MAINE PRESCRIPTION DRUG AFFORDABILITY BOARD

JULY 22, 2024

REVIEWING MISSION AND VISION

MISSION AND VISION STATEMENTS

- **Mission**: To determine annual spending targets for prescription drugs purchased by Maine public payers and make recommendations to achieve the targets.
- **Vision**: Board recommendations will target strategies to achieve prescription drug affordability while maintaining safety and ensuring clinically appropriate use. The spending targets will be based upon a 10- year rolling average of the medical care services component plus a reasonable percentage for inflation and minus a spending target determined by the board for pharmacy savings. In addition, spending targets will be determined on specific prescription drugs that may cause affordability challenges to enrollees.

REVIEW OF POLICY AREAS

LANGUAGE FROM AMENDMENT TO LD 1829

- Empowering the board to assess the affordability of drugs and to establish upper payment limits;
- Implementing reference-based pricing tied to the Medicare Drug Price Negotiation Program established in the federal Inflation Reduction Act;
- Implementing new strategies for the purchase of prescription drugs by public payors, including group purchasing and formulary alignment;
- Implementing transparency requirements and regulation of supply chain entities, including but not limited to pharmacy benefit managers, and the role of discounts and rebates in prescription drug costs;
- Regulating insurance to reduce out of pocket costs for prescription drugs;
- Establishing spending targets for prescription drugs which could be applied to one or more segments of the state-regulated commercial insurance market;
- Developing opportunities for engagement with providers and other health care professionals to disseminate information about prescription drugs costs and pricing; and
- Aligning the payment for prescription drugs with actual drug acquisition costs

UPPER PAYMENT LIMITS

Summary

- Establishes a ceiling on the amount that state-regulated health plans can pay for prescription drugs.
  - PDABs in some states are empowered to conduct affordability reviews to select drugs for inclusion in the program and establish the upper payment limit.
  - Legislation has been proposed in some states (including Maine) to establish a reference rate program that would apply to drugs selected for Medicare's new Part D price negotiation program.

Status of Implementation in Other States

- **Colorado** has conducted affordability reviews of five drugs and deemed three (Enbrel, Stelara, and Cosentyx) unaffordable. The PDAB is currently working on rulemaking related to the establishment of upper payment limits for these drugs.
- **Washington** also has authority to identify "unaffordable" drugs and set upper payment limits. Legislation passed in 2022 and Board began meeting in late 2023.
- **Minnesota** has the authority to establish an upper payment limit referenced to Medicare Maximum Fair Prices. PDAB began meetings this year.
- **Maryland** may set an upper payment limit for public purchasers following approval of an "action plan" by the General Assembly. The Board is also directed to study and report on the prescription drug market and recommendations to the legislature.

TRANSPARENCY

Summary

- Some states have passed laws seeking more transparency into various programs or actors in the prescription drug supply chain, with the goal of better understanding the flow of spending and industry/provider practices. Recent transparency initiatives have particularly focused on the role of Pharmacy Benefit Managers and the federal 340B program.

Status of Implementation in States

- **Maine** has general reporting and transparency requirements that facilitate the Maine Health Data Organization's Drug Spending Dashboards. In addition, Maine law requires PBMs to be licensed by the Maine Bureau of Insurance.

VOLUME PURCHASING

Summary

- Allows or requires bulk purchasing by certain state managed plans.

Status of Implementation in States

- **New Mexico** established the Interagency Pharmaceuticals Purchasing Council to review and coordinate cost-containment strategies for the procurement of pharmaceuticals and pharmacy benefits and the pooling of risk for pharmacy services by the constituent agencies; identify ways to leverage constituent agencies' pharmaceutical and pharmacy benefits procurement to maximize the purchasing power of New Mexico residents purchasing pharmaceuticals or pharmacy benefits in the private sector; and identify other cost-saving opportunities for New Mexico residents purchasing pharmaceuticals or pharmacy benefits in the private sector.
- **Nevada** authorized the Department of Health and Human Services to enter into a contract with one or more public or private entities from the District of Columbia and other states for the collaborative purchasing of prescription drugs. This bill authorizes for-profit health benefit plans to participate in those arrangements.

IMPORTATION

Summary

- Allows for a state program to import specific prescription drugs from Canada for distribution in the US. Programs are required to apply to the Federal Food and Drug Administration (FDA) and have programs approved under the recently-created Section 804 State Importation Program.

Status of Implementation in States

- **Florida** had an application to operate an importation program approved by the federal government, but conditional on meeting several program requirements. The program is not yet operational.
- **Colorado** has submitted an application for a program to the federal government, which would supply drugs to the commercial market.
- **Maine** has an importation law and submitted an application to the federal government before rulemaking was finalized, in order to meet a state statutory deadline. The state submitted comments with concerns about several requirements included in the proposed rule, which were finalized as proposed. The state has been keeping in touch with Colorado and other states regarding their implementation.

CONSUMER COST/ OUT OF POCKET

Summary

- Many states have placed restrictions on out-of-pocket costs for certain prescription drugs in their state-regulated plans.

Status of Implementation in States

- **Maine** requires individual and small group plans to limit the out-of-pocket cost for insulin to no more than $100 for a 30-day supply, and also includes protections to ensure spending on drugs is counted toward deductibles out-of-pocket maximums.

CPI-U ROLLING AVERAGE UPDATE

LEGISLATIVE LANGUAGE

Current law directs the Prescription Drug Affordability Board to:

- Determine annual spending targets for prescription drugs purchased by public payors based on a 10 - year rolling average of the medical care services component of the USDOL, Bureau of Labor Statistics CPI medical care services index plus a reasonable percentage for inflation and minus a spending target determined by the board for pharmacy savings;
- Determine spending targets on specific prescription drugs that may cause affordability challenges to enrollees;
- Determine which public payors are likely to exceed the spending targets.

UPDATE TO 10 YEAR ROLLING AVERAGE OF MEDICAL COMPONENT OF CPI-U

- The 10-year rolling average for the CPI for Medical Care Services (CPI-M) was 2.6% per year from 2014-2023.
  - Down from an average of 2.8% per year from 2013-2022.
- The year-over-year change in CPI-M in January 2024 was 1.1%.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	3.6	3.4	3.5	3.4	3.6	4.0	4.1	4.1	4.1	3.7	3.4	3.2	3.7
2013	3.1	3.1	3.1	2.7	2.2	2.1	1.9	2.3	2.4	2.3	2.2	2.0	2.5
2014	2.1	2.3	2.2	2.4	2.8	2.6	2.6	2.1	2.0	2.1	2.5	3.0	2.4
2015	2.6	2.3	2.5	2.9	2.8	2.5	2.5	2.5	2.5	3.0	2.9	2.6	2.6
2016	3.0	3.5	3.3	3.0	3.1	3.5	3.9	4.9	4.9	4.3	4.0	4.1	3.8
2017	3.9	3.5	3.5	3.0	2.7	2.7	2.6	1.8	1.6	1.7	1.7	1.8	2.5
2018	2.0	1.8	2.0	2.2	2.4	2.5	1.9	1.5	1.7	1.7	2.0	2.0	2.0
2019	1.9	1.7	1.7	1.9	2.1	2.0	2.6	3.5	3.5	4.3	4.2	4.6	2.8
2020	4.5	4.6	4.7	4.8	4.9	5.1	5.0	4.5	4.2	2.9	2.4	1.8	4.1
2021	1.9	2.0	1.8	1.5	0.9	0.4	0.3	0.4	0.4	1.3	1.7	2.2	1.2
2022	2.5	2.4	2.9	3.2	3.7	4.5	4.8	5.4	6.0	5.0	4.2	4.0	4.1
2023	3.1	2.3	1.5	1.1	0.7	0.1	-0.5	-1.0	-1.4	-0.8	0.2	0.5	0.5
2024	1.1	1.4	2.2	2.6	3.1	3.3							

REVIEWING PRIOR PAYER PRESENTATIONS

PUBLIC PAYER PRESENTATIONS SUMMARY TABLE

	Model	TPA/ Carrier	PBM	Member Estimate	Historical Spending	Procurement	Initiatives
SEHP	Self Insured	Anthem	ExpressScript	27,00	2019-2020	✓	✓
UMS	Self Insured	Cigna	ESI	4,300	2017-2019	✓	✓
MEABT	ERISA Trust			58,000	Negative trend	✓	✓
MMEHT	MEWA	Anthem	IngenioRx	8,556			
MCCS				770			

Note: all information is from presentations and has not been updated

PUBLIC PAYER PRESENTATIONS 2020-2021

- State Employee Health Plan: https://www.maine.gov/bhr/oeh/sites/maine.gov.bhr.oeh/files/inline-files/SOM_2021_%20SEHC%20PDAB%20presentation.pdf
- University of Maine System: https://www.maine.gov/bhr/oeh/sites/maine.gov.bhr.oeh/files/inline-files/UMS%20Rx%20PPT%20for%20MPDAB.pdf
- MEA Benefits Trust: https://www.maine.gov/bhr/oeh/sites/maine.gov.bhr.oeh/files/inline-files/J.Kent_MPDAB%20Presentation%2012%2022%2020.pdf
- Maine Municipal Employees Health Trust: https://www.maine.gov/bhr/oeh/sites/maine.gov.bhr.oeh/files/inline-files/A.Wright_PDAB%20-%20MMEHT%20presentation%202020.12.22.pdf
- Maine Community College System: https://www.maine.gov/bhr/oeh/sites/maine.gov.bhr.oeh/files/inline-files/R.Nadeau_PDAB%20Presentation.pdf

DRAFT QUESTIONS FOR PUBLIC PAYERS

- If you did not include the following information in your initial introduction, or if there have been changes since early 2021, please answer.
  - Roughly how many members do you cover? Is there anything about the covered population's health needs the PDAB should know?
  - What vendors are involved in administering your prescription drug benefit(s)? How are those vendors procured?
  - Is your organization involved in designing the plan's formulary, or are formulary decisions made by a vendor?
  - Can you share information on historical spending on prescription drugs for the last five years?
    - In looking at historical spending, are there any drivers you have identified in your data (e.g. utilization changes, introduction of new drugs to market)?
  - Is your organization utilizing any strategies to contain prescription drug costs?
- In prior years, the PDAB has recommended several strategies with the potential to lower drug costs (see the 2021 and 2022 PDAB annual reports). Do you have any feedback you would like to share about those recommendations, or other policies that have been discussed in subsequent PDAB meetings?
- Is there any new authority or flexibility that you believe would be helpful to you in containing prescription drug costs for your plan?