

## 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
September 7, 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	X	Chris Marsh	R
Heather Ferguson-Hull	R	Rob Wenick	R
Lori Pasqualini	R	Kristen Whitney-Daniels (Co-Chair)	R
Marie Smith	R	Gui Woolston	R
Chris Ulbrich	X	Josh Wojcik (Co-Chair)	R
Cindy Dubuque-Gallo	R	Michael Bailit, Bailit Health	R
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</b>	<b>Alyssa Vangeli, Bailit Health</b>	<b>10:00 am</b>
	Alyssa Vangeli welcomed everyone and reviewed the agenda items for the September Pharmacy Cost Mitigation Strategies Workgroup meeting.		
2.	<b>Recommendations for PBM Strategies (continued)</b>	<b>Alyssa Vangeli, Bailit Health</b>	<b>10:05 am</b>
	<p><u>PBM Transparency</u></p> <ul style="list-style-type: none"> <li>• Gui Woolston asked if pharmacy benefit manager (PBM) rebate transparency legislation would have to exempt self-insured employers because of the Employee Retirement Income Act of 1974 (ERISA).               <ul style="list-style-type: none"> <li>○ Kristin Whitney Daniels said there was a court case decision that may enable regulation of PBMs in a way that includes contracts with ERISA plans.</li> <li>○ Alyssa Vangeli noted that the legal landscape is evolving regarding state regulation of PBM activity and implications for self-insured plans.</li> </ul> </li> <li>• Gui Woolston wondered if the group should consider also pursuing transparency around non-rebate PBM income such as per member per month (PMPM) charges and specialty pharmacy income so that employers could have a fuller picture to better evaluate their options, and to help prevent PBMs from simply shifting costs elsewhere undetected.               <ul style="list-style-type: none"> <li>○ Heather Ferguson-Hull stated she supported Gui’s thinking.</li> <li>○ Lori Pasqualini said that she thought the key point for employers would be what they are paying PBMs in aggregate. Lori expressed some concern about overregulating without getting to the end goal of lowering cost.</li> <li>○ Josh Wojcik stated that he thought it would be helpful to understand PBM’s average PMPM cost.</li> </ul> </li> <li>• Josh Wojcik supported expanding the definition of rebates to be more comprehensive and he also expressed support for requiring drug-specific rebate information.               <ul style="list-style-type: none"> <li>○ Gui Woolston stated he agreed with Josh.</li> </ul> </li> </ul>		

- Lori Pasqualini said she thought PMPM data would be the most important to require. Lori noted that additional reporting requirements could add to PBMs' costs without necessarily lowering prices for consumers.
- Heather Ferguson-Hull said she supported the ideas in concept but noted that the Office of Policy and Management (OPM) would need to discuss these proposals to determine whether it would support such legislation for next year.
- Josh Wojcik stated that he thought the work group should make the best policy recommendations and leave the political feasibility of the recommendations for OHS and legislators to assess.
- Chris Marsh agreed with Lori that she was not sure if PBM transparency legislation would reduce costs, but Chri said she was still supportive of such legislation.

PBM Pricing

- Chris Marsh expressed support for prohibiting spread pricing because she thought that the prices paid should be reflected in patient costs and the rebate should go right to the patient.
  - Alyssa Vangeli noted that 100% pass-through to the patient would not necessarily be required as part of legislation prohibiting spread pricing, but could be done in parallel.
- Heather Ferguson-Hull wondered how many fully insured members would be impacted by prohibiting spread pricing, as compared to how many self-insured members could be impacted through an educational campaign.
  - Josh Wojcik explained that right now, most insurers have wholly-owned PBMs and can still use spread pricing with their wholly-owned PBMs, while they would not be able to do so if spread pricing was prohibited in the fully insured market.
- Josh Wojcik noted that he supported prohibiting spread pricing, but clarified that he was recommending that the state pursue this *at some point* and not necessarily that the state try to do so during the next legislative session, since he thought that determining timing should not be the concern of this group.
- Marie Smith and Kristen Whitney Daniels also expressed support for legislation prohibiting spread pricing.

PBM Reporting Requirements

- Gui Woolston supported the proposed policies, but noted that the implementation details would be important as he would want to think about how to keep PBMs from making what they report as complicated as possible to analyze and comprehend. Gui noted that PBMs have a conflict of interest in that they often control formularies and prior authorization, yielding perverse financial incentives.
  - Josh Wojcik noted that the Office of the State Comptroller (OSC), in its new request for proposals (RFP), is separating formulary and prior authorization recommendations out from the responsibilities of the PBM for this reason.
  - Gui Woolston replied that perhaps the path forward is not a legislative fix then but to educate and encourage other employers to follow in OSC's footsteps, assuming this bifurcation of responsibilities goes well.
- Heather Ferguson-Hull stated that she thought it would be helpful to understand other states' experience with PBM reporting requirements.
- Chris Marsh expressed support for instituting the proposed reporting requirements.

PBM State Licensure

- Heather Ferguson-Hull asked if there was data from the other states about the impact of licensure on consumer costs.
  - Michael Bailit replied that it does not seem to him that licensure produces any immediate cost benefit, but more so serves as a foothold for other regulatory actions.
- Josh Wojcik wondered if any of the previously discussed recommendations would be more effective with PBM licensure instead of registration, in which case legislation requiring licensure could be incorporated as a subcomponent of that recommendation. Heather Ferguson-Hull stated she agreed with Josh's suggestion.

3.	State-contracted production of generic drugs (continued)	Alyssa Vangeli, Bailit Health	10:30 am
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	<p><u>Upper Payment Limits for Generic Drugs</u></p> <ul style="list-style-type: none"> <li>Gui Woolston asked if other states have implemented upper payment limits (UPLs) for generics. <ul style="list-style-type: none"> <li>Alyssa Vangeli replied that the closest thing is the states that have prescription drug advisory boards (PDAB)s and are evaluating potential UPLs for certain drugs.</li> <li>Michael Bailit noted that the reference-based payment strategy discussed in prior work group meetings also is a similar idea.</li> <li>Josh Wojcik noted that, different from what other states are doing, however, is that this proposal would establish UPLs based on a price that already exists in the marketplace.</li> </ul> </li> <li>Chris Marsh noted this may save the state money, but she was unsure if this would save consumers money.</li> <li>Alyssa Vangeli summarized that the group supported investigating this idea further.</li> </ul> <p><u>Capital Investment for Generic Drug Productions</u></p> <ul style="list-style-type: none"> <li>Heather Ferguson-Hull asked if this idea could be discussed with the other states participating in the Peterson-Milbank multi-state pharmacy workgroup. <ul style="list-style-type: none"> <li>Alyssa Vangeli replied that the multi-state work group has been primarily interested in cost containment strategies such as reference-based payments and penalizing excessive price increases. Alyssa noted that the multi-state work group could, however, be a potential forum for discussing the idea of investing in generic drug production in the future.</li> </ul> </li> <li>Chris Marsh recommended that, should this idea become a recommendation of the work group, that the phrase “pharmaceutical market failures” be reworded or clarified.</li> <li>Alyssa Vangeli summarized that the group supported investigating this idea further.</li> </ul>		
4.	<b>Inclusion of pharmacy expense in Total Cost of Care contracts</b>	<b>Alyssa Vangeli, Bailit Health</b>	<b>10:45 am</b>
	<ul style="list-style-type: none"> <li><i>There was not sufficient time for this discussion.</i></li> <li>Alyssa Vangeli asked members to look at these slides before the next meeting. Alyssa invited questions and initial thoughts on the slides in advance of that meeting.</li> </ul>		
5.	<b>Penalizing excessive price increases</b>	<b>Alyssa Vangeli, Bailit Health</b>	<b>11:05 am</b>
	<ul style="list-style-type: none"> <li><i>There was not sufficient time for this discussion.</i></li> <li>Alyssa Vangeli asked members to look at these slides before the next meeting. Alyssa invited questions and initial thoughts on the slides in advance of that meeting.</li> </ul>		
6.	<b>Wrap-up and next steps</b>	<b>Josh Wojcik and Kristen Whitney Daniels</b>	<b>11:25 am</b>
	<ul style="list-style-type: none"> <li>The next regularly scheduled meeting of the Pharmacy Cost Mitigation Strategies Workgroup is September 19, 2023.</li> </ul>		
7.	<b>Adjournment</b>	<b>Josh Wojcik and Kristen Whitney Daniels</b>	<b>11:30 a.m.</b>
	The meeting adjourned at 11:31 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>