

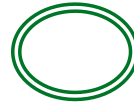


Oregon Dept. of Consumer and Business Services
Second Annual Prescription Drug Pricing Hearing
Dec. 16, 2020

Overview of Emerging Policy Models

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About NASHP



The National Academy for State Health Policy (NASHP) is an independent academy of, by, and for state health policymakers.

- Non-profit, non-partisan organization
- Helps states achieve excellence in health policy and practice
- Provides forums for work across branches and agencies of state government on critical health issues

Center for State Drug Pricing (2017)

Initial models for:

- Drug price transparency
- Importation
- Prescription Drug Affordability Boards
- Prescription Benefit Managers (PBMs)

Implementation support for:

- Drug price transparency
- Importation



State Legislative Action

Drug Pricing Laws 2017-2020					
Year	2017	2018	2019	2020	Total
Number of States Enacting Laws	13	28	37	17	48
Total Laws Enacted	18	45	62	40*	165*
PBM	8	32	33	21	94
Transparency	3	4	7	4	18
Importation	0	1	3	2	6
Affordability Review**	1	0	3	1	5
Volume Purchasing	0	0	2	0	2
Coupons/Cost Sharing	1	0	4	10	15
Study	0	1	5	1	7
Other	5	7	5	2	19

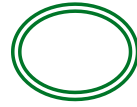
*Totals laws enacted are lower than column totals because a New Hampshire law contains multiple provisions.

** Includes New York's Medicaid drug cap and Massachusetts' enhanced negotiating authority.

- Since 2017, legislation to address prescription drug costs has been **introduced** in all 50 states.
- Since 2017, 48 states have **enacted** 165 laws to address prescription drug costs.



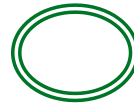
International Reference Rates



- **How it works:**

- The Superintendent of Insurance works with the state employee health plan to develop a list of the 250 drugs costing the state the most
- The state references Canadian prices from the four most populous provinces (available online)
- The lowest price becomes the international reference rate for payers in the state for the 250 drugs
- Savings to plans must be passed to consumers
- Setting rates can withstand legal challenges (unlike price setting)

International Reference Rates

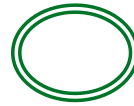


Drug Name & Dosage Source: National Average Drug Acquisition Cost (NADAC) data	US Price (NADAC)	Canadian Reference Rate*	Price Difference	Savings off US Prices
Humira syringe (40 mg/0.8 ml) (arthritis, psoriasis, Crohn's)	\$2,706.38	\$541.29	\$2,165.09	80%
1 ml of Enbrel (50 mg/ml syringe) (arthritis, psoriasis, Crohn's)	\$1,353.94	\$272.28	\$1,081.66	80%
1 ml of Stelara (90 mg/1 ml syringe) (arthritis, psoriasis, Crohn's)	\$21,331.28	\$3,267.64	\$18,063.64	85%
1 ml of Victoza (2-pak of 18 mg/3 ml pen)* (diabetes)	\$103.44	\$17.30	\$86.14	83%
Truvada tablet (200 mg/300 mg) (PrEP for HIV)	\$59.71	\$19.78	\$39.93	67%
Xeljanz tablet (5 mg) (rheumatoid arthritis)	\$76.07	\$17.50	\$58.57	77%
Eplcusa tablet (400 mg/100 mg) (hepatitis C)	\$869.05	\$541.32	\$327.73	38%
Zytiga tablet (250 mg) (cancer)	\$87.63	21.47	\$66.16	75%
			<i>Average discount based on 8 top selling drugs in 2018</i>	73%

*Converted based on \$1 CAN = \$0.76 USD

Canadian price per ml of Victoza established based on \$136.98 price for 2-pak of 3 ml pens - 6 mg/ml

Penalizing Unsupported Price Increase (UPI)

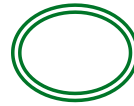


- **Background:**
 - The Institute for Clinical and Economic Review (ICER) produces an annual report identifying the drugs with unsupported price increases outpacing 2x medical inflation that are the greatest drivers of net spending
 - Unsupported price increases = unjustified by new clinical data
- **How it works:**
 - State tax authority is used to assess penalties on manufacturers identified in annual ICER report as having a drug with an unsupported price increase
 - Penalties = 80% of excess revenues (i.e., revenue from unsupported portion of price increase)
 - Manufacturers must report information on total sales revenue in the state to the Tax Assessor to determine the penalty owed
- **Impact:** Because ICER's analysis targets drugs with the greatest impact on net spending, penalties can result in millions in revenue for a state
- Model Act specifies revenue must be used to offset Rx costs to consumers

2019 ICER UPI Analysis: Results

	Q42016 to Q42018 Wholesale Acquisition Cost (WAC) Increase	Q42016 to Q42018 Estimated Average Net Price Increase	US Spending Impact of Net Price Increases in 2017 and 2018 (in Millions)
Humira	19.1%	15.9%	\$1,857
Lyricea	28.3%	22.2%	\$688
Truvada	14.3%	23.1%	\$550
Rituxan	17.0%	13.8%	\$549
Neulasta	14.6%	13.4%	\$489
Cialis	26.2%	32.5%	\$403
Tecfidera	16.7%	9.8%	\$313

Additional New NASHP Model Legislation



Price Gouging 2.0

- Addresses key legal issues building on Maryland's experience
 - Links more directly to in-state transactions
 - Applies to generic and off-patent drugs
 - Fluoxetine (generic Prozac) increased from \$9 to \$69 in Jan. 2019 (+667%)
 - Considerable power to constrain generic drug prices & offer consumer relief

Licensing Sales Representatives

- Model Act requires:
 - State licensure of sales reps
 - Professional Education: Ethics, whistleblower protections, regulations
 - Reporting: Drugs marketed and extent of marketing to providers
 - Disclosure to providers: Cost of drug being marketed – and availability of generics