

Maryland Competitive Pharmacy Benefits Manager Marketplace Act 2020

Delegate Bonnie Cullison
Prescription Drug Affordability Board
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The Work of PDAB

- Legislative attempt to understand drug pricing process and determine “**affordability.**”
- Given the complex nature of the process, what options are available to us to decrease drug spend, for the State and for consumers
- Provide comprehensive information in order to make sound policy with regard to state health insurance plans

Next Steps

- Build upon Maryland General Assembly's efforts to control costs of pharmaceuticals for State Employee and Retiree Health and Wellness Benefit programs by considering what other states have done



- Look for additional ways to increase legislative control over the procurement of pharmaceuticals in a way that is aligned with Federal regulations

Rationale

- New Jersey reverse auction program was cited in the floor discussion of the Prescription Drug Affordability Board
- The information from New Jersey leaders on the savings they had incurred since implementation
 - **By 2022, NJ projects to save \$2.5B, maintain benefits for 750K employees, retirees and dependents, and lower insurance premiums.**



Current PBM Procurement Process

- RFP run by the Department of General Services
- RFP includes few details about the needs of program—heavy reliance on PBMs to define their processes, reimbursement processes and pricing contracts
- Each PBM is unique with respect to purchasing and reimbursement contracts, so it is impossible to compare them
- Decisions often based on previous interactions and faith in the knowledge and expertise of the PBMs



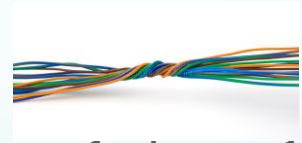
Reverse Auction

- State defines the contract terms based on intensive analysis of needs and utilization of pharmaceuticals
- PBM bidders respond based on the terms of the contract
- State technology platform translates each bid in terms of how they meet contract terms
- Lowest bid is shown to each bidder at the end of each round, who are offered the opportunity to rebid
- Bids are evaluated based on financial costs and qualitative factors identified in the contract



Requisite Technology

- Department of Budget and Management consults with Departments of Information and Technology and General Service to procure a technology platform that can complete the intensive analysis of need, translate the PBM bids AND monitor and evaluate the performance of the PBM with respect to timeliness and accuracy of real-time reimbursements



- RFP was offered last week with deadline of June 1

Other Potential Beneficiaries

- The following health plans in the State may use the reverse auction process individually or collectively as a joint purchasing group with the State Employee and Retiree Health and Welfare Benefits Program
 - other State-funded health plans
 - a self-funded county, municipal, or other local government employee health plan;
 - a public school employee health plan;
 - and a health plan of a public institution of higher education

Contingency Plan

- Bill went into effect on June 1, 2020
- If implementation not administratively feasible, can delay one year to 2022
- If needed, Board of Public Works may approve a request for exemption from specific procurement requirements

Those Who Testified in Support

- Prescription Drug Affordability Board
- Office of the Attorney General
- Maryland Citizen's Health Initiative
- AFSCME 3—representing State Employees
- Baltimore County Executive and Council
- Maryland State Education Association (MSEA)—representing 70K+ educators

Those who Testified in Opposition

- EPIC— a pharmacy services administrative organization representing small independent pharmacies in the State
- (Their opposition was removed when the bill was amended to require an analysis of the impact of the program on reimbursement to pharmacies)

Current Steps

- Investigating possible technology platform vendors
- Gathering data on utilization
- Evaluating bids for technology platform

What PDAB Can Do

- Use its foundational knowledge of drug pricing processes to assess the performance of the PBM Manager Marketplace and make recommendations to the General Assembly for consideration to improve performance and create new policies as needed.
- Collect data and review the implementation process to determine whether the State has maximized savings while maintaining benefits.

The PDAB has an Opportunity to:

- Explore the effectiveness of the technology platform's auction process as well as assess the efficiency and efficacy of its real-time reimbursement system.
- Compare and examine the state's real drug utilization projections before and after the reverse auction.
- Determine if the auction maximized the pool of potential participants, i.e. other agency, county, school system health plans.
- Assess other potential participants to grow the purchasing pool for the next reverse auction.

Contact

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