

PRESCRIPTION DRUG AFFORDABILITY BOARD
VIRTUAL MEETING
Monday, March 22, 2021
Minutes

Chairman Van Mitchell called the meeting to order at 2:01 p.m.

Board Members present: Van Mitchell, Joseph Levy, PhD, Eberechukwu Onukwugha, MS, PhD, Gerard Anderson, PhD, and George Malouf, MD.

AGENDA ITEM 1.

Approval of minutes

Chairman Mitchell moved that the January minutes be approved as submitted. Dr. Malouf made a motion to approve the minutes, which was seconded by Dr. Onukwugha and unanimously approved.

AGENDA ITEM 2a.

Chairman's Update, Van Mitchell

Chair Mitchell stated that he would hold his update until the end of the meeting, but announced that the motion to adjourn for a closed session would not occur during this meeting.

No Action Needed

AGENDA ITEM 3.

Administrative Updates

Next, the Board received a series of administrative updates, beginning with Mr. Vallecillo. He provided an update regarding the 2021 legislative session, noting that this day was "Crossover Day" for the General Assembly. Mr. Vallecillo announced that the General Assembly had overridden the veto of the Board's 2020 funding bill, and explained a recent bill advancing through the General Assembly, HB1034, that impacted a reporting deadline for the Board. Finally, Mr. Vallecillo thanked the staff members of peer agencies and other stakeholder groups for their support and assistance during the legislative session.

Andrew York provided the Board with an update on the staff's office space. Mr. York informed the Board that the Board of Public Works unanimously approved moving forward with the office space, and the staff had secured access to its office space in Bowie. The staff is in the process of procuring furniture and office supplies, IT services, and other necessities.

Finally, Mr. York provided the Board with an update on its procurement efforts to acquire the analytics support and data necessary to complete the reports by the end of the year.

No Action Needed

AGENDA ITEM 4.

Policy Review, Presentation, and Discussion

Next, the Board received a series of presentations of different policy options regarding prescription drug prices and costs.

NASHP – Overview of State Policies

Jennifer Reck, Project Director for the Center for State Prescription Drug Pricing, provided the Board with a presentation of policies that were available to states to address the price of prescription drug products. This includes adjustments to Medicaid plans, including contract adjustments (*i.e.*, carving out prescription drug products from Medicaid plans), prohibiting spread pricing, and promoting a single preferred drug list (PDL) across plan offerings. Another option that has been applied to Medicaid plans, but could be used in other settings, are value-based efficacy reviews. These reviews, such as those incorporating ICER's framework and analysis, can be used to inform a more efficient and effective PDL or trigger enhanced rebate negotiations. NASHP also briefed the Board on efforts to promote waste-free formularies, explaining how the State of New Jersey saved more than \$12 million per year by favoring lower-cost generics over high-cost brands. Ms. Reck, also provided the Board with information on policies related to bulk purchasing and prescription drug affordability boards.

PhRMA – Overview of Policies

Kristin Parde, Deputy Vice President for State Policy, provided both an overview of PhRMA and its affiliate members, as well as a brief assessment of different policies the Board could consider. Ms. Parde explained to the Board that pharmaceutical manufacturers have had a significant impact on improving health outcomes for patients, including those suffering from cardiovascular disease, as well as the rapid development and production of the COVID-19 vaccinations. Ms. Parde noted that these breakthroughs were often the result of new complex technologies that necessitate increased R&D costs, without the guarantee of FDA approval and commercial viability.

Ms. Parde stressed that policy makers needed to consider these factors when weighing possible policies. This includes policies like upper payment limits, which Ms. Parde noted could lead to barriers to access/drug scarcity, possible legal challenges, and disincentivizes further research and investment. Instead, Ms. Parde suggested the Board pursue market-based reforms, like promoting value-driven health care, addressing market distortions, and targeting plan designs that can lead to affordability challenges for patients. Also, during an exchange with Board members, Ms. Parde notified the Board about the existence of PhRMA's Medical Assistance Tool (MAT) program, which patients can utilize to find help with affordability challenges.

Horvath Health Policy – Upper Payment Limits

Jane Horvath, Principal of Horvath Health Policy, provided the Board with an overview on upper payment limits. Ms. Horvath explained that an upper payment limit is a maximum amount that would apply to all purchases and payments for certain high-cost drugs. Its purpose is to promote

accessibility to costly drugs, and would provide a lower cost throughout the supply chain, to the patient. Ms. Horvath explained that, because of the various federal limitations on state action targeting drug prices, this limit is a workable strategy because it only applies to drug products for sale in the state that sets the price limit. Moreover, Ms. Horvath argued that the basis for upper payment limits is already widely accepted and implemented in other settings.

Ms. Horvath noted different strategies a state could consider to implement its upper payment limit, including an in-state estimate of existing discounts, a commercial market estimate of existing market/fee for service/VA discounts, and a budget-based price limit. Ms. Horvath did note, however, that there were certain concerns that an upper payment limit would need to account for, including the Medicaid Best Price rule. Finally, Ms. Horvath noted that an upper payment limit is optimized when applied state-wide, but acknowledged an upper payment limit targeting a small population, such as government payers and purchasers, could also be effective.

America's Agenda – Reverse Auction

Mark Blum, Executive Director of America's Agenda, provided the Board with an update of his previous presentation (February 2020) to the Board regarding reverse auction plans, a policy which targets pharmacy benefit managers (PBM). Mr. Blum first provided a step-by-step overview of a reverse auction system:

- Seller Agrees to Contract Terms – A pre-qualification step where PBMs are invited to bid.
- Seller Submits Bid – Terminology and definitions are already set and must be agreed to; PBMs can input proposed discounts; This assists in bid uniformity and review.
- Buyer Compares Bids from Round One – Buyer/state can review detailed comparisons across bidders, including forecasted drug spend and estimated savings.
- Sellers Improve Bids Based on Blinded Results – Blinded results from Round One are shared with the bidders, with scores weighted by importance to the plan.
- Buyer Compares Improved Bids from Round Two – Bidders are invited to make improved bids based on the shared results from the previous round.
- Buyer Awards a Contract – One PBM is awarded with the contract, and is instructed to submit a proposed contract for review.

Mr. Blum shared that the State of New Jersey's 2019 reverse auction produced savings of \$485 million for the state. This system also promotes oversight and accountability, which can lead to additional savings.

California Health & Human Services – Bulk Purchasing

Vishaal Pegany, an Assistant Secretary with the California Health & Human Services (CHHS) Agency, provided the Board with an overview of California's experience with bulk purchasing initiatives. Mr. Pegany explained that the California legislature instructed CHHS to enter into partnerships to produce and/or distribute certain generic prescription drugs, with a particular focus on insulin. These drugs must be produced at a price that results in savings for providers, patients, and purchasers. Mr. Pegany noted that CHHS has partnered with the Johns Hopkins

University's Bloomberg School of Public Health to assist in data collection and analysis, identify priorities among stakeholders, and to develop an overall framework to help identify "target drugs."

No Action Needed

AGENDA ITEM 2b.

Chairman's Update, Van Mitchell

Chair Mitchell thanked the Board members and the public for joining today, and reminded everyone that the next Board meeting is May 24, 2021, at 2:00 p.m.

No Action Needed

Adjourned at 4:03 p.m.