



Healthcare Cabinet Work Group Summary

December 12, 2017

Activities

Four Work Groups:

- Legislative & Administrative Initiatives Work Group
- Value Based Pricing Work Group
- Cost Determination & Containment Work Group
- Consumer Healthcare Education Work Group

Activities (cont'd)

- Work groups meeting since the summer
 - Public meetings
 - All information from meetings is on the Cabinet's website
- Broad stakeholder membership
- Charters for each group developed by the groups and shared with Cabinet
- Multiple experts engaged across work groups
- Draft recommendations shared at November Cabinet meeting
- Work groups met again, prioritized recommendations, provided rationale
 - Detailed recommendations posted on Cabinet website

Legislative & Administrative Initiatives Work Group

Charge:

This work group was tasked to research, collect and report back to the full Cabinet regarding legislative or other policies intended to reduce pharmaceutical costs adopted by or under consideration by other states.

This work group's report was finalized at the last Cabinet meeting.

Value-Based Pricing Work Group

Charge:

- This work group will develop for recommendation to the Health Care Cabinet, a proposal to create an actionable plan to align payer contracting with pharmaceutical manufacturers, PBMs, providers and pharmacies that aligns the value and price of prescription drugs to achieve the aims of improving outcomes and the patient experience, reducing overall medical costs and improving health equity. The recommendations will include meaningful actions that can be taken by state purchasers, regulators, the legislature, or other payers to promote the adoption of pharmacy purchasing strategies that achieve the above goals.
- The workgroup will review various pharmaceutical value based purchasing strategies including, but not limited to: outcome based pricing, indication based pricing, value based pricing and value based formulary design.
- The workgroup will consider the impact on the cost to the consumer as it evaluates policy options related to the strategies above and make recommendations to ensure consumers share in the potential benefits of value based contracts.

Value-Based Pricing Work Group – Summary of Recommendations

Medicaid

- **ADMINISTRATIVE:** Evaluate the potential benefits of various types of value based contracts for supplemental rebates, including the results in other states pursuing such contracts at this time, and report back findings to the Health Care Cabinet
- **ADMINISTRATIVE:** Create a work group, inclusive of all stakeholders including consumer representation, to evaluate the potential risks and benefits of adding exclusions or more onerous prior authorizations to the Medicaid formulary in order to drive toward value based pricing

Value-Based Pricing Work Group – Summary of Recommendations

State Employee Health Plan

- **ADMINISTRATIVE:** Ensure the state employee plan maximizes the value of its pharmacy expenditures by improving outcomes and reducing overall medical costs by:
 - Make capacity and engagement in value based contracting a consideration in selecting a PBM vendor
 - Require PBM to utilize independent analysis of the therapeutic value of drugs, including their comparative effectiveness and cost-effectiveness, to build a value based formulary
 - Explore opportunities for direct engagement with manufacturers
- **ADMINISTRATIVE:** Over the long-term determine if Medicaid's capacity and expertise in formulary development and rebate contracting could be utilized by the state plan
- **LEGISLATIVE:** Explore the option of expanding access to the state employee pharmacy contract terms, which is now available to non-state public employers, to private sector entities

Value-Based Pricing Work Group – Summary of Recommendations

State Innovation Model (SIM)

- **ADMINISTRATIVE:** Recommend to the SIM Quality Council that they seek to add quality measures to the core measure set related to: medication adherence, assistance and monitoring; and communication with patients about drug prices, barriers, the clinical value of each prescription, patient priority setting and alternatives.
- **ADMINISTRATIVE:** As part of its mandate to promote value based insurance design the SIM VBID consortium should consider promoting formulary designs that focus on value by tying formulary placement to value, not rebate size.

Value-Based Pricing Work Group – Summary of Recommendations

New Programs and Initiatives

- **LEGISLATIVE:** Limit manufacturer coupons for drugs to only those situations in which a lower cost brand name or generic drug is not available in the same therapeutic class and develop a robust exemption process for any prohibition.
- **LEGISLATIVE:** Require facilities and physician offices to publicly post in the office or facility, already publicly available information about gifts and monetary compensation accepted from drug manufacturers.
- **LEGISLATIVE:** Explore the feasibility of creating a state administered revolving loan program that allows patients that are challenged by the structure of high deductible plans or with significant co-insurance responsibilities the opportunity to amortize the upfront costs incurred at the start of each plan year.

Value-Based Pricing Work Group – Summary of Recommendations

New Programs and Initiatives (cont'd)

- **ADMINISTRATIVE:** The Office of Health Strategy should review the potential for wholesale importation from Canada; to determine, through its own analysis with input from all stakeholders, whether such efforts would be viable in Connecticut and if they would best serve the public interest and report such findings to the Health Care Cabinet.
- **ADMINISTRATIVE:** The Office of Health Strategy should review other the potential for a public utility model for drug price oversight, to determine, through its own analysis with input from all stakeholders, whether such efforts would be viable in Connecticut and if they would best serve the public interest and report such findings to the Health Care Cabinet.

Cost Determination & Cost Containment Work Group

Charge:

- Develop recommendations to the Health Care Cabinet on ways to lower prescription drug costs for consumers and health care purchasers (e.g., self-insured employers, insurers and government purchasers). Examine policies in the following broad categories:
 - Price Transparency
 - Price Regulation
 - State agency purchasing (other than value based contracts)
 - Impact on state agency costs
 - State purchasing that can benefit non-state individual or entities in Connecticut

Cost Determination & Cost Containment Work Group – Summary of Recommendations

Increase transparency of pharmaceutical manufacturer prices

- **ADMINISTRATIVE:** Require insurers to report information to the CT Insurance Department (CID) on the impact of prescription drug price increases on premiums
- **ADMINISTRATIVE:** Explore the option of creating a Drug Review Board (DRB) of clinicians, health economists and consumers to analyze and determine whether drug prices and price increases are justified, and result in putting at risk the health of CT patients. The new Office of Health Strategy should further research and refine this recommendation, including identify where in state government the DRB could be located, its budgetary needs, potential revenue sources and any needed legislative changes.

Cost Determination & Cost Containment Work Group – Summary of Recommendations

Increase transparency of pharmaceutical manufacturer prices

- **LEGISLATIVE:** Require manufacturers, PBMs & health insurers to disclose to OSE the funding they provide to nonprofit patient advocacy groups, and post such information on a publicly available website. (Related to Recommendation 4b of Value Based Pricing Work Group)

Cost Determination & Cost Containment Work Group – Summary of Recommendations

Increase transparency and accountability of Pharmacy Benefit Managers

- **LEGISLATIVE:** Require that all prices negotiated between PBMs, manufacturers and payers pass through to the consumer at point-of-sale, and that consumer co-pays/coinsurance will be based on these negotiated prices. (Note: There may be a one-time premium increase as a result)
- **LEGISLATIVE:** Require that PBMs doing business with clients in CT allow and cooperate with audits when requested by such clients and establish minimum standards regarding the conduct of such audits.
- **LEGISLATIVE:** Require PBMs to exercise “fiduciary responsibility” (i.e., they must act in their client’s best interest) when contracting in the state of Connecticut. The CT Department of Consumer Protection should be considered as the potential agency with enforcement authority.
- **LEGISLATIVE:** Transparency in Maximum Allowable Cost (MAC) Price

Cost Determination & Cost Containment Work Group – Summary of Recommendations

Increase likelihood of consistent medication use, increase transparency to and education of consumers

- **LEGISLATIVE:** Set co-payment and co-insurance maximums per month of \$250 for most plans (\$500 for bronze ACA plans), per 30 supply
- **ADMINISTRATIVE:** The Office of Health Strategy should further research and refine the following recommendations
- **LEGISLATIVE:** Adjust fill-dates for newly added medications to synchronize pick-up of all meds at the same time each month. CT already has a medication synchronization law that can perhaps be amended
- **ADMINISTRATIVE:** Require on-line availability of price data for drugs covered by co-insurance. This information should be available on the insurer's website during open enrollment so consumers can make informed choices.

Cost Determination & Cost Containment Work Group – Summary of Recommendations

Increase likelihood of consistent medication use, increase transparency to and education of consumers

- **ADMINISTRATIVE:** Compile reports from the APCD to illustrate trends in out-of-pocket costs, for use by the Office of Health Strategy, the APCD will be housed starting in 2018.
- **LEGISLATIVE:** Educate consumers about the different types of patient assistance and coupon programs that may help them afford their meds.
- **ADMINISTRATIVE:** Referred to Education Work Group:
 - Educate consumers that it is possible to have 90-day supplies of chronic disease medications filled at local pharmacies, not only by mail order.

Consumer Healthcare Education Work Group

Charge:

- This Committee will develop for recommendation to the Health Care Cabinet, a proposal for the exploration of education for the consumer, provider, payer, prevention and health promotion efforts and role of pharmacists regarding effective use and cost of medications

Consumer Healthcare Education Work Group – Summary of Recommendations

Making education and transparency a priority

- **ADMINISTRATIVE:** All recommendations for Administrative Policy and Legislation by any of the other three working groups created by the Health Care Cabinet to explore distinct elements of the impact of pharmaceutical costs on Connecticut's healthcare system, *should include* a comprehensive education requirement incorporating the elements developed by the Healthcare Education Work Group.

Consumer Healthcare Education Work Group – Summary of Recommendations

Making education and transparency a priority

- **ADMINISTRATIVE:** The recommendation is for total transparency regarding:
 - Cost, including value based pricing, prescription cost determination and cost containment
 - Treatment
 - Coupons
 - Direct Consumer advertising
 - Policy, and
 - Legislative and Administrative Initiatives

Consumer Healthcare Education Work Group – Summary of Recommendations

Sustainability – Effective educational efforts require ongoing stewardship and emphasis

- **ADMINISTRATIVE:** It is recommended that there be one ownership entity having oversight for the recommendations set forth by the Healthcare Cabinet Education Workgroup and in concert with the other Healthcare Cabinet Workgroups. This includes, among other tasks, implementation of the area of scope set forth by the Healthcare Cabinet Education work group including the target audience, scope, methodology, transparency and quality measures and sustainability.

Consumer Healthcare Education Work Group – Summary of Recommendations

Education by Prescribers

- **ADMINISTRATIVE AND LEGISLATIVE:** Using foundational principles of communication, educate Connecticut prescribers on the importance of discussing Patient Rights and Empowerment Transparency, Education on Cost and Treatment Options and the Impact of Direct to Consumer Advertising and Coupons

Monitoring

- **ADMINISTRATIVE:** Quality Methods of Measuring and Monitoring content are critical to ensure that educational messages are consistent and effective

Next Steps

- Release Recommendations for Public Comment
- Review and Consideration of Public Comment – Recommended for January 9, 2018 meeting
- Cabinet vote on Recommendations – Recommended for January 9, 2018 meeting
- Release of Final Recommendations to Governor and General Assembly—Post Cabinet meeting, January



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