WISCONSIN PHARMACY COST STUDY COMMITTEE

Final Report to the Governor's Task Force on Reducing Prescription Drug Prices

July 22, 2020

WPCSC BACKGROUND

- Inter-agency workgroup began meeting in 2017
- Applied for tech assistance in 2019 and formed the WPCSC
- Committee included representatives from DHS, ETF, OCI, and DOC
- Supported by staff workgroup able to complete deeper cost and policy analysis
- Reviewed options to improve individual agency purchasing arrangements and combined purchasing options

INDIVIDUAL AGENCY OPTIONS

340B CENTERS OF EXCELLENCE

Contracts to direct all patients to a 340B entity in exchange for pass-through of drug acquisition costs

ETF could pursue, but possible conflict with current transparent model

Medicaid would need to pursue a freedom-of-choice waiver; concerns about rural access limiting equitable implementation

DOC has existing contract relationship with UW Hospital, but cost of moving patients to hospital site neutralizes savings

340B ENTITY COST BILLING REQUIREMENT

Adding contract requirements for 340B entities to bill agencies at acquisition cost for 340B drugs

Price confidentiality prevents audit and enforcement of these types of provisions

340B SUBGRANTEE STATUS FOR DOC

- Public Health entities receiving funding under Section 317 and 318 of the PHSA can be 340B covered entities
- Other state correctional departments have entered into subgrantee arrangements to receive 340B prices for incarcerated populations
- DPH favorable to creating relationship

VALUE-BASED CONTRACTING

Agreements that tie the reimbursement for a drug to patient health

Includes subscription models (Louisiana & Washington) as well as outcomes-based models (Oklahoma)

Substantial administrative lift to set up contracts and monitoring

Challenges in defining meaningful outcomes

Access to health data limited

Outcomes from such contracts are still not known

COMBINED AGENCY OPTIONS

POOLED PURCHASING

- Co-negotiated rebates
- DOC does not currently receive rebates beyond discount negotiated by MMCAP
- Medicaid works with TOP$ for supplemental rebates; pooling possibly could increase those rebates
- Lack of transparent data on current pricing makes any combined purchasing effort high risk, and available data indicated limited reward

PREFERRED DRUG LIST / FORMULARY ALIGNMENT

- Medicaid uses PDL to encourage members to use lower-cost drugs
- ETF and DOC have closed formularies
- Alignment of PDL with formularies to create quasi-pooled arrangement
- No guarantee of price impact, likelihood of member disruption

COMMITTEE ACTIONS & RECOMMENDATIONS

- Committee recommended DOC pursue 340B arrangement
  - In progress, target 2021
- Other concepts were either not feasible, savings were not significant or unknowable, or disruption and administrative lift would outweigh savings
- Some concepts were ultimately outside the scope of the Committee

ADDITIONAL RECOMMENDATIONS OUT-OF-SCOPE

FOR TASK FORCE CONSIDERATION

Price Transparency

- WPCSC work was limited by ability to analyze costs
- Intra-agency spending transparency is critical to negotiate in good faith
- State-level laws may not be enough

Drug Reimportation

- Appears to be some success in other states (ex: VT, UT)
- Utility could be limited, especially if other states move to this model

FOR TASK FORCE CONSIDERATION

Sole Statewide Purchasing Entity

- Single purchasing authority could have ability to see all purchasing data
- Substantial reorganization of how drugs are purchased by agencies currently
- Possibility to pull in purchasing for the public

Public Health Purchasing of Chronic Disease Drugs

- Model after Vaccines for Children and/or Wisconsin Chronic Disease Program
- State could bulk purchase certain drugs relevant to public health concerns
- Likely considerable cost and administrative challenges

THANK YOU

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