Maine Prescription Drug Affordability Board
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Prescription Drug Affordability Boards

Maryland	Maine
Identify unaffordable drugs surpassing specified threshold (e.g. $30K/yr or increase more than 3K/yr) Determine whether to conduct cost review	Determine annual spending targets for prescription drugs purchased by public payors and for specific drugs that may cause affordability challenges to enrollees in a public payor health plan
2022: Set upper payment limits for drugs for public purchasers - pending approval by the General Assembly 2023, the Board will recommend whether the Assembly should pass legislation to expand upper payment limits to all purchasers	Consider methods for public payors to meet spending targets, including negotiating specific rebate amounts for costly drugs, establishing a common formulary, purchasing drugs in bulk, and others

New NASHP Model Acts

1. International Reference Rates
2. Penalizing Unsupported Price Increases
3. Price-Gouging 2.0
4. Licensing Sales Representatives

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International Reference Rates

- **Why:**
  - Foreign countries pay a fraction of what Americans pay for prescription drugs
  - Rate setting is a common approach in the health care sector – one that can be extended to setting rates for prescription drugs
  - International prices offer a fair, easy-to-implement approach to rate setting
- **What:**
  - The Superintendent of Insurance works with the SEHP and BOP to develop a list of the 250 drugs costing the state the most
  - The state references Canadian prices for the four most populous provinces (available online)
  - The lowest price becomes the international reference rate for payers in the state
- **Impact:** This model act can greatly lower prescription drug spending in a state - without running afoul of patent law through price setting.

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International Reference Rates

Drug Name & Dosage Source: National Average Drug Acquisition Cost (NADAC) data	US Price (NADAC)	Canadian Reference Rate*	Price Difference	Savings off US Prices
Humira syringe (40 mg/0.8 ml) (arthritis, psoriasis, Crohn's)	$2,706.38	$541.29	$2,165.09	80%
1 ml of Enbrel (50 mg/ml syringe) (arthritis, psoriasis, Crohn's)	$1,353.94	$272.28	$1,081.66	80%
1 ml of Stelara (90 mg/1 ml syringe) (arthritis, psoriasis, Crohn's)	$21,331.28	$3,267.64	$18,063.64	85%
1 ml of Victoza (2-pak of 18 mg/3 ml pen)* (diabetes)	$103.44	$17.30	$86.14	83%
Truvada tablet (200 mg/300 mg) (PrEP for HIV)	$59.71	$19.78	$39.93	67%
Xeljanz tablet (5 mg) (rheumatoid arthritis)	$76.07	$17.50	$58.57	77%
Eplcusa tablet (400 mg/100 mg) (hepatitis C)	$869.05	$541.32	$327.73	38%
Zytiga tablet (250 mg) (cancer)	$87.63	21.47	$66.16	75%
		Average discount based on 8 top selling drugs in 2018		**73%**

*Converted based on $1 CAN = $0.76 USD
Canadian price per ml of Victoza established based on $136.98 price for 2-pak of 3 ml pens - 6 mg/ml

Penalizing Unsupported Price Increase (UPI)

- **Background:**
  - The Institute for Clinical and Economic Review (ICER) produces an annual report identifying the drugs with unsupported price increases outpacing 2x medical inflation that are the greatest drivers of net spending
  - Unsupported price increases = unjustified by new clinical data

- **What:**
  - State tax authority is used to assess penalties on manufacturers identified in annual ICER report as having a drug with an unsupported price increase
  - Penalties = 80% of excess revenues (i.e., revenue from unsupported portion of price increase)
  - Manufacturers must report information on total sales revenue in the state to the Tax Assessor to determine the penalty owed

- **Impact:** Because ICER's analysis targets drugs with the greatest impact on net spending, penalties can result in millions in revenue for a state -- revenue that the Model Act specifies must be used to offset costs to consumers

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2019 ICER UPI Analysis: Results

	Q42016 to Q42018 Wholesale Acquisition Cost (WAC) Increase	Q42016 to Q42018 Estimated Average Net Price Increase	US Spending Impact of Net Price Increases in 2017 and 2018 (in Millions)
Humira	19.1%	15.9%	$1,857
Lyrica	28.3%	22.2%	$688
Truvada	14.3%	23.1%	$550
Rituxan	17.0%	13.8%	$549
Neulasta	14.6%	13.4%	$489
Cialis	26.2%	32.5%	$403
Tecfidera	16.7%	9.8%	$313

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Price Gouging 2.0

- **Why:**
  - Price hikes are a major driver of drug cost increases
  - Large hikes are common for both on-patent and off-patent drugs
    - Example: fluoxetine (generic Prozac) increased from $9 to $69 in Jan. 2019 (+667%)
  - Maryland's & DC's laws prohibiting drug price gouging were struck down
- **What: Model Act to Prevent Excessive and Unconscionable Prices for Prescription Drugs**
  - Applies to generic and off-patent drugs
  - Addresses key legal issues building on Maryland's & DC's experience
  - Provides for a wide range of remedies, some revenue-generating for states
- **Impact: Has considerable power to constrain generic drug prices & offer consumer relief**

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Licensing Sales Representatives

- **Why:** Pharma invests heavily in marketing directly to providers
  - $6 billion for DTC vs $20.3 billion for marketing to providers in 2016
  - Sales reps are compensated on volume – not cost-effective, evidence-based use
    - e.g. Sales reps' role in encouraging over-prescribing of opioids
- **What:** The Model Act requires:
  - State licensure of sales reps
  - Professional Education: Ethics, whistleblower protections, regulations
  - Reporting: Drugs marketed and extent of marketing to providers
  - Disclosure to providers: Cost of drug being marketed – and availability of generics
- **Impact:** Will not lower drug prices directly, - but can cut costs by increasing utilization of generics

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