

# Pharmacy Benefit Management Reporting Task Force

July 31, 2019

# Agenda

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5. Pharmacy Cost Information the DMHC Should Consider for PBM Reporting: A Facilitated Discussion with Task Force Members
6. Proposed Task Force Timeline
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# Opening Remarks

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# Bagley-Keene Open Meeting Act

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**Sarah Ream**  
**Acting General Counsel,**  
**Department of Managed Health Care**

# California Landscape: Pharmacy Reporting

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# SB 17: Prescription Drug Costs

July 31, 2019

**Pritika Dutt**

**Deputy Director, Office of Financial Review**

# Requirements of SB 17: Prescription Drug Cost Transparency

- Health plans with commercial products must report to the DMHC:
  - 25 most frequently prescribed drugs
  - 25 most costly drugs by total annual spending
  - 25 drugs with highest year-over-year increase in total annual spending
- Health plans must report by October 1, 2018 and annually thereafter.
- DMHC issues an annual report by January 1, with aggregate data.

# Prescription Drug Costs for Large Group Market

- Percent of premium attributable to drug costs for the prior year of each category of prescription drugs (e.g. generic, brand name, and specialty).
- Year-over-year increase, as a percentage, in per member, per month costs for each drug category.
- Year-over-year increase in per member, per month costs for drug prices compared to other components of the health care premium.
- Specialty tier formulary list.
- Percent of premium attributable to drugs administered in a doctor's office that are covered under the medical benefit as separate from the pharmacy benefit, if available.
- Information on use of a pharmacy benefit manager.



# SB 17 Reporting Parameters and Limitations

- Plan reporting is limited to prescription drug costs associated with the pharmacy benefit.
- Does not include prescription drug costs for inpatient drugs (hospital) or costs borne by delegated medical groups.
- Does not include prescription drug costs for self-funded arrangements, Medi-Cal Managed Care, Medicare Advantage and plans/insurers not regulated by the DMHC.
- Includes information from 25 health plans covering approximately 12.3 million Californians.

# SB 17 Key Findings

- Health plans paid nearly \$8.7 billion for prescription drugs administered through the pharmacy benefit in 2017.
- Prescription drugs accounted for 13.1% of total health plan premiums.
- Manufacturer drug rebates accounted for approximately \$915 million or about 10.5% of the \$8.7 billion spent on prescription drugs.

# SB 17 Key Findings

- While specialty drugs accounted for 1.6% of all prescription drugs, they accounted for over half (51.5%) of total annual spending on prescription drugs.
- For the 25 most frequently prescribed drugs, enrollees paid approximately 3% of the cost of specialty drugs and over half (56.6%) of the cost of generics.
- The SB 17 Annual Report is available on the DMHC's website at <http://www.healthhelp.ca.gov/>.

# Large Group Prescription Drug Cost Reporting Summary

- Prescription drug costs accounted for 11.6% of the total health care premium.
- Specialty drugs represented more than 50% of the total prescription drug spending.
- The average premium increase was 4.1% and 0.8% was attributed to pharmacy cost.
- Percentage of premium attributed to drugs administered in a doctor's office ranged from 2% to 3%.
- 22 of the 24 health plans used Pharmacy Benefit Managers.

# Requirements of SB 546 (2015)

## Large Group Aggregate Rates

- Requires large group health plans to file aggregate rate information with the DMHC by October 1, 2016, and annually thereafter.
  - The information submitted on October 1, 2018, was for the period of January 1, 2018 – December 31, 2018.
- Requires the DMHC to conduct a public meeting annually to permit a public discussion regarding changes in the rates, benefits and cost sharing in the large group market.

# Office of Statewide Health Planning and Development

Senate Bill 17 (2017)

**Cost Transparency: Prescription Drug Program**

July 2019

# The OSHPD Mission

OSHPD advances safe, quality healthcare environments through innovate and responsive services and information that:

- Ensure safe facilities
- Finance emerging needs
- Cultivate a dynamic workforce
- **Support informed decisions**

# Senate Bill 17 (2017): Prescription Drug Costs

- Requires prescription drug manufacturers to:
  - Provide advance notice to purchasers on specified prescription drug wholesale acquisition cost (WAC) increases (beginning 2018)
  - Submit information on specific prescription drugs to OSHPD (beginning 2019)
- Requires OSHPD to:
  - Maintain a list of registered purchasers
  - Collect and publish information on specified new prescription drugs introduced to market
  - Collect and publish information on specified prescription drug WAC increases



# For More Information

- Visit [oshpd.ca.gov/ctrx](https://oshpd.ca.gov/ctrx)
- Contact the program at [ctrx@oshpd.ca.gov](mailto:ctrx@oshpd.ca.gov)

# Pharmacy Cost Information the DMHC Should Consider for PBM Reporting: A Facilitated Discussion with Task Force Members

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# Proposed Task Force Timeline

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# Closing Remarks

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