Oregon Prescription Drug Affordability Board

Oregon Prescription Drug Affordability Board (PDAB) Meeting
Wednesday, June 21, 2023
Minutes
Approved by the board on July 19, 2023

Chair Akil Patterson called the meeting to order at 9:33 am and asked for the roll call.

Board members present: Chair Akil Patterson, Vice Chair Shelley Bailey, Dr. Amy Burns, Dr. Richard Bruno, Dr. Daniel Hartung, Robert Judge (alternate), Dr. Rebecca Spain (alternate)
Board members absent: John Murray (alternate) excused

Approval of the minutes: Chair Akil Patterson asked if board members had any changes to the May 17, 2023, minutes on Pages 3-5 in the agenda packet: https://dfr.oregon.gov/pdab/Documents/20230621-PDAB-document-package.pdf and there were none. **Dr. Richard Bruno** moved to approve the minutes and **Vice Chair Shelley Bailey** provided a second.

MOTION by Richard Bruno to approve the May 17, 2023 minutes.
Board Vote:
Yea: Richard Bruno, Amy Burns, Daniel Hartung, Shelley Bailey, Akil Patterson
Nay: None.
Motion passed.

Program update: Executive Director Ralph Magrish said staff awarded a contract to PORTAL Harvard, starting work July 1 with technical assistance, data analysis, and visualization. The affordability review rule hearing is scheduled for 11 am, June 22, and is open to the public for providing testimony. In July, the Oregon Health Authority's (OHA) Cost Growth program director will talk to the board about the its findings on pharmacy spending. The board was interested in hearing a presentation about the Secretary of State audit. However, the audit is on hold due to recent leadership changes. For the August meeting, staff invited Sen. Ron Wyden, chairman of the United States Senate Committee on Finance, to speak about his work on prescription drug affordability. If Sen. Wyden is unavailable, the board may postpone presentations to begin work on affordability reviews.

Jane Horvath, of Horvath Health Policy, who is on contract with the Prescription Drug Affordability Board, updated the board about the new Medicare negotiation law from Pages 6-11 in the agenda packet. The law is focused on drugs that do not have competition from generics. Drugs approved as an orphan to treat a rare disease are exempt from negotiation. She anticipates seeing higher launch prices and fewer price increases partly because there are substantial penalties if the drug price increases faster than inflation. If the new Medicare law stands, manufacturers may adjust their life cycle management, how they price and market the drug through its patent life. Companies will learn how to maximize profits within the context of this law, possibly creating competitors to avoid price negotiations. It is important to think of the Medicare law in terms of everything else going on in the market. She gave the example of the three leading insulin manufacturers dramatically lowering prices. Lilly is creating its own distribution channels for getting this low-cost product to consumers. She said a biosimilar for Humira announced it will come to market in July priced at $995 for a two-vial pack, compared to Humira pricing of $7,000 for the same quantity. She summarized the lawsuits filed by

Merck, Bristol Myers Squibb, and the U.S. Chambers of Commerce over the new Medicare negotiations law for the reasons listed on Page 10 of the agenda packet.

Dr. Becca Spain said if launch prices turn out to be higher, it will be counter intuitive to the goal of the Medicare law. Jane Horvath agreed and said manufacturers will not be able to have price increases as freely as they have been, so may look for profit in the launch price. **Robert Judge** asked where is CMS in this process. Jane Horvath said the federal government has issued initial guidance. This has been an expedited process. **Robert Judge** asked if there was any guidance about how that point of sale price is utilized, whether it is a rebate to the consumer, or rebate used by plans to underwrite cost of Medicare. Jane Horvath said it gets to the point of service. Part D will be different, thought she is not sure how they will administer it. **Shelley Bailey** asked about Lilly's alternative distribution models. Jane Horvath said she thinks it is similar to Civica's, with brick and mortar pharmacies around the country agreeing to abide by Lilly's rules and agreed-upon prices.

Legislative Update: Jesse O'Brien, policy manager for the Division of Financial Regulation, said Senate Bill 192 passed the Senate on June 19 and was scheduled for a public hearing in the House Committee on Rules on June 21. He said House Bill 3013, which would regulate PBMs, has passed the House and is in the Ways and Means Committee. **Vice Chair Shelley Bailey** asked about the minimum payment threshold and Jesse said options include Medicare. **Robert Judge** asked if DCBS would go through rulemaking if the bill passes and Jesse said yes, it would likely result in changes to existing rules.

Allison Hardt, advocacy manager for T1International, discussed the high cost of insulin medications and supplies for people who live with Type 1 diabetes. Her presentation is shown on Pages 12-33 of the agenda packet. Insulin is the poster child for what is wrong with the prescription drug system, she said. With Type 1 diabetes, the pancreas does not produce insulin, which is vital to survival. Therefore, patients must administer insulin themselves. Without the right balance, a patient could end up in the emergency room, become very ill, or die. Many people ration insulin because they cannot afford it or do not have access, she said. Pens, pumps, test strips, and other supplies are expensive too. Because everyone processes insulin brands differently, she recommends the board consider all insulins in its affordability reviews. The cost of insulin has increased over 1,200 percent yet the cost of production remains a low $3.69-$6.16 per vial. She said one in four people in the U.S. have had to ration insulin due to cost. Regarding Lilly's recent announcement to cut insulin prices, so far, patients have been unable to find the $25 Lispro in pharmacies, she said. Allison discussed the following solutions:

- Co-pay caps. 26 states have passed them, but they only help patients with insurance.
- Kevin's Law, which allows pharmacist to prescribe limited amounts of insulin in emergencies. In Oregon, Kevin's law does not require insurance to pay the list price but it should, she said.
- Alec's Law, which allows a short-term, 30-day supply for a co-pay of $35, once a year.
- Array RX, a month's worth of insulin is available for $88.
- The federal government could establish a co-pay cap regardless of insurance.
- States could consider manufacturing insulin, similar to California's partnership with Civica.
- States or the federal government could allow pharmacists to prescribe insulin.

Robert Judge said the presentation resonates with him. The supply chain is the issue, not only with the manufacturer, but all the way up to where the patient gets the medication, he said. He advocates for a partnership with Civica, Mark Cuban's pharmacy, or something similar. He said the current insulin situation is indefensible for the impact it has on patients. **Chair Patterson** asked about the emotional impact of needing insulin in a life-saving situation. Allison Hardt said diabetes requires 24/7 management and when additional stress such as financial is added, it impacts blood sugar, which requires more insulin She said there are networks

where people help others get connected. **Dr. Richard Bruno** thanked Allison for helping the board understand the challenges and for her advocacy work. He let her know the board is working on affordability reviews for nine drugs and one insulin product.

Data call template for carriers: **Ralph Magrish, executive director, and Stephen Kooyman, project manager,** discussed the draft data call template for insurance carriers on Pages 34-42 of the agenda packets. The intention of the draft data call is to collect information not captured in the annual insurer submissions to the Drug Price Transparency program. The collected information will be presented as aggregated and will not identify individual plans. Staff will not present confidential data to the board in executive session, which are open to the media, to avoid risk of exposing confidential data. Ralph Magrish said data from the claim status page will help the PDAB team check for trends with the rate at which claims are denied for particular drugs, a possible indicator of patient access issues. For the rebates tab, staff is still determining how to best calculate average discounts and rebates expressed as a percentage of the price for the prescription drug under review. Because of the benefit of feeder information from the Drug Price Transparency Program, staff will be able to provide the board with a consolidated list of approximately 20 drugs and an insulin product for review and selection, he said. He reviewed the challenges of collecting pricing for therapeutic alternatives for drugs sold in Oregon, as shown on Page 41. He asked for board member feedback.

Robert Judge asked when considering therapeutic alternatives, could the first step be looking at the Medispan drug reference to identify a drug class and Ralph Magrish said yes. **Shelley Bailey** said for the therapeutic class reviews, she recommended MedSavvy, a subsidiary of Cambia Health Systems in Portland. She asked about adding a prior authorization column on the claims status tab to provide more information. **Dr. Amy Burns** said the column asking about denied claims overturned upon appeal would provide information because there would only be an appeal with prior authorization. However, she said it would be easy to add a column for prior authorization. For therapeutic alternatives, she recommended the board tap the expertise of OHA's Drug Use Research Management (DURM) group and Pharmacy and Therapeutics (P&T) Committee. For its review, the board could look at the therapeutic alternatives within the state's preferred drug list. Ralph Magrish said he was thinking similarly but unsure of the PDAB's ability to engage the P &T Committee or their staff for assistance. He suggested staff could look at drugs by therapeutic class and the Medicaid fee-for-service preferred drug list and potentially do a pricing exercise based on the Oregon Average Acquisition Cost (AAC) or the National Average Drug Acquisition Cost (NADAC), . He reviewed the timeline on Page 42 and said board members may email additional feedback to staff. Staff will bring a revised template to the board for approval next month.

Announcements: Cortnee Whitlock, board policy analyst, discussed the board roadmap for the remainder of 2023 from Page 43 of the agenda packet.

Public comment: The chair allocated three minutes for public comment. Dharia McGrew, state policy director, PhRMA, provided testimony to the board. PhRMA's written comments are posted online: https://dfr.oregon.gov/pdab/Documents/20230621-PDAB-public-comment.pdf.

Adjournment: The meeting was adjourned at 11:23 a.m. by **Chair Akil Patterson**, with a motion by **Robert Judge** and a second by **Richard Bruno**.