



# Medicaid Prescription Drug Cost Containment Initiatives

Department of Vermont Health Access

Nancy Hogue, Pharm.D.  
Director of Pharmacy Services

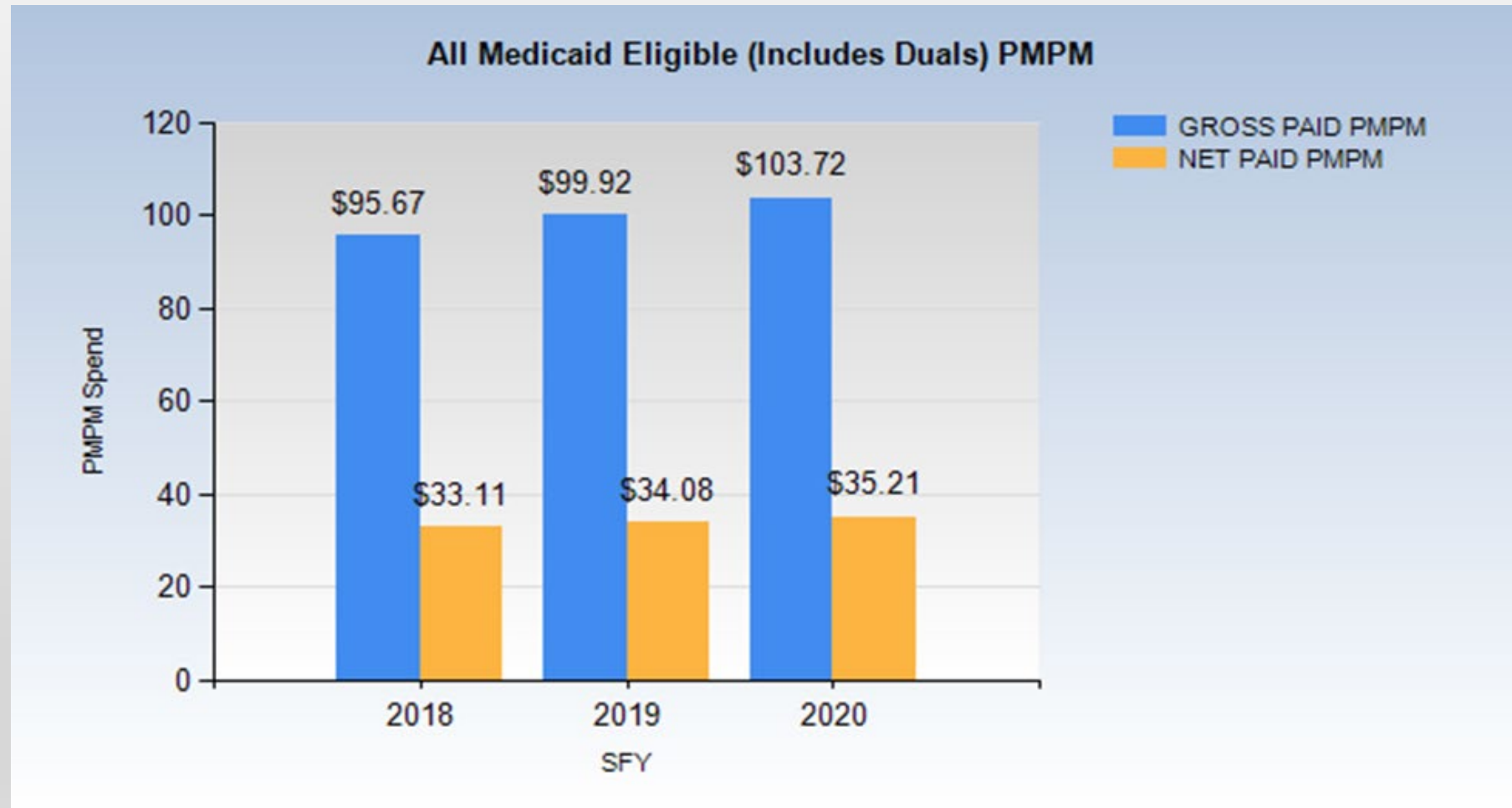
# Medicaid Drug Spend

SFY 2019 vs SFY2020

- Gross drug spend increased by approximately \$1.6 million dollars to \$200.4 million (0.82%);
- There was a 3.0% decrease in the total number of prescription claims processed;
- There was an increase in the average gross cost per prescription claim paid of 3.96%
- Net spend, based on rebates invoiced (not collected), increased slightly to \$67.86 M (0.76%);
- Net cost per prescription claim rose by 3.91% to \$34.81 (up from \$33.50 in SFY19);

All Pharmacy Claims										
SFY	Claims Paid	% Change	Gross Amount Paid	% Change	Gross Cost Per Claim	% Change	Net Paid Amount	% Change	Net Cost Per Claim	% Change
2020	1,949,562	-3.02%	\$200,401,603	0.82%	\$102.79	3.96%	\$67,860,006	0.76%	\$34.81	3.91%
2019	2,010,344	-2.76%	\$198,763,711	0.81%	\$98.87	3.67%	\$67,351,149	-0.42%	\$33.50	2.38%
2018	2,067,375		\$197,174,792		\$95.37		\$67,634,958		\$32.72	
Medicaid Claim (includes Duals)										
SFY	Claims Paid	% Change	Gross Amount Paid	% Change	Gross Cost Per Claim	% Change	Net Paid Amount	% Change	Net Cost Per Claim	% Change
2020	1,655,345	-2.26%	\$195,078,926	0.98%	\$117.85	3.32%	\$66,218,094	0.51%	\$40.00	2.83%
2019	1,693,690	-2.34%	\$193,178,701	0.98%	\$114.06	3.40%	\$65,884,865	-0.49%	\$38.90	1.89%
2018	1,734,251		\$191,311,623		\$110.31		\$66,210,512		\$38.18	

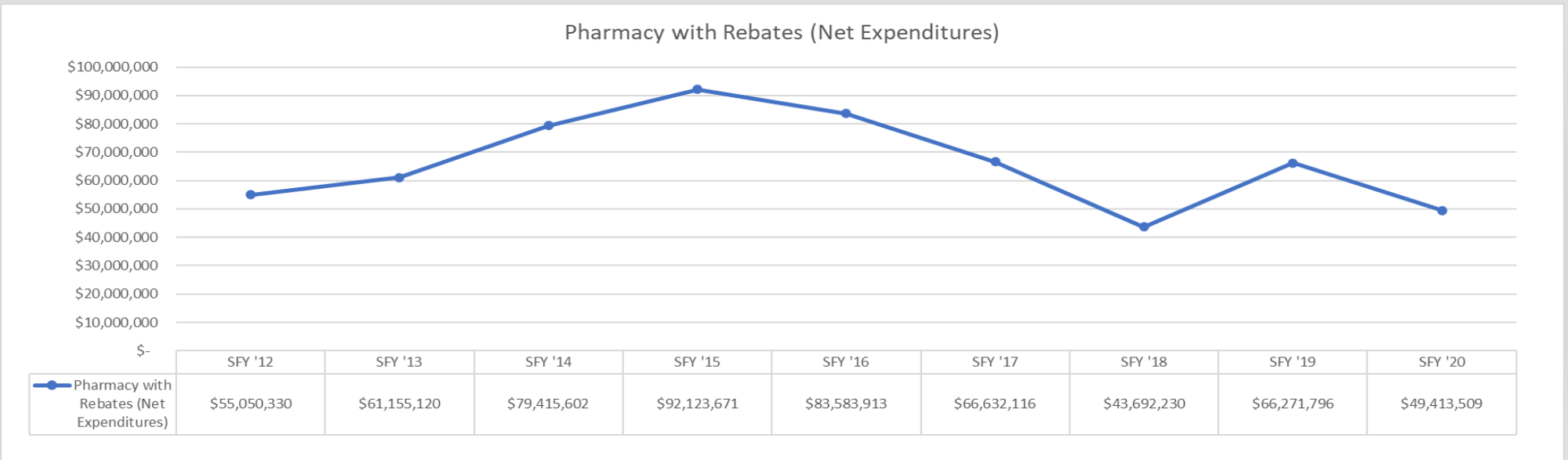
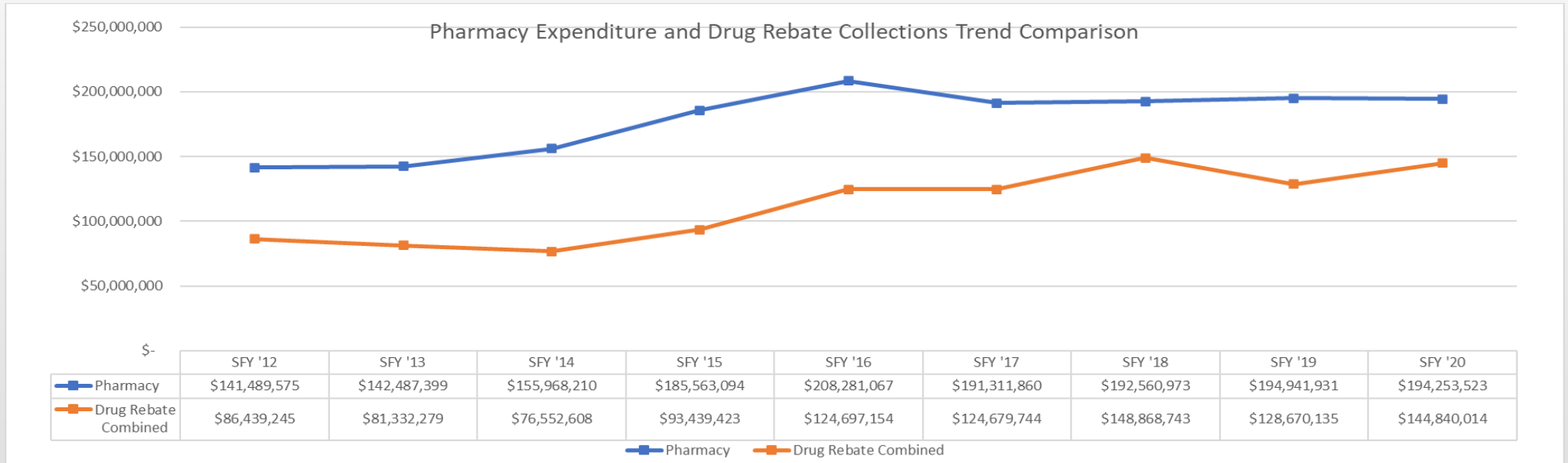
# Gross and Net PMPM



(Medicaid and Duals)



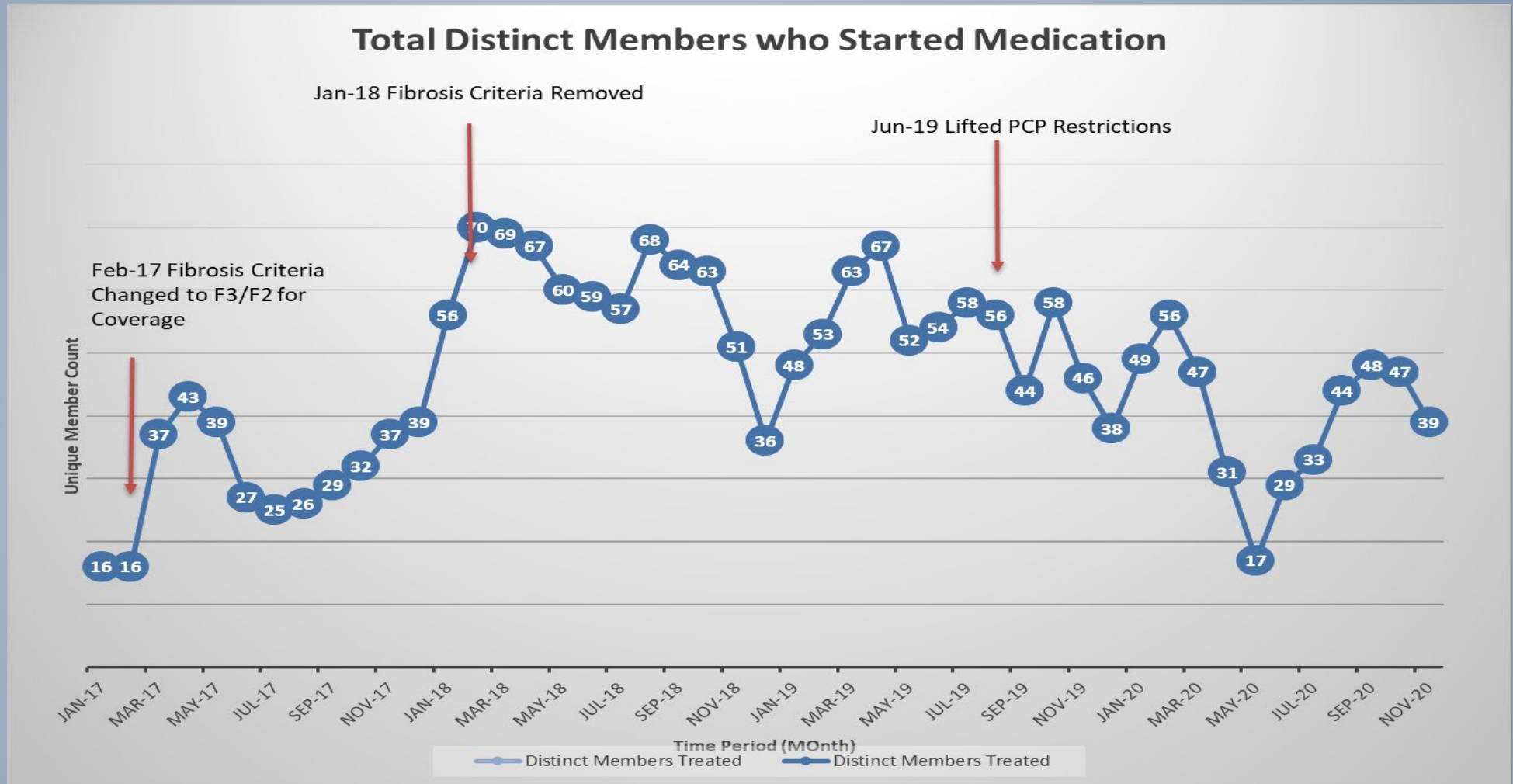
# Medicaid Drug Spend-Gross and Net



# Top Therapeutic Classes by Spend

Therapeutic Class/Treatment Category	2019 Gross Paid	2020 Gross Paid	2019 Claim Count	2020 Claim Count	Total Amount Paid Change	Claim Count Change
Opioid Partial Agonists/Substance Use Treatments	\$16,378,657.43	\$19,480,478.09	134,421	142,512	18.9%	6.0%
Stimulants - Misc. ADHD	\$11,139,441.95	\$11,729,120.61	49,535	49,769	5.3%	0.5%
Insulin	\$11,766,593.90	\$11,489,684.94	14,342	14,009	-2.4%	-2.3%
ANTI TNF ALPHA Monoclonal Antibodies -Rheumatoid Arthritis, UC, Crohn's	\$9,806,107.95	\$10,919,809.91	1,707	1,826	11.4%	7.0%
Sympathomimetics-Asthma/COPD	\$10,112,435.26	\$9,994,263.27	64,085	64,777	-1.2%	1.1%
Hepatitis Agents	\$11,648,986.09	\$9,435,885.81	866	646	-19.0%	-25.4%
Amphetamines -ADHD	\$9,000,069.57	\$9,039,396.66	55,845	56,151	0.4%	0.6%
Cystic Fibrosis Agents	\$5,468,797.13	\$6,789,279.29	613	617	24.2%	0.7%
Antiretrovirals -HIV Tx	\$5,332,492.47	\$5,462,495.68	2,371	1,944	2.4%	-18.0%
Antipsoriatics	\$4,378,093.60	\$5,021,516.97	701	710	14.7%	1.3%

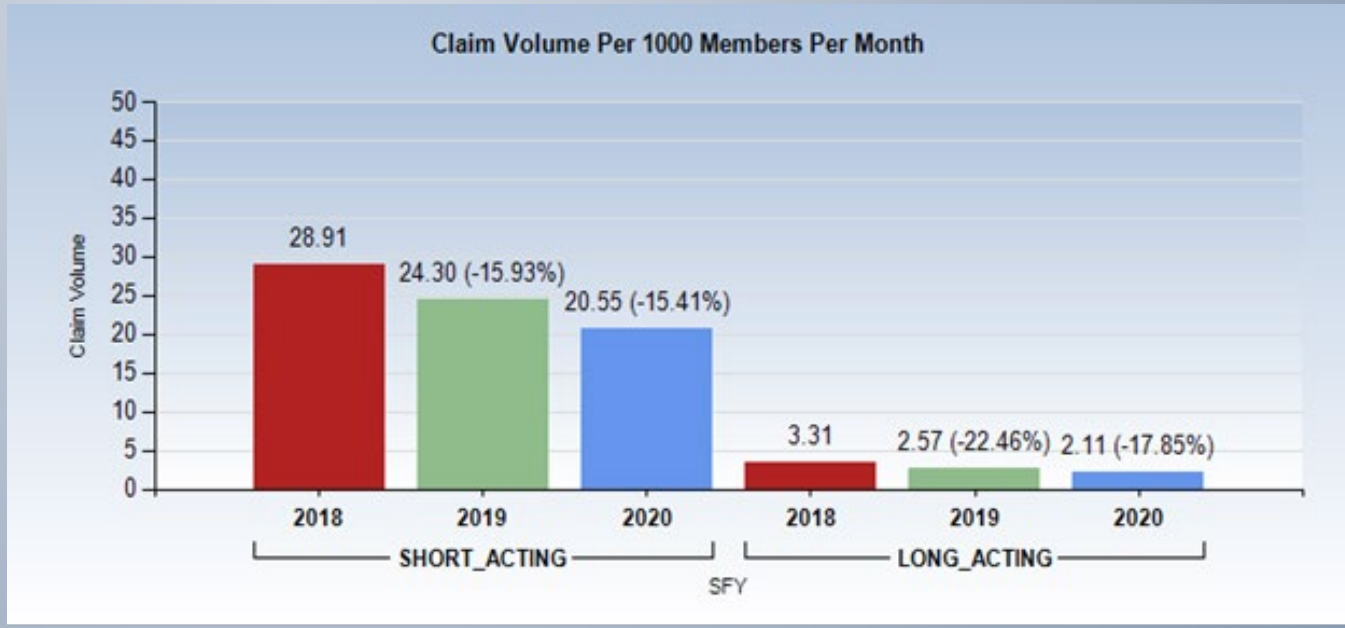
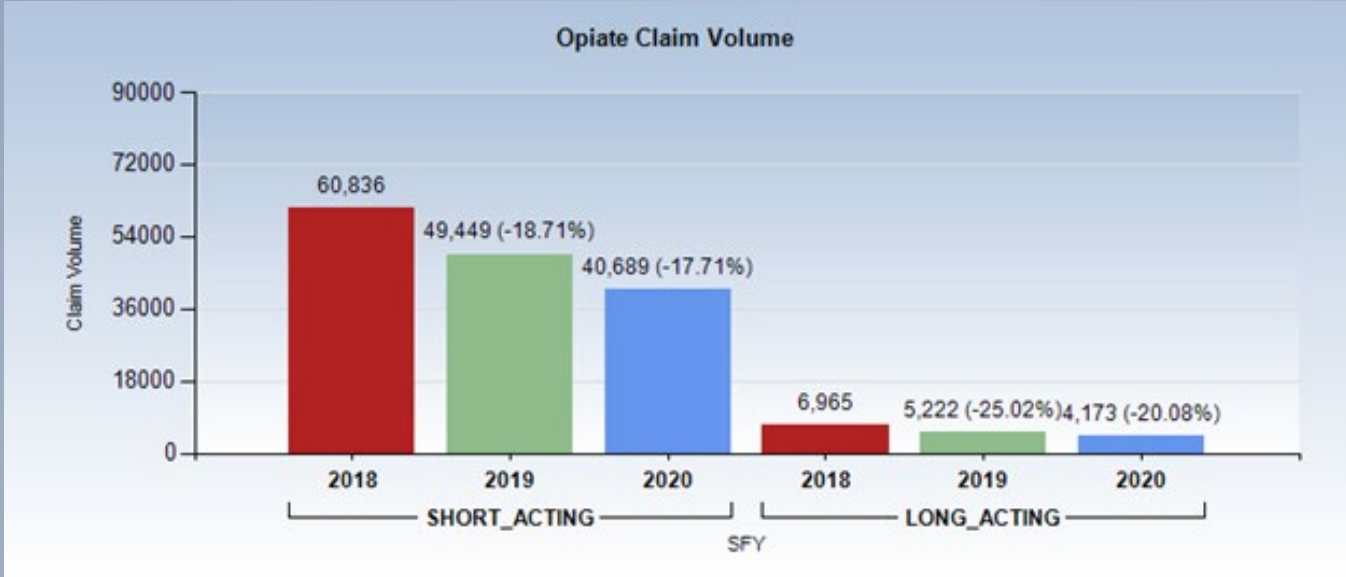
# Hepatitis C Treatment Trend 2020



There appears to be a correlation with the COVID-19 pandemic that may have impacted new treatment starts, demonstrated by a significant decline in members who started medication between March and June of 2020.



# Opioid Drug Utilization Trends





# Vermont Medicaid-Insulin Utilization

- Total Spend \$11.5 Million Gross
- 13,380 Rxs per year
- \$ 832 Cost per Rx (Gross)
- Medicaid copays \$1-\$3
  - No copays for children
  - Average Insulin copay \$2.38
- Most older products have high rebates
- Newer formulations have higher net cost



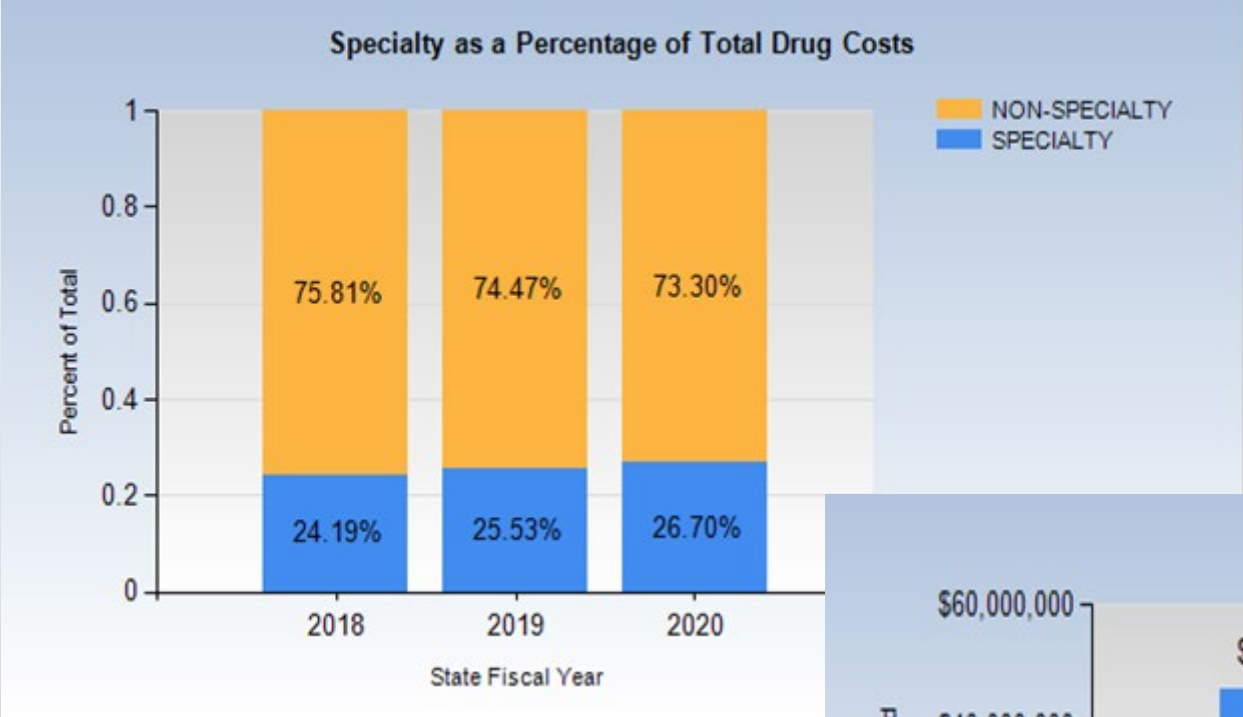
# Federal (CMS) Rebates

- Example: a brand drug starts with the minimum rebate (23.1%)
- Over time, the rebate increases if:
  - the drug's cost rises faster than inflation (based on the CPI), and/or
  - CMS rebates go up based on the “best price” given to the private companies
- Together these can increase the CMS rebate up to 100% of the drug's AMP
  - This can make some brands very inexpensive

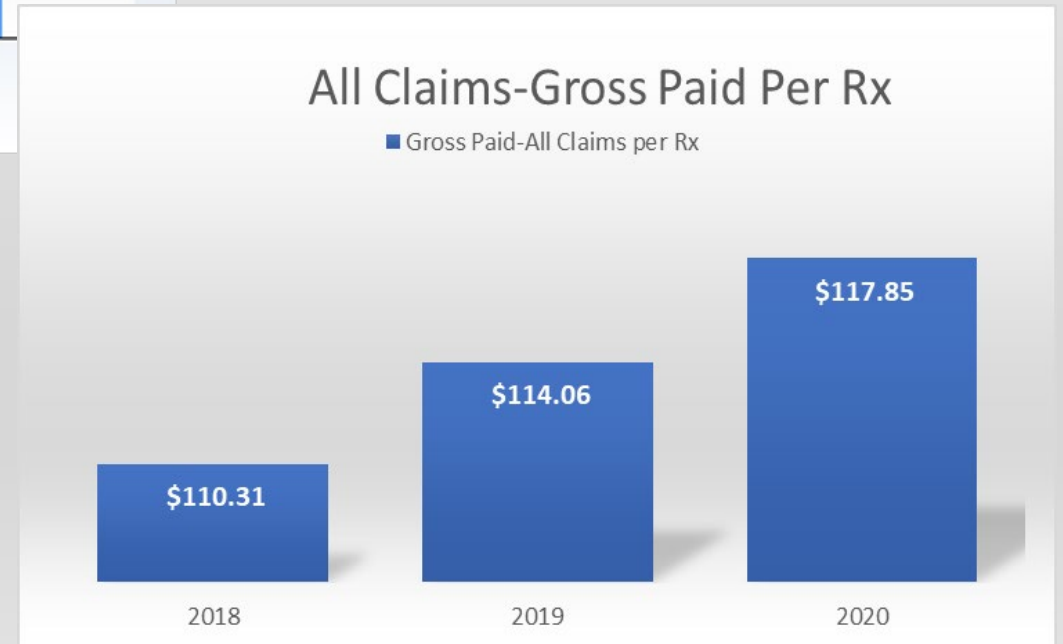
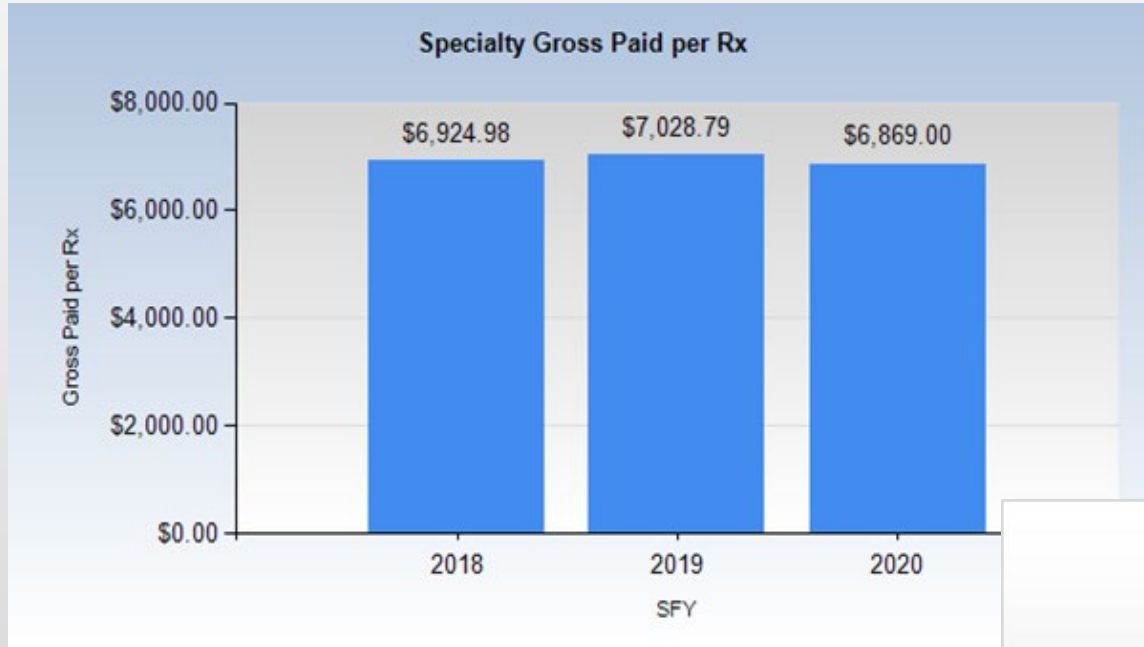




# Specialty Drugs Percent of Drug Spend

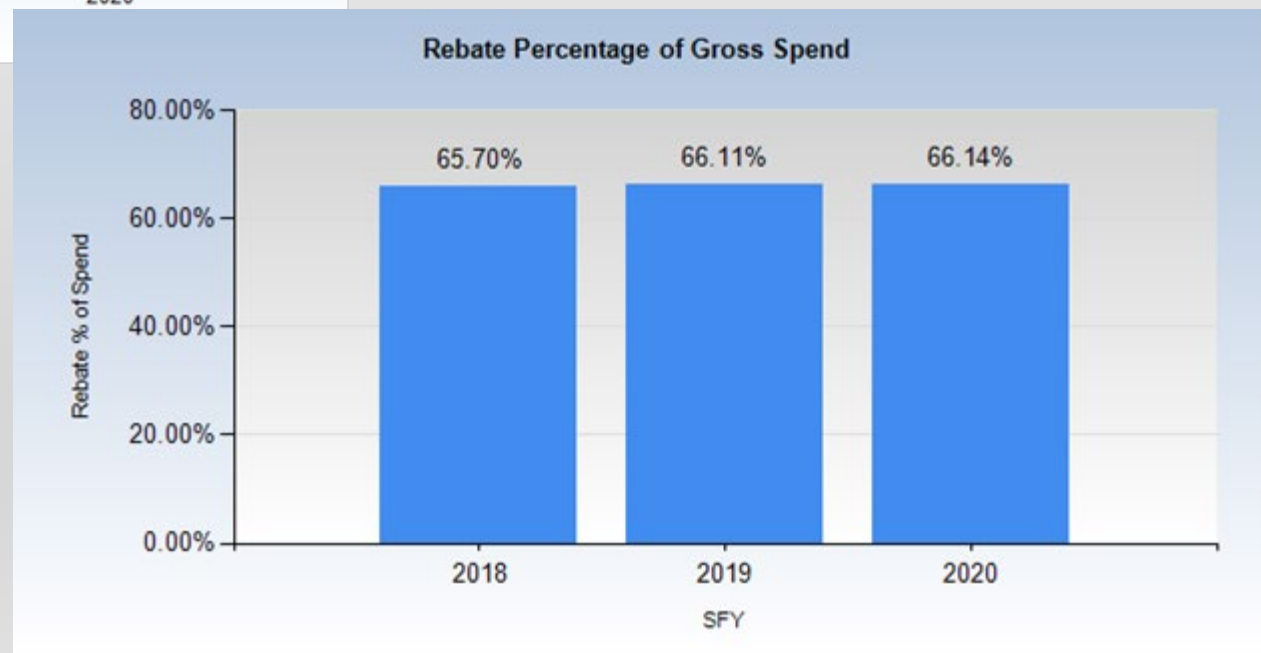
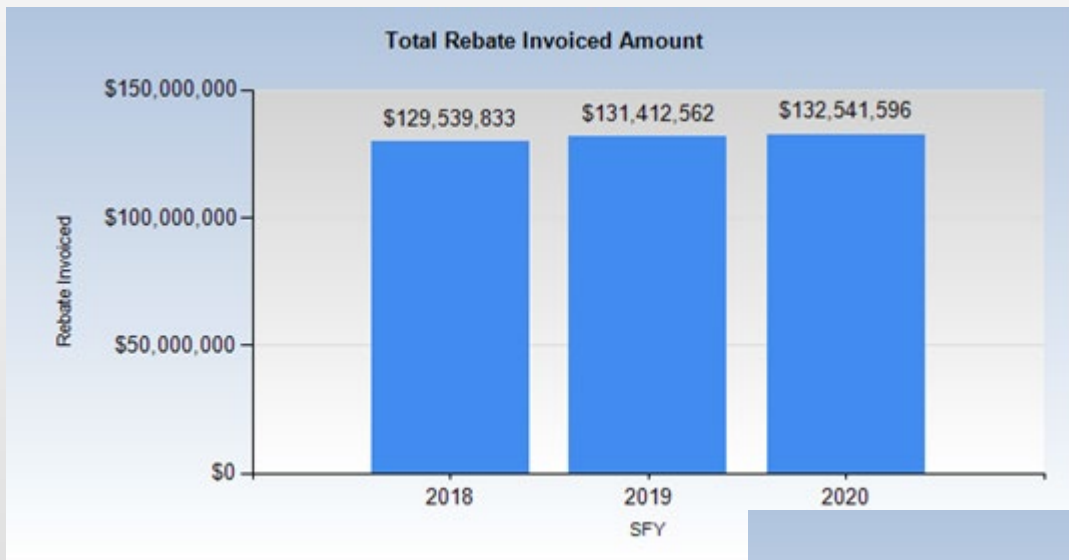


# Specialty vs Non-Specialty Drugs





# Rebates- All programs



# Cost Control Strategies

- Preferred Drug List-DUR Board activities
  - Assures appropriate clinical utilization of drugs
    - Clinical Guidelines, Best Practices, Clinical Data/Literature, etc..
  - Shifts utilization to lowest net cost for Medicaid
    - Preferred vs Non-Preferred
    - Step Therapy
    - Quantity Limits
- Federal rebates
- Supplemental rebates-SSDC
- Pharmacy Cost Management Program
- Pricing controls-AAC/NADAC/340B AAC/ SMAC
- Value-Based Agreements



# New High Cost and Ultra High-Cost Drugs

FDA APPROVAL	DRUG	INDICATION	COST
Apr-17	Ingrezza® (valbenazine)	Tardive Dyskinesia-first available drug	Oral daily tablet~\$60,000 per year
Oct-19	Trikafta® (elexacaftor/tezacaftor/ivacaftor)	Cystic Fibrosis	BID oral regimen~\$300,000 per pt. per year
Nov-19	Adakveo® (crizanlizumab-tmca)	Sickle Cell Disease Pain Crises	•Monthly IV infusion, \$84,000-\$115,000 per year
Dec-19	Vyondis 53 (golodirsen)	Duchenne muscular dystrophy (DMD)	\$748,000 iIV infusion administered over 35-60mins once weekly
Feb-20	Emflaza® (deflazacort)	Duchenne Muscular Dystrophy	oral daily tablet~\$80,000 per year
Mar-20	Isturisa (osilodrostat) tablets	Cushing's disease	Average maint. dose 7 mg twice daily \$446, 000 per year. Max dose of 30mg BID \$1 million per year
Aug-20	Evrysdi™(risdiplam) for oral solution	Spinal Muscular Atrophy (SMA) in patients 2 months of age and older	maximum of \$340,000 a year. Children under 2 who weigh up to 15 pounds —approx \$100,000 annually.





# New High Cost and Ultra High-Cost Drugs

- Gene Therapies: FDA considers any use of CRISPR/Cas9 gene editing in humans to be gene therapy.

FDA Approv	GENE THERAPIES	INDICATION	COST
Oct-17	Yescarta (axicabtagene ciloleucel)	Non-Hodgkins Lymphoma	\$375,000 one time treatment
Dec-17	Luxturna (Voretigene neparvovec)	Inherited retinal disease due to mutation of RPE65 gene	\$425,000 per eye
May-18	Kymriah (tisagenlecleucel)	ALL, Non-Hodgkins Lymphona	\$475,000 one time treatment
May-19	Zolgensma (onasemnogene abeparvovec-xioi)	SMA < 2 yrs old	Currently the most expensive drug in the world-\$2.1 million
Jul-20	TECARTUS™(brexucabtagene autoleucel)	Adult patients with relapsed or refractory mantle cell lymphoma	\$373,000 annually
	<b>Over 300 gene therapies in the pipeline</b>		

# Summary

- DVHA has effectively managed net cost of drug benefit programs since inception of Preferred Drug List
- The federal, state, and supplemental rebate programs have been very effective at managing costs
- More focus placed on physician-administered and specialty drugs
- Potential future growth in value-based manufacturer agreements
- More rapid growth in spend is expected

