Pharmacy Benefit Management Reporting Task Force

July 31, 2019
Agenda

1. Welcome & Introductions
2. Opening Remarks
3. Bagley-Keene Open Meeting Act
4. California Landscape: Pharmacy Reporting
5. Pharmacy Cost Information the DMHC Should Consider for PBM Reporting: A Facilitated Discussion with Task Force Members
6. Proposed Task Force Timeline
7. Closing Remarks
Opening Remarks

July 31, 2019
Bagley-Keene
Open Meeting Act
July 31, 2019

Sarah Ream
Acting General Counsel,
Department of Managed Health Care
California Landscape: Pharmacy Reporting

July 31, 2019
SB 17: Prescription Drug Costs

July 31, 2019

Pritika Dutt
Deputy Director, Office of Financial Review

HealthHelp.ca.gov
Requirements of SB 17: Prescription Drug Cost Transparency

• Health plans with commercial products must report to the DMHC:
  o 25 most frequently prescribed drugs
  o 25 most costly drugs by total annual spending
  o 25 drugs with highest year-over-year increase in total annual spending

• Health plans must report by October 1, 2018 and annually thereafter.

• DMHC issues an annual report by January 1, with aggregate data.

HealthHelp.ca.gov
Prescription Drug Costs for Large Group Market

• Percent of premium attributable to drug costs for the prior year of each category of prescription drugs (e.g. generic, brand name, and specialty).
• Year-over-year increase, as a percentage, in per member, per month costs for each drug category.
• Year-over-year increase in per member, per month costs for drug prices compared to other components of the health care premium.
• Specialty tier formulary list.
• Percent of premium attributable to drugs administered in a doctor’s office that are covered under the medical benefit as separate from the pharmacy benefit, if available.
• Information on use of a pharmacy benefit manager.
SB 17 Reporting Parameters and Limitations

- Plan reporting is limited to prescription drug costs associated with the pharmacy benefit.
- Does not include prescription drug costs for inpatient drugs (hospital) or costs borne by delegated medical groups.
- Does not include prescription drug costs for self-funded arrangements, Medi-Cal Managed Care, Medicare Advantage and plans/insurers not regulated by the DMHC.
- Includes information from 25 health plans covering approximately 12.3 million Californians.
SB 17 Key Findings

• Health plans paid nearly $8.7 billion for prescription drugs administered through the pharmacy benefit in 2017.

• Prescription drugs accounted for 13.1% of total health plan premiums.

• Manufacturer drug rebates accounted for approximately $915 million or about 10.5% of the $8.7 billion spent on prescription drugs.
SB 17 Key Findings

• While specialty drugs accounted for 1.6% of all prescription drugs, they accounted for over half (51.5%) of total annual spending on prescription drugs.

• For the 25 most frequently prescribed drugs, enrollees paid approximately 3% of the cost of specialty drugs and over half (56.6%) of the cost of generics.

• The SB 17 Annual Report is available on the DMHC’s website at http://www.healthhelp.ca.gov/.
Large Group Prescription Drug Cost Reporting Summary

• Prescription drug costs accounted for 11.6% of the total health care premium.

• Specialty drugs represented more than 50% of the total prescription drug spending.

• The average premium increase was 4.1% and 0.8% was attributed to pharmacy cost.

• Percentage of premium attributed to drugs administered in a doctor’s office ranged from 2% to 3%.

• 22 of the 24 health plans used Pharmacy Benefit Managers.
Requirements of SB 546 (2015)  
Large Group Aggregate Rates

• Requires large group health plans to file aggregate rate information with the DMHC by October 1, 2016, and annually thereafter.
  ○ The information submitted on October 1, 2018, was for the period of January 1, 2018 – December 31, 2018.

• Requires the DMHC to conduct a public meeting annually to permit a public discussion regarding changes in the rates, benefits and cost sharing in the large group market.
Office of Statewide Health Planning and Development

Senate Bill 17 (2017)

Cost Transparency: Prescription Drug Program

July 2019
The OSHPD Mission

OSHPD advances safe, quality healthcare environments through innovate and responsive services and information that:

- Ensure safe facilities
- Finance emerging needs
- Cultivate a dynamic workforce
  - **Support informed decisions**
Senate Bill 17 (2017): Prescription Drug Costs

- Requires prescription drug manufacturers to:
  - Provide advance notice to purchasers on specified prescription drug wholesale acquisition cost (WAC) increases (beginning 2018)
  - Submit information on specific prescription drugs to OSHPD (beginning 2019)

- Requires OSHPD to:
  - Maintain a list of registered purchasers
  - Collect and publish information on specified new prescription drugs introduced to market
  - Collect and publish information on specified prescription drug WAC increases
For More Information

• Visit oshpd.ca.gov/ctrx
• Contact the program at ctrx@oshpd.ca.gov
Pharmacy Cost Information the DMHC Should Consider for PBM Reporting: A Facilitated Discussion with Task Force Members

July 31, 2019
Proposed Task Force Timeline

July 31, 2019
Closing Remarks

July 31, 2019