



STATE OF WISCONSIN
GOVERNOR'S TASK FORCE ON
REDUCING PRESCRIPTION DRUG PRICES

Meeting Minutes

June 18, 2020
10 a.m. – 2 p.m.
Webinar via Zoom

Welcome

Nathan Houdek, OCI Deputy Commissioner and Task Force chair

- Deputy Commissioner Houdek welcomed Task Force members and public attendees.
- Key housekeeping items
 - A reminder that this is a public meeting.
 - The meeting is being live-streamed through Wisconsin Eye and will be available on the Task Force website:
<https://rxdrugtaskforce.wi.gov/Pages/Meetings/WatchPreviousMeetings.aspx>
 - July 21 and 22 meetings will be in a virtual format.
 - August 25 is tentatively scheduled for an additional meeting.
 - Task Force members will have use of their microphones/the public does not.
- Seeking feedback from members on the document with possible policy recommendations.

Consumer Experience

The Herrick family, of Cushing, Wisconsin, shares their experience with the cost of prescription medication to treat diabetes in their family.

- There were technical difficulties with the audio and the video was not played during the meeting. The video link is now available on the Task Force website and was sent to Task Force members:
<https://rxdrugtaskforce.wi.gov/Pages/Meetings/MeetingMinutes.aspx> or directly at
<https://youtu.be/KHd5I7Q3kME>

Prescription Drug Litigation Update

Laura E. McFarlane – Assistant Attorney General, Wisconsin Department of Justice

- AG Kaul joined a coalition of 50 States in filing a 3rd complaint in an ongoing antitrust price-fixing investigation into the generic drug industry. A link to the presentation is available on the Task Force website:
https://rxdrugtaskforce.wi.gov/Documents/Prescription_Drug_Litigation_Update.pdf

Wholesalers

Roxolana Kozyckj – Director, State Government Affairs, Healthcare Distribution Alliance

- A presentation from Ms. Kozyckj is available on the Task Force website:
<https://rxdrugtaskforce.wi.gov/Documents/HDA.pdf>

Pharmacy Services Administrative Organization (PSAO)

Scott Pace, Pharm.D., J.D. – Chair, Partner, Impact Management Group

- A presentation from Mr. Pace is available on the Task Force website:
https://rxdrugtaskforce.wi.gov/Documents/PSAO_Coalition.pdf



Trends in Hospital Drug Spending and Manufacturer Shortages

Mark Howell – Senior Associate Director, Standards and Drug Policy, American Hospital Association

Aaron Wesolowski – VP, Policy Research, Analytics, and Strategy, American Hospital Association

- A presentation from the American Hospital Association is available on the Task Force website:
<https://rxdrugtaskforce.wi.gov/Documents/AHA.pdf>

Wisconsin Hospital Perspective

Dr. Jim Heise – Chief Medical Officer, Door County Medical Center

Brian Stephens–Chief Executive Officer, Door County Medical Center

Amy Konop – Pharmacy Director, Door County Medical Center

Carrie Peterson – Certified Pharmacy Technician, Door County Medical Center

- A presentation from the Door County Medical Center is available on the Task Force website:
<https://rxdrugtaskforce.wi.gov/Documents/DoorCountyMedicalCenter.pdf>

Haven Healthcare, Importation, and Accountability Board Update *(Note: NGA provided an update on these issues based on Task Force member requests at a previous meeting)*

Kate Johnson – NGA Senior Health Policy Analyst, NGA Center for Best Practices

Jane Horvath – Horvath Health Policy

Representative Norm Thurston – Utah House of Representatives

- A presentation from the National Governors Association is available on the Task Force website:
<https://rxdrugtaskforce.wi.gov/Documents/NGA.pdf>

Task Force Member Policy Discussion

Mr. Houdek asked the Task Force members to weigh in on the document that was distributed to the Task Force members outlining policy options.

There was a general agreement among members that the Task Force be supportive of the policy provisions included in 2019 Assembly Bill 114/Senate Bill 100, which failed to advance through the Legislative process due to a shortened floor period resulting from COVID-19. Those policy provisions will be set aside and the ongoing focus will be on new policy options that have been raised by the Task Force.

Task Force members discussed spread pricing.

Spread Pricing

- The question was asked whether anyone can state that the elimination of spread pricing will drive a certain level of saving to consumers. Responses from members included:
 - Independent audits have been done by state pharmacist associations that have found spread pricing to actually cost states money. Not saying it's a huge problem in WI but it may be worth exploring further. *(Later noted that the audits relate to Medicaid)*



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- PBMs have seen significant savings by taking spread out, keeping margin out of claims, but it is an insurer/employer decision to make, not necessarily one that requires government regulation. There is value in a plan electing to prohibit spread, but it should be a contractual decision.
- What do the numbers/savings look like? Let's see and look at this issue with an analysis on where there would be savings.
- Additional comments around whether to eliminate spread pricing include the following:
 - PBMs need to get paid for their services and one model allows for more information about how PBMs are getting paid and the other model (the model allowing spread pricing) does not provide that level of transparency.
 - The state employee plan does not allow spread. The state pays an administrative fee on a per member basis and knows exactly what they are paying for. Having that transparency built into their model has offered savings.
 - A concern is that if the only model is a complete transparent model then the PBMs are incented to be only as good as their peers. With spread, it serves as an incentive to drive down cost.
 - Some members could support the Louisiana model. That model prohibits spread pricing unless the PBM provides written notice to the policyholders of each health insurer in which the PBM engaged in spread pricing. The notice must include the aggregate amount of spread pricing charged by the PBM.
 - Another member questioned how the Louisiana model lowers cost and noted that the notification requirement could be a costly administrative burden.
 - It was noted that the level of spread pricing does not impact the amount the PBM pays the pharmacy.
 - A member pointed out the need for additional transparency and that there is a broader objective of understanding the industry and move forward with more information.

Mr. Houdek asked for feedback on what topics and policy options should be elevated in priority for additional, meaningful discussions. A couple members expressed interest in reviewing the concept of an affordability board. Another member indicated discriminatory reimbursement (relating to the 340B drug purchasing program) should be discussed.

Next Meetings

- July 21 – Scheduled presenters include representatives from the manufacturers, GoodRx and CivicaRx.
- July 22 – Scheduled presenters include representatives from AARP, the American Diabetes Association, the Aids Resource Center of Wisconsin, the Northwest Prescription Drug Consortium, and the Department of Employee Trust Funds (update on the Wisconsin Pharmacy Cost Study Committee).
- August 25 – Discussion about policy recommendations



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Adjourn