



## **Rhode Island Health Care Cost Trends Project**

Steering Committee Meeting Summary

Virtual Meeting through Zoom

October 26, 2020

9:00am - 11:00am

### **Steering Committee Attendees:**

Tim Babineau, Lifespan

Angela Bannerman Ankoma, United Way

Tony Clapsis, CVS Health

Al Charbonneau, Rhode Island Business Group on Health

Stephanie De Abreu (for Stephen Farrell), UnitedHealthcare of New England

Michael DiBiase, Rhode Island Public Expenditure Council

Jim Fanale, Care New England

Diana Franchitto, Hope Health

Marie Ganim, Co-chair, Office of the Health Insurance Commissioner

Peter Hollmann, Rhode Island Medical Society

Kim Keck, Co-chair, Blue Cross Blue Shield of Rhode Island

Al Kurose, Co-chair, Coastal Medicine

Beth Marootian (for Peter Marino), Neighborhood Health Plan of Rhode Island

Teresa Paiva Weed, Hospital Association of Rhode Island

Ben Shaffer, Rhode Island EOHHS

Betty Rambur, University of Rhode Island College of Nursing

Sam Salganik, Rhode Island Parent Information Network

Marc Spooner (for Tom Croswell), Tufts Health Plan

Neil Steinberg, Rhode Island Foundation

Larry Wilson, The Wilson Organization

### **Unable to Attend:**

Nicole Alexander Scott, Rhode Island Department of Health

Jim Loring, Amica Mutual Insurance Company

### **I. Project Funding Update**

- Marie Ganim said that the legislature may vote on the assessment in November 2020. She said that as a contingency plan, the Peterson Foundation approved a revised project scope and budget for funding until August 2021. She said it is still critical to have the assessment approved during this budget cycle to ensure a smooth transition from the grant funding through Brown to the State and to implement the assessment. She asked that Steering Committee members voice their support to the legislature. She also thanked the RI Foundation for funding the development of a communications strategy for both internal and public stakeholder engagement.

## II. Pharmacy Cost Strategy Options

### Highlights from Brown's analyses of pharmacy spending, review of policy options, and recommendations for action

- Ira Wilson reviewed highlights from Friday's public meeting presentation of analyses of pharmacy spend. He said there are dramatic price increases in the medical and retail pharmacy category and a large portion of medical pharmacy spend is on a few people.
- Ira noted that 53% of the increase in commercial medical spending between 2016 and 2018 was a result of retail and medical pharmacy cost growth, and almost all of that was due to price increases.
- Michael Bailit said that in May 2019 the Steering Committee adopted a data use strategy that specified an intent to review findings of analyses from the APCD to identify possible actions to address cost and cost growth drivers. He cited examples of possible policy solutions, including collaborative quality improvement activity, use of regulatory levers, introduction of legislation, among other options.
  - Michael reminded the Steering Committee that on the prior Friday Trish Riley of NASHIP presented two strategies to address pharmacy price growth: 1) a tax penalty (80% of excess revenues) on manufacturers whose price increases are unsupported (defined using an annual ICER report) and 2) use Canadian drug prices to establish rate setting for pharmacy, targeting the 250 drugs that cost the state the most. He shared the reactions of the October 23<sup>rd</sup> public meeting panelists to these recommendations and further considerations.
    - One Steering Committee member recommended modifying strategy #1 to impose a tax penalty on any unjustifiable drug increase that is over the value of the cost growth target.
    - Another Steering Committee member said there are a lot of legal questions around strategy #2.
  - Michael Bailit said that Massachusetts Governor Baker had just filed legislation with the legislature proposing the enactment of a version of Trish's strategy #1.

### Discussion of Concerns with Potential Actions

The Steering Committee identified potential adverse consequences to the proposed strategies.

- ***Manufacturers Leaving the Market and Access:*** Some Steering Committee members expressed concern that should Rhode Island pass legislation reducing payment for pharmaceuticals, manufacturers may choose to leave the Rhode Island market, making it more difficult for patients to access needed drugs.
- ***Pushback from Pharma and Advocate Societies:*** One Steering Committee member noted that advocate societies are formidable and if there are legislative hearings, they will send representatives to oppose the legislation.

In response, a Steering Committee member said that utilization review, purchasing coalitions, transparency in itself, and pharmacy benefit managers have not worked to reduce pharmacy prices.

### Discussion of Other Potential Actions

The Steering Committee members identified other potential strategies to consider.

- **Transparency and Education:** A Steering Committee member recommended starting with a transparency initiative to educate the public and the General Assembly, calling out drugs with excessive price increases.
- **Formularies:** One Steering Committee member recommended sharing information from the College of Pharmacy on formularies to help inform employer discussions.
- **Advocate for Two Pieces of Existing Rhode Island Legislation:** Some Steering Committee members recommended supporting two pieces of legislation that are currently in front of the General Assembly: 1) [Senator Miller's 2019 bill Coupons \(S0137A\)](#) and 2) Senator DiPalma's future bill on a high-cost drug assessment and reinsurance (this was delayed in introduction due to COVID-19; here is [Representative MacNamara's 2020 bill High cost drug assessment and reinsurance \(H8078\)](#)).
- **Medicaid:** A Steering Committee member asked if Medicaid purchased drugs as part of a collaborative. Libby Bunzli said that Medicaid participates in the National Medicaid Pooling Initiative (NMPI) in fee-for-service, where Magellan (the contractor) negotiates supplemental rebates on behalf of all participating states. She said she thought the MCOs and their PBMs negotiate supplemental rebates on their own.

In response to the discussion of concerns with the two proposed strategies and the discussion of potential alternatives, a Steering Committee member said that incrementalism will not lower prices. He noted the state has spent years focused on accountable care and utilization and to continue allowing such abhorrent price growth in pharmaceuticals was unacceptable. The member concluded by stating that Rhode Island cannot hit the cost growth target when so much of the cost increase is driven by drug price increases. Other Steering Committee members voiced support for this perspective.

One Steering Committee member said it would be important to make sure that lower income, Black and brown people, and those without access to high cost drugs, are included in whatever strategies are pursued. Michael Bailit responded in agreement, saying that it will be important for the Steering Committee to consider equity implications in the development of all scenarios and strategies.

### Recommendation

Steering Committee members supported pursuing a two-pronged legislative approach

1. support Senator DiPalma's and Senator Miller's bills as well as transparency efforts
2. pursue a multi-state approach to pursue a tax penalty for excessive price increases on pharmaceuticals, perhaps beginning with outreach to Connecticut and Massachusetts, two other states with cost growth targets.

### Next steps:

- Project staff will draft a proposal of the Steering Committee recommendations to address pharmaceutical prices and share it with members far in advance of the December meeting.
- Steering Committee members will provide written feedback on the draft proposal.

- Project staff will share a revised draft proposal during the December 7<sup>th</sup> Steering Committee meeting.
- Project staff will share an update on Medicaid actions to address pharmaceuticals during the next Steering Committee meeting.

Al Kurose said that for all the efforts put in place to control total cost of care, pharmaceutical price increases are negating provider impact in other areas. He said he thought working on addressing drug prices is in defense of value-based care and appreciated the support from all the Steering Committee members.

### III. Value-based Payment

- Michael Bailit said that the primary objective of the Cost Trends Project is to slow health care cost growth and thereby improve affordability for consumers, employers and state government. One method the Steering Committee has adopted to support cost growth target attainment is to mine APCD data to identify cost drivers and cost growth drivers, and then devise strategies to address them. A second potential approach is to identify and advance broad-based strategies that may impact overall cost growth without targeting one contributor in particular. He said that advanced valued-based payment is one such strategy the co-chairs have suggested. Michael reviewed related language from OHIC’s Affordability Standards targeting increased adoption of value-based payment (also referred to as “alternative payment models”) and work that Oregon is doing to prioritize further adoption of advanced value-based payment models to help meet its cost growth target.
- Michael Bailit asked the Steering Committee if it wished to take any collective action to further accelerate movement towards these models?
  - One Steering Committee member noted that current value-based payment efforts are still built on a fee-for-service “chassis.”
  - Another Steering Committee member said that OHIC has had standards requiring commercial payers to expand value-based payment, but they have only been able to make so much progress. The participant thought there needed to be provider engagement to make progress on value-based payment.
  - Another Steering Committee member noted that data show reasonable cost trends for commercial and Medicare lines of business when providers have some controls, but that there need to be provider controls on the Medicaid side to reduce the rate of cost growth. The member said that his organization is hesitant to assume risk for Medicaid due to lack of good data on patient risk.
  - Another Steering Committee member said that we need to be more aggressive in taking on risk to change provider behavior.
  - Another Steering Committee member said there is also risk for providers in investing in infrastructure and clinical support programs.
  - A participant recommended focusing on primary care and specialist collaboration.
  - **Next steps:**
    - Steering Committee members will further consider whether it makes sense to take collective action to promote further adoption of value-based payments.
    - The Steering Committee will revisit this topic on December 7<sup>th</sup>.

#### IV. Upcoming Steering Committee Meetings

- Michael Bailit said that the co-chairs recommended spending 2021 focusing on analyses of cost drivers and cost growth drivers, and suggested moving to a monthly meeting scheduled to ensure progress on the work. He asked if the Steering Committee recommended moving to a monthly meeting schedule in 2021.
  - One Steering Committee member asked to revisit this question in December when there is a better sense of the second COVID-19 surge.
  - Kim Keck said that an alternative could be for the co-chairs, or a subgroup, to keep this work going more routinely and then vet their recommendations with the Steering Committee.
  - Another participant recommended that if 2021 is dependent on analyses, the Steering Committee should receive and be able to react to those analyses first. They recommended bringing the Steering Committee back together after data are available.
    - Marie Ganim said that with Peterson Center funding, project staff are hiring a large consulting firm to translate APCD analyses into policy options. She said that the budget has tied up this process, but is hopeful that early next year we will have those recommendations to share with the Steering Committee.
  - **Next step:** Co-chairs will discuss meeting frequency and the possibility of a convening a subgroup. They will come back to the Steering Committee with recommendations in December.

#### Public Comment

- There were no comments from the public.