

# Mt. Ascutney Hospital & Health Center

Budget Presentation

Green Mountain Care Board  
August 29, 2018

How we got here....

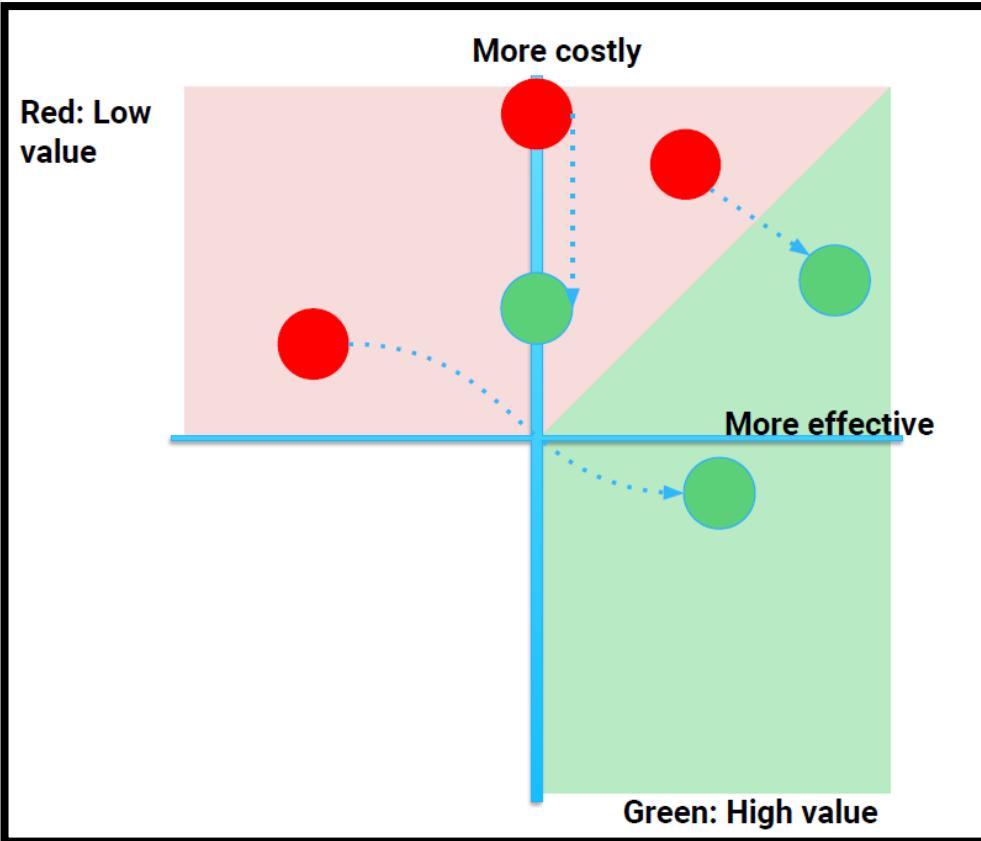


Mt. Ascutney Hospital  
and Health Center  
Dartmouth-Hitchcock

## **6.C2 Expense Drivers & Cost Containment Efforts**

- **Group purchasing**
  - Leveraging D-HH buying power & credit
  - Standardizing Supplies and Product
  - Standardizing Equipment & Group Buys
- **System integration and reduction of overhead**
  - Laboratory
  - Radiology
  - Benefits
  - Biomedical Services
  - Shared Staff, Management, & Providers
- **Captive Insurance and Shadow Captive Stop Loss**
  - Ongoing Savings
  - Lowering premium

## 6.C3 Expense Drivers & Cost Containment Efforts



### Savings for Mt Ascutney Hospital

Low-hanging fruit  
Total estimated savings  
**\$121,368**

Percent of members  
impacted  
**19%**

Percent of drugs  
impacted  
**18%**



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## 6.C4 Expense Drivers & Cost Containment Efforts

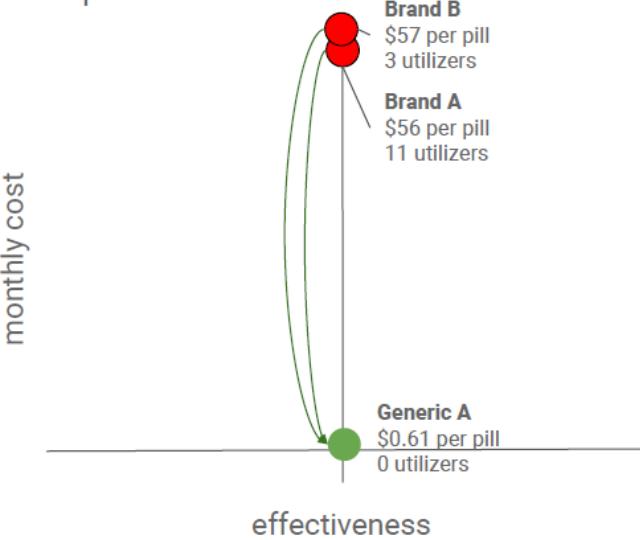
### LOW HANGING FRUIT

Clinical insight: All products provide the same benefits

Source:



Comparative effectiveness



### Savings for Mt Ascutney Hospital

\$20,521  
est annual savings

14  
member impact

up to 14  
prescribers engaged

2 drugs  
formulary impact



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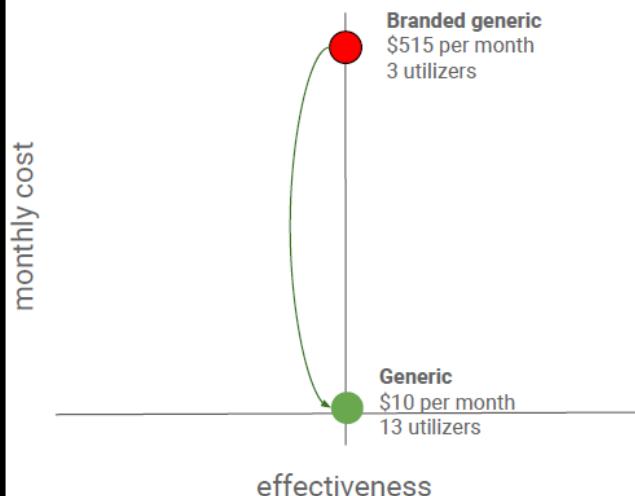
## 6.C5 Expense Drivers & Cost Containment Efforts

### LOW HANGING FRUIT

Clinical insight: No difference in efficacy between formulations

Source:  U.S. FOOD & DRUG ADMINISTRATION

Comparative effectiveness research



### Savings for Mt Ascutney Hospital

\$6,070

est annual savings  
Total spend for this drug: \$7,001

3

member impact

up to 3

prescribers engaged

1 drug

formulary impact



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## **Take-aways from our last time together...**

- **Shared plan to revise our employee benefits...**
- **Schedule time with “my contact”**
- **Provide update of our plan:**
  - DHH created their own PBM for Members & NEAH
  - 12 Hospitals Joined the PBM
  - Been live for one month...no data yet
  - Expected savings 20% or so once fully implemented
  - Implementing formulary and reviewing utilization
- **Further Updates...**

# Comparative Effectiveness Research in Rx

Reducing pharmacy costs and improving care for Vermonters

David Sanville, CFO of Mt. Ascutney Hospital & Health Center

Catalina Gorla, CEO of TruDataRx

Presented to:



## Introductions



Catalina Gorla, CEO of TruDataRx, Inc.

TruDataRx is a Vermont company and Vermont employer

# Comparative Effectiveness Research (CER) asks: “What works best?”



Folkehelseinstituttet



SNHTA Swiss Network for  
Health Technology Assessment

A screenshot of the CADTH (Canadian Institute for Health Information) website. The header includes the CADTH logo and navigation links like "Home", "Our Work", "About CADTH", "Collaborations and Networks", "Careers", "Contact", "Helpdesk", "My CADTH", "Provide Input", "News &amp; Events", and "Search". A search bar at the top has the placeholder "Find the information you need". Below the header is a large banner with the text "What does the evidence say?" over a blue background with white text. The banner also contains smaller text about CADTH's role as a trusted source for evidence on drugs and medical devices. At the bottom of the page, there are social media links and a newsletter sign-up form.

A screenshot of the NZHTA (New Zealand Health Technology Assessment) website. The header is blue with the text "NZHTA – New Zealand Health Technology Assessment". Below the header is a bulleted list of facts about NZHTA:

- Established in 1997 by the New Zealand Ministry of Health to assist NZ Health and Disability Services
- Produces a range of assessments such as systematic reviews, technical briefs, and horizon scanning for HealthPACT. Conducts assessments for MSAC, the Accident Compensation Corporation, NZ Guidelines Group and others
- Involved in regional activities: Clinical Decision Support Unit, Clinical Practice Committee



**ICER**  
INSTITUTE FOR CLINICAL  
AND ECONOMIC REVIEW



THE COCHRANE  
COLLABORATION  
Preparing, maintaining and disseminating  
systematic reviews of the effects of health care

**IQWiG**  
Institut für Qualität und  
Wirtschaftlichkeit im Gesundheitswesen

Israeli Center for Technology  
Assessment in Health Care



**Director**  
Prof. Joshua Shemer

The Israeli Center for Technology Assessment in Health Care (ICTAHC) is an applied research unit in the field of health technology assessment for health services. ICTAHC was founded in 1992 and serves as a supportive research center to the Israeli Ministry of Health in general and to the Director of Technology and Infrastructure in particular, regarding health policy and decision-making processes of health technologies.

**AHRQ**  
Agency for Healthcare  
Research and Quality  
Advancing Excellence in Health Care

**NICE**  
National Institute for  
Health and Care Excellence

Who does CER in the US?



# 73%

of physicians **incorrectly** believe FDA approves new drugs if they are better than old drugs.

**Who else? Middlemen (PBMs) manage formularies on behalf of plans.**

**Today, they use two basic strategies to manage cost:**

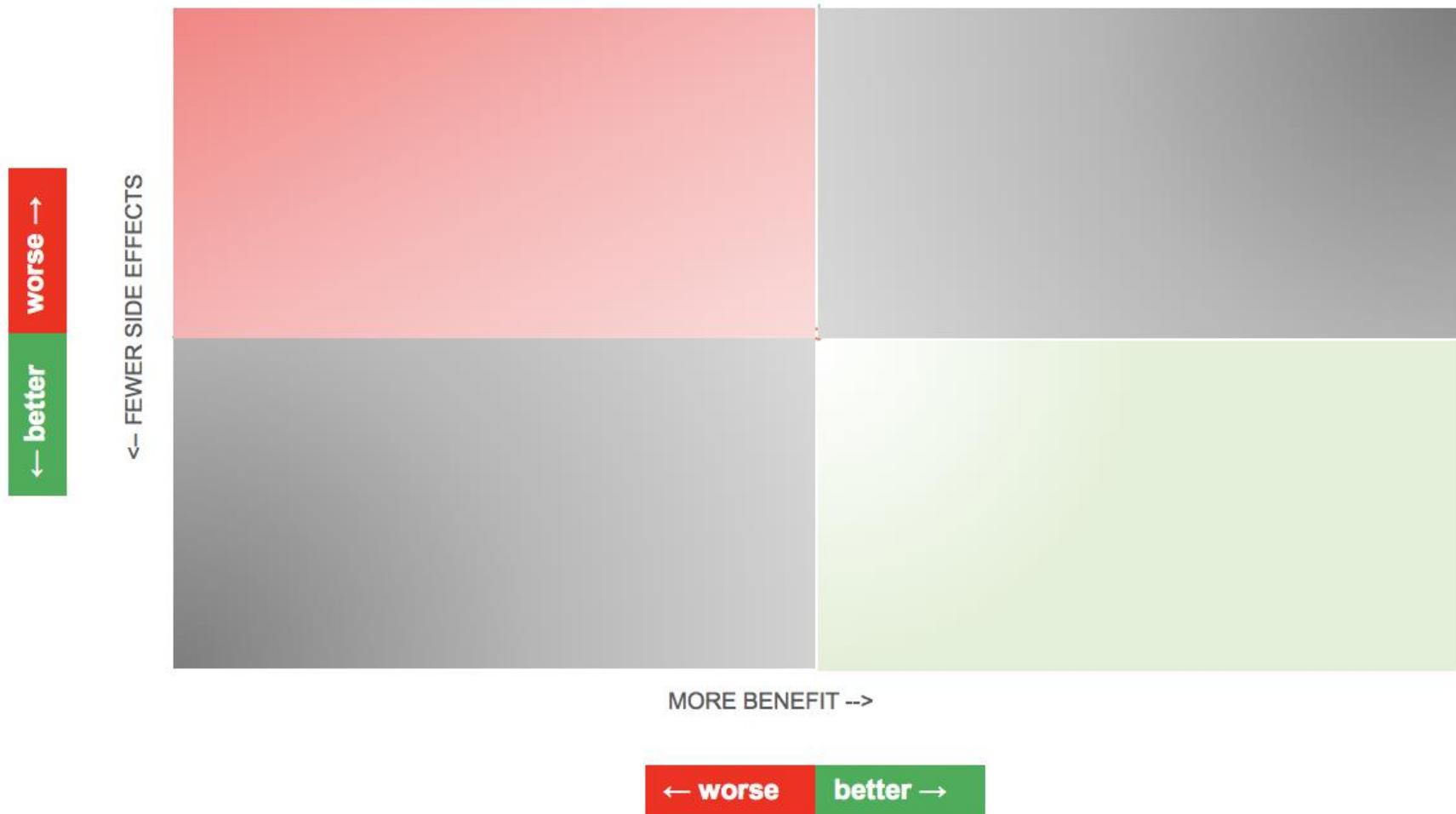
- 1) Try generics before brands**
- 2) Brands are “preferred” through rebates**

**What about Comparative Effectiveness?**



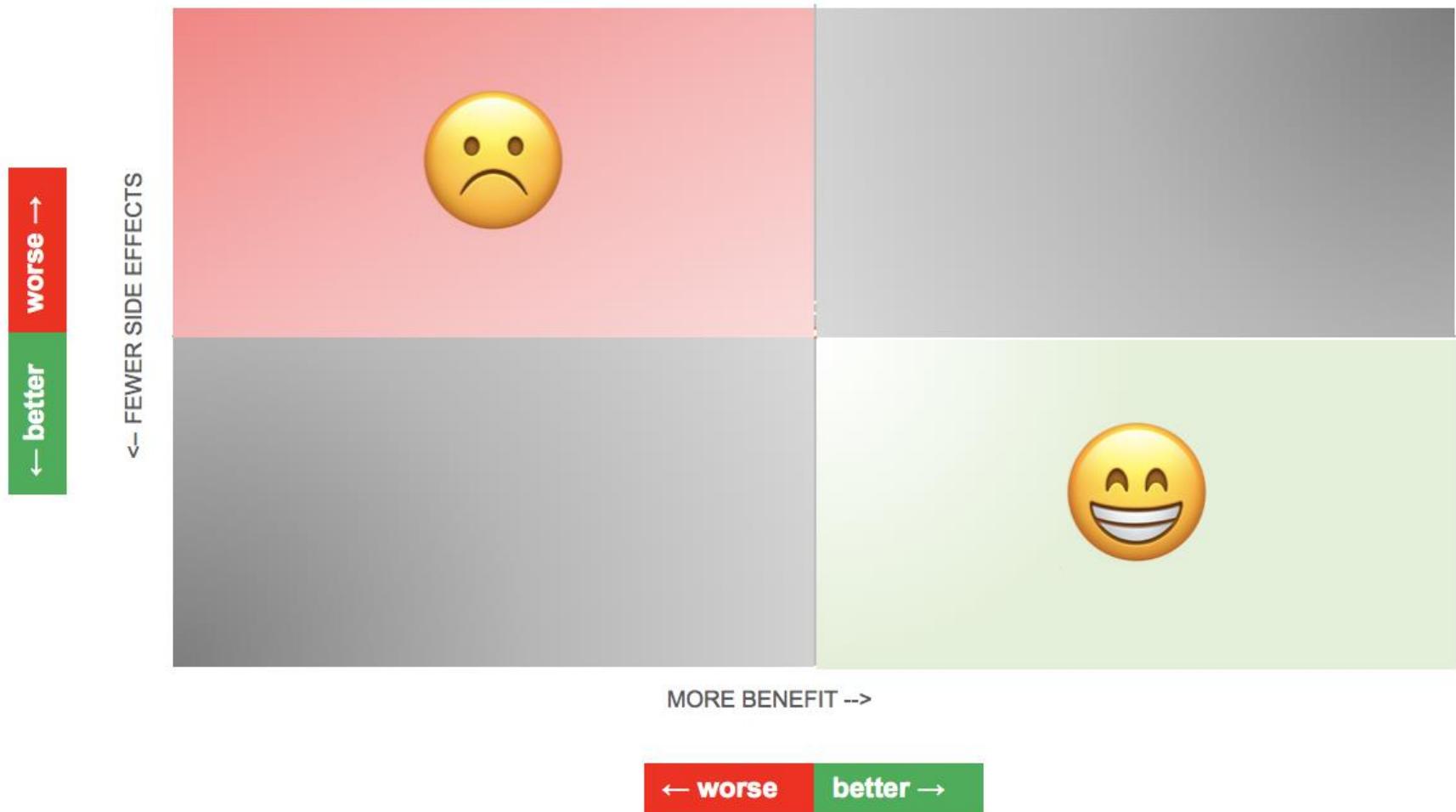
# We can understand value with a simple model

COMPARATIVE EFFECTIVENESS MODEL



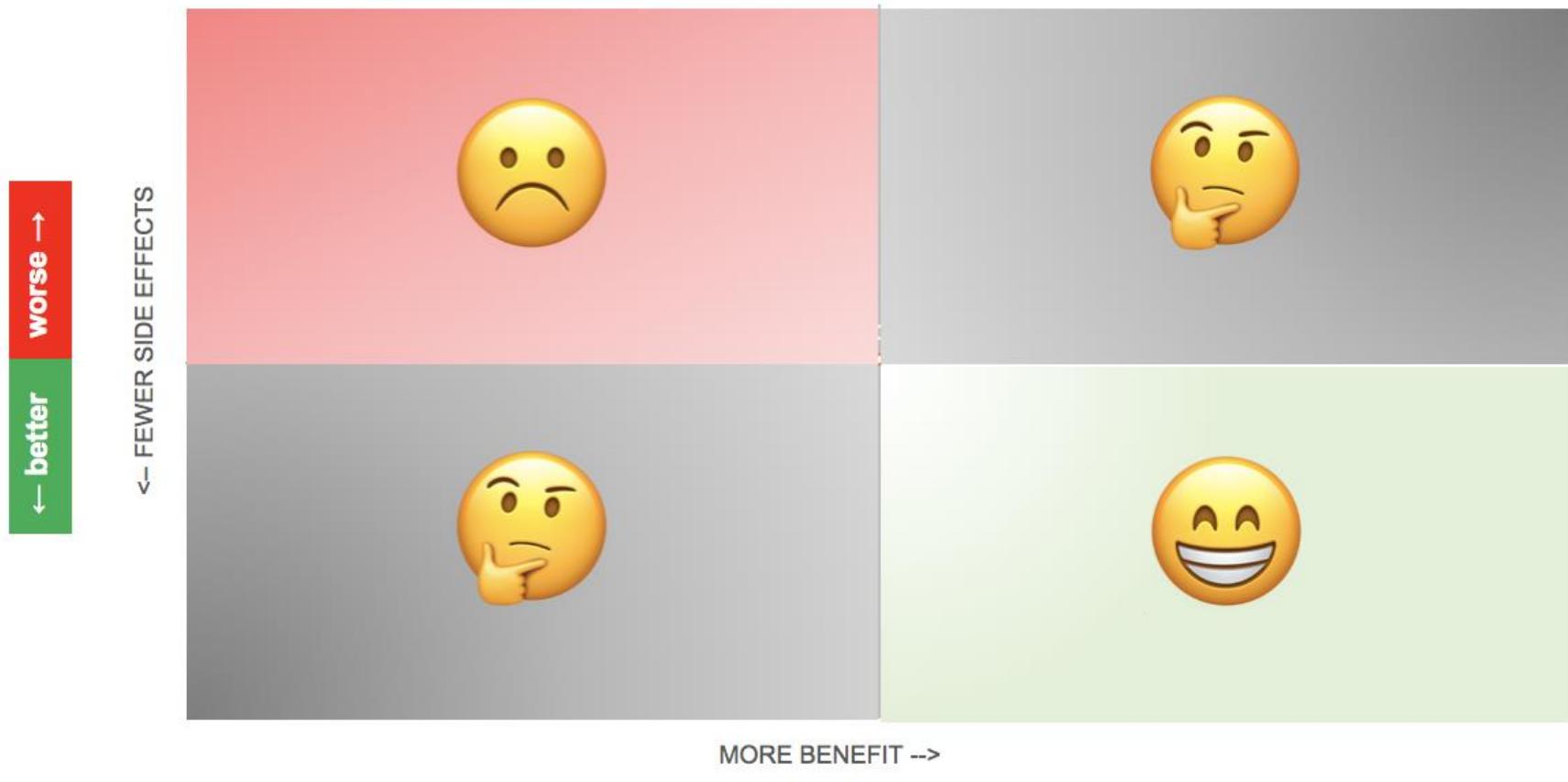
## Green and Red boxes are “no-brainers”

COMPARATIVE EFFECTIVENESS MODEL



**Grey boxes have trade-offs and need more data to understand value, such as cost.**

COMPARATIVE EFFECTIVENESS MODEL



# **LIST OF COVERED MEDICATIONS**

MEDICATIONS TO TREAT BLOOD CLOTS  
IN THE LEGS AND LUNGS

**DRUG A**

**BRAND**

**DRUG B**

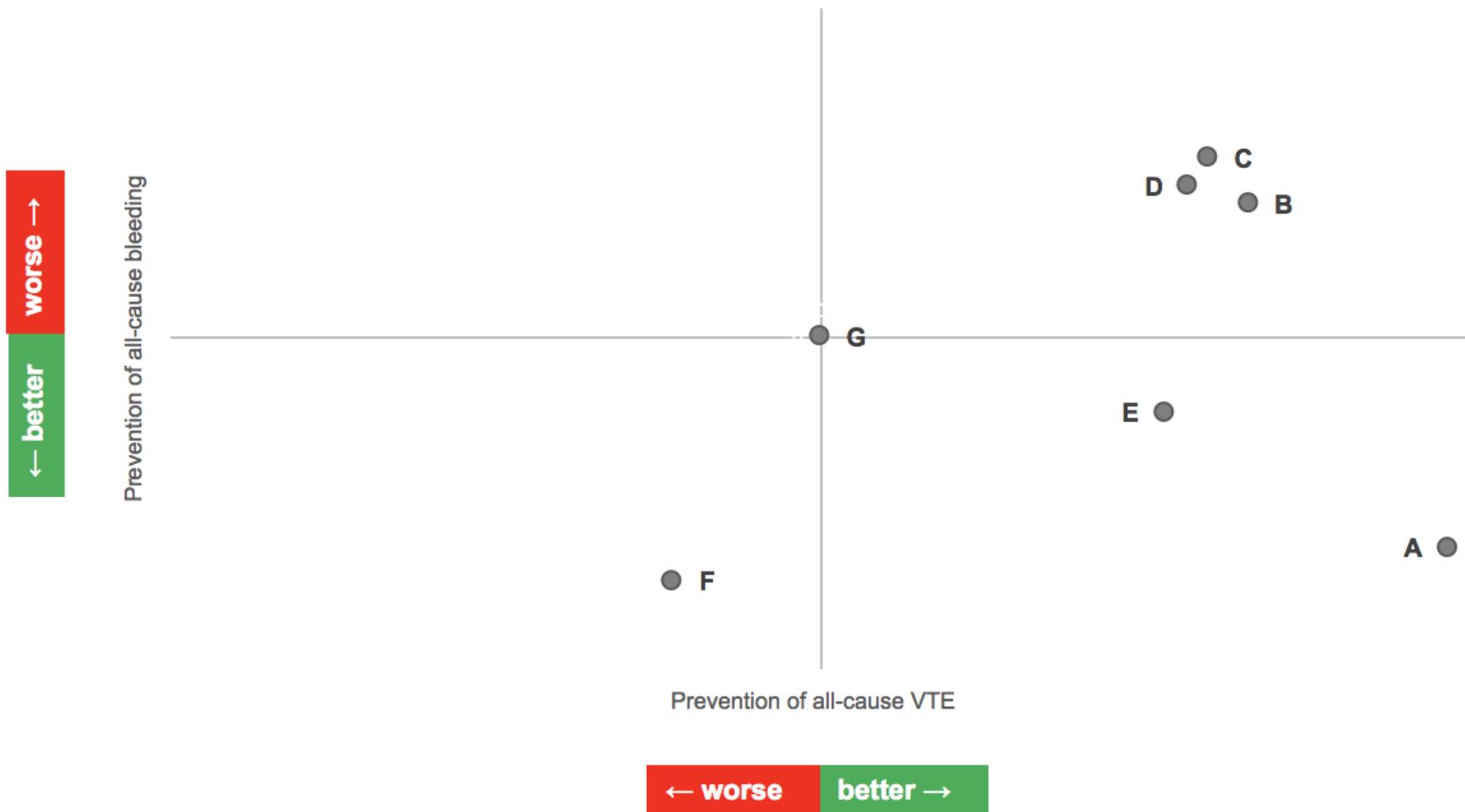
**GENERIC**

**DRUG G**

**GENERIC**

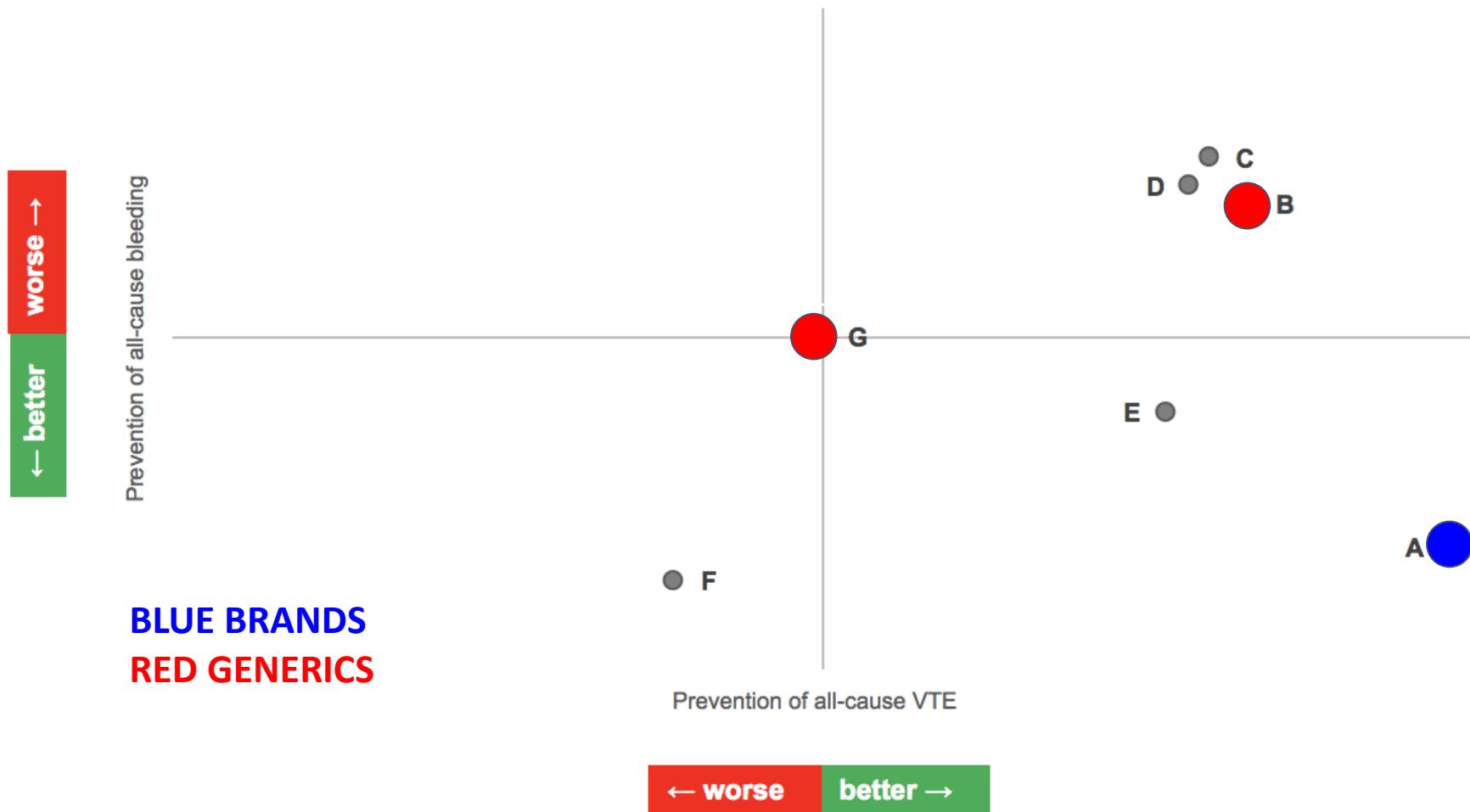
# CER reveals large differences in benefits and side effects across medications available

Comparative effectiveness of drugs to prevent blood clots in legs and lungs



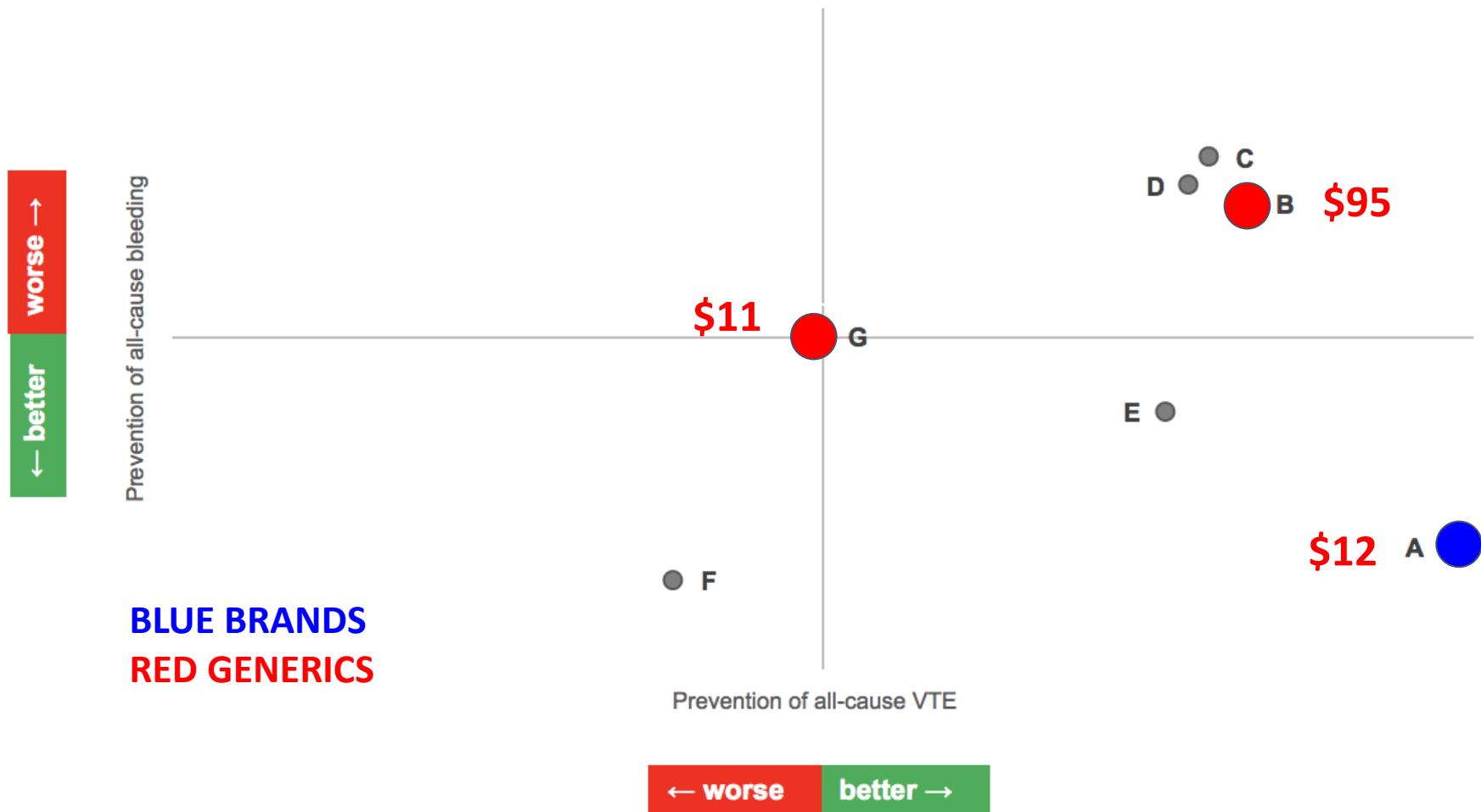
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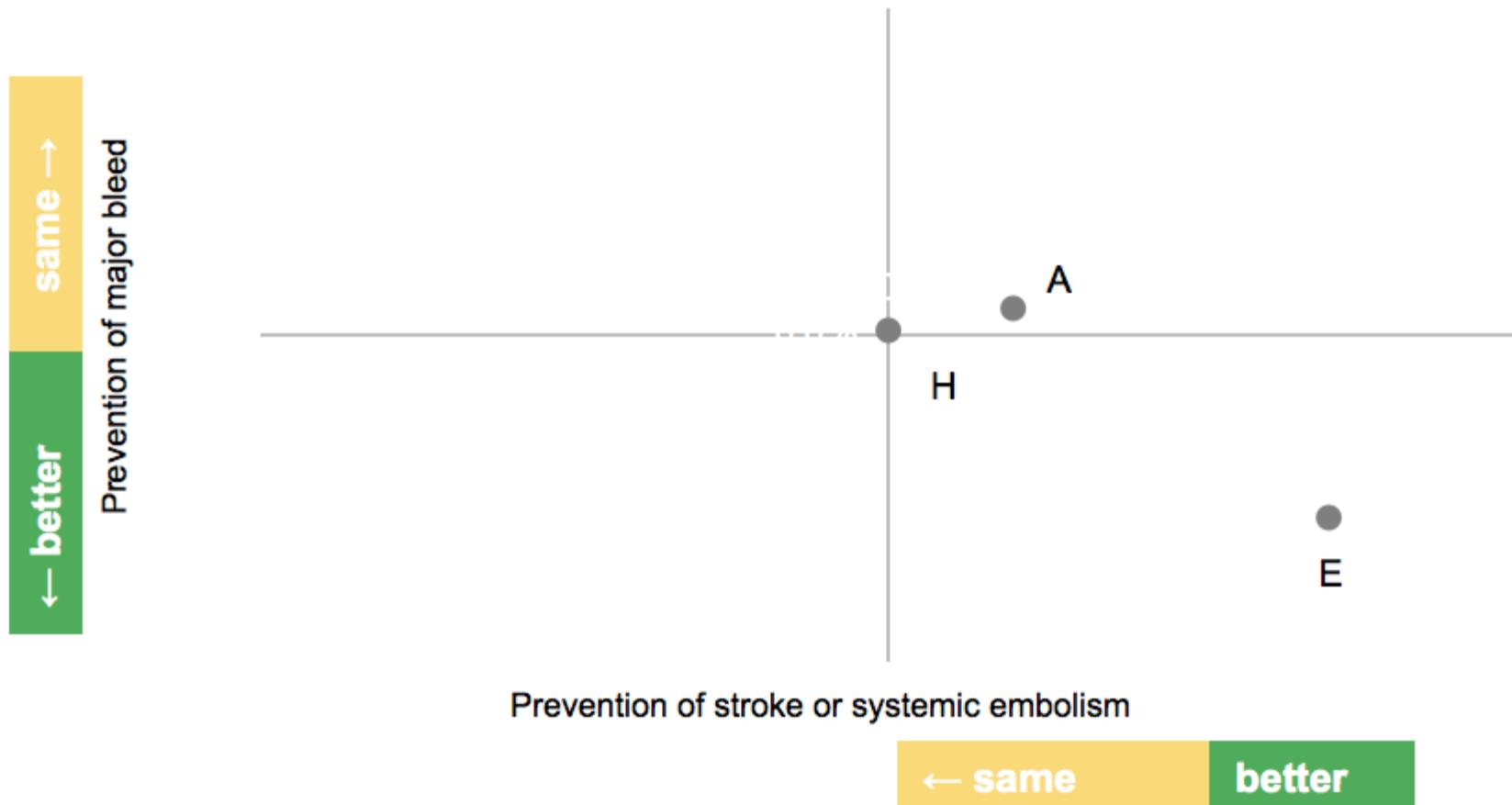
# Why are we paying more for less effective, less safe, and more expensive medications? CER is not being used.

Comparative effectiveness of drugs to prevent blood clots in legs and lungs



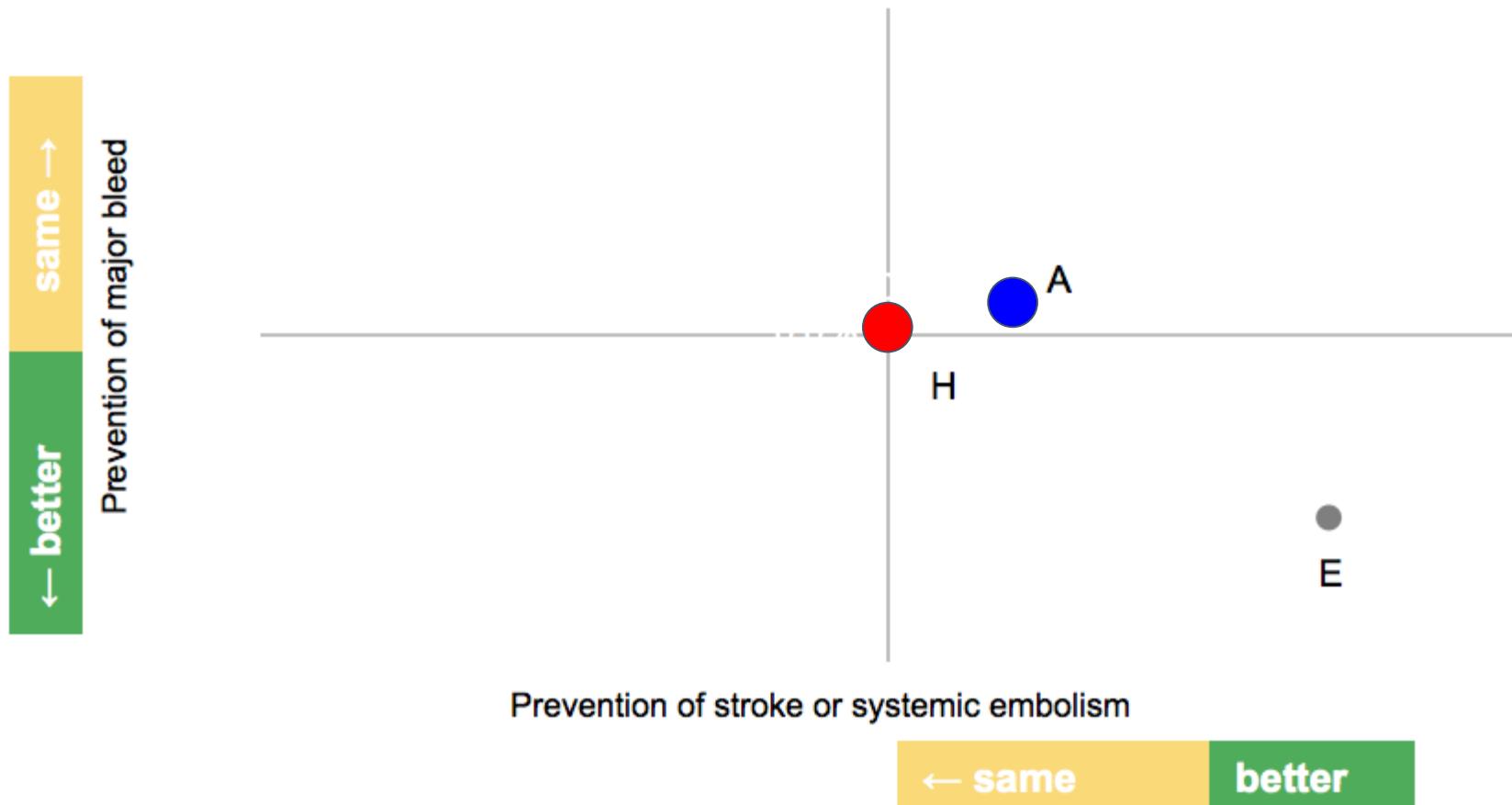
# Rebating by FDA indication is not enough

Comparative effectiveness of drugs for Atrial Fibrillation



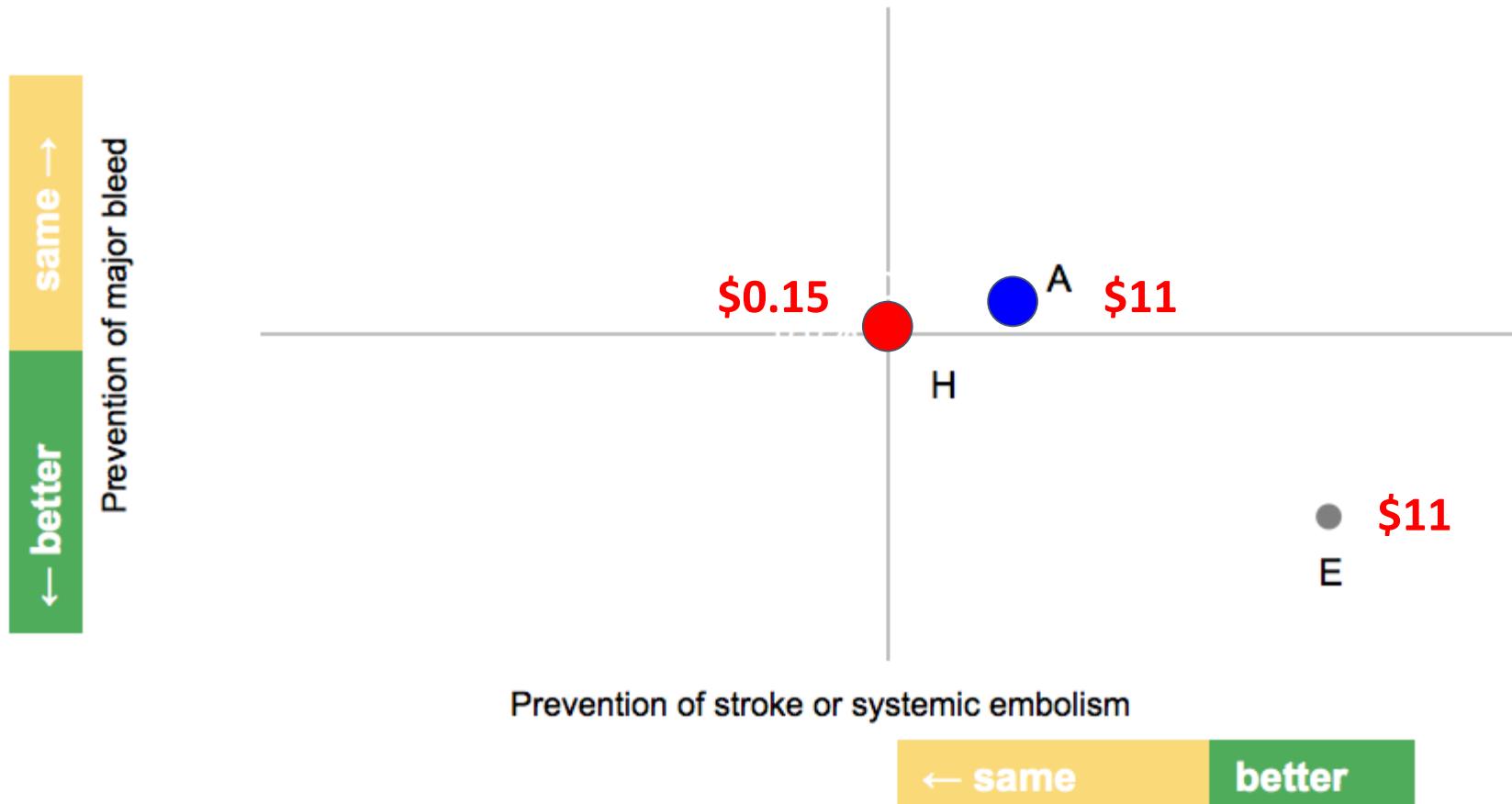
# Rebating by FDA indication is not enough

Comparative effectiveness of drugs for Atrial Fibrillation



# Why is a better medication at a similar price harder to access? CER is not being used.

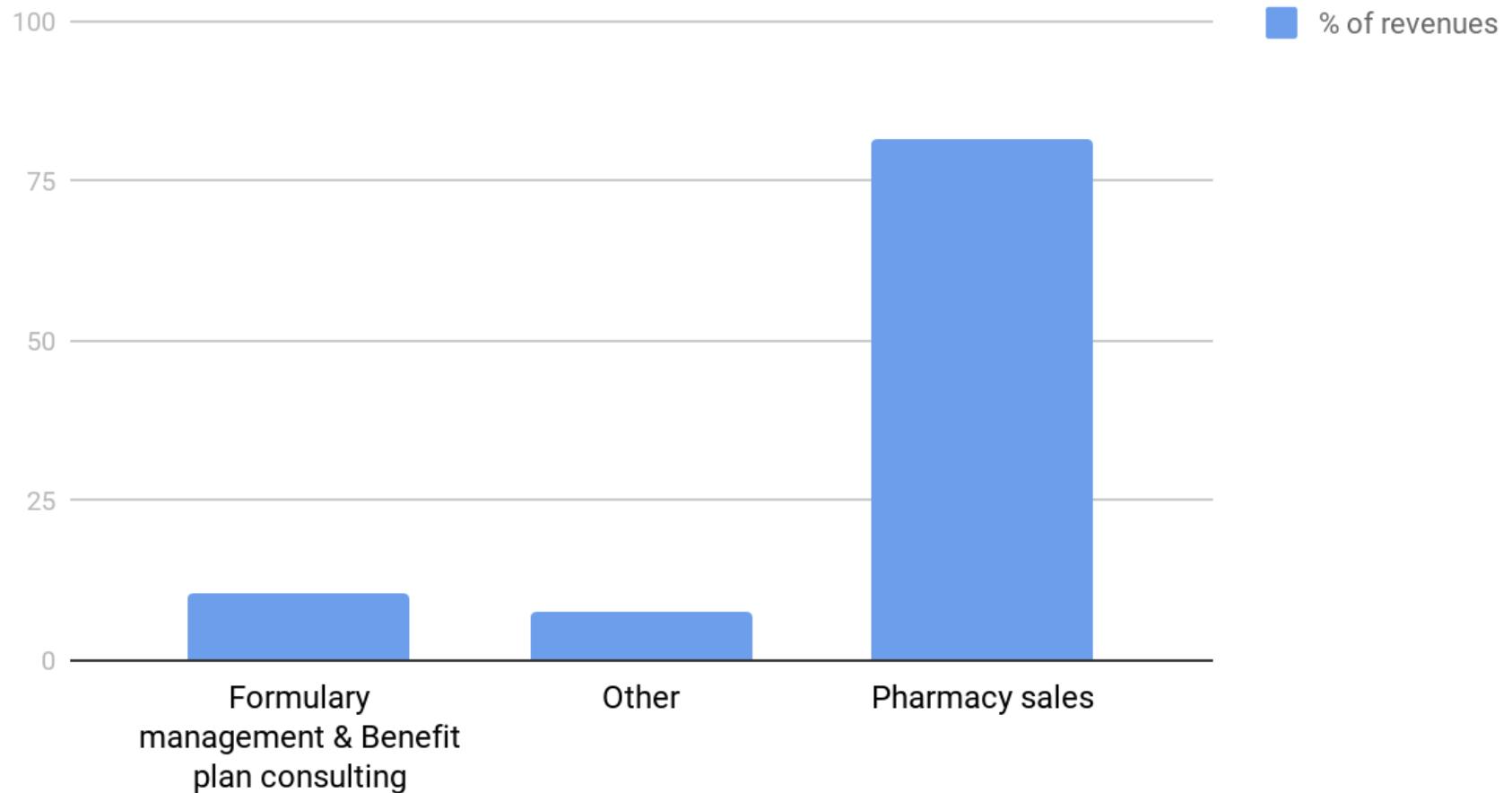
Comparative effectiveness of drugs for Atrial Fibrillation



**Why are middlemen (PBMs) not using CER? They make over 80% of their revenues from selling drugs.**

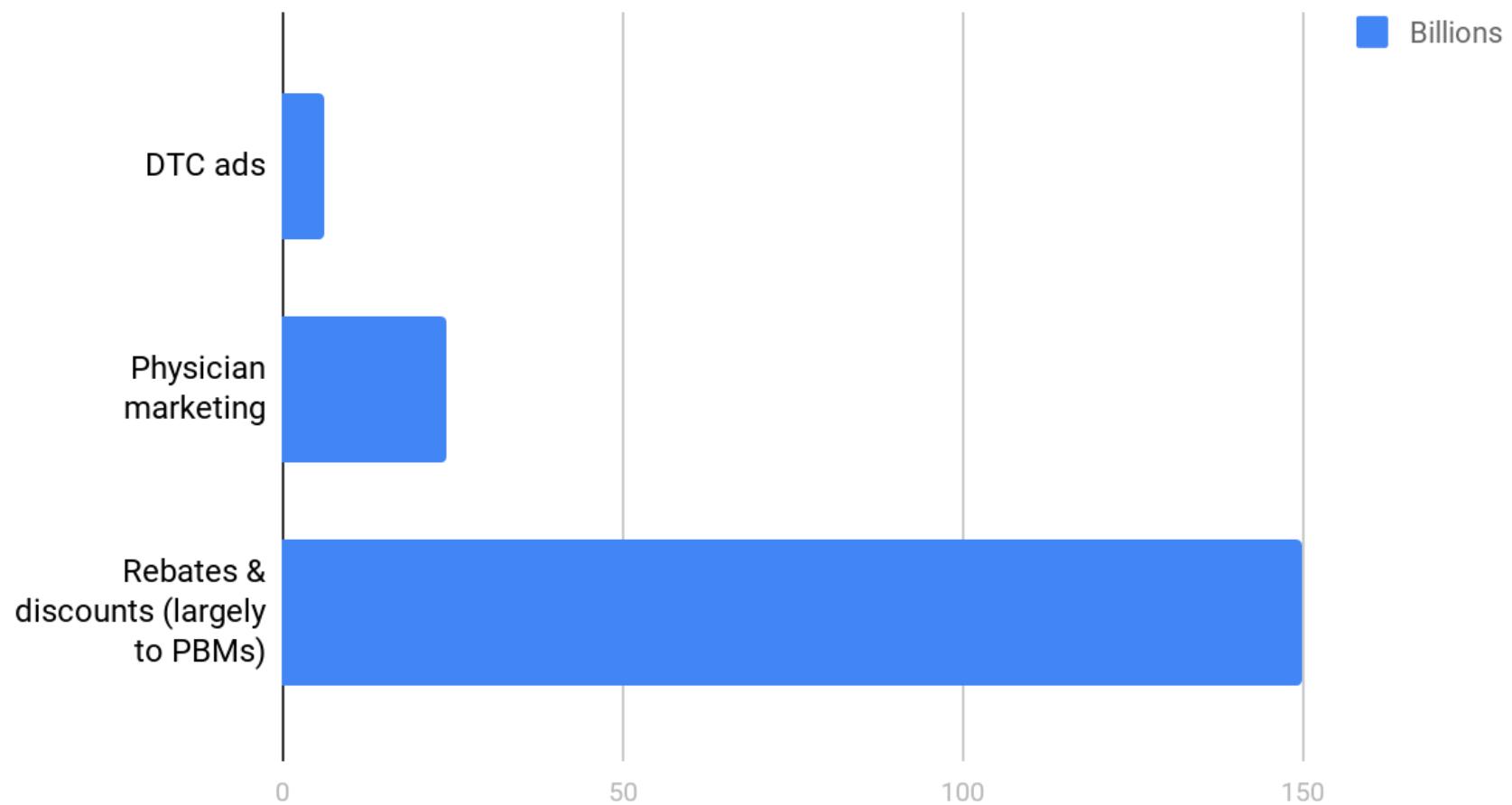
**They are not middlemen.**

### PBM revenue by products/services



# Who does pharma think makes the decision on which drug to use?

Pharma's annual marketing spend



## **Three recommendations to improve the care of Vermonters at a lower cost**

1

## Understand the true costs of pharmacy management...



“...it was confirmed that in 2017, PBMs pocketed a whopping **\$223.7 million** in spread pricing alone in the Medicaid managed care program...”



“That represents a markup of **32 percent** over what pharmacies were paid. The markups by PBMs **more than doubled** from 2016, according to the analysis.”

2

## ...and quality! Understand how much of care is wasted on less effective but more expensive care.

Go beyond a spread pricing analysis and dig deep into the clinical value of the care provided:

- Waste on low value medications with equivalent or superior alternatives
- High value care withheld from Vermonters for no good reason (i.e., rebates)
- Inform prescribers in OneCare, Medicaid of opportunities to improve care & lower cost



3

## Put clinical data before rebates. Build formularies & plans with high quality, unbiased, and independent comparative effectiveness research.

DeWine wants crackdown on pharmacy middlemen, managed-care groups

MARTY SCHLADEN AND CATHY CANDISKY | THE COLUMBUS DISPATCH

Feb. 1, 2019

Frustrated by the ongoing “rip-off” of Ohio taxpayers, Gov. Mike DeWine ordered a crackdown on Medicaid managed care plans and the pharmacy benefit managers they hire to oversee prescription drugs.



Gov. elect Mike DeWine speaks to the press during a press conference at the Ohio Statehouse in Columbus, Ohio on November 7, 2018. [Brooke LaValley/Dispatch]

POLITICS

### Azar calls on Congress to help eliminate drug rebates

By IKE SWETLITZ @ikewswetlitz / FEBRUARY 1, 2019



The screenshot shows the homepage of CADTH (Canadian Institute for Health Information). At the top, there's a navigation bar with links like "Home", "Contact Us", "About CADTH", "Collaboration and Outreach", "Careers", "Reports", "Resources", "Submit a Request", "Provide Input", and "About and Events". Below the navigation is a search bar with the placeholder "Find the information you need" and a "SEARCH" button. A large blue banner with white text reads "What does the evidence say?". To the right of the banner, there's a small text box: "What Canadian health care decision-makers need to know, they look to CADTH. We're a trusted source for evidence on drugs and medical devices... How can we help you with your next decision?" At the bottom of the page, there are social media icons for Facebook, Twitter, LinkedIn, and YouTube, along with a "Follow us:" label. There's also a "Get our newsletter:" link and a "Register now" button.

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## **Three recommendations to improve the care of Vermonters at a lower cost**

1. Understand the true costs of pharmacy management...
2. ...and quality! Understand how much of care is wasted on less effective but more expensive care.
3. Put clinical data before rebates. Build formularies & plans with high quality, unbiased, and independent comparative effectiveness research.

**Thank you!**  
**Questions/Comments**