MHDO Maine Health Data Organization

Information | Insight | Improvement

Prescription Drug Data

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Karynlee Harrington
Executive Director, MHDO and MQF
State of Maine

Jim Jones
Chief Financial Officer & Founding Partner
Ten2Eleven Business Solutions

Content of Presentation

- Overview of requirements specific to the collection of prescription drug data
- Overview of prescription drug price transparency reporting
- Highlights of what we have learned about our prescription drug data

Maine Health Data Organization (MHDO)

- Created by legislature in 1995
- Independent executive agency
- Multi-stakeholder Board of Directors
  - Providers
  - Hospitals
  - Payers
  - Consumers
  - Government

Purpose

- To create and maintain a useful, objective, reliable and comprehensive health information data warehouse that is used broadly to improve the health of Maine citizens, **and**
- To promote transparency of the cost and quality of healthcare **including prescription drug cost information**, in the State of Maine

Primary Use of MHDO Data

To produce meaningful analysis in pursuit of improved health, health equity, and health care quality for Maine people. Acceptable uses of MHDO Data include, but are not limited to, study of health care disparities, health care costs, utilization, and outcomes; benchmarking; quality analysis; longitudinal research; other research; and administrative or planning purposes.

Access to MHDO Data

The MHDO will make data publicly available and accessible to the broadest extent consistent with the laws protecting individual privacy, and proprietary information.

Ch.120, *Release of Data to the Public*-specifies the permissible uses of MHDO's data; Data file types; the process for which data requests will be reviewed and data released; public notice of data requests; the MHDO Data Use Agreement (MHDO DUA), and the security and protection of the MHDO Data.

Prescription Drug Data Sets

- Ch. 243: All Payer Claims Data (includes medical and prescription drug claims)
- Ch. 570: Prescription Drug Cost Information from manufacturers, wholesale distributors and pharmacy benefit managers
- Ch. 340: NEW. 340B drug program data from participating Maine Hospitals
- Ch. 800: In process. Acquisition costs of insulin from manufacturers of insulin

Sample of Pharmacy Data Elements available in MHDO APCD (Ch. 243)

- Drug Code
- Drug Name
- New Prescription or Refill
- Generic Drug Indicator
- Dispense as Written Code
- Compound Drug Indicator
- Quantity Dispensed
- Days' Supply
- Paid Amount
- Ingredient Cost/List Price
- Postage Amount Claimed
- Dispensing Fee
- Copay Amount
- Coinsurance Amount
- Deductible Amount
- Patient Pay Amount
- Record Type
- Member Age (Calculated age for individuals 90 or over will be displayed as "90 or over".)
- Prescribing Physician ID Number
- Submitter Code
- MHDO Assigned DPC Code
- Pharmacy Number
- Pharmacy Name
- National Pharmacy ID Number
- Pharmacy Location City
- Pharmacy Location State
- Pharmacy ZIP Code
- Pharmacy Country Name
- In-Plan Network Flag

New data elements 2025: POS Rebate Amount, Member POS Rebate Amount, PBM Compensation Amount

Data about manufacturers (Ch. 570)

Public Notice of Substantial Drug Price Change or Introduction. No later than January 30th of each year, MHDO posts on its publicly accessible website a list of prescription drugs for which the manufacturer has during the prior calendar year:

1. Increased the wholesale acquisition cost of a brand-name drug by more than 20% per pricing unit;
2. Increased the wholesale acquisition cost of a generic drug that costs at least $10 per pricing unit by more than 20% per pricing unit; or
3. Introduced a new prescription drug for distribution in this State when the wholesale acquisition cost is greater than the amount that would cause the drug to be considered a specialty drug under the Medicare Part D program

https://mhdo.maine.gov/trigger_NDCs.htm

Data from manufacturers, wholesale distributors and PBM's (reporting entities-Ch. 570)

Pricing Component Data means data unique to each reporting entity that reflects their costs to make a prescription drug product available to consumers and the payments received by each reporting entity to make a prescription drug product available to consumers.

Sample of Pricing Component Data from manufacturers, wholesale distributors and PBM's (reporting entities-Ch. 570)

- NDC
- Drug Indicator
- Estimated Number of Patients
- Baseline WAC Amount
- Total WAC Change Amount
- WAC After Change
- Unit Sales Volume in US
- Revenue in US
- Total Rebate Payable Amount in US
- Cost Change Factors
- WAC at Acquisition
- WAC One Year Prior to Acquisition
- Introduced to Market Date
- WAC at Market Introduction
- Total Rebate Receivable Amount in US
- Pricing Units Administered in Maine
- Total Pharmacy Reimbursement in Maine
- Total Rebate Receivable Amount in Maine
- Total Rebate Payable Amount in Maine

340B drug program data from participating Maine Hospitals (Ch. 340)

"**340B Drug Program**" means Section 340B of the Public Health Service Act that requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. These organizations include federal grantee organizations and several types of hospitals, including critical access hospitals (CAHs), sole community hospitals (SCHs), rural referral centers (RRCs), and public and nonprofit disproportionate share hospitals (DSH) that serve low-income and indigent populations.

- Top 3 Costliest 340B Drugs (identified by NDC and drug name)
- Total 340B Drug Acquisition Cost (NDC)
- Total 340B Estimated Savings (NDC)
- Top 3 Most Frequently Purchased (Dispensed) 340B Drugs
- Total 340B Drug Acquisition Cost (All 340B Drugs)
- Total Drug Expenditures (All Drugs)
- Total 340B Drug Program Estimated Savings (All 340B Drugs)

Reporting of acquisition costs of insulin from manufacturers of insulin (in process Ch. 800)

For each insulin drug product NDC produced by the manufacturer in each category of insulin, the manufacturer must report the following data:

- ✓ NDC
- ✓ Category of Insulin (Rapid-acting, Short-acting, Intermediate-acting, Long-acting, Premixed)
- ✓ WAC Amount per NDC
- ✓ WAC Amount per Pricing Unit

Prescription Drug Reporting Mandates

Public Law 2018 Chapter 406 requires the Maine Health Data Organization (MHDO) to produce an annual prescription drug report that includes:

1. The 25 Costliest Drugs (determined by the total amount spent in the State)
2. The 25 Most Frequently Prescribed Drugs in the State
3. The 25 Drugs with the Highest Year-Over-Year Cost Increases (determined by the total amount spent in the State)

Initial iterations of this report focused primarily on payments (MHDO All-Payor Claims Data). The current iteration of the report retains payment information while providing additional data regarding per unit cost along the supply chain.

The new version of the dashboard will be released in February 2025

Prescription Drug Reporting Mandates

Public Law 2019, Chapter 470, *An Act to Further Expand Drug Price Transparency*, requires the Maine Health Data Organization to submit an annual report on prescription drug pricing.

- Information on Trends in the Cost of Prescription Drugs
- Analysis of Manufacturer Prices and Price Increases
- Major Components of Prescription Drug Pricing Along the Supply Chain
- Impacts on Insurance Premiums, Cost Sharing, and
- Other Information the MHDO Determines is Relevant to Providing Greater Consumer Awareness of the Factors Contributing to the Cost of Prescription Drugs in the State of Maine

Prescription Drug Reporting Mandates

Public Law 2021, Chapter 305, allows MHDO to share information in the aggregate, even if it allows the identification of an individual drug, as long as it is not released in a manner that allows the determination of individual prescription drug pricing contract terms covering a manufacturer, wholesale drug distributor or pharmacy benefits manager.

MHDO's fourth Annual Prescription Drug Pricing Transparency Report (submitted February 2024)

Prescription Drug Reporting Mandates

Public Law 2023, Chapter 276 (LD 1395), *An Act to Increase Transparency Regarding Certain Drug Pricing Programs*, requires the Maine Health Data Organization (MHDO) to post on its website information from those hospitals participating in the federal drug pricing program under Section 340B of the federal Public Health Service Act, 42 United States Code, Section 256b, referred to as "the 340B program."

MHDO is also required to produce a report that is a summary of the aggregate information received from hospitals and submit the report to the Office of Affordable Health Care, as established in Title 5, section 3122, the Maine Prescription Drug Affordability Board, as established in Title 5, section 12004-G, subsection 14-I, and the joint standing committee of the Legislature having jurisdiction over health data reporting and prescription drug matters.

Link to new page on MHDO's website specific to 340B Drug Program
https://mhdo.maine.gov/340B_hospitals.htm

Based on the time frames in the Ch. 340, the first report will be submitted by December 2025

Prescription Drug Reporting Mandates

Public Law 2021, Chapter 606 (LD 1636), *An Act To Determine Potential Savings in Prescription Drug Costs by Using International Pricing*, requires the Maine Health Data Organization (MHDO) to produce an annual report beginning in January 2023 that provides information regarding potential savings that could be achieved by subjecting drugs identified as the costliest and most frequently prescribed in the State of Maine to a referenced rate as defined in the law.

- Identify the 100 most costly prescription drugs and the 100 most frequently prescribed prescription drugs in the State of Maine, the Manufactures of these drugs and the average wholesale acquisition cost for each drug for the most current 12-month period.
- To the extent possible, determine the referenced rate for each drug identified above by comparing the wholesale acquisition cost to the cost in official publications of the governments of the Canadian provinces of Ontario, Quebec, British Columbia, and Alberta. The referenced rate for each prescription drug must be calculated as the lowest cost among the resources described in this paragraph and the wholesale acquisition cost for the most recent 12-month period.
- https://mhdo.maine.gov/RxReferenceRates.htm

Highlights of what we have learned from our prescription drug data

- Factors in the prescription drug market impact brand and generic pricing such that lower prices that exist for entities in the pharmaceutical supply chain are not always realized by payers and consumers
- Variation in pricing and rebate practices exists amongst different manufacturers, wholesale distributors, and PBMs and depends on the type of drug (e.g., brand vs. generic, single source vs. multiple source)
- No single reporting entity in the pharmaceutical supply chain is responsible for prescription drug costs in Maine

Highlights of what we have learned from our prescription drug data

- Manufacturers specify the wholesale acquisition cost (WAC) for the drugs they produce.
- Wholesalers typically pay manufacturers the WAC price to acquire the drugs and later sell the drugs to pharmacies at market prices (often less than WAC).
- Manufacturers may provide publishers of prescription drug pricing with a suggested average wholesale price (AWP) value. Where manufacturers do not provide AWP guidance, the value is typically set as WAC + 20% by data publishers
- Manufacturers do not receive revenue based on the AWP; instead, AWP values represent the price that the manufacturer suggests that wholesalers charge when selling the manufacturer's drug to the wholesaler's customers. In practice, wholesalers sell most drugs to pharmacies at or below the value of WAC.
- PBMs negotiate contracted rates between pharmacies and payers for the drugs the pharmacies dispense. Contracted rates are typically derived as a percentage-based discount from AWP plus a fixed price dispensing fee. As a result, when AWP values are set at substantially higher values than WAC, payers may pay significantly more to the pharmacy than the cost from the manufacturer.

Highlights of what we have learned from our prescription drug data

- A majority of drugs do not have changes in wholesale acquisition cost (WAC). In 2022, 84.35% of active NDCs had no change in WAC.
- Of 3,176 drugs with price increases in 2022, 46.55% were single source brand products, 31.63% were multi-source brand products, and 21.82% were generic products.
- The percentage of brand and generic drugs with WAC decreases has varied over time the average percent of decrease has gradually grown during the five-year period with a value of -49.60% in 2022.
- Of 1,585 drugs with price decreases in 2022, 1.27% were single source brand products, 4.26% were multi-source brand products, and 94.47% were generic products.

Highlights of what we have learned from our prescription drug data

- Increases in wholesale acquisition costs (WAC) continue to occur at rates that exceed the annual consumer price index and with greater frequency for brand drugs than observed for generic drugs.
- The value of average wholesale price (AWP) is more directly related to the cost of generic drugs than is the cost to pharmacies to purchase the drugs. While generic drugs showed a general decrease in WAC during the year, the AWP values remained largely static resulting in only marginal decreases in amounts paid by payers and consumers for generic products when compared to the reduction in cost for these drugs realized by pharmacies.
- The average amount paid by payers (including member cost share) after rebates for a given NDC was 84.32% of the average WAC amount for brand NDCs, and 335.36% for generic NDCs.
- On average, PBMs received rebates from manufacturers representing 13.27% of the average WAC amount for brand NDCs and 0.64% for generic NDCs (3.03% overall). Of the overall amount of rebates reported in the sample, approximately 51.43% was passed through to commercial payers while 48.57% was retained by the PBM.

Helpful Links

MHDO Website: https://mhdo.maine.gov/index.aspx

MHDO Rules: https://mhdo.maine.gov/rules.htm

Rx Transparency Report

https://mhdo.maine.gov/RxDrugPricingTransparency.htm

Top 25 (New report in process)

https://www.comparemaine.org/