Green Mountain Care Board
Prescription Drug Technical Advisory Group
December 28, 2020 Meeting Minutes

Attendance (Group Members and GMCB)
Jill Abrams, Assistant Attorney General & Director, Consumer Protection Division, Vermont Office of the Attorney General
Nate Awrich, Director, Pharmacy Supply Chain, UVMHN
Ena Backus, Director of Health Care Reform, AHS
Debbi Barber, R. Ph, VP of Managed Care Contracting & Payor Relations, Kinney Drugs
Emily Brown, Director of Rates and Forms, DFR
Jordan Estey, Leader, Government Affairs, MVP Health Care
Devon Green, Vice President of Government Relations, VAHHS
Jeff Hochberg, Director, Smilin Steve Pharmacy Group & President of Vermont Retail Druggists
Nancy Hogue, Pharm. D., Director of Pharmacy Services, DVHA
Jim Hopsicker, Sr. Leader, Health and Pharmacracy Management, MVP Health Care
Georgia Maheras, VP of Policy and Strategy, Bi-State Primary Care Association
Robin Lunge, Board Member, GMCB
Kevin Mullin, Chair, GMCB
Susan Barrett, Executive Director, GMCB
Christina McLaughlin, Health Policy Analyst, GMCB
Lindsay Kill, Healthcare Data and Statistical Analyst, GMCB
Abigail Connolly, Executive Assistant, GMCB

Others Present
Laura Pelosi, MMR
Jennifer Kaulius, UVMHN
Bridget Morris, Morris Government Affairs
James Pfeiffer, UVMMC

Vermont & the 340B Drug Pricing Program – *Nate Awrich, Director, Pharmacy Supply Chain UVM Health Network*

Nate Awrich presented an overview of the 340B program, which was created to stretch scarce federal resources to support hospitals in providing comprehensive medical services. Hospitals can purchase 340B drugs for use by hospital patients in outpatient settings and the drug manufacturing industry pays for the program entirely. In Vermont, there are 89 entities that are qualified and registered with the program, including all hospitals and all or most FQHCs. The reimbursement amount paid to hospitals and pharmacies is the same for most payers regardless of whether the drug was purchased with 340B discounts or not. The program works by using the additional margin between the payment and the 340B purchase price to reinvest in clinical services to support the nonprofit missions of covered entities.

There are three basic categories of 340B savings: mixed use and outpatient sites, contract pharmacies, and in-house retail and mail order pharmacies. Nate noted that drug industry group argue the discounts were intended to be passed to patients and claim that non-profit hospitals are using 340B to support huge profit margins. This claim is not true; 340B was intended to serve as a lifeline for safety net hospitals who are struggling with low margins. The current administration has recently supported proposals targeted at the 340B community and the efforts deprive 340B covered entities of funding. 340B reduces health care costs in Vermont by preserving patient access for critical health care services

and without the program, health care would look different in Vermont and cost more. Nate presented other cost containment strategies that are utilized, such as hospital formulary, which controls what medications the hospital will purchase to provide patients in the hospital or outpatient clinic. Other efforts include patient adherence program and pharmacist medication therapy management (MTM), real-time benefit check information at point of prescribing, value-based care and Accountable Care Organizations, and group purchasing arrangements. For more information, click here to view the presentation.

A group member asked about the HHS proposed rule through OMB around a new dispute resolution process that would potentially resolve some concerns relating to the lawsuits mentioned by Nate. Nate said the Administrative Dispute Resolution Process was mandated in 2010 through the ACA and it may hold some promise for certain types of disputes, but he is not optimistic. He believes we need a quick fix and there are a lot of unknowns on how effective this dispute resolution will be.

Retail Pharmacy Cost Containment Initiatives – *Jeff Hochberg, Director, Smilin Steve Pharmacy Group & President of Vermont Retail Druggists*

Jeff Hochberg provided an overview of the current pharmacy revenue path and noted it is overly complicated and lacks transparency. Jeff talked about "the spread", which is the difference between how much an insurer pays for prescription drug comparted to what the pharmacist pays and walked through examples. He discussed the HHS rule eliminating the current system of drug rebates in Medicare Part D to create incentives to lower list prices and reduce out-of-pocket spending on prescription drugs by delivering discounts directly at the pharmacy. Jeff's presentation links to a Kaiser Family Foundation slideshow on how a drug rebate affects consumers, and a University of Southern California article about the association between drug rebates and list prices, which states that drug rebates and list prices are positively correlated.

Jeff explained that pharmacy is not a profitable business and we are seeing limited access networks because differential co-pays steer drugs to different pharmacies and networks. Jeff thinks 340B is important to discuss since there are large discounts on brand name drugs, which representants 80% of total drug spend. Slide 19 shows a comparison of NADAC price per unit as opposed to the 340B price at the time and Jeff noted that 340B does not help patients with access. Lastly, Jeff said the state needs to turn to look at drug wholesalers since they know the true manufacturer price, collect rebates from manufacturers and have the lowest unit cost drugs in the supply chain. Jeff thinks there is an opportunity for a state partnership approach to best leverage manufacturers. For more information, click here to view the presentation.

Nate answered Jeff's question about the UVM Health Network benefits and said that a few years ago, they determined the Network's self-funded plan was paying a spread to their PBM and paying profit margins to chain pharmacies. The Network stopped using a PBM that charges spread to avoid paying Walgreens and CVS profit margin and created a preference for their own pharmacies. Nate also commented that 340B does save patients money and patients who are treated by 340B entities are sicker and poorer. If 340B it taken out and do not replace that money, the services will deteriorate. Jeff agreed with Nate and pointed out that the program is not likely to survive due to the recent administrative rule changes. Drug manufacturers are pulling out of the program and now PBMs are cutting reimbursements.

Public Comment

There was no public comment.