OHS
CONNECTICUT
Office *of* Health Strategy

Healthcare Benchmark Initiative Steering Committee

"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 28, 2023	3:00 pm – 5:00 pm	Zoom Meeting https://protect-us.mimecast.com/s/0tNvCpYLZwTzK4mFPFNQ0?domain=us02web.zoom.us

Participant Name and Attendance | Steering Committee Members					
Timothy Archer	R	Paul Grady	R	Chris O'Connor	R
Joanne Borduas	R	Angela Harris	R	Lori Pasqualini	R
Ayesha Clarke	R	Sean King	X	Kathy Silard	X
Stephanye Clarke	X	Paul Lombardo	R	Marie Smith	R
Tiffany Donelson	R	Andy Markowski	R	Stephen Traub	R
Judy Dowd	X	Chris Marsh	R	Chris Ulbrich	X
Jeff Flaks	R	Mark Meador	R	Kristen Whitney-Daniels	R
Lou Gianquinto	R	Susan Millerick	R	Josh Wojcik	R
Deidre Gifford (Chair)	R	Cassandra Murphy	R	Gui Woolston	R
Aby Cotto, OHS	R	Hanna Nagy, OHS	R	Michael Bailit, Bailit Health	R
Krista Moore, OHS	R	Cindy Dubuque-Gallo, OHS	R	Matt Reynolds, Bailit Health	R
Olga Armah, OHS	R	Kim Martone, OHS	R	Alyssa Vangeli, Bailit Health	R
Jeannina Thompson, OHS	R	**R** = Attended Remotely; **IP** = In Person; **X** = Did Not Attend			

Agenda

	Topic	Responsible Party	Time
1.	**Welcome and Roll Call**	**Deidre Gifford**	**3:00 pm**
	Deidre Gifford welcomed everyone to the September Steering Committee meeting. Deidre invited Krista Moore to conduct a roll call. There was a quorum present. Deidre then reviewed the agenda for the meeting.		
2.	**Public Comment**	**Members of Public**	**3:05 pm**
	Deidre Gifford offered the opportunity for public comment. There were no public comments.		
3.	**Committee Action: Approval of July 24, 2023 Minutes**	**Steering Committee Members**	**3:10 pm**
	Joanne Borduas motioned to approve the minutes. Lou Gianquinto seconded the motion. There was no opposition. Paul Lombardo and Paul Grady abstained. The minutes were approved.		
4.	**Designee and Attendance Expectations**	**Deidre Gifford**	**3:15 pm**
	Deidre Gifford proposed the following modification to the Steering Committee's bylaws: • "A member and/or their designee must attend at least seventy-five percent of meetings annually to remain in good standing. Members and/or designees should inform the Chair if a member/designee will be absent from a meeting." Deidre clarified that the proposed modification was intended to be prospective. Deidre then asked if members agreed with the proposed modification to the bylaws. • Angela Harris asked if OHS would notify any member who was nearing the point of falling below the attendance requirements to be in good standing. Deidre replied that OHS would do so. • Lou Gianquinto and Gui Woolston expressed support for the modification. Susan Millerick motioned to approve the modification. Chris Marsh seconded the motion. There was no opposition nor any abstentions. The modification was approved.		

5.	**Pharmacy Cost Mitigation Strategies Work Group Recommendations**	**Josh Wojcik and Kristen Whitney Daniels**	**3:25 pm**

Kristen Whitney Daniels reviewed background information on the Pharmacy Cost Mitigation Strategies Work Group. Josh Wojcik then reviewed the criteria that the work group used for assessing pharmacy cost mitigation strategies and reminded the Steering Committee of the recent trends in pharmaceutical spending growth that were the impetus for the Work Group's activities.

Kristen Whitney Daniels reviewed the Work Group's first recommendation to institute reference-based payments. The proposed state payment limit would be an average of Medicare's (to-be-negotiated) Maximum Fair Prices under the Inflation Reduction Act (IRA), an average of 4-6 international OECD countries that have publicly available pricing information, and direct federal purchaser payment rates. Kristen stated that the number of pharmaceuticals subject to state payment limits would scale up over time and include a state-defined list of up to 50 of the highest spend retail and physician-administered drugs for the CT commercial market as well as Medicare Part D and B drugs that will be subject to Medicare Maximum Fair Price negotiations under the IRA. Kristen noted that a few Work Group members recommended considering a drug's price and value when determining drugs to include.

Josh Wojcik reviewed the Work Group's PBM strategy recommendations, which included strengthening rebate transparency, prohibiting spread pricing, promoting employer use of fee-based pricing, and further exploring requiring additional PBM reporting and/or state licensure of PBMs.

Josh Wojcik then reviewed the Work Group's recommendation to further explore opportunities for a) Connecticut to provide capital investment to fund the development, production and/or distribution of generic drugs, and b) establishing upper payment limits for generic drugs.

Josh Wojcik shared that the Work Group recommended further exploring:

- a legislative mandate on the fully-insured market requiring that, to the extent that payers have total cost of care contracts of any sort, such contracts must be inclusive of pharmacy spending, ***or***
- developing a series of statewide targets that guide payers to use more and increasingly advanced payment models each year, with a requirement that contracts must include pharmacy spending to qualify for meeting the target.

Finally, Josh Wojcik reviewed the Work Group's recommendation to align with other states in the Multi-State Pharmaceutical Pricing Strategy Workgroup by pursuing penalizing pharmaceutical manufacturers that increase the Wholesale Acquisition Cost of drugs above a particular benchmark rate of increase.

Kristen Whitney Daniels asked for members' reactions to the Work Group's recommendations.

Angela Harris asked about the number of PBMs that operate in CT. Paul Lombardo stated that more than 50 PBMs were registered in the CT, though the three largest controlled ~75% of the national market. Angela asked if additional licensure requirements could exacerbate consolidation. Paul replied that some smaller PBMs could leave the market in response to licensure requirements. Michael Bailit noted that about half of states currently required PBM licensure and added that he thought the "horse had left the barn" on PBM consolidation.

Stephen Traub said that he thought referencing prices to other countries would be comparing apples to oranges due to the different costs of doing business in other countries. Stephen said he was worried about manufacturers exiting the Connecticut market. Josh Wojcik noted that for this reason, Connecticut was trying to coordinate its reference-based payments strategy with other states.

Paul Lombardo asked for an estimate of the impact each strategy would have on the cost of drugs. In particular, Paul said he was unsure if the PBM strategies would save patients money. Michael Bailit replied that other countries were paying between ¼ and ½ of what the U.S. commercial insurers pay for drugs based on analysis performed for other states. Michael noted that penalizing excessive price increases would have a

	more modest financial impact since it would not lower prices but only slow price growth. Josh Wojcik added that the proposed PBM strategies were meant to increase transparency in a way that would help eliminate some of the inflationary costs hidden in PBM practices. Chris Marsh stated that she supported the PBM strategies, but noted that it was unclear to her that the cost of the drug would be reduced for the patient at the point of sale. Chris said she was neutral on the strategies to promote production and distribution generic drugs. Chris said she supported including pharmacy expense in TCOC contracts. Chris stated she needed more information on how the proposal to penalize excessive price increases would work. For reference-based pricing, Chris said she was not sure it made sense to adopt pricing of other countries that have completely different systems related to how healthcare is administered, and she asked how reference-pricing was going to be passed through to the patient at the point of sale. Josh Wojcik stated that penalizing excessive price increases would apply to drugs that exceeded a certain dollar threshold. For reference-based pricing, Josh noted that the reference price would effectively serve as an upper payment limit and therefore would automatically create savings for patients. Paul Grady said he would like estimates of the number of residents impacted, potential savings, readiness for implementation, and political viability for each strategy. Paul Lombardo stated that if Connecticut were the only state to adopt reference-based payments, he believed pharmaceutical companies could respond by not introducing new drugs in the Connecticut market. Paul said he also thought the pharmaceutical companies might increase prices in the "referenced" markets. Kristen Whitney Daniels explained that this was why Connecticut was working with other states and proposing to use the average of multiple benchmarks. Tiffany Donnelson asked what Connecticut could learn from other states. Kristen Whitney Daniels noted that the Work Group's recommendations were informed by what other states were actively doing and considering. Josh Wojcik noted that while no states had implemented reference-based pricing, some had started to implement prescription drug affordability boards, which would set upper payment limits for certain drugs. Susan Millerick said she was hearing fear from members about potential consequences, and that she was tired of fear of pharmaceutical companies. Ayesha Clarke asked if an analysis had been conducted to ensure that any drugs potentially included in a reference-based payments proposal included those drugs used by people who are highly impacted, such as Black and brown communities. Josh Wojcik noted this had not been done, but was a worthy idea. Andy Markowski said he would also like to know how the Work Group's recommendations may or may not interact with work being done at the federal level. Deidre Gifford proposed that the report due to the legislature in October include the recommendations of the Work Group as an appendix, with a note that the recommendations were still being considered by the Steering Committee. Andy Markowski stated he supported this approach. Angela Harris asked that the Steering Committee's questions and comments be included in the report as well. Deidre noted that perhaps OHS could include the meeting minutes as an appendix in the report as well.		
6.	**Cost Growth Mitigation Strategies and Other Recommendations**	**Deidre Gifford**	**4:05 pm**
	Deidre Gifford reminded the Steering Committee that in advance of July's meeting, OHS distributed a survey providing the Steering Committee with an opportunity to advise OHS on policy areas to focus on to slow healthcare spending growth in Connecticut. Since only seven members completed the survey at that time, OHS reopened the survey and Deidre reviewed updated survey results based on responses from 17 members. Deidre asked members if anyone wished to comment on any of the listed cost growth mitigation strategies. • Related to the strategy of improving behavioral health crisis systems, Lori Pasqualini asked how recent state investments had impacted access to behavioral health services. Deidre Gifford stated that anecdotally, reports from hospitals indicated that emergency department "boarding" had decreased.		

	• Paul Grady stated that he thought insurers were not engaging in enough value-based contracting, adding that increasing investment in primary care was a necessary component. Joanne Borduas noted that there were costs associated with setting up value-based payments. Gui Woolston stated that DSS had interest in engaging and aligning with other payers on how to advance value-based payments. • Susan Millerick stated that as part of the strategy to improve oversight of provider consolidation, she thought there were opportunities to require increases in primary care practitioners as a condition of any potential mergers. Chris O'Connor replied that he did not think that the shortage of primary care providers should be addressed at the time of consolidation. He noted that Yale New Haven was trying to hire more primary care providers but was finding the market for primary care providers to be very competitive. Chris said that the solution required finding a way to improve the incentives baked into the payment structure to entice more people to go into primary care. Chris added that he thought health systems cannot alone solve the deficiency of primary care providers.		
7.	**Change in Commercial Hospital Payment per Service Unit for High Spend Services, 2016-2021**	**Michael Bailit**	**4:20 pm**
	There was not sufficient time to discuss this agenda item.		
8.	**Wrap-up and Next Steps**	**Deidre Gifford**	**4:55 pm**
	Deidre Gifford stated that the next Steering Committee meeting would be held on October 23rd from 3-5 pm.		
9.	**Committee Action: Adjournment**	**Steering Committee Members**	**5:00 pm**
	Andy Markowski motioned to adjourn the meeting. Paul Grady seconded the motion. The meeting adjourned at 4:57 pm.		

Upcoming Meeting Dates:
Monday, October 23rd
Monday, November 13th
Monday, December 18th

All meeting information and materials are published on the OHS website located at:
https://portal.ct.gov/OHS/Pages/Healthcare-Benchmark-Initiative-Steering-Committee/Meeting-Agendas