

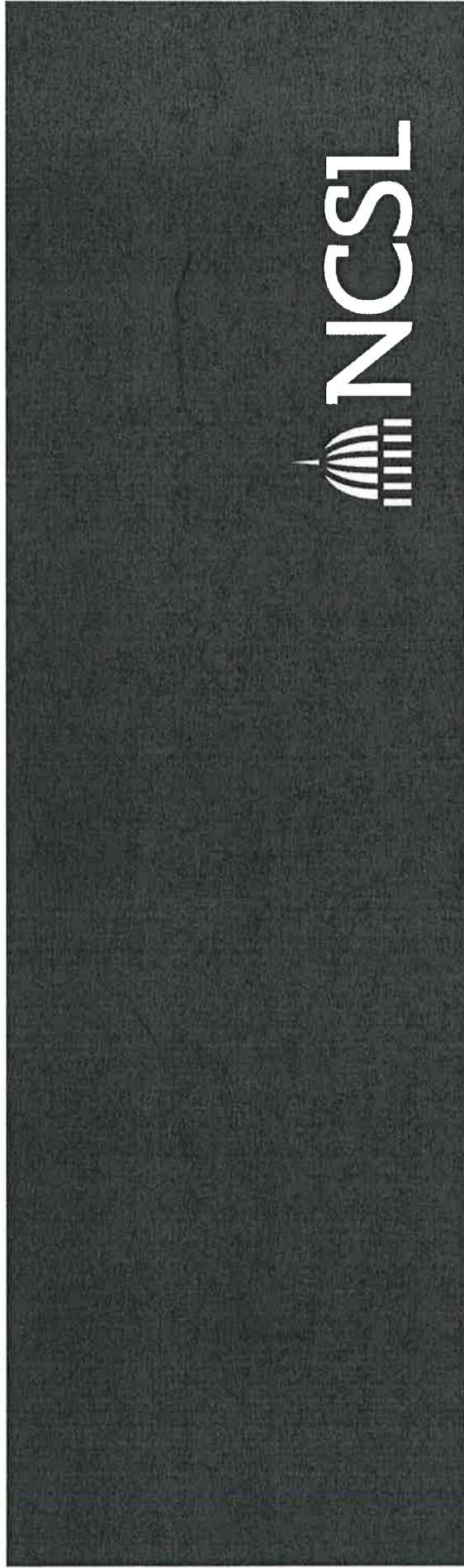
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# PHARMACY COSTS & PHARMACY BENEFIT MANAGERS (PBMS)

## Idaho State Legislature

Tuesday, February 26, 2019

Colleen Becker, Policy Specialist



51068  
2/26/19  
Presentation

Attachment 2

# ABOUT NCSL.....

- NCSL is a champion of state legislatures
- All legislators + legislative staff are members
- We do not take positions on state laws or policies
- Here to serve YOU!



NATIONAL CONFERENCE OF STATE LEGISLATURES

# PRESCRIPTION DRUGS – FAST FACTS

- More than half of all Americans use prescription drugs
- Many products, both unique and competing:
  - US Food and Drug Administration (FDA) approved (dosages; delivery method) totals over 10,000
    - Total FDA different “molecules” is 2,100 (and growing)
- 90% of prescriptions filled now are generics (2017)
- Rapid pace of new, extraordinary treatments

# HOW MUCH ARE WE SPENDING?

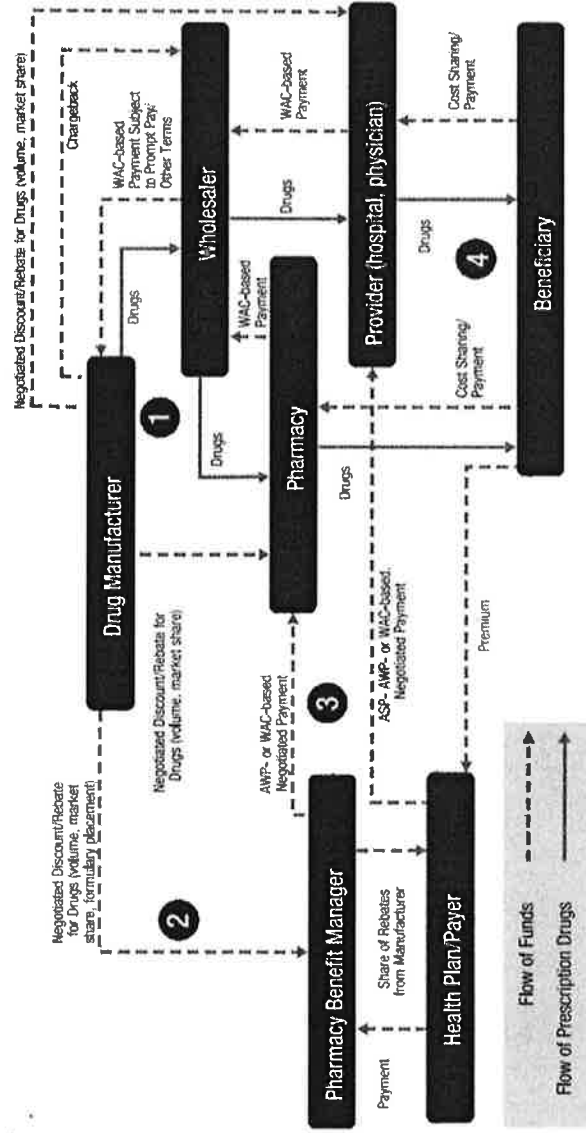
- In 2017, CMS reported that 10% of all health care spending went to Rx drugs = \$333 billion.
- 16.7% of overall personal health care spending went toward prescription drugs in 2017.
- 53% of that goes to brand-name prescription drugs
  - 7.6% is for **specialty drugs (\$600/month; injected or infused)**
- 15% of Medicaid spending goes to prescription drugs
  - 2/3 for brand-name; 1/3 for generics



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# PHARMACY SUPPLY CHAIN

EXHIBIT 1  
Drug Distribution Model



Model below designed by the Association of Managed Care Plans (AMCP)



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# WHO AND WHAT ARE PBMS?



**EXPRESS SCRIPTS®**

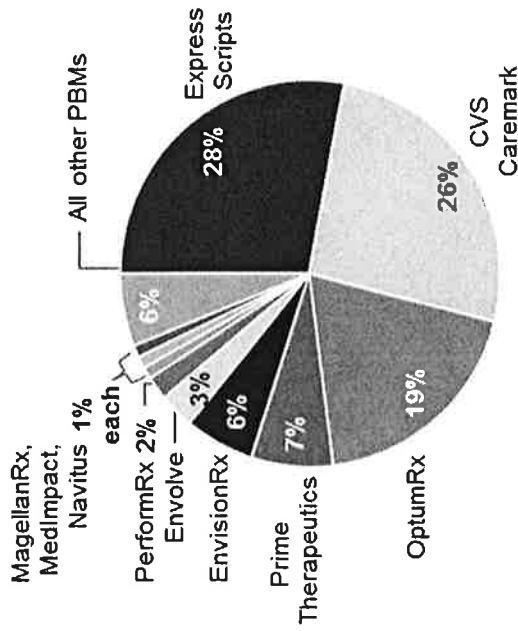


**CVS caremark™**



**OPTUM™**

**Three Diverse Companies Control PBM Market in 2017**  
(Percentage share PBM lives)



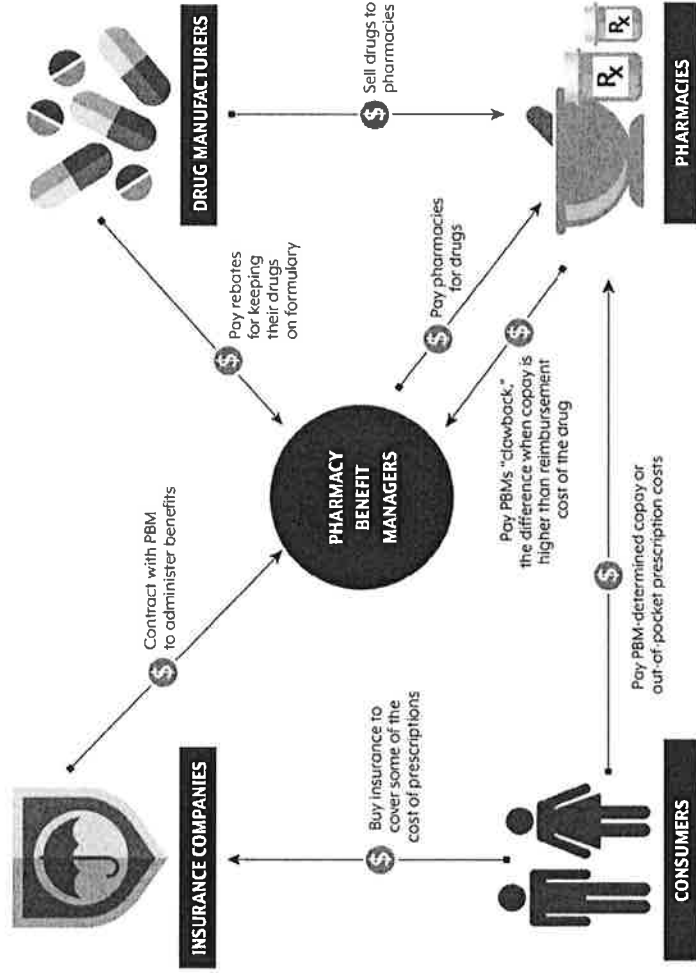
[www.healthstrategies.com](http://www.healthstrategies.com)



NATIONAL CONFERENCE OF STATE LEGISLATURES

# PHARMACY SUPPLY CHAIN AND THE ROLE OF PBMS

Figure 1. The Role of Pharmacy Benefit Managers



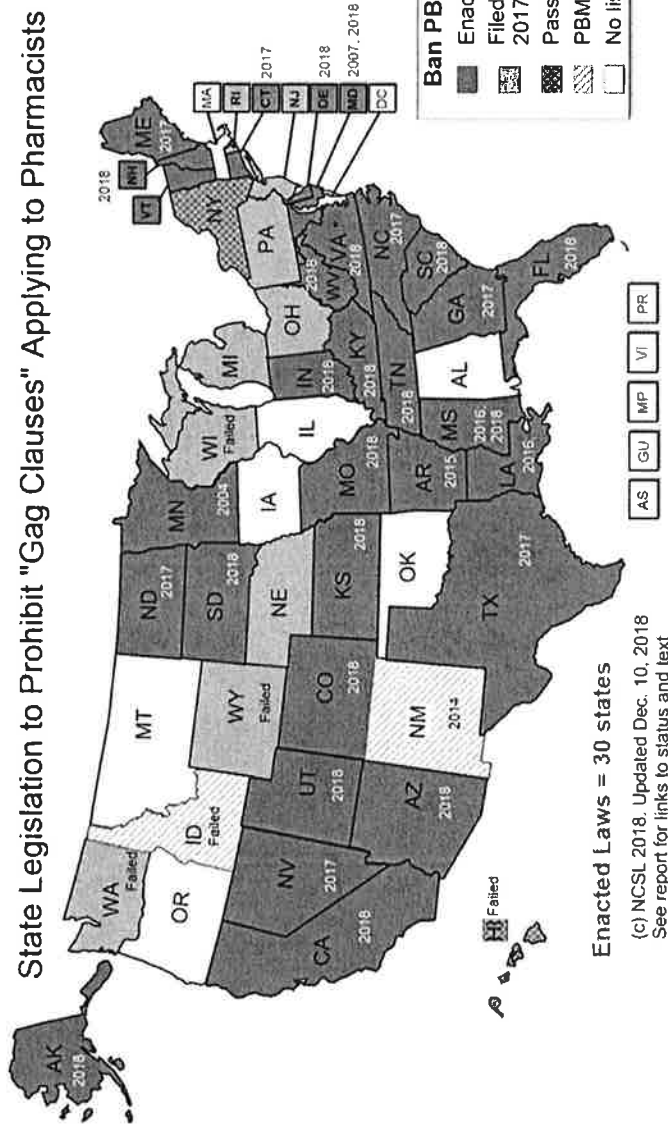
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COLORADO HEALTH INSTITUTE

# GAG CLAUSES

State Legislation to Prohibit "Gag Clauses" Applying to Pharmacists



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# COPAY CLAWBACKS

**Table 1: Frequency and Average Size of Overpayments, 2013**

|                  | Number of Claims | Number of Claims with Overpayment | Percentage of Claims Involving Overpayment (95% CI) | Mean Overpayment (SD) |
|------------------|------------------|-----------------------------------|---|-----------------------|
| <b>All Drugs</b> | 9,539,846        | 2,188,578                         | 22.94% (22.91, 22.97)                               | \$7.69 (8.59)         |
| <b>Generic</b>   | 7,295,525        | 2,055,024                         | 28.17% (28.14, 28.20)                               | \$7.32 (7.43)         |
| <b>Brand</b>     | 2,244,321        | 133,554                           | 5.95% (5.92, 5.98)                                  | \$13.46 (18.01)       |

Source: Optum Clinformatics™ Data Mart pharmacy claims, January–June 2013, and CMS NARP reimbursements from the same period. Confidence intervals are binomial.

Source: Univ. of Southern California, March 2018  
[http://healthpolicy.usc.edu/documents/2018.03\\_Overpavings%20for%20Prescriptions%20Drugs\\_White%20Paper\\_v.1.pdf](http://healthpolicy.usc.edu/documents/2018.03_Overpavings%20for%20Prescriptions%20Drugs_White%20Paper_v.1.pdf)



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# SPREAD PRICING

Ohio's Medicaid Managed Care Pharmacy Services

Table 3: Average Spread by Quarter and by Drug Type

| Quarter   | Average Spread |               |                | Total Average Spread for All Claims |
|---|----------------|---------------|----------------|-------------------------------------|
|   | Brand          | Generic       | Specialty      |                                     |
| 4/1/2017-6/30/2017                                | \$2.11         | \$5.39        | \$30.12        | \$5.09                              |
| 7/1/2017-9/30/2017                                | \$2.03         | \$5.71        | \$31.91        | \$5.35                              |
| 10/1/2017-12/31/2017                              | \$1.57         | \$7.10        | \$31.24        | \$6.47                              |
| 1/1/2018-3/31/2018                                | \$1.62         | \$6.48        | \$46.04        | \$6.01                              |
| <b>Yearly Total*</b>                              | <b>\$1.85</b>  | <b>\$6.14</b> | <b>\$33.49</b> | <b>\$5.71</b>                       |
| <b>Totals</b>                                     |                |               |                |                                     |
| Number of Prescriptions                           | 5,268,144      | 33,913,042    | 197,408        | 39,378,594                          |
| Percentage of Claims                              | 13.4%          | 86.1%         | 0.50%          | 100%                                |
| Amount Paid by Plans (millions)                   | \$1,246.1      | \$662.7       | \$617.6        | \$2,526.5                           |
| Total Spread (millions)                           | \$9.8          | \$208.4       | \$6.6          | \$224.8                             |
| Spread Relative to Total Paid Amount by Drug Type | <b>0.8%</b>    | <b>31.4%</b>  | <b>1.1%</b>    | <b>8.9%</b>                         |

<sup>1</sup> Source: Data provided by CVS Caremark and OptumRx

<sup>2</sup> Based on the period of April 1, 2017 through March 31, 2018

<sup>3</sup> We matched the spread data with the Medicaid Information Technology System using the pharmacy provider number. We found 334,475 services (0.8 percent) with no matching provider identification and removed those services for the purpose of this analysis.

<sup>4</sup> Yearly totals are not an average and are weighted based on total records and amount paid.

- WEST VIRGINIA

- OHIO

- KENTUCKY

# DISCOUNTS AND COUPONS



**PAY AS LITTLE AS \$0\***

For your NUEDEXTA 20-300mg prescription containing HUMIRA

BIN# 602428  
PCN# 54  
GROUP# EC2316298  
ID# 12345678901

**NUEDEXTA**  
Etanercept (topical) 20-300mg  
Sunovion Pharmaceuticals Inc.

**HUMIRA**  
adalimumab

1.800.4HUMIRA

Keep this card with you at all times. Present this card to your pharmacist when filling your prescription. This card is not valid for cashing or for other purposes. \*Terms and conditions apply.

**basqiar**  
prescription savings card

pay as **\$5/month**

to activate go to [basqiar.com](http://basqiar.com) (call 1-888-588-8842, or call 1-800-445-5555 for assistance) or call 1-800-445-5555 for assistance. \*Terms and conditions apply.

PCN:   
Group:   
Expiration Date:   
ID:   
BIN:   
GROUP:   
ID#:

**Eliquis**  
apixabactam

**\$10 CO-PAY CARD**  
For Commercially Insured Patients\*

ACTIVATE AT 1-855-ELIQUIS (354-7847)  
OR [www.ELIQUIS.com](http://www.ELIQUIS.com)

Present this card to your pharmacist when filling your prescription. This card is not valid for cashing or for other purposes. \*Terms and conditions apply.

**Linzess**  
linzess (linaclotide) capsules

**90 DAYS FOR \$30\*** OR **\$35**

CO-PAY SAVINGS FOR RAS LITTLE AS \$30\*

Present this card to your pharmacist when filling your prescription. This card is not valid for cashing or for other purposes. \*Terms and conditions apply.

PCN#   
BIN#   
GROUP#   
ID#

**CO-PAY SAVINGS CARD**

**\$0**

AS LITTLE AS

**XELJANZ**  
(tofacitinib)

BIN: 60020 | GROUP: 9995279  
ID#: XXXXXXXXXX  
Expiration Date: 12/31/18

CALL TO ACTIVATE  
1-844-935-5269  
OR 1-800-445-5555  
AFTER ACTIVATION

**eucriisa**  
cixaduprodil treatment 7%

**COPAY SAVINGS CARD**

**Pay as Little as \$35 Per Fill\***

\*Terms and conditions apply.

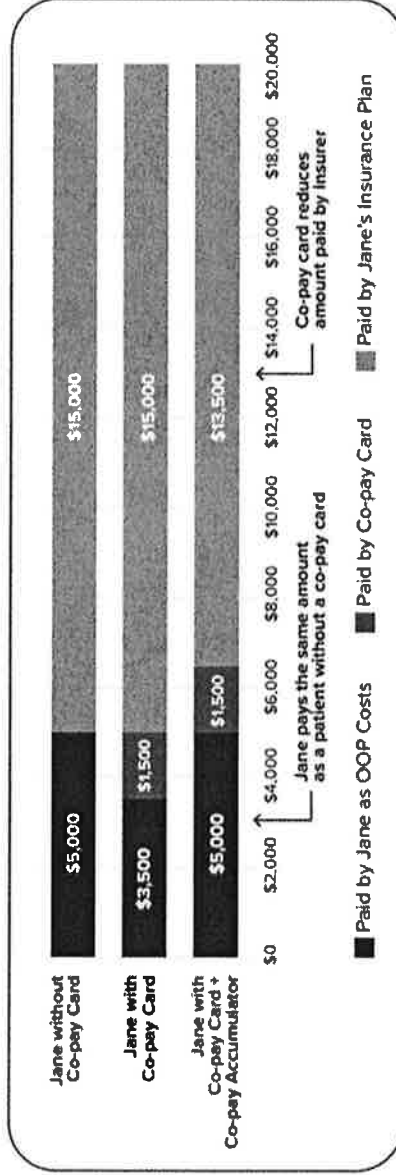


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# COPAY ACCUMULATORS

PAN Foundation

Access to Healthcare:  
Info to Know



Source: PhRMA  
[https://www.ftc.gov/system/files/documents/public\\_comments/2017/12/00503-142614.pdf](https://www.ftc.gov/system/files/documents/public_comments/2017/12/00503-142614.pdf)



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## STATE ACTION

### Previous

- **2012 – MA A 548**

*“the Massachusetts Anti-Kickback Statute no longer applies to any discount or free product vouchers that a retail pharmacy provides to a consumer in connection with a pharmacy service, item or prescription, unless that drug has an AB-rated generic equivalent”*

- **2017 – CA A 205**

*“Prohibits a person who manufactures a prescription drug from offering any discount coupon, repayment, product voucher, or other reduction in an individual's out-of-pocket expenses, if a lower cost generic is available on the insured's plan...”*

### This year

- **2019 – RI S 717**

*“When calculating a patient's overall contribution to any out-of-pocket maximum, deductible, co-payment, coinsurance, or other cost-sharing requirement, a health plan shall include any amounts paid for by the patient or on behalf of the patient by another person. For the purpose of this section, a "person" means a natural person, corporation, mutual company, unincorporated association, partnership, joint venture, limited liability company, trust, estate, foundation, not-for-profit corporation, unincorporated organization, government or governmental subdivision or agency.”*

- **2019 – NH H 717**

*“Prohibits prescription drug manufacturers from offering coupons or discounts to cover insurance copayments or deductibles.”*

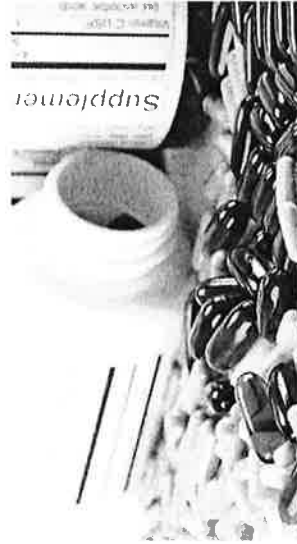


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# 2019 AND BEYOND

## Emerging themes for 2019 –Survey Results

- PBMs
- Gag-Clauses
- Registration and Licensure Requirements
- Standards for Audits
- Fiduciary



- Price Transparency
- Step-Therapy
- Innovative approaches to purchasing
  - Importation
  - Alternative Payment Models (APMs)
    - Value-based Purchasing
  - Multi-state co-ops and/or interagency pooling,



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# NCSL PRESCRIPTION DRUG RESOURCE CENTER

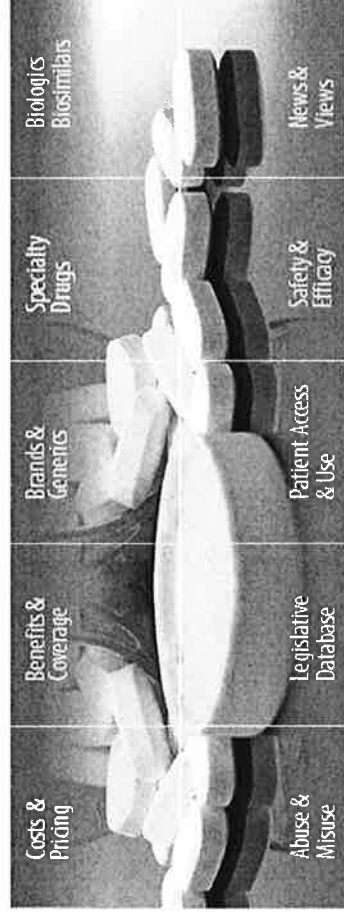


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ABOUT US   LEGISLATORS & STAFF   RESEARCH   MEETINGS & TRAINING   NCSL IN D.C.   MAGAZINE

## NCSL PRESCRIPTION DRUG POLICY RESOURCE CENTER

12/20/2018



[www.ncsl.org/Default.aspx?TabId=31894](http://www.ncsl.org/Default.aspx?TabId=31894)



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# NCSL PRESCRIPTION DRUG DATABASE

## STATEWIDE PRESCRIPTION DRUG DATABASE | 2015 - PRESENT

2/6/2019



### TABLE OF CONTENTS

- Prescription Drug Database
- Additional Rx Resources
- Prescription Drugs Database
- Features, Topics and Keywords
- Guide to Prescription Drugs Database
- NCSL 50-State Databases

### CONTACT

Health program

Use this state legislative database to learn about and analyze what states are considering and enacting in current topic areas of prescription drugs. The bill listings include thirteen broad categories of state regulation and involvement. Using the search check-box below, you can search among more than 4,600 pieces of legislation by state, year, topic, keyword, current status, and/or primary legislative sponsor. For more information on the topics covered in the database, please see the guide section below: the database.

- Updates:** 2019 filed and pending legislation. Use the '2019' checkbox below. As of the end of January there were more than 500 measures in at least 44 states, Puerto Rico and DC listed for consideration in 2019. So far at least 9 new laws have been signed in at least 3 states and D.C. and Puerto Rico. Bills carried over from 2018 are included.
- Weekly updates:** Bill information for the current year is updated each Tuesday. New measures are added as they are introduced or identified by NCSL staff.
- Two-year Sessions:** Bills may appear twice in carry over states. In these states, please check the last date of action to ensure the status of the bill reflects the appropriate year.
- Select year as "All"** to display measures from 2015 through 2018 in one list. Newly filed bills may take 1-2 weeks to be available in the list below, depending on each legislature's procedures.

**Insurer Responsibility and Pharmacy Benefits**  
 Status: Pending - House Health and Human Services Committee  
 Date of Last Action: 1/16/2019  
 Author: Bird (R) Additional Authors: Cobb (R)



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[www.ncsl.org/Default.aspx?TabId=28729](http://www.ncsl.org/Default.aspx?TabId=28729)



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**THANK YOU!**

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303-856-1653

