Challenges to public purchasers: Prescription Drug Cost Control

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Current Pressures for State Purchasing

- Cost of prescription drugs as percentage of health care have remained relatively stable over time.
- Many brand name drugs have gone generic
- State rebate percentages have leveled off as new drug prices increase
  - State does not currently share Medicaid rebates with coordinated care organizations
- New and very expensive drugs are coming to a pharmacy near you, on a fast track for approval

At same time, asking the health care delivery system to keep health care cost trends stable

Solvaldi Example, First of Many to Come

- Very effective drug, appears to have 90% cure rate
- But no longitudinal studies or head to head studies yet
- Very expensive drug - $1,000/pill
- First of several coming for Hepatitis C; many other “fast tracked” blockbusters in the pipeline for other conditions
- State’s Pharmacy and Therapeutics Committee took action to restrict to only those needing the treatment immediately, in March, May and July
- State’s Health Evidence Review Commission investigated the possibility of placing Hep C treatment below the line or attach tight guidelines; treatments remain above the line

Chronic Hepatitis C in Oregon

- To date, ~47,000 people with HCV reported
- From 2009-2013: ~5,100 reports/ year
- Estimate 50% undiagnosed
- Those born between 1945 to 1965 at increased risk

→ ~95,000 people with HCV in Oregon

HCV-related Hospitalizations: Average Length of Stay and Charges; Oregon, 2008-2012

Condition	Mean length of hospital stay in days	Mean healthcare charges per admission
Cirrhosis	4.4	$23,942
Decompensated Cirrhosis	4.9	$27,234
Other chronic liver disease	4.4	$22,230
Liver cancer	5.1	$34,281
Liver Transplant	6.9	$52,245

Solvaldi and the Oregon Health Plan

- As of March 25th at ***least*** 5600 Hep C positive patients in OHP.
  - 5100 CCO
  - 600 FFS
- Exposure to OHP is $480 million if all known clients treated with drug for $1,000/pill for 12 weeks
  - Could happen over next 12-24 months
- State will receive rebates in range of $112 million—not shared with CCOs due to federal rebate rules

But it isn't just Medicaid that Taxpayers Support

States purchase healthcare for several populations, not just Medicaid

These preliminary estimates may be low, but

- Providence estimated 1% of the 130,000 PEBB population to have Hepatitis C, with 30% in Stage 3 or 4
- MODA estimated 1.5% of the 110,000 OEBB population have Hepatitis C, 30% in State 3 or 4
- Dept. of Correction: 20% of the population of their population is Hep C positive based on testing they have conducted
- State Hospital: currently treating 20-40 patients per year for Hep C

Potential impact for <u>one drug</u> to state funded programs:

Initial estimates - greater than $210 million over the next two years

Non-pharmaceutical Management is very critical for diseases like Hepatitis C

- Hep C has a slow disease progression
- Hard to see a ROI for a course of treatment very rapidly in many cases
- Need to also consider population health measures –
  - Link HCV infected persons to care
  - Educate re: decreasing alcohol use
  - Provide access to drug/ alcohol treatment programs
  - Decrease barriers to care and treatment
- Identify those who would benefit from treatment
  - HCV-related liver disease progression
  - Decrease transmission of HCV

Next Steps for OHP

- P&T Committee will continue to meet every other month to review drug treatments, as the new drugs roll out
- New drug approvals anticipated before end of year perhaps sooner---Costs at least as expensive, and will need to monitor the evidence closely
- Provider advisory group being developed across state to help committee establish appropriate utilization controls for hepatitis drugs, and possibly others.

Some Additional Options for Better Management of Prescription Drugs

Some Options Under Review:

- Set up formal process to review drugs prior to approval
- Limit coverage for six months while staff develops policy around appropriate use
- Require diagnosis code on prescriptions as means to assure on label use only
- Align fee-for-service/CCO formularies on certain high cost drugs to garner greater negotiating power with manufacturers.
- Utilize 340B pharmacy network for certain high cost drugs
- Establish state run specialty pharmacy for high cost drugs
- Build a state run pharmacy benefits manager.