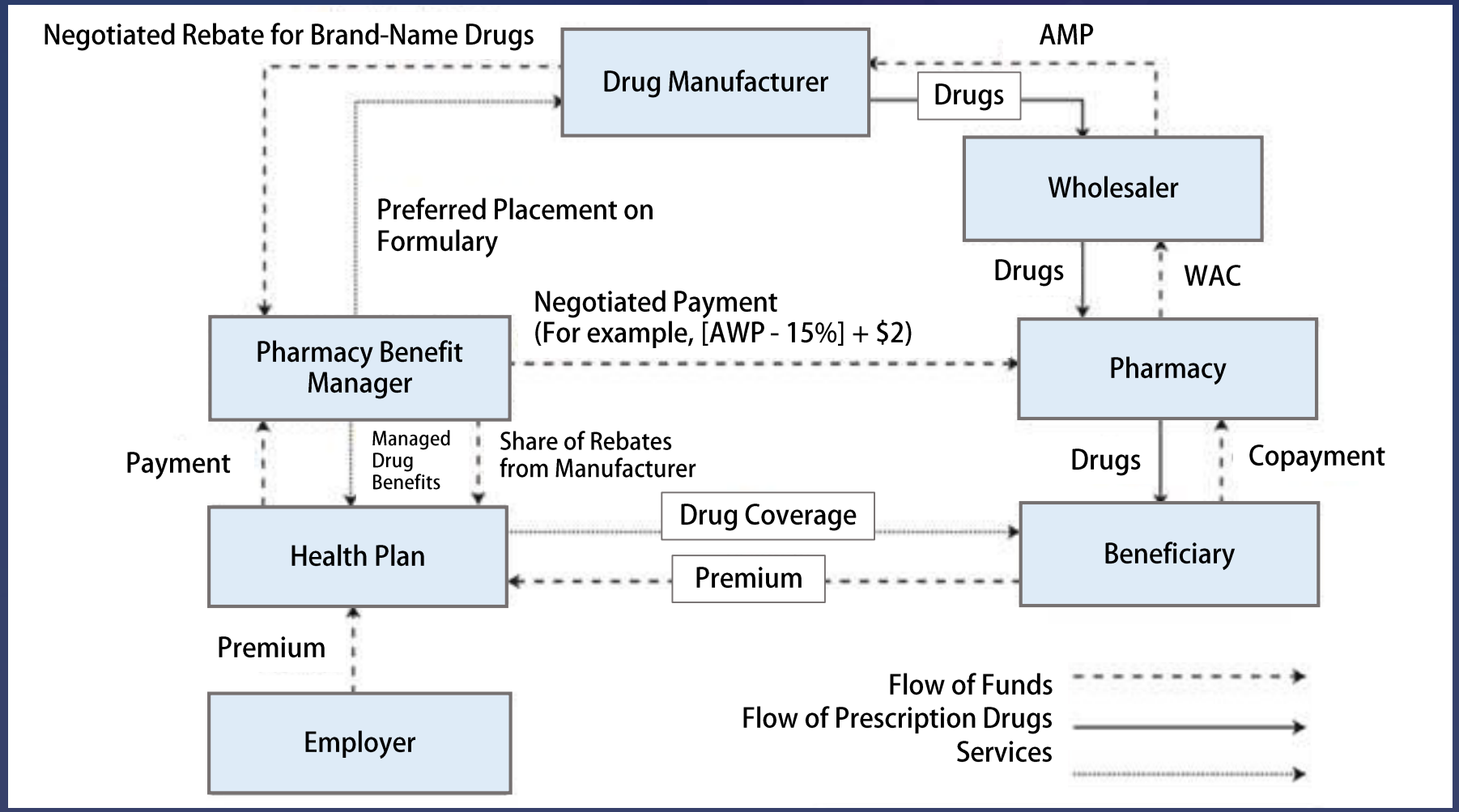
- Program operates under ORS 646A.680 to 646A.692 and administrative rules OAR 836-200-0500 to 836-200-0560

- Reporting manufacturers are required to register, file certain reports, and pay an annual billing to cover program costs

- Reporting manufacturers are those who meet all of the following:
  - Registered with the Oregon Board of Pharmacy
  - Manufacture prescription drugs for sale in Oregon
  - Set the drug's price (wholesale acquisition cost – WAC)

Drug Price Transparency Program

Prescription drug supply chain diagram



Drug Price Transparency Program

Types of reports received:

- New high-cost prescription drug – Manufacturers
- Annual price increase – Manufacturers
- Sixty-day notice price increase – Manufacturers
- Top 25 drugs in various categories – Insurers
- Impact of prescription drug costs on premiums – Insurers

Drug Price Transparency Program

Consumer reporting:

- Price increase reporting
- Stories and questions
- Outreach

Drug Price Transparency Program

Transparency website demonstration

Data highlights from the 2021 annual report

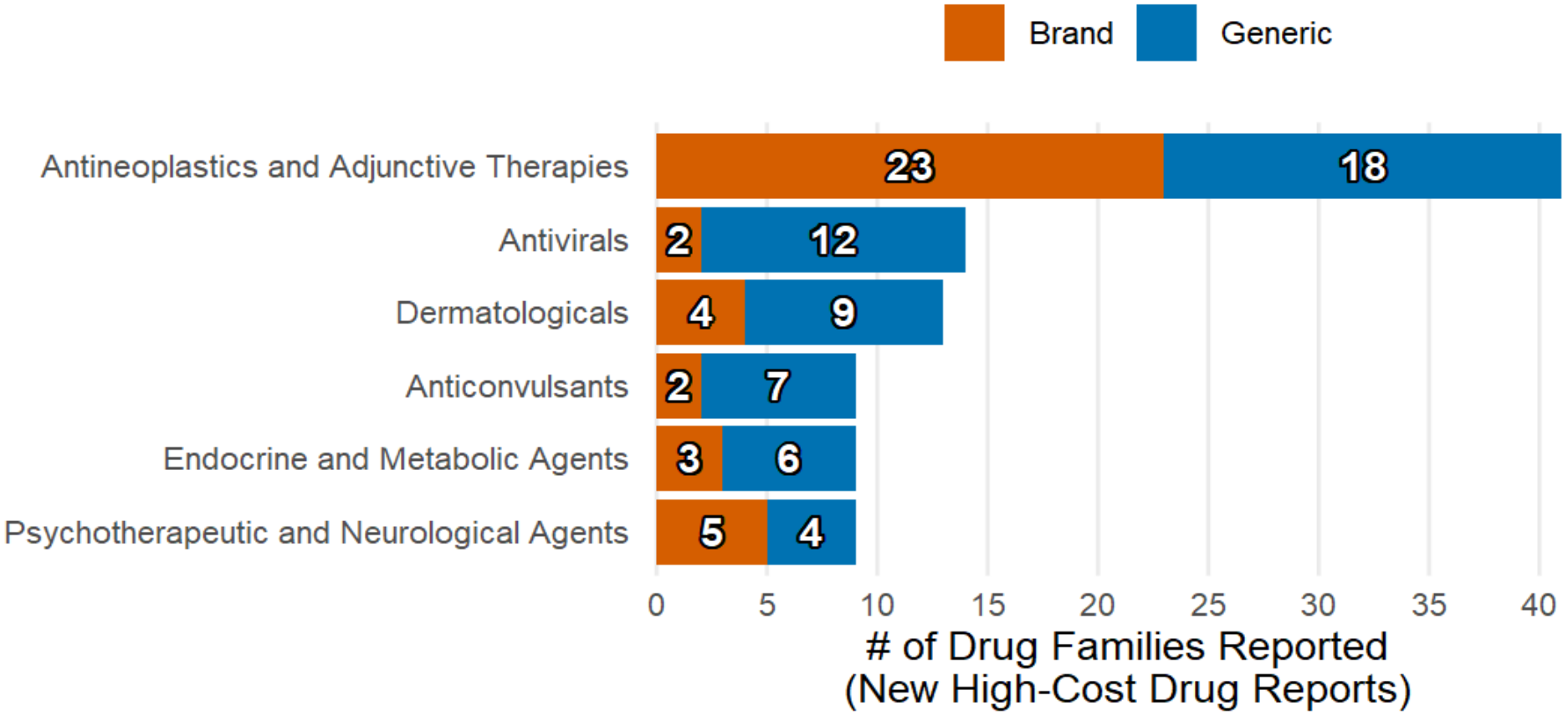
- 193 new high-cost drugs reported (121 generic, 72 branded)
  - Highest prices: $419,500 for Abecma, $410,300 for Breyanzi, both "CAR-T" cancer therapies produced by Bristol-Meyers Squibb

- 71 drugs reported annual price increases (40 generic, 31 branded)
  - Largest increase: 778% for a generic from Nostrum Labs
  - Averages: +27% for generics, +13% for brands

- 10 insurers reported information to the program
  - Humira: $93,544,597 for 19,225 prescriptions
  - 7.4% price increase led to $1.4B more in spending nationally

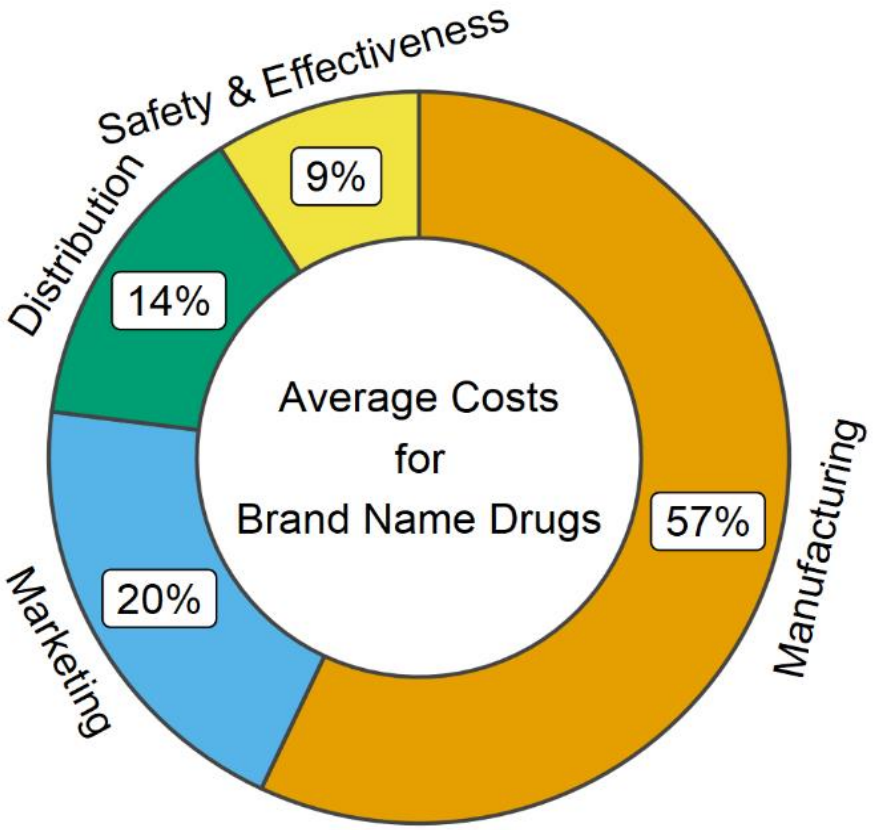
Data highlights from the 2021 annual report

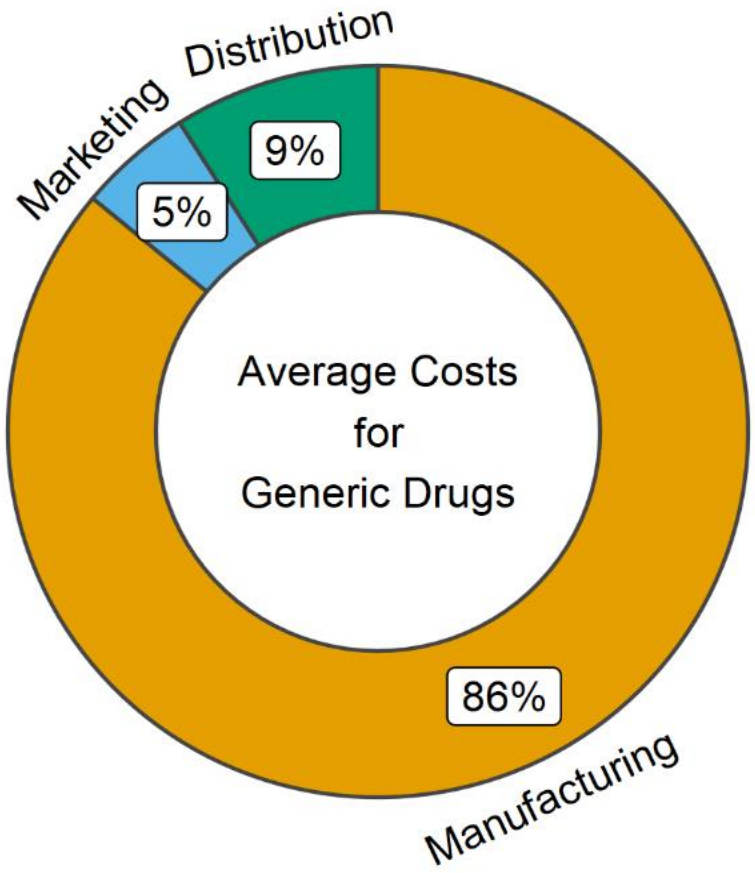
Distribution of new high-cost drug reports by therapeutic class



Data highlights from the 2021 annual report

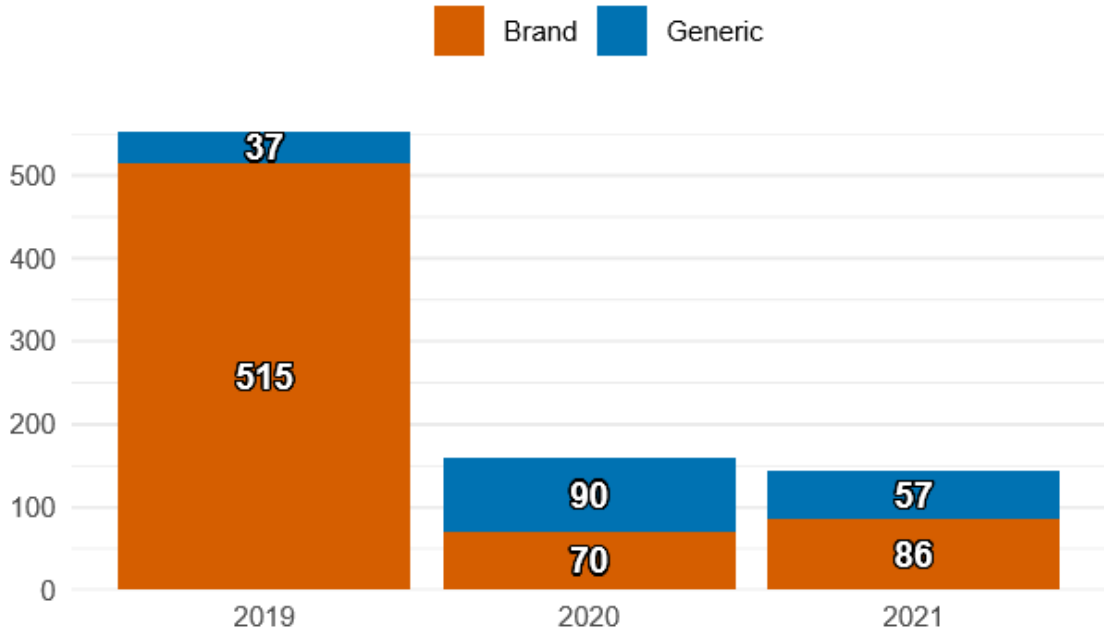
Direct costs reported by prescription drug manufacturers (annual reports)



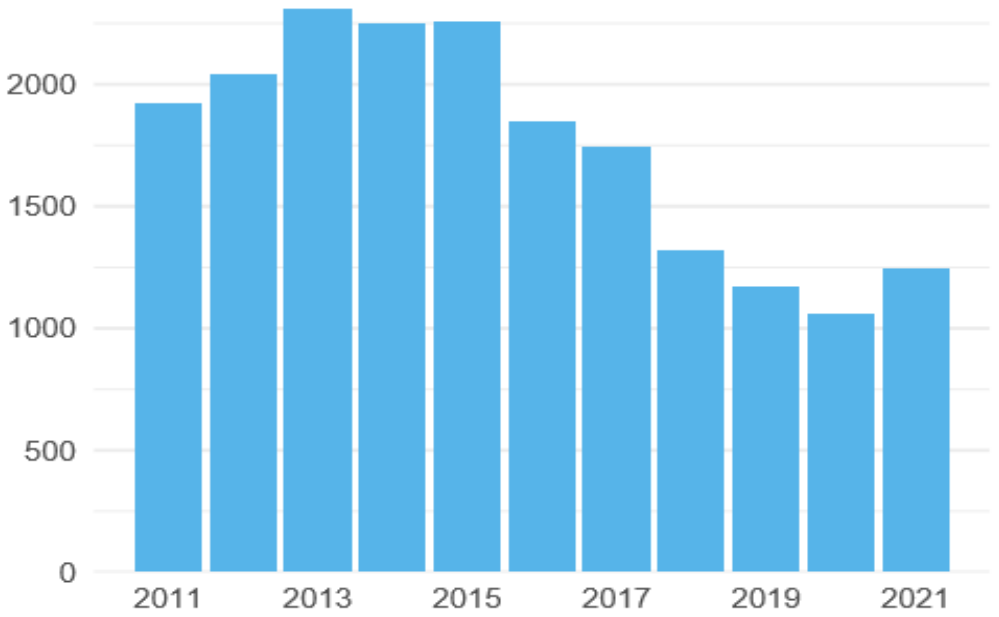


Data highlights from the 2021 annual report

Program data – price increase reports 2019-2021

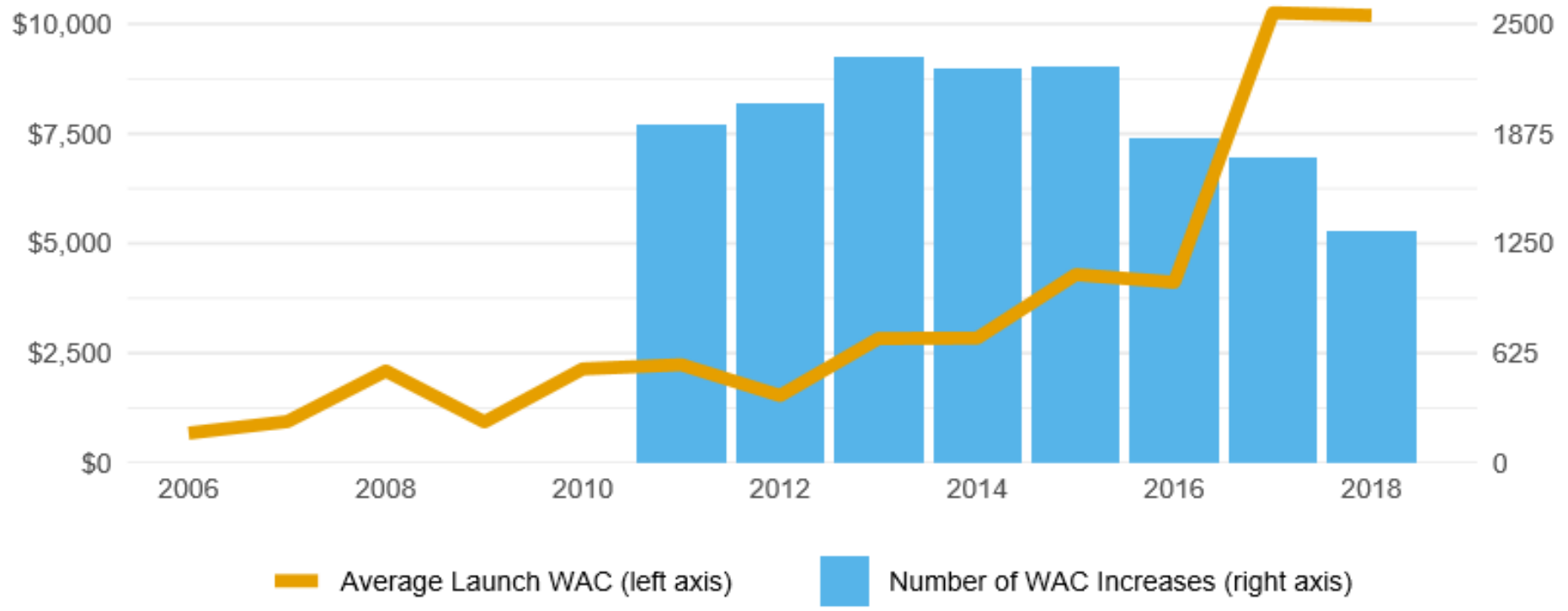


Marketwide – all net price increases 2011-2021



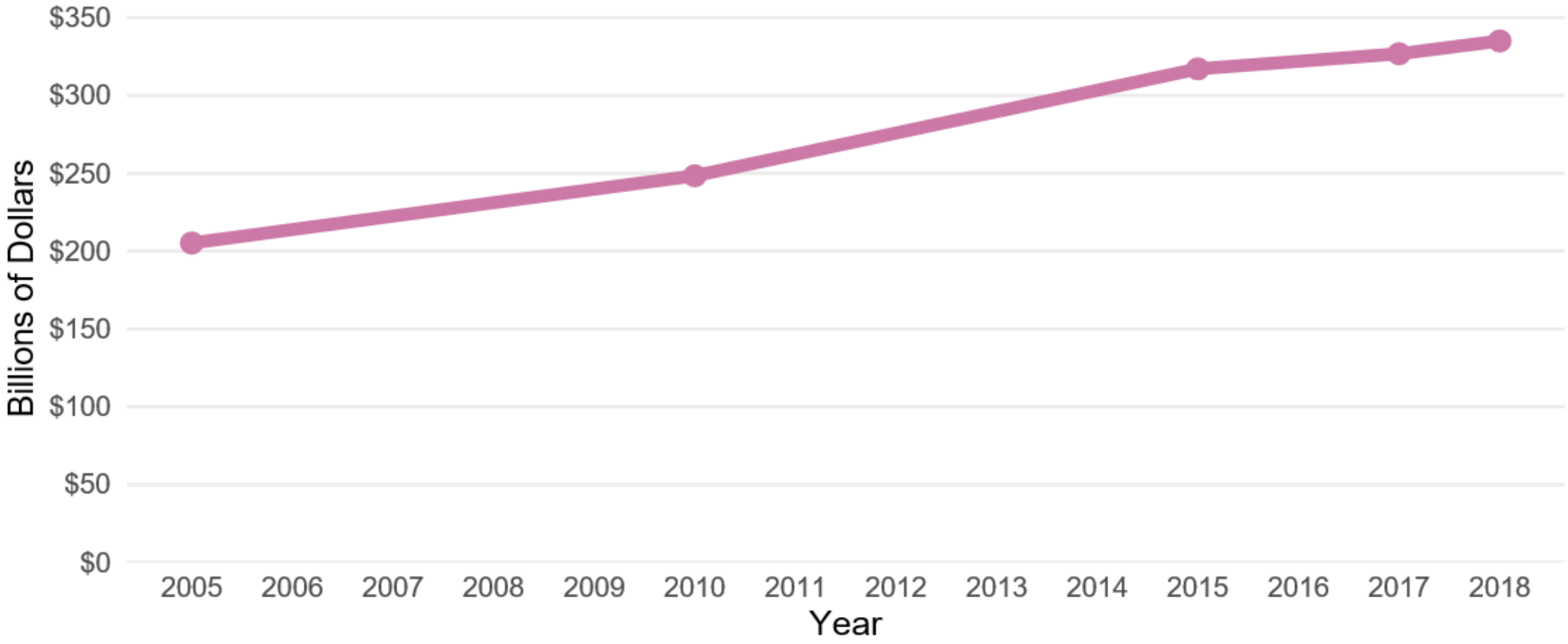
Data highlights from the 2021 annual report

Number of net price increases vs. average launch price of new drugs



Data highlights from the 2021 annual report

Estimated expenditure on retail prescription drugs in U.S. (2005 to 2018)



Drug Price Transparency Program

Questions?

Program presenters:

- **Sofia Parra**, Program Coordinator
- **Antonio R. Vargas**, Research Analyst
- **Numi Lee Griffith**, Senior Policy Advisor

Members of the public: Use the chat window to sign up to give public testimony.

First public comment period

Send written testimony to rx.prices@dcbs.oregon.gov

First invited panel - Topic: **Approval of Aduhelm for treatment for Alzheimer's disease**

Presenters:

Grace A. Lin (she/her), M.D., M.A.S.; Medical Director, Health Technology Assessment, ICER and Associate Professor of Medicine and Health Policy, University of California San Francisco

Aaron S. Kesselheim (he/him), M.D., J.D., M.P.H., Professor of Medicine, Brigham and Women's Hospital/Harvard Medical School

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Aducanumab for Alzheimer's Disease

Presentation at the Oregon Drug Price Transparency Hearings

Grace A. Lin, MD, MAS, Medical Director, Health Technology Assessment
Associate Professor of Medicine and Health Policy, UCSF
December 8, 2021

ICER
INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

Institute for Clinical and Economic Review (ICER)

- Independent health technology assessment group whose reviews are funded by non-profit foundations
- Develop publicly available value assessment reports on medical tests, treatments, and delivery system innovations for over 12 years
- Use cost-effectiveness analysis to determine value-based price benchmarks
- Convene regional independent appraisal committees for public hearings on each report

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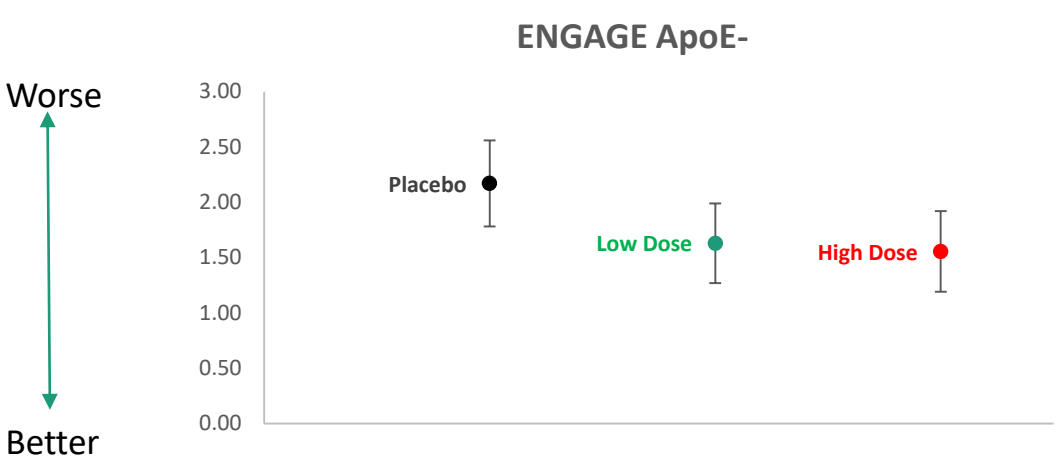
Aducanumab Review

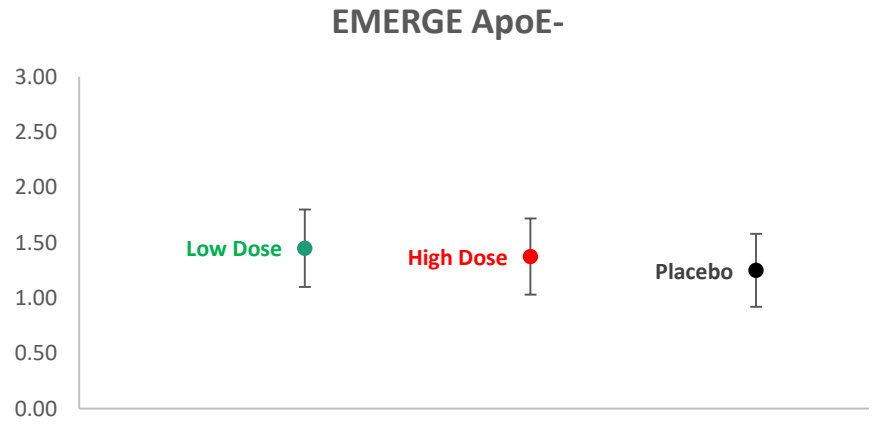
- Clinical and cost effectiveness of adding aducanumab to supportive care in patients with mild cognitive impairment or mild Alzheimer's disease
- 10-month review process included:
  - Stakeholder engagement (patients, families, patient groups, clinicians, manufacturers)
  - Expert review
  - Input and voting from California Technology Assessment Forum at public meeting (July 2021)

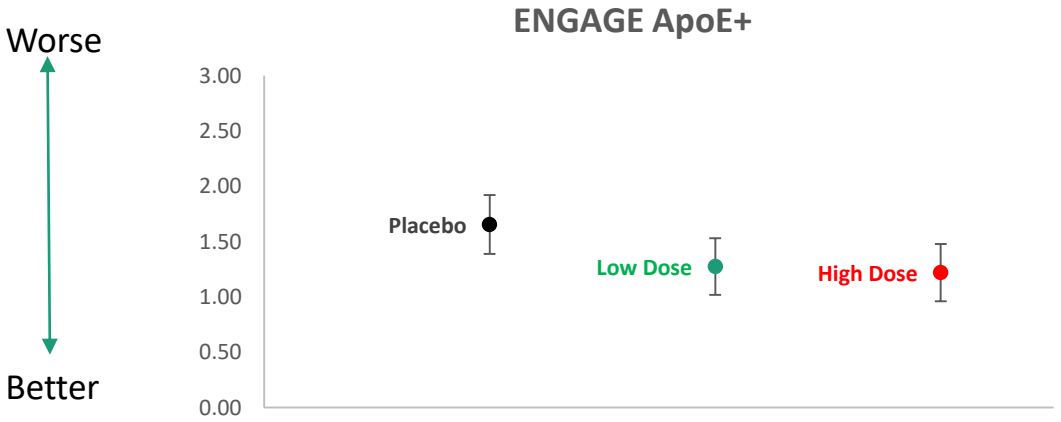
ICER's Assessment of the Clinical Evidence

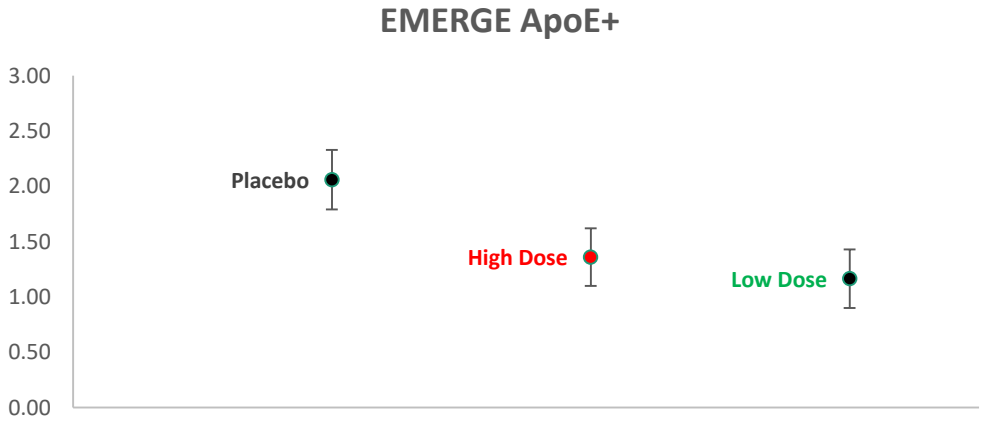
- Aducanumab reduces beta-amyloid in a dose-dependent fashion
  - Relationship of amyloid reduction to clinical benefit (slowing of decline) is unclear
- Inconsistent results with clinical outcome (CDR-SB)
  - EMERGE was positive, ENGAGE was not
  - Post-hoc analyses break randomization so cannot be taken as conclusive
  - Dose-exposure explanation by manufacturer also not conclusive

CDR-SB, Post-PV4, by ApoE Status









Other concerns

- Minimal clinically important difference for CDR-SB not defined
  - Experts suggest small difference in EMERGE **not** clinically important
- Safety
  - ARIA was mild but could be severe
  - Intensive monitoring in clinical trial not required in real world
- Generalizability
  - Lack of diversity, younger age of clinical trial population

Summary of Cost-effectiveness Analysis

- Cost per quality-adjusted life year (QALY) gained of $1.3 million
  - Aducanumab treatment effectiveness was most influential output
- Discount of 80-97% from current $56K price to reach traditional $100K cost-effectiveness threshold
  - Clinical benefit not large even if present

ICER's Conclusions and Recommendations

- Evidence is inconclusive re: benefit of aducanumab
  - Independent panel voted 15-0 that evidence not adequate to conclude aducanumab provides net health benefit compared with supportive care alone
- Additional rigorous randomized, controlled clinical trial needed to establish benefit
- Aducanumab not cost-effective at traditional thresholds
- Full report and public meeting recording at https://icer.org

Thank you

First invited panel - Topic: **Approval of Aduhelm for treatment for Alzheimer's disease**

Presenter:
Aaron S. Kesselheim (he/him), M.D., J.D., M.P.H.
Professor of Medicine, Brigham and Women's Hospital/Harvard Medical School
akesselheim@bwh.harvard.edu

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Second invited panel - Topic: **Patient assistance programs and co-pay accumulators**

Presenters:

Professor Robin Feldman (she/her), Arthur J. Goldberg Distinguished Professor of Law, Albert Abramson ’54 Distinguished Professor of Law Chair, Director of the Center for Innovation at University of California Hastings

Dharia McGrew (she/her), Ph.D.; Director, State Policy, PhRMA

Robert Judge (he/him), Director, Pharmacy Services, Moda Health Plan

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Director, State Policy, PhRMA
DMcGrew@phrma.org

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Prescription Medicine: Costs in Context

Oregon Drug Price Transparency Public Hearing

Dec 8, 2021

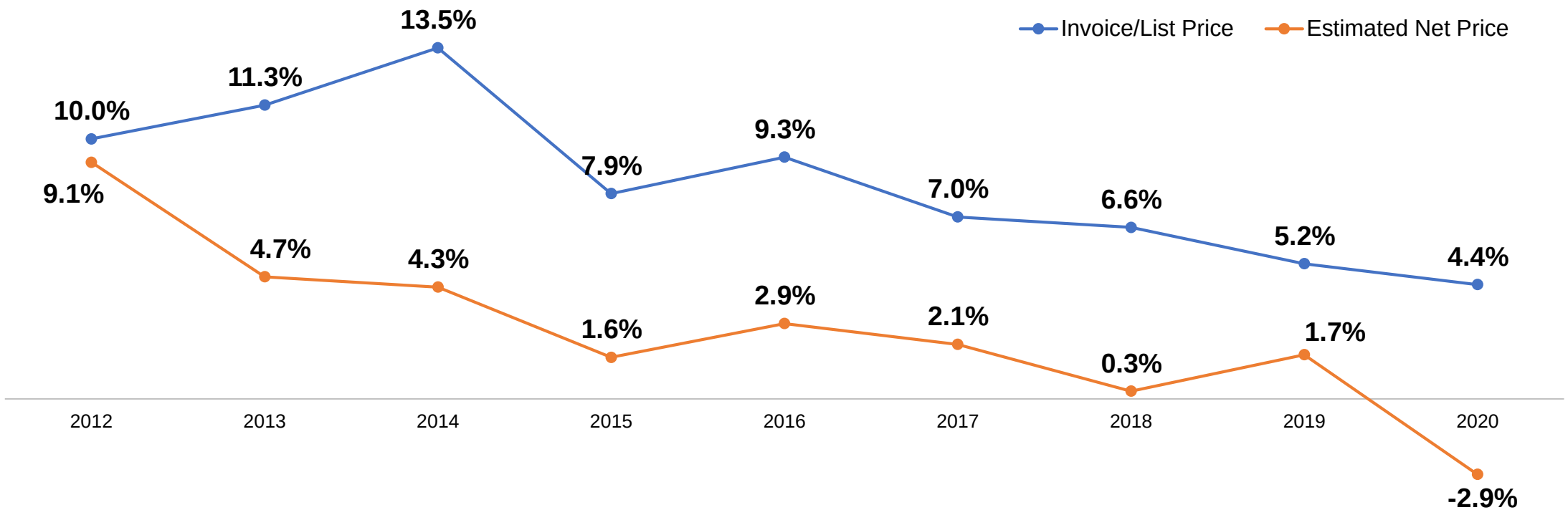
Dharia McGrew, PhD

Director, State Policy

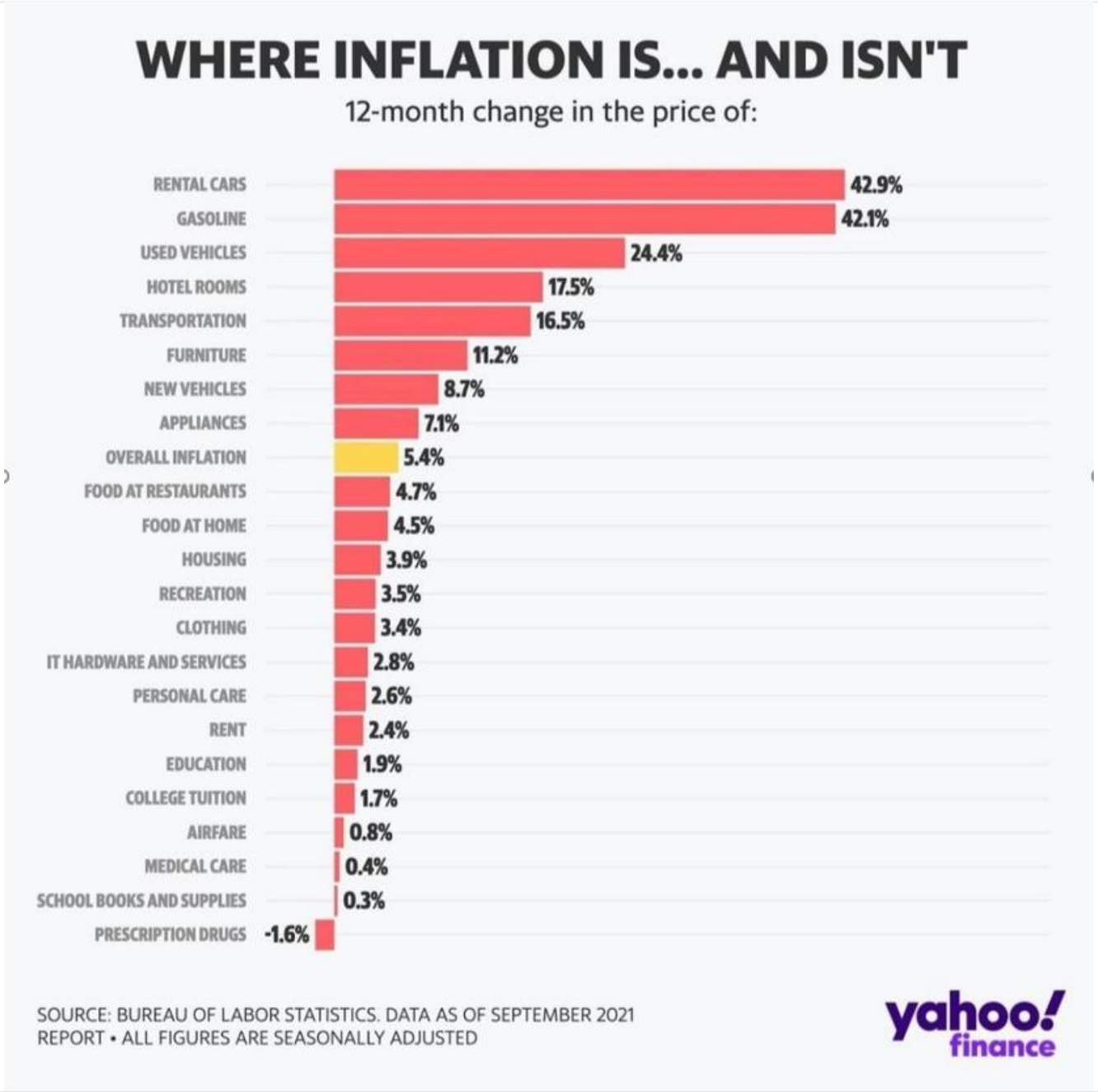

Distribution and Financial Flow
FOR RETAIL BRAND DRUGS
HEALTH PLAN
7
PBM typically returns majority of rebate to health plan
5
Health plan pays PBM negotiated ingredient cost of medicine, plus dispensing fee
6
Manufacturer pays rebate and admin fee to PBM
4
Pharmacy benefit manager (PBM) pays pharmacy negotiated ingredient cost of medicine, plus dispensing fee
PHARMACY BENEFIT MANAGER
MANUFACTURER
PHARMACY
PATIENT
3
Pharmacy dispenses medicine to patient and is responsible for collecting patient copay/coinsurance at the point of sale
1
Manufacturer sells medicine to wholesaler
DRUG WHOLESALER
2
Wholesaler sells to pharmacy

The Gap Between List and Net Price Growth for Medicines is Driven By Rebates and Discounts

- **Average Price Growth for Brand Medicines, 2012-2020**



Notes: Includes protected brand medicines only (i.e., brand medicines without generic versions available in the year indicated). Estimated net price growth reflects impact of off-invoice rebates and discounts provided by manufacturers.
Source: IQVIA. Use of Medicines in the U.S. May 2021



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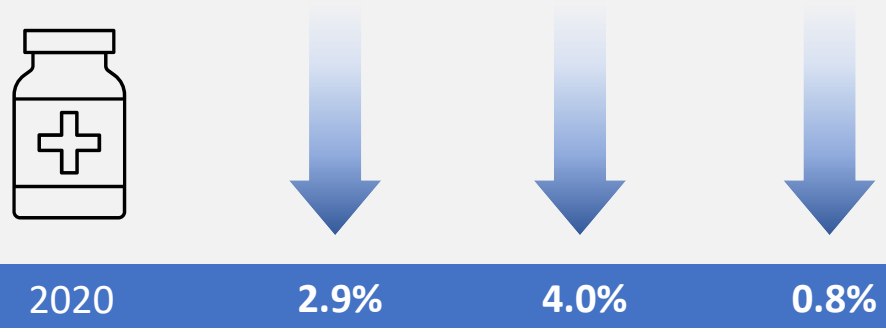
While Medicine Costs Are Slowing, It Doesn't Always Feel That Way for Patients

• PBMs and Government Actuaries Report Slowing Growth in Medicine Spending

- **Annual Growth in Net Prescription Medicine Spending**

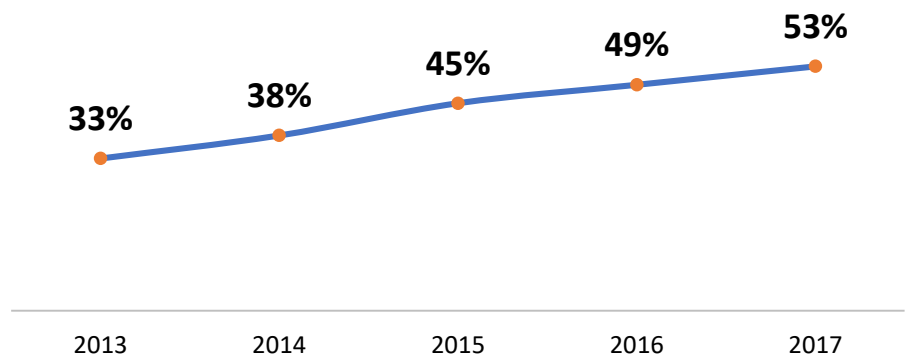
	CVS Health (retail only)	*Express Scripts (retail only)*	*IQVIA (all medicines)*
2015	**5.0%**	**5.2%**	**8.5%**
2020	**2.9%**	**4.0%**	**0.8%**



Sources: CVS Health, Feb 2016. *2015 Drug Trend.* & May 2021. *2020 Drug Trend Report.*; Express Scripts, Mar 2016. *Express Scripts 2015 Drug Trend Report* & May 2021. *2020 Drug Trend Report*; IQVIA. Use of Medicines in the U.S. May 2021.

• But High Patient Cost Exposure for Brand Medicines Is Becoming More Prevalent

- **Share of Total Patient Cost Exposure Accounted for by $125+ Claims**
  - (Commercial Claims; Brand Medicines; 2013-2017)



Source: IQVIA, Aug 2018. *Patient Affordability and Prescription Drugs*.

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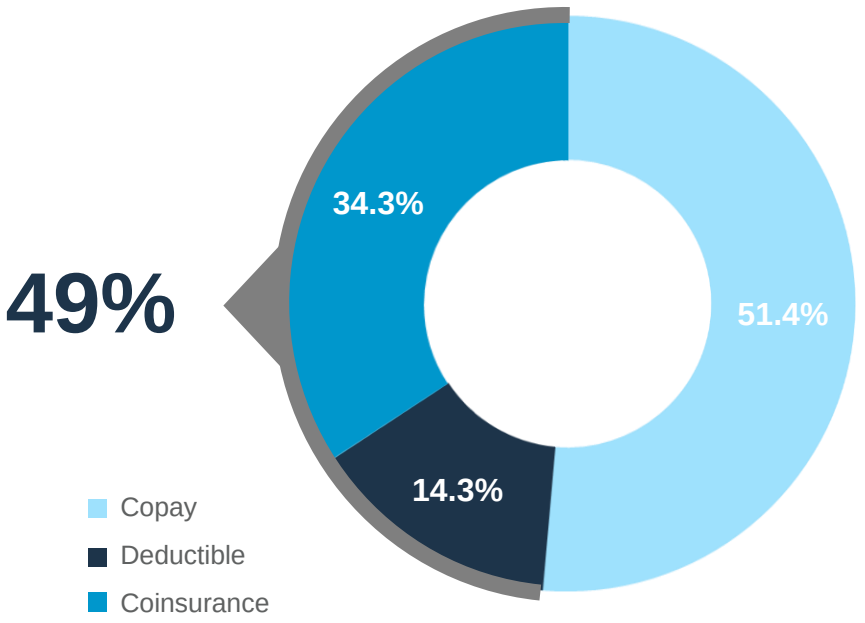
Too Often, Negotiated Savings Do Not Make Their Way to Patients at the Pharmacy Counter

Half of commercially insured patients' out-of-pocket spending for brand medicines is based on the full list price

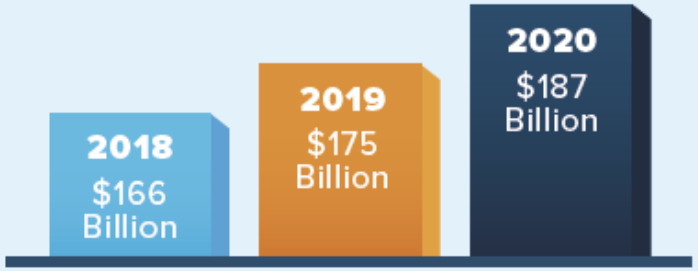


Cost sharing for nearly 1 in 10 brand prescriptions is based on list price

Source: IQVIA. August 2020.

Sharing Negotiated Discounts Could Save Some Patients Almost $1000 Annually and May Only Increase Member Premiums About 0.6 Percent.

Negotiation between biopharmaceutical companies and pharmacy benefit managers/health insurers results in significant rebates.



Legislation to require insurers and pharmacy benefit managers to share negotiated discounts and rebates at the pharmacy counter could save some patients **$900+ annually**.

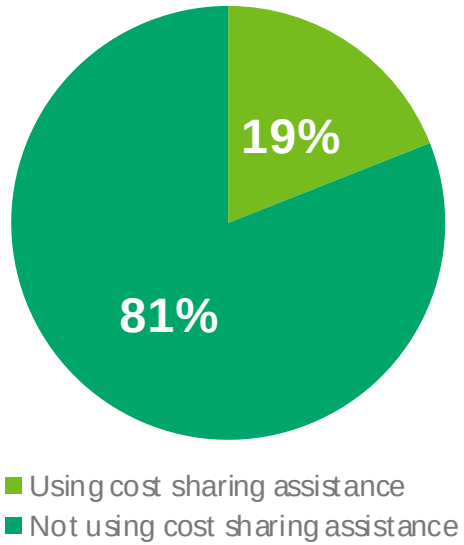
Sharing all of the negotiated rebates with patients may increase member premiums **0.6 percent or less**.

Source: Milliman. Measuring the Impact of Point-of-Sale Rebates on the Commercial Health Insurance Market. July 2021. https://www.milliman.com/-/media/milliman/pdfs/2021-articles/7-6-21-measuring-the-impact-of-point-of-sale-rebates.ashx

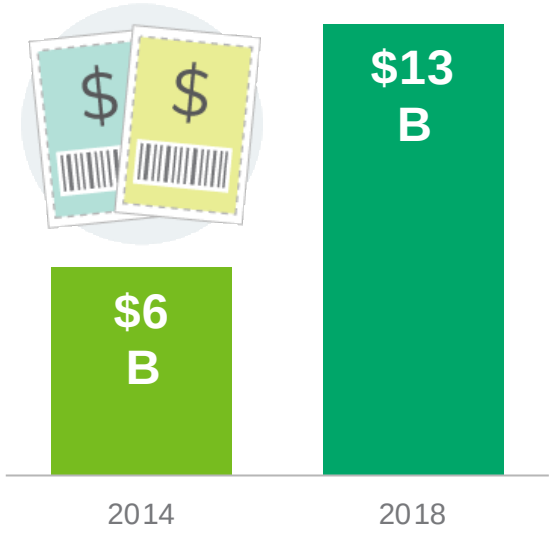
Manufacturer Cost Sharing Assistance Is an Important Source of Financial Help for Commercially Insured Patients

Manufacturer cost sharing assistance helps commercially insured patients who otherwise might struggle to afford their out-of-pocket costs. Manufacturer cost sharing assistance—like other third-party financial assistance—helps patients pay the full out-of-pocket costs of their prescribed and covered medicines at the pharmacy, and this assistance does not undermine plans' benefit design or utilization management techniques.

Percentage of Commercially Insured Patients Using Manufacturer Cost Sharing Assistance for Brand Drugs, 2018[16]



Manufacturer Cost Sharing Assistance Helps Commercially Insured Patients Pay Out-of-Pocket Costs[16]



Source: IQVIA Institute[16]

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Questions?

Dharia McGrew, PhD

Director, State Policy

dmcgrew@phrma.org

Second invited panel - Topic: **Patient assistance programs and co-pay accumulators**

Presenter:
Robert Judge (he/him)
Director, Pharmacy Services, Moda Health Plan
robert.judge@modahealth.com

Manufacturer copay coupon programs

Good or bad for healthcare costs?

Robert Judge
Director, Pharmacy Services
Moda Health

December 8, 2021

Copay assistance programs

- Financial assistance programs from drug manufacturers that reduce out-of-pocket costs for someone who uses expensive (brand) medication
- Manufacturers and payers have opposing views about the value of these programs
  - Drug manufacturers and patients believe these programs allow sick people to afford the medications they need
  - Carriers and self-funded health care payers view these programs as circumventing cost management strategies which ultimately lead to higher costs
- Payers and manufacturers would both benefit by aligning values that support access to patient support

Payers and Manufacturers

A view from different perspectives

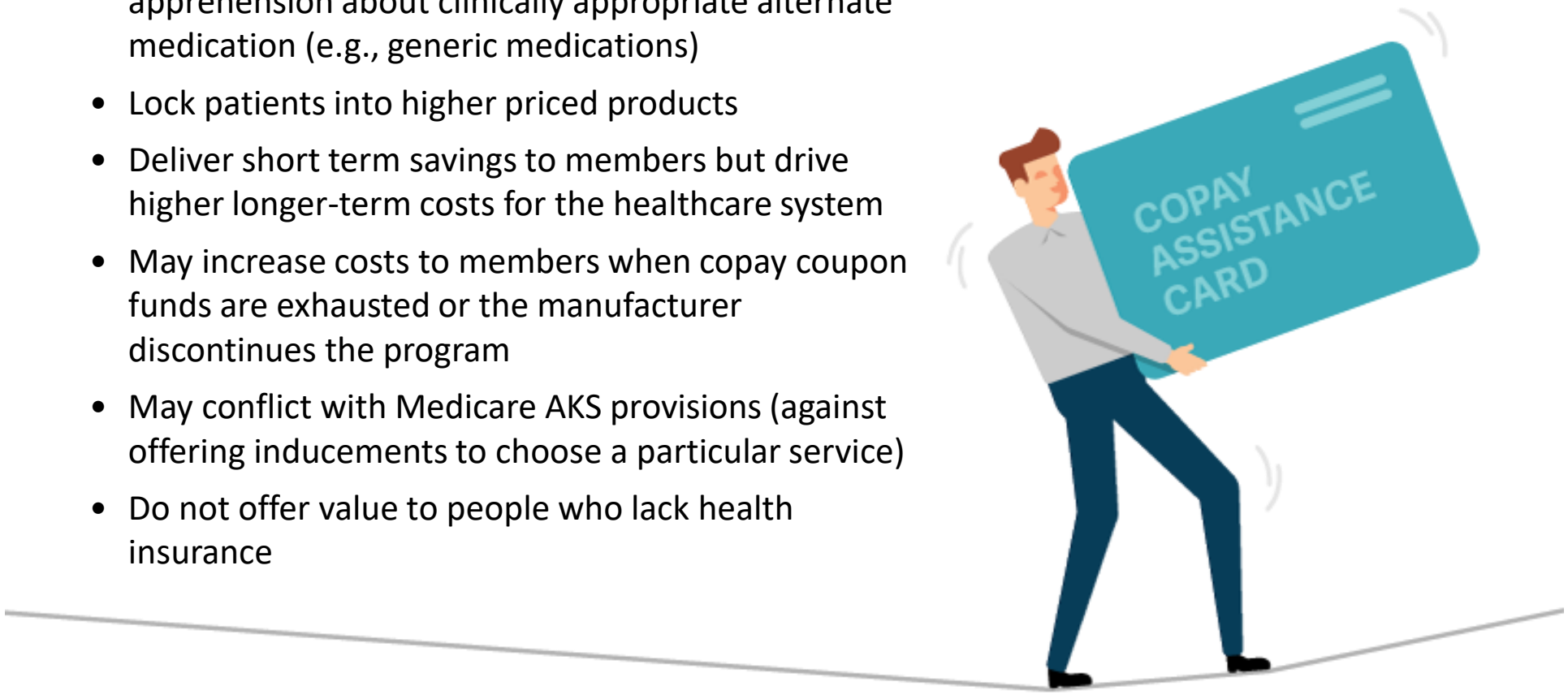
Payer solutions Clinical management that identifies the best drug at the best price	**Manufacturer strategies** Market driven programs to build awareness and incentivize use
• Prior authorizations	• Copay coupons / credit cards
• Enhanced patient support	• Vouchers
• Tiered formularies	• Rebates
• Copays	• Direct-to-consumer marketing
• Coinsurance	• Patient advocacy groups

Source: AMCP Partnership Forum No.1 2020, March 12 13., 2020. https://www.amcp.org/sites/default/files/2020 09/DrugCostsPFWebinar September2020.pdf. Accessed 11/29/2021

Challenges with copay assistance programs

Copay assistance card risks:

- Create confusion for members by causing apprehension about clinically appropriate alternate medication (e.g., generic medications)
- Lock patients into higher priced products
- Deliver short term savings to members but drive higher longer-term costs for the healthcare system
- May increase costs to members when copay coupon funds are exhausted or the manufacturer discontinues the program
- May conflict with Medicare AKS provisions (against offering inducements to choose a particular service)
- Do not offer value to people who lack health insurance



Aligning strategies to improve healthcare

- Working together
  - Preserve the use of proven population health and clinical management tools designed to improve access, quality and cost effectiveness
  - Allow traditional co-pay assistance for drugs/formulary tiers with no-less expensive alternatives
  - Apply “copay maximizer” programs that apply value of the copay coupons to help cover the cost of the drug
    - Spread the value of the manufacturer copay program across the benefit year
    - Manufacturer payments do not count toward the member’s deductible or out-of-pocket maximum
    - Results in lower member copays for members and reduces plan’s overall spend on these medications


moda
HEALTH

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Second public comment period

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