



## Pharmacy Cost Mitigation Strategies Workgroup

*“We collaborate, out of a shared concern and responsibility for all Connecticut residents, to develop consensus models that advance equity and consumer affordability of healthcare in our state.”*

Meeting Date	Meeting Time	Location
August 17, 2023	10:00 am – 11:30 am	Zoom Meeting <a href="https://us02web.zoom.us/j/86551517842?pwd=bHhHQnRBWWhzdVRiRHhoZlY1Nkgxdz09">https://us02web.zoom.us/j/86551517842?pwd=bHhHQnRBWWhzdVRiRHhoZlY1Nkgxdz09</a>

### Participant Name and Attendance | Steering Committee Members

Ted Doolittle	R	Chris Marsh	R
Heather Ferguson-Hull	R	Kristen Whitney-Daniels (Co-Chair)	R
Lori Pasqualini	R	Gui Woolston	X
Marie Smith	R	Josh Wojcik (Co-Chair)	R
Chris Ulbrich	R		
Cindy Dubuque-Gallo	R	Michael Bailit, Bailit Health	X
Hanna Nagy, OHS	R	Matt Reynolds, Bailit Health	R
Krista Moore, OHS	R	Alyssa Vangeli, Bailit Health	R
Jeannina Thompson, OHS	X	<b>R = Attended Remotely; IP = In Person; X = Did Not Attend</b>	

### Agenda

	Topic	Responsible Party	Time
1.	<b>Welcome and Roll Call</b>	<b>Josh Wojcik</b>	<b>10:00 am</b>
	<p>Josh Wojcik welcomed everyone. It was determined that a quorum was present. Alyssa Vangel reviewed the agenda items for the August Pharmacy Cost Mitigation Strategies Workgroup meeting.</p> <ul style="list-style-type: none"> <li>• Josh Wojcik said it would be helpful to have one or more dedicated meetings to review the group’s recommendations and proposed having one meeting in person. Josh said he would want enough time to package up the recommendations and bring them back to the group for final review. Marie Smith and Chris Marsh agreed with Josh.</li> <li>• Josh Wojcik noted the upcoming call with Civica to hone in on an appropriate strategy for Connecticut, including potential opportunities to invest where there may be access issues or other market failure(s), leveraging what other states are doing, and learning how Connecticut can help to ensure access.</li> </ul>		
2.	<b>State and Federal PBM Landscape</b>	<b>Alyssa Vangeli</b>	<b>10:05 am</b>
	<p>The Workgroup discussed PBM Strategies.</p> <ul style="list-style-type: none"> <li>• Ted Doolittle noted that pharmacy benefit managers (PBMs) are a purely American phenomenon.</li> <li>• Josh Wojcik noted that Connecticut passed a law that consumers have to be given the lower of the cash price or co-payment, at least for the fully-insured market. Ted Doolittle noted that the reach of the law is diminishing because of the shrinking fully-insured market.</li> <li>• Josh Wojcik clarified that PBMs are not 340B covered entities, but contract with hospitals and other provider entities that are.</li> <li>• Cindy Dubuque-Gallo asked if there were requirements in place in Connecticut for consumers to purchase drugs only from PBM-controlled pharmacies. <ul style="list-style-type: none"> <li>○ Josh Wojcik replied that a self-insured employer could have a health plan where they have a relationship with a PBM that says that employees only get a better deal through the PBM mail-order pharmacy, or they may only be able to get a drug through the mail-order pharmacy.</li> </ul> </li> </ul>		

- Alyssa Vangeli summarized that it depends on the PBM contract.
- Chris Ulbrich noted that his business would have to pay to carve out drugs separately to permit use of a different PBM than the one owned by his insurer.

There was a discussion about strategies that can be pursued while the PBM study is being conducted.

- Chris Marsh noted that the group could recommend expanding the definition in the current rebate reporting law to capture other rebates because group purchasing organizations were not currently included.
  - Josh Wojcik agreed that Connecticut’s existing transparency laws could be expanded to all manufacturer revenue.
  - Ted Doolittle stated that he hoped Connecticut’s PBM study would examine the administrative fee-only option for PBMs.
  - Josh Wojcik stated that he was curious about the authority for the PBM study and asked what the PBMs can be required to report.
  - Josh Wojcik wondered what areas should wait for the study vs. what might make sense to put forward now.
  - Lori Pasqualini said she thought the group should prioritize based on what could be accomplished sooner rather than later. Lori asked if cost-plus benefit managers could be implemented now.
  - Alyssa Vangeli noted that state licensure of PBMs was a potential first step that could be pursued while the study is being conducted.
  - Chris Ulbrich noted that there were going to be 8-10% increases in health plan costs, noting plans were increasing rates 2% due to Ozempic alone. Chris said he did not want to wait 18 months for the study to be conducted to do something.
  - Lori Pasqualini suggested the group consider “guardrails” to ensure things don’t go too far in one direction or another while the study is conducted.
  - Marie Smith asked for clarification that PBM participation in the study is voluntary. Alyssa Vangeli confirmed this to be true. Marie noted that it was possible PBMs are not interested in participating and don’t provide any data. Marie expressed support for acting now where appropriate.
  - Heather Ferguson-Hull wondered how potential federal action might impact what Connecticut considers. Alyssa Vangeli replied that the timing and specifics of what might be done federally are uncertain, although movement at the federal level could address some of what Connecticut may be considering.
  - Ted Doolittle noted that 2024 was the short legislative session so he imagined PBM legislation may end up as part of a 2025 legislative package anyway.
  - Lori Pasqualini suggested looking at what PBM data other states have, especially states similar to Connecticut.
  - Chris Marsh noted that Vermont did a PBM study that she could share with the group.
  - Alyssa Vangeli summarized that, for the next meeting, the group would further develop transparency-related recommendations for PBMs that could complement but not be dependent upon the PBM study.
- Josh Wojcik agreed that it would be useful to think about what the group can recommend doing right now versus what’s a bit more complicated and requires further information to address.

<b>3.</b>	<b>Recommendations for PBM Legislation in Connecticut</b>	<b>Josh Wojcik</b>	<b>10:45 am</b>
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The Workgroup discussed fee-based pricing for PBMs.

- Josh Wojcik noted that this was discussed as an educational piece to address PBM payments for self-funded plans since they are not subject to state regulation. Josh explained that a communications campaign would cover best practices in contractual arrangements.
- Marie Smith said she was unsure if education efforts would be effective in promoting fee-based PBM pricing.
- Chris Ulbrich asked if PBMs pay income tax in Connecticut.
  - Josh Wojcik stated he assumed that they would base on sales via corporate income tax reporting.
  - Chris suggested possibly adding a tax that could then be directed to supporting those who struggle to afford their medications.
- Marie Smith asked about what data the Office of the State Comptroller (OSC) has on PBMs associated with the OSC plans and payment structures.

	<ul style="list-style-type: none"> <li>○ Josh Wojcik replied that OSC has a transparent contract with a PBM and does not have spread pricing. Josh explained that OSC is billed at the rate that the PBMs reimburse the pharmacies and OSC pays an administrative fee to its PBM, CVS Caremark. Josh noted that OSC knows the total rebates and manufacturer revenue at the drug level.</li> <li>○ Marie Smith asked if this was considered best practice for large, self-insured employers and/or if other employers have similar arrangements. Marie wondered how many people stood to gain if fee-based pricing was put into practice more broadly.</li> <li>○ Josh Wojcik replied that practices varied across the self-insured market, but that it was becoming more common to move to administrative fees only and that the three largest PBMs all offered this. Josh said that the biggest concern was that OSC still does not know details such as income percentage for fully integrated PBMs. Josh said it would be great if all self-insured plans used fee-based pricing but noted he was still concerned about the fully insured market, as the insurer has no ability to understand where dollars are flowing, how those dollars are kept outside of rate setting, and how much money goes back to the PBM outside of those relationships (which lead to much higher margins). Josh noted it's a bifurcated marketplace and that there may be different avenues required for the self and fully insured markets.</li> <li>● Ted Doolittle noted that integrated PBMs are somewhat of a runaround the Medical Loss Ratio requirements.</li> <li>● Ted Doolittle recommended including policymakers in educational efforts related to fee-based PBM pricing, as they have a lot of sway over self-insured employers.</li> </ul>		
<b>4.</b>	<b>Multi-State Work Group Update</b>	<b>Alyssa Vangeli</b>	<b>11:15 am</b>
	<p>Alyssa Vangeli presented the Multi-State Work Group Update.</p> <ul style="list-style-type: none"> <li>● Ted Doolittle stated he supported adding the strategy of penalizing excessive price increases.</li> <li>● Chris Marsh noted that as a representative of a pharmaceutical company, she could not support penalization of excessive price increases.</li> <li>● Josh Wojcik noted the challenges of the commercial market being the only market where manufacturers can raise prices in an unlimited way.</li> <li>● Alyssa Vangeli asked members to reach out if there was any additional information that would be useful in considering the addition of the strategy to penalize excessive price increases.</li> </ul>		
<b>5.</b>	<b>Wrap-up and Next Steps</b>	<b>Josh Wojcik and Kristen Whitney Daniels</b>	<b>11:25 am</b>
	Members were encouraged to reach out if they have additional useful information to continue the conversation at the next meeting.		
<b>6.</b>	<b>Adjournment</b>		<b>11:30 am</b>
	The meeting adjourned at 11:35 a.m.		

**All meeting information and materials are published on the OHS website located at:**  
<https://portal.ct.gov/OHS/Pages/Pharmacy-Cost-Mitigation-Strategies-Workgroup/Meeting-Agendas>