



STATE OF WISCONSIN

**GOVERNOR'S TASK FORCE ON
REDUCING PRESCRIPTION DRUG PRICES**

Meeting Minutes

January 22, 2019

10:00 a.m. – 2:00 p.m.

Milwaukee Area Technical College

700 W State Street, Milwaukee

Task Force Members Present: Nathan Houdek, Anna Benton, Josh Bindl, Sen. Tim Carpenter, Brent Eberle, Tony Fields, Peter Fotos, Janet Fritsch, Michael Goldrosen, Ian Hedges, Nathan Houdek, Lisa Lamkins, Alan Lukazewski (via phone), Laura McFarlane, Robyn Schumacher, Brian Stamm, Brian Stephens, Rep. Lisa Subeck, Lara Sutherlin, Yolanda Tolson, Rep. Tyler Vorpapel, Sue Wilhelm

OCI Staff Present: Jennifer Stegall, Olivia Hwang, Julie Walsh, Megan Aubihl, Jessica Carlson

Public Attendees: Karla Ashenhurst, Mollie Zito, Alex Moe, Sean Kirkby, Nancy McKee, Ramie Zelenkova, Matt McGovern, Larry Lewis

Welcome

Nathan Houdek, OCI Deputy Commissioner and Task Force chair

- Mr. Houdek welcomed Task Force members and public attendees
- Key housekeeping items:
 - Task Force on Reducing Prescription Drug Prices website is live
 - <https://rxdrugtaskforce.wi.gov/Pages/Home.aspx>
 - November meeting minutes are posted to the Task Force website
 - <https://rxdrugtaskforce.wi.gov/Pages/Meetings/MeetingMinutes.aspx>
 - 2019 Task Force report was submitted to the Governor and is available on the Task Force website
 - <https://rxdrugtaskforce.wi.gov/Documents/122019RxTaskForceReport.pdf>
 - 2020 Workplan is available on the Task Force website
 - <https://rxdrugtaskforce.wi.gov/Documents/2020Workplan.pdf>
 - June meeting will be held Thursday, June 18

ETF Pharmacy Committee Update

Brian Stamm, Deputy Director, ETF Office of Strategic Health Policy

- Mr. Stamm gave an overview and update of the Wisconsin Pharmacy Cost Committee
- ETF was awarded a technical assistance grant from the National Governors Association to develop strategies for saving state dollars on prescription drugs in partnership with other State of Wisconsin agencies.
- Currently working on:
 - Pool/bulk purchasing
 - 340B drug pricing program specifically with the Department of Corrections
 - Specialty drug site of care (can be administered in multiple sites of care) – trying to determine which locations are most and least expensive

Pharmacy Benefit Manager Economics

Neeraj Sood, PhD, Professor and Vice Dean for Faculty Affairs and Research, USC Price School of Public Policy & USC Schaeffer Center



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Dr. Sood delivered a presentation focused on two main topics:

1. PBM economics
2. Subscription models for prescription drugs

Dr. Sood's presentation is available on the Task Force website

https://rxdrugtaskforce.wi.gov/Documents/PBMPresentation_1_22_20.pdf

Task Force members took particular interest in the data on slide 12 of the presentation that indicates, "Of \$100 spent on drugs, \$42 goes to PBMs, wholesalers, pharmacies, and insurers." The study where that data comes from can be found here:

https://healthpolicy.usc.edu/wp-content/uploads/2017/06/USC_Flow-of-MoneyWhitePaper_Final_Spreads.pdf

Transparency and the challenges in understanding which entity in the supply chain is making the most money on a particular drug was an issue of interest.

The concept of a "subscription model" used in Louisiana as a means to address Hepatitis C was discussed, as well as challenges in translating that model to the commercial market with the Medicaid best price rules in place.

IngenioRx Overview

Rob Gallé, PhD, Chief Operating Officer

Mr. Gallé gave an overview of IngenioRx and their vision for a "whole-health approach," transparency and collaborative relationships.

The IngenioRx presentation is available on the Task Force website.

https://rxdrugtaskforce.wi.gov/Documents/PBMPresentation_1_22_20.pdf

Navitus Pharmacy Benefits

Brent Eberle, RPh MBA, Senior Vice President, Chief Pharmacy Officer

Mr. Eberle provided an overview of Navitus; explained the four major areas of PBM business; discussed pharmacy audits; and reviewed legislative activity impacting PBMs in Wisconsin and other states. Additionally, Eberle gave a brief description of Civica, a non-stock, non-profit corporation developed to address shortages of generic drugs while lowering costs.

Eberle's presentation is available on the Task Force website.

https://rxdrugtaskforce.wi.gov/Documents/PBMPresentation_1_22_20.pdf

Task Force Member Discussion

Task Force members shared their thoughts on topics covered during the presentations as well as highlighted issues of interest for future meetings.

Issues raised and Task Force member comments are below. *(Note: these reflect a summary of member comments; not all comments reflect the views of all Task Force members)*



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- Direct and Indirect Renumeration (DIR) fees and an interest in understanding the extent to which PBMs are imposing these.
- Contractual agreements between pharmacists and PBMs are not give-and-take negotiations. PBMs set the terms and pharmacies determine whether they can follow them as a condition of being included in the network.
- Flow of dollars and the extent each entity is making a profit within the supply chain was an interesting discussion point from Dr. Sood's presentation.
- Legislative proposals prohibiting certain PBM related practices in the area of pricing, networks and pharmacy audits, and requiring new transparency requirements continues to be an area of interest.
- Per member/per month cost of prescription drugs is of interest.
- Direct manufacturer to consumer marketing is of concern; inflates prices to the consumer so would be interested in understanding more about that marketing.
- Important for the Task Force to include recommendations that lower the cost of prescription drugs for the consumer; even \$15 at the counter is very real and matters to the consumer.
- Subscription model is interesting; Medicaid best price rules are an obstacle.
- There may be some duplication in what insurers and PBMs are doing so this may be an area to look at.
- Would like to continue the review of all members of the supply chain before prioritizing what needs to be taken on by the Task Force.
- PBMs serve an important role.

Adjourn

Deputy Commissioner Houdek thanked the Task Force members for their participation and reminded the group that the PBM discussion will continue at the February 18 meeting in Oshkosh. He indicated that insurer and employer issues will also be discussed at that meeting.