Healthcare Cost Growth Benchmark Steering Committee Meeting
July 24, 2023

"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."

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Welcome and Roll Call

Meeting Agenda

Time	Topic
3:00 p.m.	I. Welcome and Roll Call
3:05 p.m.	II. Public Comment
3:10 p.m.	III. Approval of May Meeting Minutes – Vote
3:15 p.m.	IV. Review of Relevant 2023 Legislation - Cindy Dubuque-Gallo
3:45 p.m.	V. Pharmacy Cost Mitigation Strategies Work Group Update – Michael Bailit
4:00 p.m.	VI. Public Hearing Takeaways and Next Steps – Dr. Gifford
4:55 p.m.	VII. Wrap-Up - Dr. Gifford
5:00 p.m.	VIII. Adjournment

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Public Comment

Approval of May 22nd Meeting Minutes - Vote

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Review of Relevant 2023 Legislation

Drug Discount Card Program & Centralized Purchasing (PA 23-171 §1)

- **The Comptroller shall establish a Drug Discount Card for all state residents.** Allows CT residents (including those with insurance and Medicare) to receive a free Rx discount card with savings up to 80% on generics and 20% on brand name drugs. All FDA-approved prescriptions are eligible for a discount. State residents can also receive a digital card accepted at most pharmacies.
- **The Comptroller will study centralizing statewide contracts to consolidate prescription drug purchasing.** The study will evaluate the potential cost savings, administrative feasibility and other benefits and risks of centralizing and consolidating contracts.

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Drug Patent Notification (PA 23-171 §2)

- **Creates a framework for outreach and education**. The DCP, with the UCONN School of Pharmacy, will make a recommendation on a framework to establish an outreach and education plan for physicians. This plan will let physicians know when a drug patent will expire and become available in generic form, and when generics' patents have expired.

Pharmaceutical Marketing Firm Sales Representative Registration (PA 23-171 §§ 3&4) (1 of 2)

- **Pharmaceutical manufacturers who employ sales representatives must register as a pharmaceutical marketing firm.** The annual registration cost with the Department of Consumer Protection (DCP) is $150 per year and expires annually on June 30th.
- **Marketing firms shall provide DCP a list of sales reps.** Each marketing firm shall provide the DCP a list of all individuals employed by such firm as a pharmaceutical sales representative, and update accordingly.

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Pharmaceutical Marketing Firm Sales Representative Registration (PA 23-171 §§ 3&4) (2 of 2)

- **Unregistered/unidentified sales representatives shall not perform sale duties.** Anyone not listed on the list provided to DCP shall not perform the duties of sale representative on behalf of pharmaceutical marketing firm for any prescribing practitioner in the state.
- **The Department of Consumer Protection has regulatory authority over pharmaceutical marketing firms.** DCP may refuse to issue or renew registrations to operate a marketing firm, revoke or suspend registrations and assess penalties for violations.

Pharmacy Benefit Manager (PBM) Study (PA 23-171 §7)

- **The Office of Health Strategy, with CID, will conduct an analysis of PBM prescription drug distribution prices.** The study includes examining spread pricing arrangements, manufacturing rebates and transparency, fees charged, financial incentives for adding drugs to health plan formularies and an evaluation of prescription drug distribution practices conducted by pharmacy benefits managers in other states. Such report shall provide recommendations (1) to reduce prescription drug costs for consumers, and (2) for the regulation of pharmacy benefits managers in this state.

Reporting Drugs with Substantial Cost to the State (PA 23-171 §8)

- **Establishes a preliminary list of the top 10 outpatient drugs that are provided at substantial cost to the state.** The preliminary list of drugs shall be made available for public comment. If after reviewing public comment the executive director finds that a drug does not exceed the established limits, the director shall remove the drug from the preliminary list prior to publishing the annual list.
- **Modifies the criteria for inclusion on top 10 list.** Outpatient prescription drugs included in the top 10 list include those with a wholesale acquisition cost that increased not less than sixteen per cent cumulatively during the immediately preceding two calendar years, and not less than forty dollars for a course of treatment.

Facility Fees (PA 23-171 §9) (1 of 2)

- **Extends facility fee prohibition to certain services on a hospital campus.** As of July 1, 2024 (unless a contract is already in place), any hospital or health system may not collect a facility fee on certain outpatient health care services (evaluation & management and assessment & management CPT codes) that are provided **on a hospital campus**. Exclusions include services provided at an emergency department (ED) or freestanding ED; observation stays occurring on a hospital campus; wound care, orthopedics, anticoagulation, obstetrics, and solid organ transplant services.

Facility Fees (PA 23-171 §9) (2 of 2)

- **Facility fee violations are enforced by OHS.** Facility fee violations, other than through isolated clerical or electronic billing errors, may be subject to civil penalty up to one-thousand dollars.
- **Enhances facility fee reporting by hospital and health systems**. Adds to current reporting requirements that certain data items must be disaggregated as being "on-campus" or "off-campus" of a hospital.

Certificate of Need (PA 23-171 §§10-14) (1 of 2)

- **Enhances OHS enforcement authority for its CON program.** Changes the legal standard needed to impose a civil penalty from "willful" to "negligent" and lays out a process for cease-and-desist orders for violating CON provisions. Provides authority to enforce settlement agreements with a civil penalty.
- **Promotes public notice of CON proceedings.** Improves how notice is given to the public of a hearing on a CON application by requiring the applicant to post information concerning said hearing on its own website and request it be posted in two sites within the affected community, as well as any local health department website.

Certificate of Need (PA 23-171 §§10-14) (2 of 2)

- **Improves OHS' access to technical expertise.** Allows OHS to retain the services of a subject matter expert at the expense of an applicant.
- **Clarifies applicability of CON to scanning equipment.** Specifies that scanners with dual modalities or functionalities are not subject to CON if the applicant already offers similar imaging services for each of the modalities and specifies that replacement of nonhospital-based linear accelerators is not subject to CON.
- **Increases efficiency of CON review**. Requires OHS to provide CON determinations within 30 days and make reasonable efforts to limit requests for additional information to two cycles (to determine an application is Complete) and conclude no later than six months after receiving the application.

340B Reporting and Study (PA 23-171 §§15 & 16) (1 of 2)

- **Increases protections for 340B covered entities**, including preventing contract language that excludes a 340B entity from participating pharmacy benefit manager networks based on participation in the 340B Drug Pricing Program.
- **Prevents 340B entities from entering contracts** that provide lower prescription drug reimbursement rates to such entities; prevent patient's choice to receive a prescription drug from a 340B entity; or impose fees that exceed the fee imposed on non 340B covered entities.

340B Reporting and Study (PA 23-171 §§15 & 16) (2 of 2)

- **Department of Social Services to study 340B program** and evaluate the current status, national efforts to strengthen and opportunities for state action to protect revenues of Federally Qualified Health Centers from unfair administrative burdens as 340B covered entities.
  - **Evaluation shall consider** ability and legal precedent for states to regulate the conduct of drug manufacturers and PBMs; opportunities to facilitate patient access to on-site pharmacies and establish on-site pharmacies across FQHCs and examine national trends to sustain 340B.
- Did Not Pass: 340B legislation proposal to increase transparency of revenue and how revenue is used did NOT pass

Medicaid and Medicare Advantage Studies (PA 23-171 §17 and §18)

- **Study impact of healthcare outcomes on HUSKY Health members.** Requires DSS in consultation with relevant stakeholders to conduct an assessment and recommend strategies to address barriers and influences that impact health and healthcare outcomes for HUSKY Health members.
- **CT Insurance Department, with OHS, will study the utilization and provider payment practices of Medicare Advantage programs**. The study will look at the impact of practices on delivery of hospital services, placement, discharge, transfer, and other clinical care plans. Also looks at the effect of practices on commercial & Medicare payment rate and access to services. CID may enlist the assistance from third-party professionals to conduct the study with costs paid from the General Fund within available appropriations.

Healthcare Competition and Transparency (PA 23-171 §19)

- **Prevents anti-tiering, anti-steering and gag clauses in contracts.** Prevents health carriers, providers, plan administrators and entities from having all-or-nothing, anti-steering, anti-tiering, or gag clauses.
  - Clauses existing in current contracts are null and void after July 1, 2024.
  - Protects patient privacy (HIPAA).

Tiering Selection Transparency (PA 23-171 §20)

- **Tiering standards by health insurance companies must be available to health care providers upon request.** Health carriers must give a health care provider, upon request, the participating providers' calculated score, related data and description of tiering standards including definitions and specifications of measures related to quality, costs, efficiency, satisfaction, and other factors. Requires health carriers to provide 90 days written notice before implementing any changes to standards and measures.
- **Provides grievance process.** Each health carrier must post on its website the grievance process in plain language for any health provider who seeks a tiering classification appeal.

Maternal Health (PA 23-147) (1 of 2)

- **Establishes a new license category for freestanding birth centers administered by the Department of Public Health.** As of January 1, 2024, any birth center must obtain a license, and no outpatient clinic, unless in emergency, may provide birth center services without a birth center license (§2).
- **Increases data collection.** OHS can collect patient level outpatient data from birth centers. Adverse events must be reported to the DPH (§9 and §6).
- **Birthing centers enrolled in Medicaid are exempt from Certificate of Need until June 30, 2028.** Birthing centers not enrolled in Medicaid need to apply for and receive a CON. OHS, in consultation with the DPH, will study, within available appropriations, whether the exemption should be extended. For such study, OHS must collect data from birthing centers (§§ 8&9).

Maternal Health (PA 23-147) (2 of 2)

- **Establishes a universal nurse home visiting program for families with newborns.** The Office of Early Childhood in collaboration with DSS, DPH and OHS, will develop a state-wide universal nurse home visiting services to support parental health, heathy child development and strengthen families. DSS may seek approval for a Medicaid waiver to provide coverage for this program. The agencies may collect data to assess the effectiveness of the program (§16).

Pharmacy Cost Mitigation Strategies Work Group Update

Pharmacy Work Group Updates (1 of 4)

- As a reminder, OHS convened a Pharmacy Cost Mitigation Strategies Work Group in the fall of 2022. The Work Group recommended that OHS pursue the following four pharmacy-specific cost mitigation strategies:
  - Reference-based pricing
  - PBM strategies
  - Inclusion of pharmacy expense in Total Cost of Care contracts
  - State-contracted production of generic drugs
- When presented with these recommendations in April, the Steering Committee recommended that OHS and the Pharmacy Cost Mitigation Strategies Work Group continue the work necessary to determine how these strategies could be best implemented in Connecticut.

Pharmacy Work Group Updates (2 of 4)

- Since the April Steering Committee meeting, the Pharmacy Cost Mitigation Strategies Work Group has met twice, with a third meeting to take place this Thursday, July 27th.
  - The Work Group is co-chaired by Kristin Whitney Daniels and Josh Wojcik and includes several Steering Committee members.
- Following the Thursday meeting, the Work Group should have completed discussions on reference-based pricing as well as state-contracted production of generic drugs.
- The Work Group will continue meeting to discuss PBM strategies and including pharmacy expense in Total Cost of Care contracts.

Pharmacy Work Group Updates (3 of 4)

- In parallel with OHS' Pharmacy Work Group, the Peterson-Milbank Program for Sustainable Health Care Costs has convened a Cross-State Pharmaceutical Pharmacy Work Group to develop a coordinated strategy on pharmacy price legislation to champion in the 2024 legislative session.
- Participating states include CA, CT, MA, OR, RI, and WA.
- The group started meeting in May and has met three times to date.
- The Peterson-Milbank Work Group is focused upon consideration of reference-based pricing and drug price growth caps.

Pharmacy Work Group Updates (4 of 4)

- OHS is planning to bring the Work Group's recommendations to the Steering Committee in the fall, including ideas for possible legislation where appropriate.
  - The recommendations will be informed by OHS' conversations with other states about a possible multi-state strategy to address drug prices.

➢ *Do Steering Committee members have questions or suggestions regarding this work?*

Public Hearing Takeaways and Next Steps

Public Hearing Takeaways and Next Steps (1 of 7)

- On June 28th, OHS held its first annual public hearing to evaluate Connecticut's 2021 performance relative to the cost growth benchmark.
- The following slides present some key takeaways from the hearing that we want to highlight.

Public Hearing Takeaways and Next Steps (2 of 7)

- During the pharmaceutical manufacturer panel, the following potential next steps were identified:
  - Gain a better understanding of how long it takes for a drug's research and development costs to be recouped and what percentage of a drug's price can be attributed to research and development costs
  - Increase transparency of net prices versus list prices and make sure rebates are passed along to consumers

Public Hearing Takeaways and Next Steps (3 of 7)

- During the hospital panel, the following potential next steps were identified:
  - Examine total inpatient *and outpatient* spending and utilization when identifying hospitals that significantly contributed to spending in 2022
  - Consider patient acuity when tracking a standard market basket of service prices
  - Gauge provider experience with risk-based contracting
  - Convene a Steering Committee subgroup to examine data on price paid per admission and determine what metric to use to assess hospital price growth

Public Hearing Takeaways and Next Steps (4 of 7)

- During the insurer panel, the following potential next step was identified:
  - Expand OHS' alternative payment methodology data request of insurers to capture more than just Health Care Payment Learning & Action Network categories

Public Hearing Takeaways and Next Steps (5 of 7)

- During the Advanced Network roundtable discussion, participants made a variety of suggestions for future state policy focus, including:

- Standardize SDOH screening
- Maintain state telemedicine policies
- Remote patient monitoring
- Reduce insurer prior auth requirements
- Allow CHW service billing

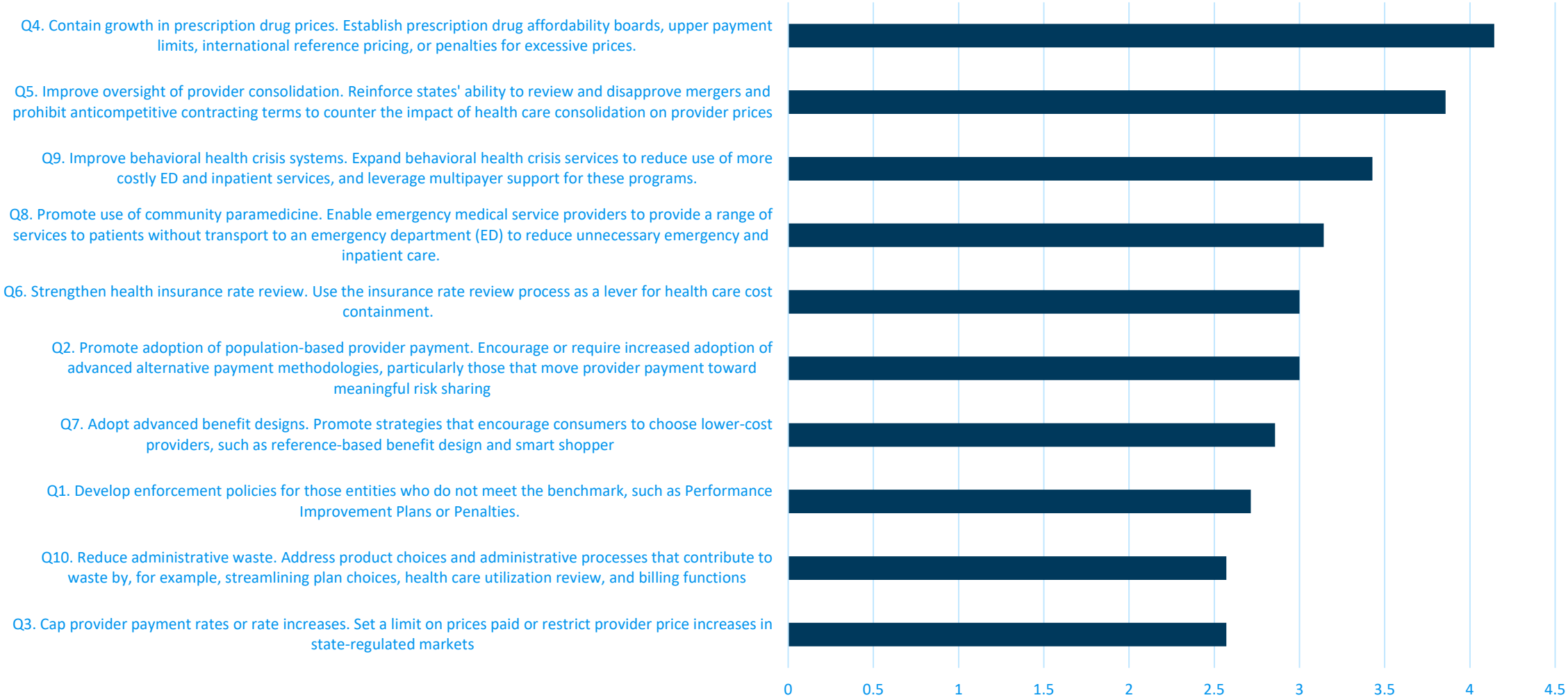
- Mandate and measure provider financial risk assumption
- Support health information exchange
- Expedite CON to allow systems to open lower-cost sites of care

- Do not hold providers accountable for new drug costs in VBP
- Do not make practices collect deductibles for high-deductible benefit plans

Steering Committee Input

- In advance of today's meeting, OHS distributed a survey providing the Steering Committee with an additional opportunity to advise OHS on policy areas to focus on to slow healthcare spending growth in Connecticut.
  - Results of the survey (next slide)
- Recommendations from the Steering Committee

Survey Results of Commonwealth Fund Healthcare Cost Growth Priority Areas



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Wrap-Up

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- The next Steering Committee meeting will be held virtually on Monday, **August 28th** from 3–5:00 pm.