

Rhode Island Health Care Cost Trends Steering Committee

January 21, 2021



Agenda

1. Welcome
2. Approval of December meeting minutes
3. Gubernatorial transition
4. Informational updates
5. Vote and next steps on pharmacy spending
6. Public comment
7. Next steps and wrap-up

Welcome

Approval of Meeting Minutes

Approval of meeting minutes

- We must now begin to approve meeting minutes to be in compliance with Rhode Island's open meeting laws.
- On December 24th, project staff shared minutes from the December 7th Steering Committee meeting.
- **Does the Steering Committee approve the December meeting minutes?**

Gubernatorial Transition

Informational Updates

Informational updates

1. Peterson Extension
2. Communications Strategy
3. Milliman Contract
4. Cost Trends Annual Report and Spotlight on Pharmacy Spending
5. Reporting 2019 Performance Against the Target

1. Peterson extension

- During our October 26th meeting, we shared that Peterson Center approved a revised project scope and budget for funding until August 2021.
- Since that meeting, the contract amendment has been finalized.

2. Communications strategy

- During our October 26th meeting, we shared the RI Foundation was funding the development of a communications strategy for both internal and public stakeholder engagement.
- Project staff have begun work with the public relations agency Denterlein to develop this strategy.

3. Milliman contract

- On October 26th, we shared that with Peterson Center funding, Brown would be contracting with a large consulting firm to translate APCD analyses into policy options. In December, we shared that Milliman would be the consulting firm.
- The contract between Milliman and Brown has recently been finalized.

4. Cost Trends Annual Report and Spotlight on Pharmacy Spending

- As part of its December newsletter, OHIC released the [Rhode Island Health Care Cost Trends Collaborative Project Report to the Legislature](#), which highlighted findings from baseline 2017-2018 analysis of performance against the target.
- The newsletter also included a [Spotlight on Pharmacy Spending](#), which summarized findings from Brown's APCD analysis of 2016-2018 commercial and Medicaid pharmacy spending. That analysis revealed that pharmacy price, and not the number of prescriptions, was driving spending growth.

5. Reporting 2019 performance against the target

- During the December 7th Steering Committee meeting, we shared with you our plan for publicly reporting insurer and ACO/AE performance against the cost growth target for 2019.
- On December 15th, we held an ACO/AE webinar to describe the Cost Trends Project and to share the process for publicizing results.
 - Providers shared anxiety about their performance being publicly reported.
 - Providers also shared feedback that it will be important to provider contextual information on factors influencing trend and to caveat data as appropriate.
- Our next step is to review performance individually with each ACO/AE.

Vote and Next Steps on Pharmacy Strategy

Pharmacy price penalty legislative proposal

- During the October 26th Steering Committee meeting, the Committee recommended a multi-pronged approach to address pharmacy costs.
 1. Support existing and planned Rhode Island legislation.
 2. Pursue the assessment of penalties for drugs with an unsupported price increase.
 3. Promote transparency of drug costs, including growth in prices.
- During the October 26th meeting, project staff also committed to sharing an update on Medicaid actions to address pharmaceutical costs.
- On December 7th, the Steering Committee had a focused discussion on action #2: pursue the assessment of penalties for drugs with an unsupported price increase.
- Today, we will: **a)** review a co-chair proposal on actions #'s 1 and 3, **b)** vote on recommending the Governor pursue legislation to apply assessment of penalties for drugs with an unsupported price increase, and **c)** provide an update on Medicaid's actions to address pharmaceutical costs.

1. Review a co-chair proposal on actions #1 and 3

- During the December 7th meeting, project staff shared plans to revisit the following strategies during the January meeting:
 1. Support existing and planned Rhode Island legislation.
 2. Promote transparency of drug costs, including growth in prices.
- At this time, the co-chairs recommend that the Steering Committee focus its efforts on moving forward more comprehensive legislation outlined in action 2: pursue the assessment of penalties for drugs with an unsupported price increase. The rationale is that this legislation directly addresses pharmacy price increases.
- For action 1, project staff will monitor the bills and keep the Steering Committee members informed so that they can decide in the future if they want to take action.
 - This does not preclude the Steering Committee or project staff from seeking support from individual Steering Committee members on other Rhode Island legislation.
- For action 3, project staff will continue to leverage the APCD analysis to keep drug prices at the forefront, perhaps through routine bulletins.
- **Does the Steering Committee support this recommendation?**

2. Vote on the decision to recommend pursuit of an assessment of penalties for drugs with an unsupported price increase

- On December 7th, the Steering Committee considered the following:
 1. State staff work with other states, including CT, MA, and VT, to see if they are interested in pursuing a coordinated strategy on the NASHP model act.
 2. The recommendation of the Steering Committee goes to the Governor for consideration and potential introduction of legislation.
- Steering Committee members were asked to review these recommendations and come prepared to vote on whether to recommend the price penalty legislation to the Governor.
- **Does the Steering Committee wish to recommend the Governor pursue pharmacy price penalty legislation, similar to the [model legislation drafted by NASHP?](#)**

3. Selected RI Medicaid actions to address pharmaceutical costs

Overall, Medicaid MCO Pharmacy spend net of rebates decreased on a per member per month basis from 2017 to 2018. Total and PMPM pharmacy spend net of rebates increased in FY19 due to change in Medicaid policy to expanding access to curative Hep C treatment to all regardless of stage of disease.

Fee-For-Service (~25K Enrollees)

- **Supplemental Rebates:** RI is a part of the multi-state consortium run by Magellan, who acts as our Pharmacy Benefits Manager (PBM) negotiating rebates and updating our PDL to drive utilization towards lowest net cost for state.
- **Preferred Drug Lists:** FFS has a PDL that directs beneficiaries to drugs that are most cost effective for state after all rebates; it is updated quarterly as supplemental rebates are renegotiated. MCOs have similar PDLs but are proprietary.
- **Prior Authorizations:** required for Rx's not on PDL when EOHHS needs to ensure drug is clinically appropriate and needed (e.g., Botox is not approved for cosmetic purposes)
- **Medicaid Rebates:** federally set to allow Medicaid to spend no more than the lowest price that the manufacturer sold that drug
- **PAD Rx:** Medicaid reimburses on a fee schedule currently at 106% of average sales price for all PADs. Reducing rates would impact hospital revenue.

Managed Care (~300K Enrollees)

- **Supplemental Rebates:** Each MCO is responsible for negotiating with manufacturers. EOHHS does not have data by drug from the MCOs as they are proprietary.
- **Rx Reimbursement Rates to MCOs:** EOHHS re-prices Medicaid MCO Rx claims to a target Average Wholesale Price discount. This means the state reimburses the MCOs as if they have a lower per unit spend than their historical experience reflects. Because these are administrative expenses, we do not reimburse these through risk share.
- **Medicaid Rebates:** Federally set to allow Medicaid to spend no more than the lowest price that the manufacturer sold that drug.
- **Pharmacy Dispensing Fee/Administration Rates:** MCOs have negotiated their own dispensing fees through their PBMs. Because these are administrative expenses, we do not reimburse these through risk share.

Criteria for Selection of Priority Strategies to Support the Cost Growth Target

Criteria for Selection of Priority Strategies to Support Cost Growth Target Attainment

Proposal:

The Cost Trends Steering Committee should consider adoption of criteria for deciding whether to recommend and support a strategy to further cost growth target attainment. While many opportunities will be revealed through APCD analysis, some strategies may be identified through other means. For this reason, every strategy need not meet each criterion.

Criteria for Selection of Priority Strategies to Support Cost Growth Target Attainment

1. Analysis of spending data indicates a significant opportunity based on one or more of the following:
 - a. recent spending growth rate in excess of the target;
 - b. significant variation in spending, utilization or price levels across ACOs/AEs or providers, and
 - c. spending or service utilization in excess of external benchmarks.
2. The strategy is actionable for one or more of the following: the State, payers, provider organizations.
 - a. Strategy implementation is likely to have a substantive impact of cost growth target attainment.
 - b. Evidence supports the strategy, or if not, there is a compelling logic model for the strategy.
3. The Steering Committee and project staff have capacity to design and execute the strategy thoughtfully and successfully.

Public comment

Next steps and wrap-up

Upcoming meetings

- February 22nd from 9:30-11:00am
- March 22nd from 9:30-11:00am
- April 29th from 1:30-3:00pm